

**VEDIKA CREDIT CAPITAL LIMITED
(VCCL)
JHARKHAND, RANCHI**

Grading Assigned: BWA “MF 2”

Grading Date: 15th February 2021

MFI Grading	
BWA MF 1	<p>MFI Grading Scale at Brickworks Analytics</p> <p>The MFI Grading Scale at Brickworks Analytics is on an 8-point scale from BWA MF1 to BWA MF 8 with BWA MF 1 corresponding to the highest grade while BWA MF 8 is the lowest grade.</p> <p>The MFI grades assigned refer to the ability of the MFI to manage its operations in a sustainable manner; they do not refer to the credit quality of the MFI and should not be used as a proxy for the creditworthiness of the company.</p>
BWA MF 2	
BWA MF 3	
BWA MF 4	
BWA MF 5	
BWA MF 6	
BWA MF 7	
BWA MF 8	

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Grading Rationale

Brickworks Analytics has assigned **BWA 'MF 2'** (Pronounced as **BWA MF 'TWO'**) grading to Vedika Credit Capital Limited ("VCCL" or the 'MFI').

The grading assigned continues to factor the experience of the Promoters and Management in the Microfinance industry, comfortable capital adequacy, well defined operational procedures & policies, adequate internal controls, risk & cash management policies and proper MIS & IT systems in place.

The grading is, however, constrained due to the geographical concentration risk with ~61 % of portfolio in West Bengal and Bihar states, COVID-19 related concerns, liquidity challenges faced by the sector and intensifying competition from MFI's, small banks, and business correspondents and other inherent risks associated with the microfinance industry in terms of regulatory framework and other socio-political issues.

Vedika Credit Capital Limited ("VCCL") was incorporated on March 15, 1995 in Kolkata and has engaged in microfinance operations since 2007. VCCL was registered as an NBFC-MFI with the RBI in June 2015. VCCL's operations are currently spread over seven states, i.e., Uttar Pradesh, Tripura, Odisha, Jharkhand, Bihar, West Bengal, and Assam. It had a base of 2,22,105 active borrowers and an Asset under Management (AUM) of ₹ 615.23 Crs. as on March 31, 2020, managed through a network of 212 branches. VCCL is a member of SA – Dhan.

VCCL has collaborated with various Principal Partners, including Scheduled Commercial Banks (including Fin care Small Finance Bank, SIDBI, IDBI Bank and IDFC First Bank) and two NBFCs (MAS Financial Services Ltd. and Reliance Capital Ltd.) to provide microfinance services and seeks to expand its association with other banks and financial institutions.

The Company provides loans to the borrowers under the Joint Liability Group (JLG) model for income generating activities, Individual business loans and consumer durable loans. Under the JLG model, a group of four to five women is formed with the assistance, guidance, and supervision of the Relationship Executive of the Company. The members jointly stand liable for the repayment of the loan disbursed to each of them. VCCL's target segment comprises rural, semi urban, and urban women from low-income families who come from poor/moderately poor income households. VCCL assesses the credit requirement of the members of the groups and evaluates their credit history, their historical and current cash flows, and the sustainability of their ongoing economic activities. VCCL has collaborated with HDFC, ICICI and Kotak Mahindra Old Mutual Life Insurance to provide credit insurance services to its customers and their nominees.

Going forward, keeping up and sustaining the progress and improving its borrower base, scale of operations and geographical outreach without compromising on its asset quality and profitability would be the key grading sensitivities.

Profile

Vedika Credit Capital Limited (VCCL)	
MFI Grading Report	
History	<p>Incorporated as a Stock Broking Private Firm in March 1995.</p> <p>In November 1995, it transformed its status from Private to Public limited Company.</p> <p>In March 1998, the Company got registered with RBI as an NBFC.</p> <p>In year 2004, the company was taken over by its present owner Mr. Gautam Jain, Mr. Ummed Mal Jain, and Mr. Vikram Jain</p>
Year of incorporation	Incorporated on March 15, 1995
Year of commencement of operations	<p>1995</p> <p>February 2004 -Individual Lending</p> <p>2007 - JLG Model</p>
Legal status	<p>Public Limited Company registered with RBI as Non-Banking Finance Company (NBFC-MFI) status. (June: 2015).</p> <p>It is a member of Self-Regulatory Organization (SRO) "Sa-Dhan"</p>
Lending model	Joint Liability Group (JLG)
Promoter Directors	Mr. Ummed Mal Jain, Mr. Gautam Jain, and Mr. Vikram Jain
Geographical areas of operation	Presence in 101 districts of 7 states (Uttar Pradesh, Bihar, Odisha, Jharkhand, Assam, Tripura, and West Bengal)
Branches	212

Vedika Credit Capital Ltd. (VCCL) was incorporated in 1995 at Parganas North West Bengal. It was registered as a Non-Banking Finance company (NBFC) in 1998 and started operations in financing under individual lending model. Later in the year 2007, it added another micro-finance product, Joint Liability Group loans to its portfolio. Only w.e.f Jan 2, 2015, it was categorized by RBI as NBFC-MFI. The company's operations are currently spread over the

states of Assam, Tripura, Bihar, Uttar Pradesh, Jharkhand, West Bengal, and Odisha with a network of 212 branches. VCCL has assets under management amounting to Rs. 615.23 Crs. as on March 31, 2020 with an active borrower base of 2,22,105

VCCL follows JLG model for its operations, wherein the borrowers are organized into groups of four to five members and minimum three groups are required to constitute a center. VCCL provides loans of up to Rs. 41160 to individual members in the group (JLG). VCCL's target segment comprises rural, semi-urban and urban women from low-income families who come from poor/moderately poor income households. With a view to contribute to the society, VCCL also provides Micro Housing loans, Micro Enterprise loans and consumer durable loans. The consumer durable loans are offered to existing borrowers only.

VCCL has a six -member board with extensive experience in the fields of Banking, Financial and Microfinance etc. Apart from the Board members, the management team comprises of professionals experienced in the fields of finance, administration, micro finance, and social development.

Mission & Vision of the Company

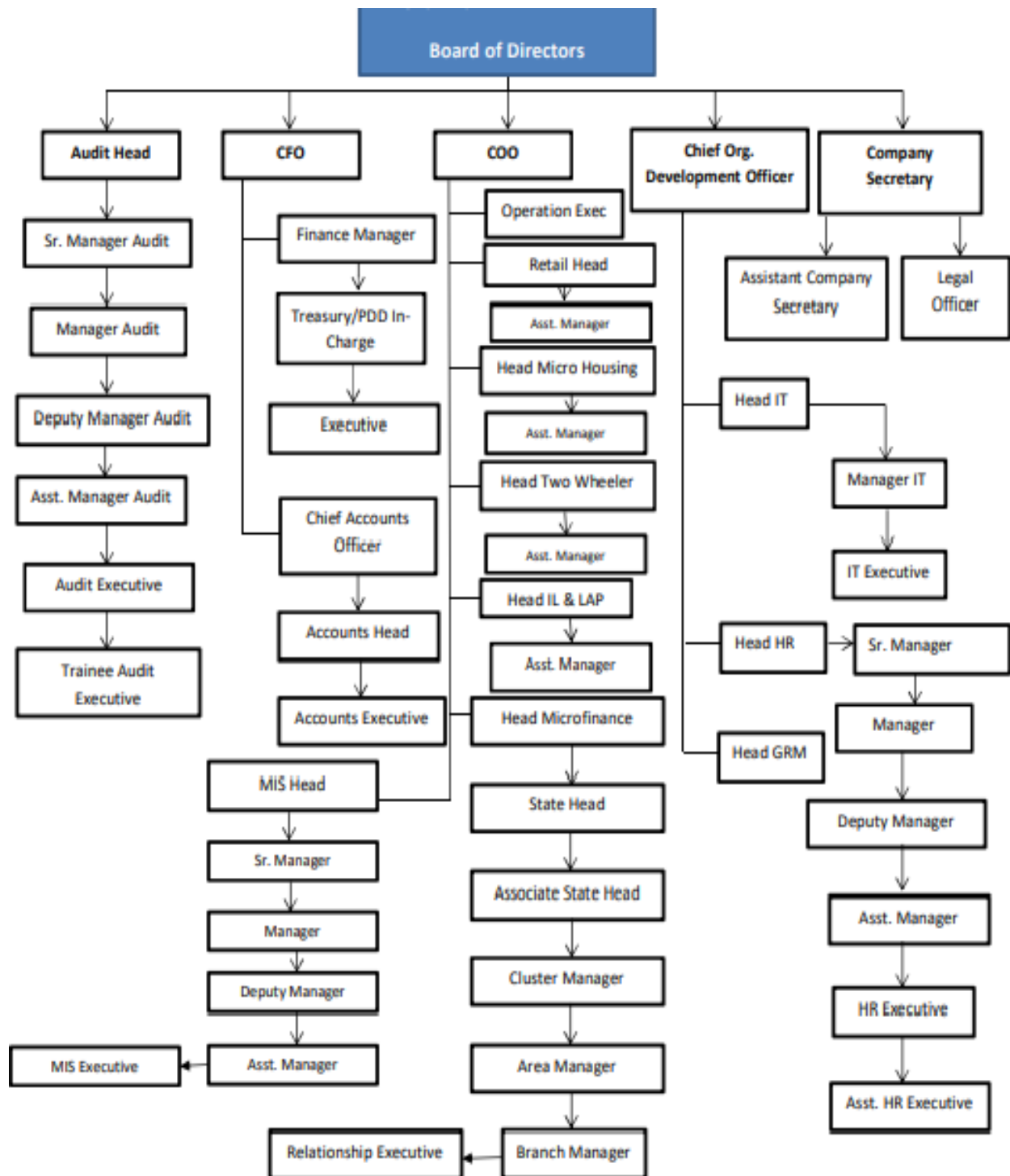
MISSION OF THE COMPANY

VCCL's mission is to be a Partner in the Growth of Micro Entrepreneurs.

VISION OF THE COMPANY

To be the leader on providing total Financial Solution to Micro Entrepreneurs.

Organization Structure



As on 31.03.2020 Total staff employed in the organization is 1410 out of which 148 have been deputed at HO and Rest 1262 are field staff/ credit officers deputed at various branches.

Shareholding Pattern as on December 31,2020

S. No	Shareholders	Equity Shares		
		No of Shares	Amt in ₹ Crs.	%
1	Gautam Jain	3551476	3.56	15.95%
2	Ummed Mal Jain	1186039	1.19	5.33%
3	Vikram Jain	1214600	1.22	5.46%
4	Kanta Devi Jain	1113463	1.11	5.00%
5	Anita Jain	704239	0.70	3.16%
6	Vinita Jain	734648	0.73	3.30%
7	Sidharth Jain	20000	0.02	0.09%
8	Aditya Jain	12000	0.01	0.05%
9	Vikram Jain HUF	77500	0.08	0.35%
10	Gautam Jain HUF	438398	0.44	1.97%
11	Ummed Mal Jain HUF	331150	0.33	1.49%
12	Linkline Marketing Pvt. Ltd.	2314613	2.31	10.40%
13	Jatinder Finance Pvt. Ltd.	345000	0.34	1.55%
14	Vedika IT solution Pvt. Ltd.	327000	0.33	1.47%
15	Vedika Sales & Services Pvt. Ltd.	1475000	1.47	6.63%
16	Vedika Agro mart Pvt. Ltd.	1205000	1.20	5.41%
17	Digit	642500	0.64	2.89%
18	Gautam Jain family welfare trust	107000	0.11	0.48%
19	Vikram Jain family welfare trust	110500	0.11	0.50%
20	Vedika Financial Services Pvt. Ltd.	2910793	2.91	13.08%
21	Insight Merchants Pvt. Ltd.	1329000	1.33	5.97%
22	Vedika Irrigation & Energy Solution Pvt. Ltd.	2110000	2.11	9.48%
Total		22259919	22.25	100.00%

S.No	Shareholders	No of Shares	Preference Shares	
			Amt in ₹ Crs.	%
1	Gautam Jain	1800000	1.80	18.34%
2	Ummed Mal Jain	670000	0.67	6.83%
3	Vikram Jain	935000	0.93	9.53%
4	Kanta Devi Jain	50000	0.05	0.51%
5	Anita Jain	50000	0.05	0.51%
6	Sidharth Jain	25000	0.02	0.25%
7	Vikram Jain HUF	750000	0.75	7.64%
8	Gautam Jain HUF	1250000	1.25	12.74%
9	Ummed Mal Jain HUF	600000	0.60	6.11%
10	SIDBI (MUDRA)	3000000	3.00	30.57%
11	Vedika Financial Services Pvt. Ltd.	685000	0.69	6.98%
	Total	98,15,000	9.81	100%

The majority stake of the company is held with Mr. Gautam Jain, Mr. Ummed Mal Jain, Mr. Vikram Jain and Mrs. Kanta Devi Jain. The remaining equity shares are held by other members of Jain family. As far as Preferential Shares are concerned, SIDBI constitutes 30.57% of the total shares (No. of shares

held by SIDBI: 30,00,000 shares @ Rs.10 per share) and the rest 69.43% is held by Mr. Ummed Mal Jain and his Family members, respectively.

Management Details

Name	Designation	Qualification	Brief Profile
Mr. Ummed Mal Jain	Chairman	LLB	Starting his career as an Advocate in Patna High Court, he moved into Business out of choice and started food grain business. Thereafter, he ran a flour mill for several years. When business grew manifold, he decided to diversify and got into financing business. VCCL uses his vast experience, spanning over five decades in all matters of critical importance for the company.
Mr. Gautam Jain	Managing Director	MBA (Marketing)	He started his career with a jute mill in Calcutta and subsequently, moved into Finance business. He looks after the day-to-day operations of the Company.
Mr. Vikram Jain	Director	B. Com	He was earlier managing the family business of food grains. Having drawn inspiration from his father Mr. Ummed Mal Jain and under his constant guidance he started managing the finance business of the family. He is a fund management specialist.
Mr. Maqsood ul Hasan Ansari	Independent Director	PGDBA, MBA	He has 34 years of teaching experience and provides training for building the career in rural development as well as to work for the marginalized sections of the society and the country. He served as Head of the Department of Rural Management at XISS, Ranchi for a period of 14 years. He has also received “Mahatma Gandhi Peace Award-2015” in the field of Education in October 2015.

Mr. Siba Prasad Nayak	Nominee Director from SIDBI	B. Com, JAIIB, CAIIB	He has 17 years of experience in Bank and Financial Institution like SIDBI. Presently working as Assistant General Manager in SIDBI, Ranchi, looking after MSME lending in the state of Jharkhand.
Mr. Deep Kumar Hessa	Independent Director	LLB & LLM	He is associated with various NGO's and possess deep knowledge of Rural Tribal areas in Jharkhand.

Vedika Credit Capital Ltd currently has Six members on its Board of which two are independent directors and one is Nominee director from SIDBI. The directors have adequate professional experience in banking and microfinance sector.

Key Management Details

Senior Management			
Name	Designation	Qualification	Brief Profile
Mr. Pradeep Sharma	COO	BA (Literature)	He has over 18 years' experience in micro finance sector. His in-depth knowledge of the field and the sector adds value to the operations of the company.
Mr. Abhishek Agarwal	CFO	ACS, MBA (Fin)	He looks after the financial activities, disclosure of financial information in offer document, risk management, internal control, and audit of the company. He has over 10 years of experience in micro finance sector.
Mr. Gaurav Kumar Vohra	Company Secretary	ACS, LLB	He looks after the corporate and other statutory compliances of the Company
Mr. Chandan Kumar Malviya	Audit Head	CA	He is having 9 years of experience in Banking Audit, Accounting and Micro finance. He has handled account creation, transactions, and audit at various industries of microfinance and telecom.

Mr. Biplob Sengupta	CHRO	MBA (HR)	He is handling the responsibility of development and implementation of Company's HR strategies and practices. He is having more than 11 years' experience in leading and managing HR functions for Steel, Power, Manufacturing, Telecom industry and Banking sector.
Mr. Binay Mohanty	Chief Strategy & Risk Officer	PhD	He looks after risk and credit domain of VCCL. He is experienced across industries like Technology, Retail and Finance.
Mr. Sunil Kumar	Chief Technology Officer	B.Tech	He is looking after implementation of various software, IT Infrastructure & Security, and other digital initiatives.

VCCL has its Board of Directors at the apex level followed by the Chief Executive Officer (CEO), who is responsible for the overall functioning of the organization. The operations are headed by the Chief Operating Officer (COO).

Lending Model & Products

- The VCCL is working on JLG Model of microfinance for owned portfolio and acts as a business correspondent for various banks and other financial institutions.
- VCCL provides loans for income generation activities mainly facilitating needs like small equipment purchase, business expansion, new business start-up and working capital requirement etc. The purpose of this loan is to serve small business, self-employed segment, manufacturers, services, which require financial support for growth and advancement of their businesses.

Salient details of the loan products are as below:

Loan Products	Tenure	Loan size	Interest rate	Repayment Policy	Processing Fees	Portfolio O/S as on 31.12.2020 ₹ In Crs.	% of Total Portfolio
Joint Liability Group (JLG)	12-24 months	₹ 29740 to 41160	21.89%	Monthly	1%	329.00	89.32 %
Individual Loan	24-36 months	₹ 48000-95300	21.89%	Monthly	1%	34.83	9.46%
Loans for Consumer Durables	8-12 months	₹600 - 13000	21.89%	Monthly	1%	4.51	1.22%
						368.34	100%

- VCCL offers loans for various activities like income generation activities, business loans, house renovation loans and consumer durable loans. The consumer durable loans are offered to existing borrowers only.
- The JLG loans size is in odd numbers as the company creates round figure collection amount for its customers so that it is easier to collect the amount of EMI.
- Company has tie ups with 3 insurance companies Kotak, HDFC and ICICI for providing competitive insurance solutions to the customers and their nominees.

Business Correspondent Arrangement Details

Name of Lender	O/s under BC as on 31.12.2020 ₹ in Crs.	% of First Loan Default Guarantee
Reliance Capital Limited	0.86	7.50%
MAS Financial Services Limited	29.94	10%
SIDBI	1.36	5%
IDBI	0.76	5%
FINCARE SFB	49.19	5%
IDFC First Bank	33.26	5%
Total	115.37	

- The major share of portfolio outstanding under BC arrangement is with MAS Financial Services Limited (₹29.94 Crs.) followed with Fincare SFB Bank (₹49.19 Crs.) and IDFC First bank (₹33.26 Crs.).

Borrowing Details as on 31.03.2020

Lenders name	Facility	Sanction Date	Amt. (₹ Crs.)	O/S as on 31.03.2020 (₹ Crs.)	Interest Rate	
United Bank of India (PNB)	Term Loan	11.09.19	20.00	19.27	11.15%	
Bank of Maharashtra		18.09.19	10.00	9.23	10.25%	
Canara Bank		31.03.17	8.00	3.57	11.35%	
Union Bank of India		25.09.17	10.00	2.31	10.95%	
Bank of Baroda		20.09.17	15.50	4.89	10.80%	
MAS		28.02.20	90.00	42.29	15.30%	
	Sub Debt	30.06.17	10.00	10.00	17.00%	
Jainsons Fin lease	Term Loan	21.09.17	5.00	Closed	15.10%	
Habitat		27.03.19	11.00	5.87	14.25%	
Electronica		27.11.19	11.00	5.93	15.25%	
SIDBI		23.03.18	52.00	45.27	13.15%	
NABFINS		25.09.19	12.00	6.99	14.50%	
NABKISAN		26.06.19	24.25	17.71	14.25%	
Mudra		26.12.19	30.00	24.85	6.43%	
Yes Bank Limited		24.01.19	12.00	6.00	12.50%	
Axis Bank Limited TL		06.08.18	5.00	Closed	13.65%	
IDFC First Bank Limited		05.02.19	115.00	66.35	14.00%	
		Sub Debt	05.07.17	20.00	20.00	16.00%
Muthoot		27.06.19	15.00	9.17	15.50%	
Mahindra & Mahindra		22.03.18	10.00	Closed	15.25%	
Tata Capital	07.03.18	5.00	0.56	14.00%		

Ananya Finance	Term Loan	21.12.18	16.00	4.33	15.00%
Moneywise		01.03.18	25.00	5.12	15.75%
Visu Leasing		07.06.19	25.00	14.94	15.25%
Hinduja		27.11.19	23.00	11.72	15.25%
Arohan		31.05.18	30.00	8.74	15.00%
Maanveeya		20.12.19	31.00	16.93	15.50%
Centrum		15.07.19	19.00	10.44	15.00%
Profectus		30.04.19	4.00	1.89	15.00%
Shriram		26.04.18	10.00	0.95	15.00%
Satin		29.12.18	5.00	1.22	16.25%
UC inclusive		28.02.19	5.00	2.48	15.50%
E Clear		21.05.19	2.50	2.89	15.00%
Hero Fincorp		30.12.19	12.00	9.97	15.00%
Capital SFB Ltd.		02.08.19	20.00	9.57	15.00%
Fincare SFB Ltd		22.03.19	9.50	5.11	15.35%
Suryoday SFB Ltd.		08.01.20	5.00	4.79	13.50%
Shine star Build Cap Pvt Ltd		10.02.20	5.00	4.70	15.25%
Samunnati Financial		18.02.20	10.00	10.00	15.00%
Hiranandani Financial		24.02.20	3.00	3.00	14.50%

- VCCL has availed loans from 38 banks and financial institutions and total amount outstanding as on 31.03.2020 is ₹ 434.96 Crs.
- VCCL has availed subordinate debt from Mas Financial Services and IDFC First Bank Limited amounting to ₹30 Crs. which is to be paid in bullet payment mode.
- Term loan accounts have been closed from Axis Bank, M& M and Jain sons in the present FY21.
- As on date all the accounts are found to be satisfactory.

Proposed debt details

Sr. No.	Name of Bank/FI	Type of Facility	Quantum (₹ in Crore)	Status
1	MAS	Term Loan	20	With Credit Committee
2	Nabfins	Term Loan	10	With Credit Committee
3	Satin	Term Loan	5	Sanctioned
4	Arohan	Term Loan	10	Sanctioned
5	SMC	Term Loan	10	With Credit Committee
6	Nabard	Term Loan	20	With Head Office
7	Indian Bank	Term Loan	20	With Head Office
8	Canara Bank	Term Loan	10	With Zonal Office
9	Union Bank of India	Term Loan	10	With Zonal Office
10	IOB	Term Loan	20	With Head Office
11	PNB	Term Loan	20	With Zonal Office
12	SBI	Term Loan	50	With Zonal Office

- VCCL is looking to raise funds from various Banks and NBFCs/FIs to fuel the growth of company and provides funds to borrowers for income generation activities. The amount applied is ₹210 Crs. out of which ₹ 5 Crs. have been sanctioned by Satin Credit Care Network Limited and ₹ 10 Crs. have been sanctioned by Arohan Financial Services.

Operational Model

A well-defined process is followed by VCCL for area selection, group formation, loan appraisal, disbursement, and collection.

S. No	Steps Description	Staff Responsible	Approving Authority
1.	Area selection: Area survey and information of the village as per standard formats such as total number of households, literacy rate, sources of income, main business activities, financial dependency, irrigation facility, major threats etc. is carried out by the Relationship Executive (RE)	Relationship Executive Recommendation: BM	BDM in Consultation with AM
2.	Group Formation: After approval of a village by Cluster Manager, the Relationship Executive (RE) visits the local area and conducts a general meeting with the villagers to discuss about the micro credit program of VCCL and importance of JLG. This process will continue till the time Relationship Executive gathers minimum 10 women members in that village. Once 10 women members are gathered, Relationship Executive will form JLG.	Relationship Executive	Branch Manager
3.	Member Verification: (Target Client): It is mandatory to visit the prospective Client's house to ensure her identity and get correct information of member profile.	Relationship Executive	Branch Manager
4.	Compulsory Group Training: After group formation, a 3-day Compulsory Group Training (CGT) of the members is organized in a particular location, preferably in one of the member's house. In this weekly meeting the JLG members are taught about the group's cohesiveness, how to maintain different registers, cash book, and about importance of savings. Within this period, JLG members are instructed to open bank account. The Centre elects its President, and each Group elects its Group Secretary / Leader to manage the operations of the group.	Relationship Executive	Branch Manager
5.	GRT: Group Recognition Test is conducted after imparting CGT. This GRT is to test and understand the members awareness towards their purpose of enrolling into the Organization and Centre.	Branch Manager	Branch Manager
6.	Data Entry: After GRT, the Centre is approved by the respective Area Manager and is officially enrolled with the company and the details of the Group captured with the MIS department.	Area Manager	Head Office

7.	Loan Application Form: Loan Application Form is given to each member for duly filling of all details pertaining to loan and its purpose. The Forms are scrutinized and approved by the Branch Manager.	Relationship Executive	Branch Manager & Area Manager
8.	Disbursement at Branch: VCCL's target is that the gap between the first day of training and disbursement for a JLG should not exceed 10 days for a new JLG and 7 days from the day of previous loan closure for an old JLG.	Branch Manager	Head Office
9.	Transfer of the loan amount to the Clients: The Disbursement is done at the Branch level where the customers deposit their Loan Processing Fees at the Branch and the amount of loan gets transferred to their account directly "online transfer" of funds from bank. The Company follows the Policy of "No Bank Account No Loan".	Branch Manager	Branch Manager
10.	Repayment Schedule: The detailed monthly repayment schedule of the loan amount including Principal and Interest must be handed over to the members before starting repayment.	Relationship Executive	Branch Manager
11.	Loan Collection: The repayment starts after a month.	Relationship Executive	Branch Manager
12.	Collection of Loan Utilization Certificate: Loan utilization certificate is important to ensure the utilization of the loan.	Relationship Executive	Branch Manager

Loan Collection Process

- The repayment starts after a moratorium of 30 days of disbursement. Repayment Card should be made available to each borrower.
- The detailed monthly repayment schedule of the loan amount including Principal and Interest is handed over to the Group by the members before starting of the Centre meeting.
- Loan utilization certificate is important to ensure the utilization of the loan.
- BM verifies the demand collection sheet along with the records kept at the branch level and issues demand collection sheet (hard copy) to Field Representative.
- Cash collected is deposited to the nearest Branch of the HO Bank account on the same day and the collection details are updated in the online software BIJLI.
- Cash vaults are present at every branch for safe keeping of cash.
- The Company has availed insurance for both cash in transit and cash at vaults from National Insurance Company Limited
- Branch office sends collection Reports to HO on daily basis.
- In case of delinquency, Relationship Executive follows up the overdue loans and reports the same to BM. Clear responsibilities are defined for each bucket with involvement of Relationship Executive, Bank Manager, and Area Manager. No undue influence and coercion are used to force the recovery. No penalty charges are levied.

Internal Control System

VCCL has a defined Internal Control System to monitor its Operations. The reporting chain is as below



- At the Branch level, a reporting structure has been created for effective monitoring of operations.
- The Relationship Executive does the field verification and then reports to the Branch Manager. Branch Manager conducts the appraisal and frames his comments on the loan application. From Branch Manager, the next level of screening is done by the respective Area Manager. After his consent, the proposal goes to the HO credit committee, which includes Chief Operating Officer (Operations) and the Finance & Accounts Departmental Heads for final approval based on the recommendation of the Branch Manager and Area Manager and the past repayment history of the groups.
- The operations are centralized with Head Office (HO) having the final authority for loan sanction & disbursement. However, Branch Manager is responsible for loan collection and delinquency management.

Risk Management System

Credit Risk:

To avoid credit risk, VCCL has adopted the following procedures:

- Stringent Know Your Customer (KYC) policy is manifested and maintained.
- The Audit Executive is responsible for the accuracy of all data entries, documentation, and audit compliance.
- Field investigations are done by Relationship Executive and Branch Manager.
- The software automatically prepares enquiry format in the backend for each customer and sends to CIC (through partner's credentials) and obtains a credit bureau report (CBR). RBI guidelines on multiple lending and client over-indebtedness frame the base criteria for any loan approval. Stringent appraisal system to assess the genuine need of the customer.
- Centralized connect with each customer for ensuring righteous and timely credit.
- Effective loan end use verification and loan monitoring mechanism for credit risk management.
- Constant contact with customer by field functionaries and end use verification.
- Adoption of UID for all loan disbursed to make the Credit Bureaus Information more reliable and reduce the systemic risk significantly.
- Credit and HR policies are clearly defined and documented.
- Credit policies are largely adhered to formation of groups, field verification and credit appraisal.
- Regular checks in System for better monitoring.

Strategic Risk:

Strategic risks include internal risks like those arising from adverse business decisions or implementation of those decisions, poor leadership, or ineffective governance and oversight, as well as external risks, such as changes in the business or competitive environment.

- ***Governance:*** VCCL's board consists of members with expertise in various sectors such as banking, accounting, legal & financial environment etc. to ensure proper governance at all levels.
- ***Legal:*** To ensure provision of appropriate legal advice & supervision and overseeing all the legal affairs of the company, a Senior Manager is designated. Along with this, Company has also appointed a Legal Officer to render effective legal assistance in the preparation of legal opinions, studies, reports and correspondence, as required from time to time by various Heads of Departments.

- ***Regulatory & Compliance:*** VCCL was incorporated under the Companies Act, 1956 with the Registrar of Companies, Kolkata. The company is a NBFC MFI and registered with SA – Dhan. The regulatory risk is mitigated to a great extent as company ensures compliance with all the guidelines laid down by the RBI. Further, Company Secretary has been appointed to ensure ethical conduct and compliance with rules, regulations, and standard processes of the company. Branch must maintain a Branch Audit File keeping the audit queries raised by the auditor and the compliance thereof. Regular audits are also carried out by head office teams and business correspondent partners audit teams. All the audit team findings are regularly reported to the management while a copy of the same is shared with operations team and the resolution on issues highlighted is regularly done by operations team and report is submitted on quarterly basis.

Operational Risk:

- Proper Field Investigation of staff members is done before recruitment
- Two days training to members to make them aware regarding all the policies of the company
- Extensive and considerable internal control, which include regular monitoring by staffs at various levels
- Conjunction of strong documentation along with technology
- System generated passbooks with photographs displayed on individual passbooks for cashless disbursements
- Impart the proper payment receipts to the members to curtail the frauds
- At the time of disbursement, through calling all the important points regarding disbursement are cross verified from members by operations team at head office level.
- Standardized transparent policies of the company
- Dedicated route plans have been mapped to generate better efficiency and negative areas are earmarked so that no disbursement should take place in that area as a risk mitigation strategy.
- Dedicated team at head office is assigned to take rigorous follow ups so there is a quick resolution of any risk that is sensed anywhere in the field or system
- Preparation of various trackers and MIS at different levels to vigorously monitor the status of overdue. The senior management is also informed of the movement of overdue if any, on daily basis.
- Operations managers are responsible for making sure their staff is well-trained and able to perform their job functions effectively.

MIS & IT systems

VCCL staff members are responsible for maintaining the Management Information System (MIS) to ensure the company has access to accurate information for decision-making.

- VCCL uses a **Software called “Business Information Justified and Logically Integrated (BIJLI)”** maintained by Force Ten Technologies. They are also developing and implementing an inhouse software called **SWATAH** for JLG loans and individual loans. The company plans to migrate to SWATAH in March 2021.
- VCCL plans to automate the application process using a mobile phone. (member registration, Implemented Ticket management System for real time tracking of reported issues, managing field activities of audit personnel, Integrated BC and Co lending module of various banks and Ticket management System for real time tracking of reported issues).
- VCCL has implemented Aadhar e-KYC process through a service provider named Veri5Digital. It also provides services of Scanning of Aadhar card and linking it to Credit Bureaus helps in checking the credit history of applicant.
- VCCL has installed Sophos firewall for End-Point Security and activated Data Leak Prevention policy through Virtual Private Network (VPN) creation which is in progress and has been completed for more than 200 branches. It provides an opportunity to establish a secured network connection and makes difficult for third parties to steal data and track your activities online.
- VCCL is maintaining IT Asset Inventory Listing to track periodic IT asset verification to ensure that all assets are in proper condition and match with the asset register.
- VCCL has adopted various security measures for enhanced system security as enforcement of password controls, Admin access, monitoring of security updates / patches in user laptops / desktops.

- Server room is protected through lock n key. Surveillance Cameras are in place monitoring and management of Server room along with physical access controls to authorized person and register to monitor entry / exit.
- Audit Policies have been configured for the server. Restrictions on user systems for preventing unauthorized or unlicensed software which may lead to installation of malware or deceptive software.
- Passwords of Switches, routers, Wi-Fi, and firewall are being changed on regular interval on monthly basis. Guest network is enabled for visitors / third parties.
- Regular Network audit and Internal system audit is in process as per guideline.

Internal audit

As per the auditor's report for FY 20,

- Internal Audit functions are completely unbiased, and the report is completely objective.
- The audit report is presented to the Board and to the organizational Head who are responsible for maintaining the internal audit systems. The report and its findings are discussed in the Board Meeting as well as in the Audit Committee Meetings.
- The management takes responsibility to ensure that relevant actions are taken on the Audit findings.
- Audit reports are also shared with the respective Branches, so that they are aware of their shortcomings and improve them accordingly.
- The auditors in their subsequent visits to the Branch should ensure that the findings are addressed respectively, if not the shortcomings should be highlighted, and the Branch needs to give explanation.

Transparency

a. Management Quality

Constitution, Ownership and Maturity of the MFI	VCCL is constituted as an NBFC- MFI and adheres to the process laid by RBI. The microfinance operations were started in Feb.2007. The promoters hold 72% of stake in VCCL (majority of the Company's shares). The company is into MFI operations last 10 years. VCCL is a member of the RBI nominated SRO - Sa-Dhan.
Experience of the management in this segment	VCCL has a six -member board with extensive experience in the fields of MFI, finance, accounting, social works, and other developmental activities. Mr. Ummed Mal Jain is a successful Businessman besides being an advocate for the last 50 years. The other promoters Gautam Jain and Vikram Jain have good experience in microfinance sector.
The management's stability and inclusion/exit of key management personnel	The senior management has been with the Company for a minimum of three years.
Business Strategies	VCCL has a well-defined business strategy for the next couple of years. Over the next year, VCCL plans to Fully automate the process for sourcing to collection along with delinquency management for increasing the productivity. It is also aiming to aid more financial security and providing better services, transparency and affordable prices as compared to local moneylenders
Vision and Social Impact expected to be achieved through operations.	The Vision of VCCL is "To be a Partner in the growth of Micro Entrepreneurs".

b. Social Impact

The segments of borrowers	VCCL targets poor downtrodden women with family income of Rs. 1,00,000 p.a. in rural & Rs. 1,60,000 p.a. in urban and semi urban areas. The typical JLG customers are economically backward unskilled women in the age group of 18 - 59 years
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financed and the reason for financing	who have no source of regular income/ employment and are deprived of any kind of financial assistance by the Banks. VCCL is committed to empower and encourage the economically poor to strengthen their entrepreneur skills and upgrade their standard of living..
Tie ups with corporate houses for Corporate Social Responsibility Programs etc.	VCCL provides livelihood support to low-income borrowers and provides consumer durable loans to raise their standard of living.

c. Business Model

Portfolio Diversity	VCCL microfinance products include individual loans for Working Capital, Capital Investment, House Repair and Animal Husbandry (Dairy) to poor women for income generation activities. VCCL also offers SME loans and consumer durable loans to the existing borrowers.. Loans are not usually offered for personal consumption.
Loan tracking system and process-control mechanism for present scale of operations	Branch Manager issues demand collection sheet (hard copy) to Relationship Executive. Repayment collection is done monthly at the JLG meeting by the Relationship Executive. Relationship Executive has the receipt book in his custody and every time the repayment is collected from the JLG, a money receipt is issued.
Adequate HR practices	Brickworks Analytics opines that VCCL has satisfactory HR policies in place for its present scale of operations. VCCL has appointed Chief Human Resources Officer who oversees staff recruitment, incentive planning, annual performance appraisal and training of its staff.
Adequate Recovery and collections process	Brickworks Analytics opines that VCCL has a defined process for follow-up and collection of delinquent loans. Relationship Executive follows up all the overdue loans and reports the same to BM.
Good management information system (MIS) and process control mechanism	VCCL maintains its MIS through software called “BIJLI”. All Branches are computerized, and it is updated in the software on day-to-day basis. It is required to update details so that HO can review details the following day. All types of report can be generated through the software.

Moderate cash management system	Cash collected is deposited to the nearest Branch of the HO Bank account on the same day and the collection details are updated in the online software BIJLI. Cash vaults are present at every branch for safe keeping of cash. The Company has availed insurance for both cash in transit and cash at vaults from National Insurance Company Limited.
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d. Operational Efficiency

Use of technology	Use of technology is adequate for the current level of operations.
Management has adequate experience to upscale and sustain operations	Brickworks Analytics believes that the senior management team's experience in microfinance operations will help VCCL expand and sustain operations if it is able to add up new territories in near future.
Cost Management	Operating expenses as a % of gross loan portfolio has increased from 6.94% in FY19 to 7.08% in FY20.
Assets per Credit Officer	VCCL's average Gross Loan Portfolio per loan officer is ₹48,75,039.61 as of March 31, 2020 down from ₹ 52,86,440.67 as on March 31, 2019.
Profit per Credit Officer	OPBIDTA per Loan Officer has reduced from ₹ 6,19,774.01 in FY19 to ₹ 3,12,044.37 in FY20.
Profit per branch	OBIDTA per Branch has decreased from ₹ 36,57,752.80 in FY19 to ₹ 18,57,547.16 in FY20

e. Enterprise Risk Management

Independent risk management division and independent internal audit with Monitoring and supervision	Brickworks Analytics opined that VCCL has adequate risk management mechanisms and monitoring for the present level of operations. As per the auditor's report regular audits are conducted by the internal audit team and findings are submitted to the management for corrective action. Branch visits are also conducted by business partners on a regular basis.
Loan sanction and disbursal policies	Credit policies are clearly defined and documented by the risk management team and respective business partners. Credit policies are strictly adhered to for formation of groups, field verification and credit appraisal. Credit policy communication is done verbally through group meetings and training sessions to the group members.
Management of credit, market, and operational risks	Adequate policies for the management of credit and operational risks are in place. VCCL have tie-up with four credit bureaus (CIBIL, CRIF Highmark, Experian and Equifax) to check the indebtedness level of the borrowers before loan disbursal. System level internal checks have been applied. The criteria of these checks follow RBI guidelines as well as the partner financial institution guidelines.
Management of legal and compliance risk	VCCL has heads of various departments vis. Operations, MIS and Technology, HR/Administration, Accounts and Finance report to the Chief Executive Director.

f. Financial Performance

Capitalization	As VCCL is an NBFC MFI, CRAR level as on 31 st March 2020 is 18.89% which is comfortable as NBFC MFIs are required to maintain a minimum CRAR of 15% .
Asset Quality	Gross NPA @ 90+dpd are 1.80% as on March 31, 2020. Company made the provision of ₹30 Crore in FY 20 by weighing all the unfortunate events.

Funding profile	As of 31 March 2020, VCCL has availed term loan from 38 banks and financial institutions and total amount outstanding is ₹434.96 Crores. They availed subordinate debt from Mas Financial Services and IDFC First Bank Limited amounting to ₹30 Crs. which is to be paid in bullet payment mode. The conduct of account is satisfactory as on date.
Earning Profile	VCCL has registered PAT of ₹-17.16 Crs. during FY20 compared to ₹ 6.89 Crs. in FY19.
Liquidity Profile	The liquidity position of VCCL is moderate to manage the liabilities of the company.

Financial Statements

Profit & Loss Summary

Particulars (₹ Cr)	FY18	FY19	FY20	31.12.20	FY21	FY22
Profit & Loss Summary	Audited				Projected	
Interest Income	73.12	93.89	94.70	75.53	113.98	132.53
Net Interest Income	73.12	93.89	94.70	75.53	113.98	132.53
Other Operating Income	6.61	10.92	22.56	4.86	26.62	30.71
Total Operating Income	79.73	104.81	117.26	80.39	140.61	163.24
Power and Fuel Expenses	0.05	0.08	0.18	0.00	0.00	0.00
Employee Cost	1.00	21.55	29.25	20.96	0.00	0.00
Repair & Maintenance	0.00	0.86	1.00	0.00	0.00	0.00
Provision and loan losses	1.09	3.60	33.06	0.00	0.00	0.00
Other administrative expenses	24.73	12.91	14.39	8.21	57.45	63.49
Miscellaneous Expenditure	0.00	0.00	0.00	0.00	3.35	4.29
Operating Expenses	26.87	38.99	77.89	29.17	60.81	67.78
OPBDIT	52.86	65.82	39.38	51.22	79.80	95.45
Depreciation charges	0.33	0.57	0.85	0.49	0.96	1.07
OPBIT	52.53	65.24	38.53	50.73	78.84	94.38
Interest and Finance Charges	49.18	61.50	66.35	48.65	71.32	84.80
OPBT	3.36	3.74	-27.82	2.08	7.52	9.58
Non-Operating Income	5.06	6.07	6.22	3.14	1.03	1.21
PBT	8.42	9.81	-21.61	5.22	8.55	10.79
Provision for Taxes	2.90	2.92	-4.44	1.41	1.60	1.95
PAT	5.52	6.89	-17.16	3.81	6.96	8.84

- Other Operating Revenues of ₹ 22.56 Crs. includes Service charges and loan processing fees (₹ 21.96 Crs and other Misc. income of ₹0.59 Crs.). Other non-operating income include interest income from deposits and Dividend income from mutual funds and long-term investment.
- Profit for the FY20 of ₹ (17.16) Crs. is due to the extra provisioning made by the company of Rs.23.00 Crs. as mandated by RBI to combat the effect of COVID-19. (As RBI stipulated 5% COVID Provisioning, thus the company has made a provision of 5.5% on OWN BOOK Portfolio of ₹422.32 Crs. amounting ₹23.00 Crs. An additional provision of 0.5% (amounting ₹1.90 Crs.) was created assuming conservative approach)
- Interest and finance charges consist of Interest on term loan, bank charges and other borrowing cost.

Balance Sheet Summary

Particulars (₹ Cr)	FY18	FY19	FY20	31-12-20	FY21	FY 22
	Audited			Projected		
EQUITY & RESERVES	49.30	70.37	52.54	76.29	131.49	162.64
Share capital	20.84	27.09	27.09	32.07	77.09	90.09
Reserves & Surplus	28.46	43.28	25.45	44.21	54.40	72.55
Non-current liabilities	164.44	205.65	208.37	187.15	203.68	235.55
Long-Term Borrowings	163.37	204.53	206.39	185.17	200.65	233.36
Other Long-Term liabilities	1.07	1.13	1.98	1.98	3.03	2.19
Current liabilities	193.88	255.00	269.33	252.31	277.14	313.70
Current Portion of Long-Term Debt	186.56	238.00	228.57	214.72	245.24	285.22
Other Current Liabilities	7.15	16.70	40.39	37.59	31.90	28.48
Short-Term Provisions	0.17	0.31	0.38	0.00	0.00	0.00
Total Liabilities	407.62	531.03	530.24	515.74	612.32	711.89
ASSETS						
Non-current assets	151.06	184.40	203.89	193.09	231.93	277.62
Net Fixed assets	1.66	2.64	2.67	2.77	3.96	4.79
Net Intangible assets	0.40	0.19	0.23	0.98	0.00	0.00
Non-Current Investments	0.00	0.00	0.00	0.00	57.30	65.32
Deferred Tax Assets	1.02	1.56	8.21	8.21	9.16	10.44
Long Term Loans & Advances	106.89	115.58	143.42	156.44	161.52	197.08
Other Non-Current Assets	41.08	64.44	49.37	24.70	0.00	0.00
Current assets	256.56	346.62	326.35	322.65	380.38	434.26
Current Investments	0.68	278.31	287.31	29.71	30.85	39.05
Trade Receivables	0.00	0.00	0.00	0.00	313.54	366.00
Cash & Cash Equivalents	35.18	49.13	26.83	65.16	19.25	13.36
Short-Term Loans & Advances	214.94	10.42	4.09	211.90	0.00	0.00
Other Current Assets	5.76	8.76	8.12	15.89	16.74	15.85
Total Assets	407.62	531.03	530.24	515.74	612.32	711.89

In FY 20

- Reserve and surplus balance has been reduced from ₹43.28 Crs in FY 19 to ₹25.45 Crs. on account of loss reported for the FY 20 of (17.16) Crs. due to the extra provisioning made by the company of Rs.23.00 Crs. as mandated by RBI to combat the effect of COVID-19.
- Short term loans and advances include receivables of the company from its customers within one-year, other current assets include Balance with Govt. authorities, advances, Prepaid Expenses etc.
- Issued, subscribed and fully paid-up capital of the company in FY20 constitutes 9% compulsorily convertible preference shares amounting to ₹6.81 Crs. and 9% optionally convertible preference shares issued to SIDBI amounting to ₹ 3Crs.

- Company has infused ₹20 Crs. as fresh equity in the company in Sep20 and plans to infuse another ₹10 Crs. by the end of March21.
- Long Term Borrowings increased from ₹204.53 Crs. in FY19 to ₹206.39 Crs. in FY20 due to increase in the Term Loans from Banks and Financial Institutions. (As number of Branches & customer base increased)
- Other Current liabilities include the loan EMIs' payable within one year as against the Term Loans taken by the company.

Key Financial Ratios

Particulars	Units	FY18	FY19	FY20	As on 31/12/20
Tangible Net Worth	Crores	48.90	70.18	52.31	75.31
Capital Employed	Crores	397.81	511.15	479.05	466.99
Total Debt/TNW	Times	7.16	6.31	8.32	5.31
Long Term Debt/TNW	Times	3.34	2.91	3.95	2.46
TOL/TNW	Times	6.71	6.07	8.53	5.84
ISCR	Times	1.07	1.07	0.59	1.05
DSCR	Times	1.26	1.45	1.42	1.65
Net Cash Accruals/Total Debt	Times	0.02	0.02	0.03	0.01
Net Cash Accruals/LongTerm Debt	Times	0.05	0.05	0.08	0.03
Net Profit Margin	%	6.92	6.58	-14.64	4.74
Operating Profit Margin	%	66.30	62.80	33.58	63.71
ROCE	%	13.21	14.36	7.78	14.30
Current Ratio	Times	1.32	1.36	1.21	1.28

- Tangible net worth has declined to ₹52.31 Crs. during FY20 from ₹70.18 Crs. in FY 19 on account of loss reported during the year
- The company's gearing is high with debt equity ratio of 8.32 times in FY20 as microfinance operations are highly dependent on external borrowings from banks and financial institutions. However due to capital infusion by the Company, the Company's gearing reduced to 5.31 times as on December 31, 2020.
- The ROCE has also declined showing a lower return on capital employed which has improved as on December 31, 2020.
- Interest service coverage ratio stood at 0.59 times in FY20, it improved to 1.05 times as on December 31, 2020
- The current ratio of 1.21 times in FY20 shows moderate liquidity position of the company which has slightly improved to 1.28 times as on December 31, 2020

Business Indicators

Operational Outreach

Operational Highlights	FY 17	FY18	FY19	FY20	As on 31.12.2020
No. of States	4	5	7	7	7
No. of districts	32	47	85	101	94
No. of Branches	65	96	178	212	192
No. of active borrowers	1,19,147	2,04,678	2,10,860	2,22,105	1,86,072
No. of groups added during the year	20,622	38652	36575	45984	8938
Total No. of staff	417	673	1198	1410	1177
H.O Staff & other support staff	62	95	136	148	94
No. of Field Staff/ Credit Officer	355	578	1062	1262	1083
Loans disbursed during the year (₹ in Crs)	201.15	288.96	353.18	474.71	92.85
Assigned / Securitized Portfolio (₹ In Crs.)	0.00	0.00	67.51	46.77	73.29
BC portfolio (₹ In Crs.)	74.25	125.52	147.17	146.14	115.37
On-book portfolio (₹ In Crs.)	210.95	320.67	346.74	422.32	368.34
Total portfolio (₹ In Crs.)	285.20	446.19	561.42	615.23	557.00
NIM%	8.82%	9.15%	9.64%	8.89%	9.14%
Gross NPA %	0.22%	0.21%	0.26%	1.81%	2.59%
Net NPA %	0.00%	0.00%	0.00%	0.00%	0.00%
Total CRAR %	0.22	24.90%	22.00%	18.89%	28.77%
Tier I CRAR %	16.72%	14.88%	14.86%	9.45%	16.77%

- As on December 31,2020, number of branches served have been reduced from 212 to 192. As per the clarification provided, the management has decided to merge some branches, to reduce operating cost and to improve branch productivity.
- VCCL has an adequate capitalization marked by CRAR of 18.89% as on March 31, 2020; however, it has declined as compared to 22.00% as on March 31, 2019. Despite decline during the year, CRAR remains comfortable above the regulatory benchmark of 15% by the RBI.
- As on March 31, 2020, the VCCL has an outstanding loan portfolio of Rs.615.23 Crs. spread over 212 branches of 7 states with 222105 borrowers. The companies' portfolio outstanding witnessed a growth of ~9% as on March 31, 2020 over the previous year.

PORTFOLIO ANALYSIS

State-wise Owned Portfolio in FY 20

Figures in ₹ Crs.

State	Total POS	Current	0-30	30-60	60-90	90-180	>180
Assam	32.21	26.02	1.00	1.30	1.47	2.13	0.28
Bihar	94.45	92.32	0.76	0.18	0.19	0.25	0.74
Jharkhand	55.06	53.22	0.92	0.06	0.08	0.25	0.53
Odisha	19.74	19.35	0.05	0.06	0.02	0.06	0.20
Tripura	33.17	33.12	0.01	0.01	0.00	0.00	0.02
UP	33.52	33.02	0.11	0.03	0.04	0.06	0.25
West Bengal	154.16	148.95	1.50	0.42	0.44	0.80	2.05
Grand Total	422.32	406.01	4.36	2.07	2.25	3.56	4.07

State-wise Managed Portfolio in FY 20

Figures in ₹ Crs.

State	Total POS	Current	0-30	30-60	60-90	90-180	>180	Total POS
Assam	14.34	7.43%	13.68	0.18	0.06	0.09	0.14	0.19
Bihar	56.67	29.38%	54.98	0.55	0.23	0.14	0.23	0.54
Jharkhand	21.15	10.96%	20.47	0.17	0.07	0.07	0.09	0.28
Odisha	5.62	2.91%	5.41	0.11	0.10	0.00	0.00	0.00
Tripura	8.96	4.64%	8.87	0.09	0.00	0.00	0.00	0.00
UP	12.4	6.43%	11.74	0.20	0.11	0.12	0.09	0.14
West Bengal	73.77	38.24%	71.57	0.72	0.27	0.20	0.32	0.69
Total	192.91	100%	186.72	2.02	0.84	0.62	0.87	1.84

Repayment frequency-wise Owned Portfolio during FY 20

Figures in ₹ Crs.

Repayment Frequency	Total POS	Current	0-30	30-60	60-90	90-180	>180
Monthly	422.32	406.01	4.36	2.07	2.25	3.56	4.07
Total	422.32	406.01	4.36	2.07	2.25	3.56	4.07

Activity-wise Owned Portfolio in FY 20

Figures in ₹ Crs.

Activity	Total POS	Current	0-30	30-60	60-90	90-180	>180
Agri Allied	143.80	138.88	0.95	0.73	0.78	1.26	1.20
Small Business	232.26	230.45	0.36	0.24	0.23	0.30	0.68
Others	46.26	36.68	3.05	1.10	1.24	2.00	2.19
Total	422.32	406.01	4.36	2.07	2.25	3.56	4.07

Area -wise Owned Portfolio in FY 20

Figures in ₹ Crs.

Area	Total POS	Current	0-30	30-60	60-90	90-180	>180
Rural	86.37	83.63	1.08	0.24	0.25	0.48	0.69
Semi-urban	159.58	151.36	2.11	1.09	1.19	1.96	1.87
Urban	176.37	171.02	1.17	0.74	0.81	1.12	1.51
Total	422.32	406.01	4.36	2.07	2.25	3.56	4.07

Loan Cycle -wise Owned Portfolio in FY 20

Figures in ₹ Crs.

Loan cycle	Total POS	Current	0-30	30-60	60-90	90-180	>180
1st Cycle	272.05	259.5	2.5	1.75	1.88	3.05	3.37
2nd Cycle	79.39	76.92	1.1	0.23	0.25	0.35	0.54
3rd Cycle	50.10	49.16	0.53	0.07	0.09	0.13	0.12
4th Cycle	20.78	20.43	0.23	0.02	0.03	0.03	0.04
Total	422.32	406.01	4.36	2.07	2.25	3.56	4.07

- West Bengal (36.50%) has the highest share of portfolio followed by Bihar (22.36%) and Jharkhand (13.03%).
- The major share of portfolio constitutes of First cycle loans (64.41%) and concentrated towards Urban areas (41.76 %) followed by Semi- Urban areas (37.79%).
- Small business loans are the main activities followed by Agri allied activities for which loans are provided during the year FY20.

Disbursement figures for FY 21

Month	Disbursement (₹ in Crs.)
Apr-20	0.00
May-20	0.00
Jun-20	5.48
Jul-20	4.66
Aug-20	15.23
Sep-20	41.38
Oct-20	19.30
Nov-20	5.46
Dec-20	8.18
Total	99.69

- The company has provided figures till Dec 20 for FY 21 and reported revenue from operations ₹ 99.69 Crs. It looks quite difficult for the company to surpass the last year's figures.

Month	Scheduled Demand ₹ In Crs.	Overdue Demand ₹ In Crs.	Scheduled Collection ₹ In Crs.	Overdue Collection ₹ In Crs.	Current Month's Overdue ₹ In Crs.	Overdue Carried Forward from Previous Months ₹ In Crs.	OTRR	OD RR
Apr-20	36.46	11.04	1.13	0.00	35.33	46.37	3.10%	0.00%
May-20	35.48	46.37	7.26	0.00	28.22	74.59	20.46%	0.00%
Jun-20	35.08	74.59	19.76	0.32	15.32	89.59	56.33%	0.43%
Jul-20	34.82	89.59	25.77	5.15	9.05	93.49	74.01%	5.75%
Aug-20	34.56	93.49	26.14	4.82	8.42	97.09	75.64%	5.16%
Sep-20	34.74	97.09	27.37	4.97	7.37	99.49	78.79%	5.12%
Oct-20	31.43	21.40	29.37	5.17	2.06	18.29	93.45%	24.16%
Nov-20	31.17	18.29	29.46	5.74	1.71	14.26	94.51%	31.38%
Dec-20	31.79	14.26	30.12	5.82	1.67	10.11	94.75%	40.81%

- The reduction in overdue figures in Oct20 is due to the restructuring of the portfolio done by the company.

Conclusion

VCCL has been in the Microfinance business for more than 13 years now and has reached urban, semi-urban and rural livelihoods in 101 districts of seven states. The Management is well qualified and has hands-on experience in microfinance operations for more than a decade. VCCL has adopted RBI guidelines for operating NBFC- MFI and registered with Sa- Dhan. Risk Management and Credit policies are in place, moderately documented and communicated by the management. Overall disclosures are satisfactory. Operating in the relatively urban area, semi-urban area, and rural area of seven states which are largely unserved by formal financial institutions provides plenty of opportunity to VCCL to increase its business orientation and outreach. The overall earning profile will remain under pressure on account of higher operating expenses in running the branches and provisioning for NPA accounts. plans to infuse. VCCL's Tangible Net Worth has improved from ₹52.31 Crs. in FY20 to ₹75.31 Crs. as on December 31,2020 owing to the capital infusion of ₹20Crs. in September2020. The management has indicated that they expect an incremental capital infusion of ₹10 Crs. during March21. VCCL's business risk profile is susceptible to regulatory and legislative risks, along with the inherent risk exist such as unsecured nature of lending, vulnerable customer profile and exposure to vagaries of political situation in operation.

The impact of COVID 19 and challenges associated with it are a matter of concern. The affected cash flows of business enterprises have affected the microfinance service providers and affected the flow of lending from commercial banks .VCCL is expected to face serious liquidity crunch as gap between revenue and operational expenditures are increasing with depleting reserves so VCCL seeks to scale up the business and allied services business with introducing new products and geographies without compromising on the asset quality. Brickworks Analytics believes there is significant business opportunity and regulatory push in this area, with the RBI actively supporting the NBFC MFI to achieve the objective of financial inclusion for all.

Annexure I: Index of Abbreviations

Abbreviation	Interpretation
AGM	Assistant General Manager
BM	Branch Manager
CGT	Compulsory Group Training
CRAR	Capital to Risk (Weighted) Assets Ratio
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
RE	Relationship Executive
HO	Head Office
MFI	Microfinance Institution
MIS	Management Information System
MSW	Master's degree in social work
NBFC-MFI	Non-Banking Finance Company – Microfinance Institution
NGO	Non-Governmental Organizations
OSS	Operational Self-Sufficiency
PAR	Portfolio at Risk
PAT	Profit After Tax
OPBDTA	Operating Profit Before Depreciation, Tax and Amortization
PBT	Profit Before Tax
RBI	Reserve Bank of India
SHG	Self Help Group
JLG	Joint Liability Group
BC	Business Correspondent
MFIN	Microfinance Institutions Network



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- Micro-Finance Institutions (MFI) Ministry of New and Renewable Energy (MNRE) Service Providers

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