

Sampark Fin Services Private Limited

Grading of Micro Finance Institution (MFI)

Date of Incorporation	29/04/1987	<p style="text-align: center;">MFI Grading</p> <table border="1"> <thead> <tr> <th style="text-align: center;">Rating</th> </tr> </thead> <tbody> <tr><td>MFI 1</td></tr> <tr><td>MFI 2+</td></tr> <tr><td>MFI 2</td></tr> <tr><td>MFI 3+</td></tr> <tr style="background-color: #4F81BD; color: white;"><td>MFI 3</td></tr> <tr><td>MFI 4+</td></tr> <tr><td>MFI 4</td></tr> <tr><td>MFI 5</td></tr> </tbody> </table>	Rating	MFI 1	MFI 2+	MFI 2	MFI 3+	MFI 3	MFI 4+	MFI 4	MFI 5
Rating											
MFI 1											
MFI 2+											
MFI 2											
MFI 3+											
MFI 3											
MFI 4+											
MFI 4											
MFI 5											
Year of Commencement of MFI Business	2018										
Managing Director	Mr. Jugala Kishora Pattanayak										
Legal Status	NBFC*										
Lending Model	JLG										
Geographical Area of Operation	3 States										
Branches	17										
Employees	102										

*** The Company has applied for MFI License with RBI in December 2019; however the license is yet to be received from RBI.**

CART has assigned grading of **‘MFI 3 (Provisional)’ (MFI Three)** to **Sampark Fin Services Private Limited**. The grading assigned is provisional and will be confirmed on grant of NBFC - MFI License from RBI. Grading is assigned on an eight-point scale with MFI 1 being the highest and MFI 5 being the lowest. There is no individual definition for each grading. CARE’s MFI grading is a measure of overall performance of the MFI on the following broad range of parameters.

TOSS FRAMEWORK

Transparency	
	Above Average
<ul style="list-style-type: none"> • Sampark Fin Services Pvt. Ltd. was incorporated as Hans Properties Pvt. Ltd. on 29.4.1987. The Company started its micro finance operation in year 2018 and Registered as NBFC. The company has already applied for MFI Licence in December 2019. Legal form is subjected to greater regulatory norms and reporting. • Experienced board of directors with 1 Independent director. Independent directors constitute 20% of the Board of directors. The independent director was working with SBI for 37 years and retired as GM. She headed the Prime Ministers’ Jan-Dhan Yojana (PMJDY) the largest financial inclusion programme for SBI. The board meets quarterly. • Credit and HR Policies are well established and documented and communicated • There is a separate internal audit team which conducts branch audit bi-monthly and other support functions like HR, IT etc half yearly. • Transparency in lending process and usage of funds is good. Lenders are informed on disbursement, collection and delinquency on a timely basis. • Overall disclosures are moderate. 	
Operational Setup	
	Strong
<ul style="list-style-type: none"> • 35.06% of shares are held by India Social Investment Venture Private Limited and 27.33% by Mr. Jugala Kishora Pattnayak. Balance shares are held by other individuals. • Experienced Board of Directors with Mr. Jugala Kishora Pattnayak as Managing director brings in experience of more than 20 years. • Well defined organisation structure with separate departments with clear demarcated roles and responsibilities. • The company follows a mix of group based approach and individual approach to extend the loans to individual and small enterprises through MSME lending operations. • The company has adopted the Policy of “No Mobile Number No Loan” • Adequate loan appraisal and monitoring systems • Adequate system for tracking over-dues and collection of delinquent loans after escalation depending on duration of overdue. • The Company using the FIMO (Financial Information and Monitoring Organizer (FIMO) software being provided by Jayam Solutions, Hyderabad for both its’ Operational MIS and Financial Accounting. • Well established and documented HR Policies. • Risk management systems are in place & commensurate with the size of the operation. Takes insurance cover for employees for infidelity, cash in transit and cash in safe. Insurance cover is also taken for borrowers & their spouses. • The customers are provided 2 days compulsory group training (CGT) on company’s products and services. • Company also conducts various internal and external training for their employees 	
Scale of Operations	
	Small
<ul style="list-style-type: none"> • Operates in 13 districts spanning across 3 states of India through its network of 17 branches as on 	

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<p>March 31, 2020.</p> <ul style="list-style-type: none"> • High degree of portfolio concentration with more than 90% of its gross AUM in Odisha as on March 31, 2020. • Low borrower base with 11,235 borrowers (1,766 groups) as on March 31, 2020. • Sampark provides a variety of loan products catering to different market segments. 	
Sustainability	
	Above Average
<ul style="list-style-type: none"> • Legal form allows equity infusion from investors. • Satisfactory operating cost ratio vis-a-vis the size of the operation. Operating expenses to Average AUM at 9.54% in FY20 (as against 7.08% in FY19). • CAR at 32.47% as on March 31, 2020 vis-a-vis 35.12% as on Mar 31, 2019. • PAR> 30 days has improved from 1.16% as on March 31, 2019 to 0.86% as on March 31, 2020. Similarly, PAR> 90 days, which had improved from 1.16% as on March 31, 2019 to 0.54% as on March 31, 2020 • Comfortable asset-liability maturity profile • Sampark has a strong second line of leadership by inducting personnel who have earlier worked in private sector banks, insurance companies, other MFIs & in consulting role. 	

Organizational profile

Managing Director	Mr. Jugala Kishora Pattanayak
Date of incorporation	29/04/1987
Year of acquisition (if any)	Mahashakti Foundation, a public charitable trust acquired NBFC called Hans Properties Pvt. Ltd. in 2010
Year of change in legal status	Hans Properties Pvt. Ltd was renamed to Sampark Fin Services Pvt. Ltd. in 2013
Current legal status	NBFC*
Year of commencement of microfinance operations	2018
Lending model	JLG
Geographical areas of operation	3 States
Branches	17 as on 31.3.2020
Employees	102
Head Office & Registered Office	174- Dharma Vihar, Khandagiri, Bhubaneswar, Odisha, 751030
Outstanding ratings	Acuite BB/ Stable – February 2020
Willful Defaulters as per CIBIL	No
Status of delays	NIL
Auditors	M/s Praveen Kumar & Co.
Networth (Rs.Crore)	7.16

* The Company has applied for MFI License with RBI in December 2019; however the license is yet to be received from RBI.

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GRADING RATIONALE

Brief profile of the organization

Sampark Fin Services Pvt. Ltd is a non-banking finance company (NBFC), regulated by the Reserve Bank of India. Sampark has applied for MFI Licence in December 2019. The company has presence in 3 states and has 17 branches.

Sampark is promoted by Mahashakti Foundation, a public charitable trust. The trust acquired a NBFC i.e Hans Properties Pvt. Ltd in 2010. In 2013, the NBFC was renamed to Sampark Fin Service Pvt. Ltd.

Sampark’s total AUM as on 31.3.2020 was Rs. 22.83 crore. It plans to expand to states like Jharkhand and Madhya Pradesh in FY 2021.

TRANSPARENCY

<p>Governance</p>	<ul style="list-style-type: none"> • Sampark Fin Services Pvt. Ltd. was incorporated as Hans Properties Pvt. Ltd. on 29.4.1987. The Company started its micro finance operation in year 2018 and Registered as NBFC. The company has already applied for MFI Licence in December 2019 however the company is yet to obtain the licence. Legal form is subjected to greater regulatory norms and reporting. • Sampark is governed by experienced board of directors with 1 Independent director. • All the directors have more than 15 years of experience. • Independent directors constitute 20% of the Board of directors. The independent director was with SBI for 37 years and retired as GM. She headed the Prime Ministers’ Jan-DhanYojana (PMJDY) the largest financial inclusion programme for SBI. • The board meets quarterly to monitor the progress and discuss the financial and operational performance of the organization.
<p>Internal Controls</p>	<ul style="list-style-type: none"> • Sampark has 'Internal Audit' department, which has 4 audit staff which is responsible for audit of operations as well as other support functions like Accounts, IT, Admin etc. To understand the compliance and adherence to the laid down policies, branches and other support functions are audited on regular basis. Head of Internal Audit department directly reports to the Governing Body. • At branch level audit cycle is on Bi-Monthly basis. Each audit is completed within 2-3 days. If necessary, it may be extended after getting approval from Head of the Dept. • Apart from periodic audit surprise visit of 1 day will be conducted to the branches instantly. • As the Audit Dept is directly under Governing Board, they are fully accountable to Governing Board. Audit Head will share Quarterly Audit findings with recommendations to Board at Board Meeting.

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Policies	Sampark has clearly defined and documented credit & HR policies. Credit policies are strictly adhered to for formation of groups, field verification and credit appraisal. The HR policies encompass recruitment and selection, induction and training, performance management and compensation management.
Transparency in Lending Process	Sampark informs its lending policies to the borrowers through its training programs (at the group meetings)
Transparency in Utilization of Funds	Sampark submits information as per the requirement of lender on monthly and quarterly basis.
Overall Disclosures	Sampark is regular in submitting operational and financial information to external associations and agencies like MFIN, SRO, Sa-dhan, OSAFFI and Credit Bureaus. It also provides the operational and financial information on its website, which is updated on a regular basis
Grievance Redressal Mechanism	<p>Sampark's Board of Directors has laid down a grievance redressal mechanism (GRM) to ensure that disputes arising out of the decisions of Sampark's functionaries are heard and disposed of at least at the next higher level.</p> <p>Each Branch manager is working as Grievance Redressal officer. Every Saturday, Grievances is heard and redressed.</p> <p>One Person at Head office is authorized to register all grievances over phone or personally or both and submitted to Head Operations on weekly basis. The grievance is addressed by Head operations.</p> <p>If the grievance remains unresolved, then it is referred to Board of Directors.</p>

OPERATIONAL SETUP

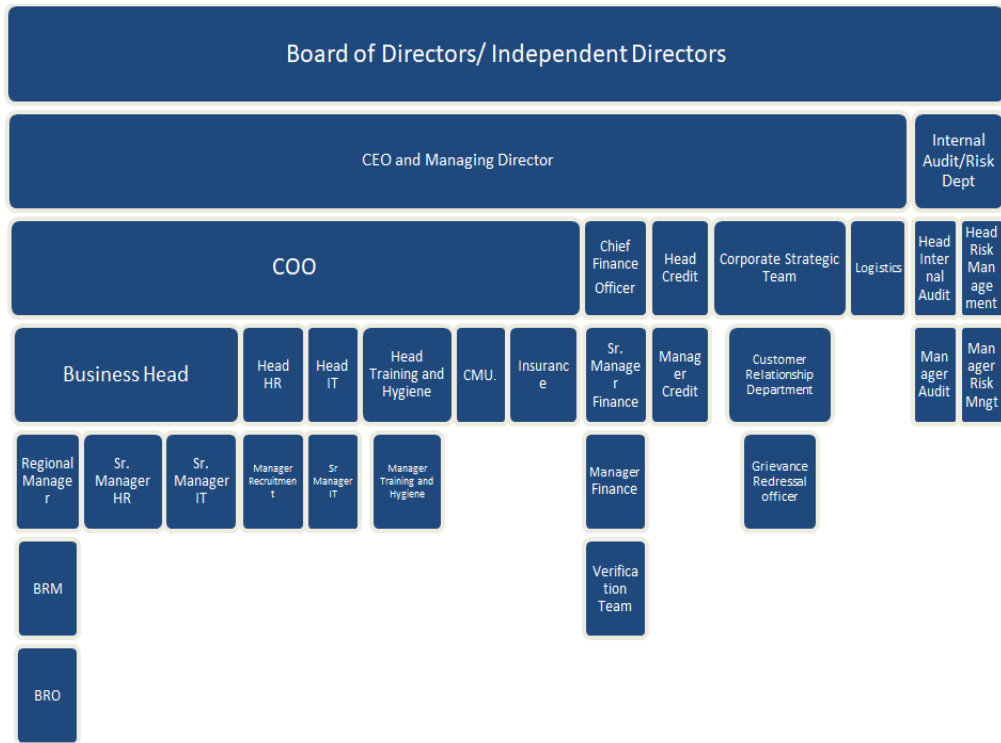
Ownership	<p>Mr. Jugala Kishora Pattnayak, the Managing Director (MD). is supported by a senior management team. Sampark's Board comprises Five members having rich experience in banking and financial sector. Sampark's board is headed by Mr. Jugala Kishora Pattnayak (Managing Director).having experience of more than 20 years.</p> <p>The detailed shareholding is tabulated below:</p>		
A. Equity Share holding Pattern			
Sr.	Name of Shareholders	No. of Shares	Shareholding (%)
1	India Social Investment Venture Pvt. Ltd.	1,76,994	35.06
2	Jugala Kishora Pattanayak	138,006	27.33
3	Nandan Singh Bisht	62,000	12.28
4	Niraj Kumar	20,000	3.96
5	Kuldeep Singh	20,000	3.96
6	Narendra Nayak	19,000	3.76
7	Preeti Agrawal	18,518	3.67

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8	Bijaya Kumar Sethy	17,857	3.54
9	Sujata Jena	14,814	2.93
10	Jyoti Ranjan Mohopatra	10,000	1.98
11	Mohan Kumar BaliyarSingh	4,000	0.79
12	Satya Narayan Mishra	3,704	0.73
Total - A		504,893	100
B. Preference Share Holding Pattern			
Sr.	Name	No. of Share	Shareholding (%)
1	Satya Narayan Mishra	40,000	33.33
2	SubharanjaliSatpathy	20,000	16.67
3	Rahul Agrawal	15,000	12.5
4	Amita Pradhan	10,000	8.33
5	Mita Mohanty	10,000	8.33
6	Subheli Mohanty	10,000	8.33
7	Harihara Mohapatra	10,000	8.33
8	AtashiRath	5,000	4.17
Total - B		120,000	100
Total A+B		624,893	

Organizational Structure

Sampark has created separate departments with clearly demarcated roles and responsibilities for handling future growth. The organization structure is logically structured and well defined to meet the requirement of operational functioning.



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graph TD
    Board[Board of Directors/ Independent Directors] --> CEO[CEO and Managing Director]
    Board --> IA[Internal Audit/Risk Dept]
    CEO --> COO[COO]
    CEO --> CFO[Chief Finance Officer]
    CEO --> HCC[Head Credit]
    CEO --> CST[Corporate Strategic Team]
    CEO --> Logistics[Logistics]
    CEO --> HIA[Head Internal Audit]
    CEO --> HRM[Head Risk Management]
    COO --> BH[Business Head]
    COO --> HR[Head HR]
    COO --> IT[Head IT]
    COO --> HTH[Head Training and Hygiene]
    COO --> CMU[CMU]
    COO --> Insurance[Insurance]
    COO --> SRF[Sr. Manager Finance]
    COO --> MC[Manager Credit]
    COO --> CRD[Customer Relationship Department]
    COO --> MA[Manager Audit]
    COO --> MRM[Manager Risk Mngt]
    BH --> RM[Regional Manager]
    BH --> SMHR[Sr. Manager HR]
    BH --> SMIT[Sr. Manager IT]
    BH --> MR[Manager Recruitment]
    BH --> SMIT2[Sr. Manager IT]
    BH --> MTH[Manager Training and Hygiene]
    SRF --> MF[Manager Finance]
    CRD --> GRO[Grievance Redressal officer]
    BRM[BRM]
    BRO[BRO]
    V[Verification Team]
  
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REGISTERED OFFICE : 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai 400 022.
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CIN-U74999MH0216PLC285575

• Roles and responsibilities for each level in the organization	
Position	Roles & Responsibilities
CEO	<ul style="list-style-type: none"> • Execute the policy decisions of the Board • Manage the day-to-day operations of the institution by providing clear leadership and guidance to all functions of the institution, including Finance, Operations, Administration, Special Projects, HR, IT. • Uphold standards of risk management at all levels and ensure effective supervisory control and management review • Develop annual and longer term plans and budgets, incorporating input from the different departments for approval by the Board • Oversee the implementation of budgets and strategic plans, including oversight of fundraising • Set financial and operational performance targets for all key operating units • Build a strong and effective senior management team • Establish an effective and competent participatory management style • Build the MFI's reputation as a company committed to excellent client services, both internally and externally
CFO	<ul style="list-style-type: none"> • Providing leadership, direction and management of the finance and accounting team • Providing strategic recommendations to the CEO, Board members and members of the executive management team • Managing the processes for financial forecasting and budgets, and overseeing the preparation of all financial reporting • Financial data compliance to Regulators like RBI, SROs and other organizations as required by the law of land • Ensure timely external audit and compliance to HO Internal Audit from time to time • Ensure reconciliation of MIS and Finance from time to time

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	Head Internal Audit	<ul style="list-style-type: none"> • To evaluate and monitor the organization’s risk management, reporting and control practices and make suggestions for improvement. • Review the reliability and integrity of operating and financial information and how it is identified, measured, classified, and reported. • Determine whether the systems designed to comply with operating and reporting policies, plans, procedures, laws, and regulations are actually being followed. • Review how assets are safeguarded and verify the existence of assets as appropriate. • Examine company resources to determine how effectively and efficiently they are utilized. • Review Sampark Fin Services Pvt Ltd. Operations and programs to determine whether they are being carried out as planned and whether they are meeting their objectives. • To ensure all the works are performed as per the manuals. • Coordinate statutory auditors during external audit • Ensuring Safety security of clients’ KYC and other personal information. • Report to Board and audit committee as per the requirement
	Head HR	<ul style="list-style-type: none"> • Report to senior management by analyzing data using HR Metrics • Payroll & CTC Management • Incentive Calculation of staff members • Staffing Management (End to End) • HRMS –On-boarding, Training, updating, Report extracting, Monitoring and Support to staff • Employee Engagement Programme (Meeting, Training, Excursion, Recognition, Appreciation) • Coordination between depts. Finance, IT, Internal Audit, Credit, Insurance etc.
	Head IT	<ul style="list-style-type: none"> • Monitoring branches on regular basic on MIS updated and other IT related requirement. • Discussing with the team on the new requirement or technological improvement • Reconciliation of disbursement of and other with MIS. Accounts setup in MIS and tally the same accounts • Verifying MIS and IT issue of Branches and HO • Book debt and other report sent to Funders

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	<p>Business Head</p>	<ul style="list-style-type: none"> • Preparation of Business plan with COO • Plan for target in Yearly/Monthly/Weekly basis • Communicate to the subordinates about the target vs achievement • Monthly planning for effective collection • Weekly and monthly review meeting • Identifying the Work load of the staff/Branch • Coordinating HR dept for staff appointment and termination • Ensuring 100 % disbursement to clients • Ensuring timely fund transfer to funders • Maintaining data accuracy in MIS
<p>Level of decentralization of branches</p>	<p>At Branch Level the Branch Relationship Manager and Regional Manager should look after the Branch administration and decorum.</p> <p>Branch Relationship Manager will visit and interact with staff to know their awareness level on the organization and product for recommendation and cross verification. After the recommendation, the loan committee will approve the loan amount then the loan will be transferred to the borrower account.</p> <p>Loan Committee may accept or reject the recommendation after the proper scrutiny and checks.</p>	
<p>Second line of leadership</p>	<p>The second line of leadership includes all the functional heads. The 9 member senior management team bring in a rich and varied experience from diverse fields like finance, sales and marketing, development work, research, microfinance and information technology. Majority of the senior members understand the issues involved in day to day functioning and are involved in strategic decision making of the organization. Sampark's senior management has varied industry experience and has adequate expertise to manage the current & growing scale of operations.</p>	
<p>Human resources management:</p>	<ul style="list-style-type: none"> • Total staff strength of 102 employees. • Loan officers/ RM are mostly higher secondary pass but also include persons with graduate degrees. • Experience amongst the RM varies but notable portion of the total strength have more than one year- two experience • Sampark has a standardized and well-structured process for recruitment of field staff. The recruitment is done in following ways. <ul style="list-style-type: none"> a. Employee referrals b. Advertisement/Walk in c. Campus Recruitment • Advertisements are given in newspapers and the selected candidates are called for a written test and focus group discussion. • Selected candidates go through a training of 1 day orientation program and 4-5 	

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	<p>days industry training.</p> <ul style="list-style-type: none"> • All the remuneration is well informed to the employees • Appraisal process, Increment, incentives, reimbursement policy is well documented and communicated to the employees. • Sampark undertakes various internal and external training for its employees. • Attrition rate has been around 2.21% in FY20
<p>Operational methodology</p>	<p>Sampark provides loans to the individual members of groups and centre for undertaking various income generating activities.</p> <p>Individual Lending</p> <ol style="list-style-type: none"> 1. Before accepting Loan Application initial screening from various credit bureaus is done 2. Post that Relationship officer does the field level verification and collects the maximum data of the applicant like business activity supplier details physical stock verification etc. 3. RO does the cash flow analysis to ascertain the repayment capacity and eligibility of loan, 4. Compulsory 1 Day training is given to prospective client by RO. Branch Relationship manager will interact with staff and clients to understand the awareness about the product. 5. BRM will further recommend the file to the Loan Committee. 6. After approval of loan committee the funds will be disbursed directly to client account. <p>JLG Lending</p> <ol style="list-style-type: none"> 1. The company generally tries to form a group of 4-6 people. 2-5 JLG may come together and form a Center. 2. Once the group is formed RO conducts Compulsory Group training. Group is trained on various aspects of the company, product, loan. 3. Post Group recognition test is conducted after 15 days by BRM or AM. Group has to secure minimum 75% of grading marksto become eligible for loan. 4. After the loan linkage, RO visits the members of the group and does the appraisal.
<p>Appraisal process</p>	<p>Sampark has in place a proper appraisal system. Appraisal is done by the RO to check the member eligibility. This ensures proper checks and balances because of the localized information available to the Branch Manager. Loan appraisal process is fairly centralized app based process with branch manager can recommend the file to the loan committee. Loan committee has final authority to approve or reject the loan.</p> <p><i>Appraisal Process:</i></p> <ul style="list-style-type: none"> • Screening of individual members is done by RO before accepting application of loan • After application, RO does the field verification and collects the maximum details.

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	<ul style="list-style-type: none"> • RO verifies borrower's repayment capacity through household visit and visit to the business entity or activity. • Borrower's repayment capacity is further corroborated by group members. • Screened by the branch manager. • BM recommends the file to loan committee • Loan committee after its satisfaction approves or rejects the loan.
Disbursement process	<p>Online NEFT transfers are made in the account of borrowers.</p> <ul style="list-style-type: none"> • At the time of disbursements, the promissory note and loan agreement is executed from the borrowers. • Loan books are provided to borrowers and loan register is maintained at group level. • One copy of loan agreement is provided to the customer.
Loan collection process	<ul style="list-style-type: none"> • A dedicated customer relationship department is there to call the customers before and after the loan disbursement also one day before regular monthly collections. • Cash is collected at the group meeting by the RO on monthly basis as per demand collection sheet and the same is entered in the pass book of the borrowers. • Collection of repayment is done at the centre meetings by the RO with schedule for collection predetermined for each member of the group based on the disbursement date. • Collections are done by the RO with entry into the individual loan cards (pass books) maintained by the individual members of the group in the group meetings. RO also enters the amount collected in the software honour through their hand held device (i.e mobile/tab) which maintains the collection reports. • Cash collected by the RO is deposited in the bank on the same day. Verification is done by the branch manager at the end of the day cross checking the repayment register.
Overdue management process	<p>Sampark takes a serious approach to the prevention, maintenance and cure of overdue accounts.</p> <p>If the collection does not occur on that day then RO will motivate the group to manage the collection.</p> <p>IF RO is unable to collect the dues, he has to raise to BRM.</p> <p>BRM may speak to family and friends of the client and convince for payment.</p> <p>Further, if BRM fails then it is reported to HO</p> <p>At no time any Sampark's staff member applies threatening, coercive or violent behavior to address any overdue accounts.</p> <p>All strategies to handle overdue accounts align with Sampark's Code of Conduct and Code of Ethics.</p>
Management Information Systems	<ul style="list-style-type: none"> • The Company has the web based on-line software i.e. E-FIMO being provided by Jayam Solutions Pvt. Ltd. Hyderabad. • All the branches are being computerized. The loan documentation process is maintained as individual basis. • Both the MIS and Financial Accounting is maintained at the E-FIMO on real time basis. More than 22 types of useful analytical reports as per the market standard is

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	<p>also generated by this MIS to understand health of the portfolio.</p> <ul style="list-style-type: none"> The types of reports is being generated like – Branch Summary, Demand vs Collection, PAR Report, Disbursement and Repayment Report, Outstanding Report, Route Plan, Insurance Report, Performance Report etc. The overall loan generation process is made through mobile based EFIMO APK system.
Cash management systems	The cash collected is deposited to the bank on daily basis. Thus, each branch maintains zero cash balance at the end of the day thereby reducing risk of mismanagement of cash at field and branch level.
Insurance	Sampark takes insurance for cash in transit with limit of handling cash by each RO. Further, it also provides insurance cover

SCALE OF OPERATIONS

Key Factors	As on 31.3.2020
Client base (Number)	Total SHG/JLG borrowers – 1766 Number of individual borrowers – 11,235
Assets under management	22.83 Crore
Geographical diversification	3 States.
Total income	4.82 cr.

SUSTAINABILITY

	Unit	FY 18 (A)	FY 19 (A)	FY 20 (A)
Net worth	Rs. Crore	3.43	5.15	7.16
Total income	Rs. Crore	0.50	1.52	4.82
Total operating expenses	Rs. Crore	0.12	0.64	1.79
Financial Cost	Rs. Crore	0.16	0.72	2.53
Depreciation	Rs. Crore	0.00	0.02	0.09
Provisions & write off	Rs. Crore	0.03	0.04	0.26
Profit/(Loss) after tax	Rs. Crore	0.14	0.07	0.13
Loan outstanding – Own	Rs. Crore	3.41	14.68	22.06
Loan outstanding – Managed	Rs. Crore	-	-	0.78
Key ratios				
Return on total assets	%	2.38%	0.36%	0.54%
Operational Self- Sufficiency	%	162%	106%	103%
Financial Cost ratio on AUM	%	6.51%	7.91%	13.45%
Operating expense ratio	%	4.90%	7.08%	9.54%
Portfolio yield on own portfolio	%	20.00%	15.81%	24.15%
Portfolio yield on managed portfolio	%	8.49%	7.92%	20.10%
Other income to average portfolio	%	-	-	-

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Weighted Average Cost of Funds	%	6.51%	15.98%	16.02%
Loan Loss Provision ratio	%	2.00%	1.00%	2.00%
Capital adequacy ratio	%	100.55%	35.12%	32.47%
PAR > 30 days (AUM)	%	0.00%	1.16%	0.86%
PAR > 90 days (AUM)	%	0.00%	1.16%	0.54%

Financial Sustainability	
Profitability	<p>Yield on Loan portfolio has improved from 15.81% in FY 19 to 24.15% in FY 20.</p> <p>Interest Income has increased by 200% on YOY basis from FY 19 to FY 20.</p> <p>NIM for FY 20 is 10.09% as compared to 9.41% in FY 19.</p> <p>ROTA has increased to 0.54% in FY 20 from 0.36% in FY 19.</p>
Operating Expense Ratio	<p>Satisfactory operating cost ratio vis-a-vis the size of the operation.</p> <p>Operating expenses to Average AUM at 9.54% in FY20 (as against 7.08% in FY19).</p>
Asset quality	<p>Gross NPA improved significantly from 1.16% as on March 31, 2019 to 0.54% as on March 31, 2020. The overall PAR>30 days as on March 31, 2020 was 0.86% (1.16% as on March 31, 2019).</p>
Capital adequacy ratio	<ul style="list-style-type: none"> CAR at 32.47% as on March 31, 2020 vis-a-vis 35.12% as on Mar.31, 2019.
Industry Outlook and Competition	
Industry Outlook and Competition	<p>Sampark faces competition from larger MFIs who have better access to resources and enjoy the economies of large scale operations. Further, banks and NBFCs are also trying to increase their direct presence in rural areas to meet the priority sector lending requirement. The sector has evolved with the advent of credit bureaus in the sector and subsequent control over asset quality. However, it remains exposed to event based risks and marginal profile of borrowers. The recent outbreak of Covid-19 is likely to impact asset quality and credit costs. The ability to withstand event risks and avoid further deterioration in the asset quality leading to impact in the overall profitability will be the key considerations.</p>
Loan Products	<ul style="list-style-type: none"> Sampark Shakti (Micro Enterprise Loan) Sampark Awash (House Repair Loan) Sampark Dakshyata (Skill linked Enterprises) Sampark Sikhya (Education)
Access to funds and ability to raise funds	<p>Sampark has been successful in accessing funds from various private sector banks, financial institutions and NBFCs for onward lending to the individual borrowers under the groups. The details of facilities enjoyed by Sampark are tabulated in <i>Annexure</i>.</p> <p>Being small NBFC tapping securitization route for funds is also possible.</p>

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Efforts to increase outreach and coverage	Sampark has projected a significant increase in its income from micro financing activities with proposed rapid scaling up of its operations, on the back of higher term loans availed from banks/FIs as well as expected equity infusion from existing/new promoters.
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ANNEXURES

Annexure I: Profile of governing body members of Sampark

Name	Age	Qualification	Brief Profile (mention the companies associated with earlier)	Total years of experience	Years of experience in MFI
Jugala Kishora Pattanayak	48	PG in Political Science & Rural Mgt , Diploma in Micro Finance	Mr. Pattanayak is the co- promoter of Sampark and founder of Mahashakti Foundation, a first growing likelihood development institution Mahashakti Foundation. He is pioneer in financial inclusion through livelihood financing in one of the poorest regions of the globe i.e. KBK districts of Odisha, India, Being a social entrepreneur, he has served more than 2 decades on five pillars of development for the most deserved community in association with Govt of India, Odisha, OXFAM, UNICEF, DFID and CARE. He has also expertise in the field of livelihood and cluster development, managing institutional relationships, technical assistance on SHG promotion, linkage and federation building and capacity building of community as well as institutions.	20	15
Mohan Kumar Baliyarsingh	55	PG Diploma in Management and post Graduation in Social Science.	Mr. Baliyarsingh has more than 2 decades of experience in Livelihoods and Microfinance Operations. He has served in different national level institutions i.e. Rashtriya Gramin Vikas Nidhi, CARE India, (CASHE Program) ACCION International and ACCESS Development Services in different capacities. He has also got demonstrated ability on program development, resource mobilization, capacity development, advisory services, networking and policy advocacy with various key stakeholders and sector building initiatives. A major part of his career has been devoted towards management of Microfinance Projects and training programs on various facets of Microfinance including Financial Literacy. He was instrumental in doing sustainability studies of SHGs and its Federations in TRIPTI project supported by World Bank for Govt. of Odisha and JSLPS of Govt. of Jharkhand.	25	20
Nanadan Singh Bisht	44	Chartered Accountant	Mr. Nandan Singh Bisht is Chartered Accountant by profession with 15 years of post-qualification experience of working with leading Microfinance Institutions, Development Institutions, NGO, Investors and Technical Service Providers. Mr. Nandan Singh Bisht has travelled extensively in India, South East Asia, Africa and Pacific Region on many technical consulting assignments to support micro-finance institutions. Core areas of expertise include, internal control, finance, auditing, financial structuring, operational structuring and accounting systems development. Mr. Nandan Singh Bisht if founder director of Nimbus Consulting Private	15	15

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			Limited, a consulting firm specialising in various functional areas in micro-finance, livelihood and voluntary organizations.		
Narendra Nayak	55	MBA, M Phil in Social Science	Mr. Nayak is a senior development professional having nearly 25 years of working experience in the NGO and microfinance sectors in India and abroad. He is well versed with the institutional assessment and business planning processes, partnership management and mentoring to CBOs/NGOs/MFIs and other program partners by extending close handholding services for them. His contribution to promote, strengthen and sustain the small microfinance institutions in Odisha/India through CARE-CASHE project has been very much appreciated. He has also got demonstrated ability on program development, resource mobilization, capacity development, advisory services, networking and policy advocacy with various key stakeholders and sector building initiatives. He played a key role to operationalize the South Asian Microfinance Network (SAMN) by involving the National Networks of six countries- Afghanistan, Bangladesh, India, Nepal Pakistan and Sri Lanka for strengthening microfinance sector in the region.	25	20
Gitanjali Mishra	64	Management from IIM Lucknow.	Mrs. Mishra is a professional Banker with an experience of 37 years. She has worked for the State Bank of India in the Top Executive Grades. She retired as a General Manager of SBI in Dec 2016. She has done a programme on Information Technology on Decision Making from Indian School of Business, Hyderabad and Financial Inclusion programme from Harvard University - Kennedy School of Government, Cambridge, USA. She has a rich experience in Business strategizing and profit planning at micro and macro levels and expertise in all areas of Banking like Retail, Corporate, Trade & finance. Mrs. Mishra has worked as General Manager (Outreach/ Financial Inclusion) at State Bank Corporate Headquarters, Mumbai. During this period, she headed the Prime Ministers’ Jan-DhanYojana (PMJDY) the largest financial inclusion programme for SBI. In the year 2016, she was assigned with the role of General Manager (New Businesses) at State Bank Corporate Headquarters, Mumbai where she worked for setting up of a Payment Bank in a Joint Venture with Reliance group. She has a sound knowledge of legal aspects of banking and Corporate Laws.	37	15

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Annexure II: Financial Statements

Rs. Crore

Year ended March 31,	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Particulars	Audited			Provisional		
Interest income	0.49	1.43	4.53	5.66	7.47	11.47
Income from securitization / Direct assignment	-	-	-	-	-	-
Other Operating Income	0.01	0.09	0.29	0.84	4.00	9.12
Non-Operating Income	-	-	-	-	-	-
Total income	0.50	1.52	4.82	6.50	11.47	20.59
Financial costs						
Interest expense	0.14	0.58	2.10	2.25	2.90	4.50
Other financial charges	0.02	0.13	0.43	0.52	0.70	0.96
Total Financial Costs	0.16	0.71	2.53	2.77	3.60	5.46
Net interest income	0.34	0.81	2.29	3.73	7.87	15.13
Operating expenses						
Operating expenses	0.12	0.64	1.79	2.33	4.83	9.30
Depreciation	-	0.02	0.09	0.10	0.12	0.17
Total operating expenses	0.12	0.66	1.88	2.43	4.95	9.47
Net income Before loan loss Provisioning & Taxes	0.22	0.15	0.41	1.30	2.92	5.66
Write offs and provisions	0.03	0.04	0.26	0.54	0.38	0.61
PBT	0.19	0.11	0.15	0.76	2.54	5.05
PAT	0.14	0.07	0.13	0.53	1.78	3.54

Rs. Crore

Year ended March 31,	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Liabilities	Audited			Provisional		
Share capital						
Paid up capital	3.30	4.65	6.25	9.25	14.25	21.25
Reserves and surplus	0.13	0.50	0.91	1.79	4.06	8.30
Tangible networth	3.43	5.15	7.16	11.04	18.31	29.55
Term liabilities	2.31	13.63	16.06	21.00	29.00	49.00
Current liabilities and provisions	0.15	0.41	0.76	1.41	1.99	3.03
Total liabilities	5.89	19.19	23.98	33.45	49.30	81.58
Assets						
Net fixed assets	0.03	0.12	0.25	0.56	0.67	1.06
Other non-current assets	1.42	1.45	0.07	0.27	0.38	0.62
Current Assets						
Cash in hand & at bank	0.97	2.61	0.68	1.44	1.27	1.15
Total portfolio	3.41	14.68	22.84	37.18	87.82	161.94
Less: Managed portfolio	-	-	0.78	10.00	50.00	100.00
Portfolio outstanding	3.41	14.68	22.06	27.18	37.82	61.94
Other current assets	0.06	0.33	0.92	4.00	9.16	16.81
Total current assets	4.44	17.62	23.66	32.62	48.25	79.90
Total assets	5.89	19.19	23.98	33.45	49.30	81.58

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Annexure III: Details on donations/grants

Name of the organization	Purpose	Period of Use	Total Amount Received (INR)
NIL	NIL	NIL	NIL

Annexure IV: Borrowing Details (Rs. Crore)

Name of the lending institution	Amount sanctioned	Amount disbursed	June 2021 (Outstanding)
IDFC FIRST Bank	3.00	3.00	1.54
Intellegrow	2.50	2.50	1.31
Milaap Social Venture Pvt. Ltd	7.00	6.87	3.17
Habitat for Humanity	1.50	1.35	0.29
Samunnati Financial Intermediation & Services	4.70	5.35	3.29
Eclear Leasing & Finance Pvt. Ltd.	0.50	0.50	0.11
Electronica Finance Ltd	1.00	1.00	0.53
Usha Financial Services Pvt Ltd	1.75	1.25	0.77
Annapurna Finance	3.00	3.00	2.00
Bandhan Bank	2.00	2.00	1.49
Friends of Women's World Banking	1.00	0.60	0.49
Kashi Capital	0.83	0.83	0.39
	28.63	28.25	15.38

Annexure V: Information on capital infusion till date (Rs. In crore)

Year of Infusion	Name of the Investor	Type of Investor	Amount Infused
	EQUITY SHARES		
2015	Jugala Kishora Pattanayak	Individual	1.38
2015	Jyoti Ranjan Mohapatra	Individual	0.10
2016	Nandan Singh Bisht	Individual	0.62
2016	Niraj Kumar	Individual	0.20
2016	Narendra Nayak	Individual	0.19
2017	India Social Investment Venture Pvt Ltd	Institutional	1.77
2018	Kuldeep Singh	Individual	0.20
2019	Sujata Jena	Individual	0.15
2019	Mohan Kumar Baliarsingh	Individual	0.04
2019	Bijay Kumar Sethy	Individual	0.18
2019	Preeti Agrawal	Individual	0.18
2019	Satya Narayan Mishra	Individual	0.04
		TOTAL	5.05
	PREFERENCE SHARES		
2019	Satya Narayan Mishra	Individual	0.40

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2019	Subhranjali Satapathy	Individual	0.10
2019	Atashi Rath	Individual	0.05
2019	Rahul Agrawal	Individual	0.15
2019	Amita Pradhan	Individual	0.10
2019	Mita Mohanty	Individual	0.10
2019	Subheli Mohanty	Individual	0.10
2019	Hariar Mohapatra	Individual	0.10
2019	Rupavani Gandhi	Individual	0.10
		TOTAL	1.20

Annexure VI: Information on loan products

Name of the loan product	Sampark Shakti (Micro Enterprise Loan)	Sampark Awash (House Repair Loan)	Sampark Dakshyata (Skill linked Enterprises)	Sampark Sikhya (Education)	Managed Portfolio
Loan term	12-18-24 Months	24-36 Months	12 Month	12 Month	12-18-24 Months
Loan size	10,000-50,000	50,000-1,00,000	5,000-20,000	10,000-50,000	10000-50,000
Interest rate	26	15	24	24	26
Repayment frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Loan processing fees	1% (+GST)	0%	1% (+GST)	1% (+GST)	1% > 25,000 (+GST)
Any other fees	Insurance premium as per the product	Insurance premium as per the product	Insurance premium as per the product	Insurance premium as per the product	Insurance premium as per the product
Penalty if any	NA	NA	NA	NA	NA
Type of Interest rate (Flat or Reducing)	Reducing	Reducing	Reducing	Reducing	Reducing

Annexure VII: Information on other products

Insurance	Frequency	Amount paid	Sum insured	Other features
Kotak Mahindra Life Insurance	Loan Tenure	Rs. 4.20 per 1,000	Loan amount	Rs. 4.2 per 1,000

Annexure VIII: Purpose wise loan outstanding (Rs. In crore)

OWN	2018	2019	2020
Agri Allied	1.04	6.75	8.52

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Production	0.63	4.07	6.72
Services	0.15	1.17	2.58
Trading	0.44	1.76	3.73
Housing	1.15	0.93	0.5
Total	3.41	14.68	22.05

Managed Portfolio	2018	2019	2020
Agi Allied	0	0	0.21
Production	0	0	0.15
Services	0	0	0.13
Trading	0	0	0.29
Housing	0	0	0
Total	0	0	0.78

Annexure IX: Loan Cycle wise loan outstanding (Rs. Crore)

Cycle	2018	2019	2020
First Loan cycle	3.41	14.68	21.58
Second loan cycle	0	0	0.47
Third loan cycle	0	0	0
> Third loan cycle	0	0	0
Total	3.41	14.68	22.05

Annexure X: State wise loan outstanding (Rs. In crore)

States	2018	2019	2020
Odisha	3.41	12.19	20.72
Bihar	0	2.49	1.33
Chhatisgarh (Managed Portfolio)	0	0	0.78
	3.41	14.68	22.83

Annexure XI Asset Quality (In. Crore)

Details	FY18	FY19	FY20
Opening NPA	0	-	0.17
Add: Additions during the year	0	0.17	-
Less: Write-off during the year	0	-	-
Recoveries during the year	0	-	0.05
Upgraded during the year	0	-	-
Closing Gross NPAs	0	0.17	0.12
Total Advances (On Balance Sheet)	3.41	14.68	22.06
Provision on Standard Asset	0.03	0.04	0.22
Provision on NPA	0	0.08	0.06
Net NPAs	0	0.09	0.06
Net advance	3.38	14.56	21.78
Gross NPA/ Gross Advances (%)	0.00%	1.16%	0.54%

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Net NPA / Net Advances (%)	0.00%	0.62%	0.28%
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Annexure XII: Ageing - Portfolio daywise (Rs. In crore)

As on March 31	2018		2019		2020	
Total loan outstanding that are	No. of loans	Value of Portfolio	No. of loans	Value of Portfolio	No. of loans	Value of Portfolio
On time	938	339.95	5,509	1,454.66	11,074	21.83
Late (At least one payment)						
1-30 days	2	1.38	29	11.75	21	0.03
31-60 days	-	-	3	0.69	21	0.03
61-90 days	-	-	-	-	16	0.03
91-180 days	-	-	1	0.52	27	0.04
181-360 days	-	-	-	-	73	0.08
> 361 days	-	-	-	-	3	0.01
Total portfolio	940	341.33	5,542	1,467.62	11,235	22.05

Annexure XIII: Demand Collection for the past two years (Rs. Crore)

Sr. No	Total Demand	Total Collection	Collection efficiency
FY18	2.23	2.21	99.10%
FY19	5.74	5.72	99.65%
FY20	21.23	21.10	99.39%

Annexure XIV ALM as on March 31, 2020 (Rs. Crore)

S.No.	Particulars	1 to 14 days	Over 14 days to one month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5years	Total
	A. Outflows										
1	Capital	-	-	-	-	-	-	-	-	-	-
2	Reserves & surplus	-	-	-	-	-	-	-	-	-	-
3	Bonds & debentures	-	-	-	-	-	-	-	-	-	-
4	Borrowings	0.45	0.92	1.41	1.43	4.05	6.27	1.50	-	-	16.03
5	Current Liabilities & prov	-	0.23	-	0.14	-	0.32	0.07	-	-	0.76
6	Others (specify)	-	-	-	-	-	-	-	-	-	-
	A. TOTAL OUTFLOWS (A)	0.45	1.15	1.41	1.57	4.05	6.59	1.57	-	-	
	B. Cumulative Outflows										-
	Inflows										-
1	Cash	0.00	-	-	-	-	-	-	-	-	0.00
2	Balances with banks	-	0.19	-	-	-	-	-	-	-	0.19
3	Investments	-	-	-	-	0.30	0.20	0.41	-	-	0.91
4	Advances (performing)	1.26	0.27	1.54	1.45	3.63	6.76	7.03	-	-	21.94
5	Gross NPA	-	-	-	-	-	0.06	0.06	-	-	0.12
6	Fixed assets	-	-	-	-	-	-	-	-	-	-
7	Other assets :	-	-	-	-	-	-	-	-	-	-
8	Inflows on account of forward exchange	-	-	-	-	-	-	-	-	-	-
	C. TOTAL INFLOWS	1.26	0.46	1.54	1.45	3.93	7.02	7.50	-	-	

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D. Mismatch (C - A)	0.81	(0.69)	0.13	(0.12)	(0.12)	0.43	5.93	-	-	
E. Cumulative Mismatch		0.12	0.25	0.13	0.01	0.44	6.37	6.37	6.37	
F. Cumulative Mismatch as % to Cumulative Outflows (E as % to B)										-

Annexure XV ALM as on March 31, 2020 (Rs. Crore)

S.No	Name of the Bank/FI	O/s Bal as on 31.3.20	Expected Repayment during next year											
			April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1	IDFC FIRST BANK	1.55	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
2	INTELLEGROW	1.39	0.10	0.11	0.11	0.11	0.11	0.11	0.11	0.12	0.13	0.13	0.13	0.12
3	HABITAT FOR INDIA	0.29	0.04	0.04	0.04	0.04	0.04	0.04	0.05	-	-	-	-	-
4	MILAAP	3.18	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.28	-
5	ECLEAR	0.14	0.03	0.03	0.04	0.04		-	-	-	-	-	-	-
6	ELECTRONICA	0.53	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	-	-	-
7	SAMUNNATI	3.34	0.22	0.23	0.23	0.23	0.23	0.24	0.24	0.24	0.25	0.25	0.25	0.25
8	ANNAPURNA	2.00	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
9	USHA	0.80	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.06	0.03	0.03	0.03	0.03
10	BANDHAN BANK	1.66	0.16	0.16	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.15	-	-
11	FWWB	0.49	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.05			
12	KASHI CAPITAL	0.69	0.13	0.14	0.14	0.14	0.14							
	TOTAL	16.06	1.37	1.41	1.43	1.43	1.39	1.26	1.27	1.21	1.20	1.07	0.91	0.62


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CARE's Grading Scale/Symbols:

MFI's operational & financial capability to undertake and sustain the targeted level of operation is graded on an eight point scale as below:

Grading Symbol*	Definition
MFI 1	Highest
MFI 2+	
MFI 2	
MFI 3+	
MFI 3	
MFI 4+	
MFI 4	
MFI 5	Lowest

* There is no individual definition for each grading

DISCLAIMER

CART's microfinance (MFI) grading is a one-time assessment and the grading is not kept under periodic surveillance. The entity may approach CART for review on happening of materialistic changes in the company and CART may review the grading for a predetermined fee. CART's analysis draws heavily from the information provided by the microfinance institution as well as information obtained from sources believed by CART to be accurate and reliable. However, CART does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. It does not imply that CART performs an audit function to detect fraud. In case of NGO MFIs, grading apply only to their microfinance programs.

CART's MFI grading is not a recommendation to buy, sell or hold any financial instrument issued by the MFI or to make loans/ donations/ grants to the MFI. It is not an assessment of the debt servicing ability of the MFI. The grading assigned by CARE cannot be used by the MFI in any form for mobilizing deposits/savings/thrift from its members or general public.

Due to ongoing lockdown in the Country due to Covid -19, we were unable to visit the Company HO or its branches or centers. However, we had conducted the meeting with company officials at head office, branch office and with customers through zoom calls and conference calls.

CART's MFI grading also does not indicate compliance/violation of various statutory requirements. CART shall not be liable for any losses incurred by users from any use of the microfinance grading.

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