

# SOCIAL



# IMPACT

REPORT 2021 - 22





# TABLE OF CONTENTS

Message from Managing Director	01	Building Credit Scores	29
About NeoGrowth	02	Meaningful Financial Inclusion	31
FY 2021-22: A Quick Look	03	Impacting Indirect Employment Generation	33
Key Highlights	05	Encouraging Environmental Sustainability	35
Social Impact Metrics	10	Accelerating Digitisation of MSMEs	37
Executive Summary	11	Driving Economic Growth	41
Purpose of the Study	13	Localised Sourcing	43
Sample Selection	15	Revisiting COVID-19: Relief Activities	45
Methodology	16	Glossary	46
NeoGrowth Customer Personas	20	References	47
Impact-driven Lending: Mapping NeoGrowth	24	Acknowledgment	48
Catalyzing Bharat's Entrepreneurs	25		
Gender Inclusive Lending	27		



**Our** goal is to assess the impact of NeoGrowth's digital loan offerings on the lives of people running these enterprises, who represent a powerful Indian MSME growth story.

## MESSAGE from our CEO

It gives us immense pleasure to present to you the 8th edition of our Social Impact Report for the year 2021-22. Over the years, this report has played a crucial role in developing a holistic perspective of the evolving business needs of small and medium businesses across India.

Our goal is to assess the impact of NeoGrowth's digital loan offerings on the lives of people running these enterprises that represent a powerful Indian MSME growth story. This is a manifestation of NeoGrowth's mission-driven culture, that has strived to go beyond the scope of financial support for our customers and to become a larger catalyst and trusted partner in their digital transformation journey and business growth story.

We, at NeoGrowth, are committed to playing our part in achieving the United Nations SDGs Goals. At the start of the year, we identified six UN SDGs out of the seventeen and have set measurable targets to assess our impact through our lending offerings. This report gives us an opportunity to explore the direct positive social impact of our business activities on these goals aligned to employment generation, empowerment of women entrepreneurs, improvement of credit scores, and on making credit accessible to MSMEs.

MSMEs have displayed immense resilience in the face of adversity, and our work comes at a critical time as the MSME ecosystem is embracing the new world order. Through this pandemic and even now as we return to pre-COVID levels of economic activities, we have constantly been supporting small entrepreneurs with proactive relief measures, building accessible digitized loan journeys to fulfill their immediate needs, and running engagement and educational initiatives to help them thrive.

We have also made important strides towards an instant digital loan journey, which combined with our deeply customer-centric business philosophy, has strengthened our relationship with our customers. The digital journey and data driven approach for our customers, convenience and the ease of availing capital also builds trust.

Our analytics and data-backed decision-making, and digitally enabled loan offerings have helped us cement our position as a market leader across all industry segments. This year, we also launched a suite of secured loan products for MSMEs looking for long-term, hassle-free loans for their growth.

Our sustained performance is a testimony of the grit and dedication shown by different stakeholders, investors, employees, channel, and strategic business partners. We have been able to build a sustainable ecosystem to ensure that we are able to amplify the social impact.

MSMEs are the drivers of India's economic and social development and are poised to play a critical role in catapulting India's GDP to realise its USD 5 Trillion dream. We, at NeoGrowth, are well positioned to enable the growth of India's MSMEs with our digital led model and deliver on our commitment to deliver positive impact.

Sincerely,  
*Arun Nayyar,*  
*Whole Time Director & CEO*

# ABOUT NeoGrowth

NeoGrowth Credit Private Limited (NeoGrowth) is a new-age digital lender, with a focus on Micro, Small and Medium Enterprises (MSMEs). These enterprises represent the growth engine of the Indian economy. We are a Systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

We offer a wide range of products tailored for the dynamic needs of small businesses. We have served and engaged with 1,00,000+ businesses and supported them with their growth ambitions. We have been able to grow at a 9-year CAGR (2013-2022) of 140% to ₹ 1,559 Crores AUM.

Our digital payments-based lending, modular product suite, analytics-based underwriting, and flexible repayment options are the key attributes that have led to our emergence as a leading player in the digital lending space. Our proprietary lending model assists in identifying the creditworthiness of small businesses and helps our customers in unlocking their true potential. Founded by industry veterans, our Board of Directors consists of experts, who guide the leadership team towards our strategic goals.”



## Mission

To fund small businesses by leveraging the digital ecosystem. Our financing not only helps our clients grow but also creates a positive impact.

## Core Values

NeoGrowth is driven by strong core values which are part of our DNA. All our products, processes and services encompass these values. This provides us competitive edge.

## Accountability

Goes hand in hand with empowerment and brings in a sense of ownership in all that we do.

## Customer Focus

All our actions need to have a positive impact on the customer.

## Innovation

We are a new-age financial services company and innovation is in our DNA.

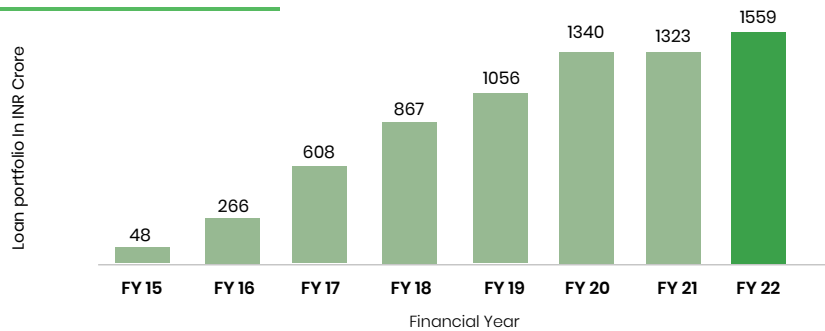


# FY 2021-22: A Quick Look

## GROWING OUR LOAN PORTFOLIO

NeoGrowth's loan book has witnessed robust year on year growth from INR 48 Crore (\$6 Mn) in FY 2014-15 to rallying at INR 1,559 Crore (\$ 208 Mn) in FY 2021-22, witnessing strong growth despite the unique operating challenges of the pandemic and demonstrating an overall 32-fold increase in the last 8 years.

**Loan Portfolio Growth**



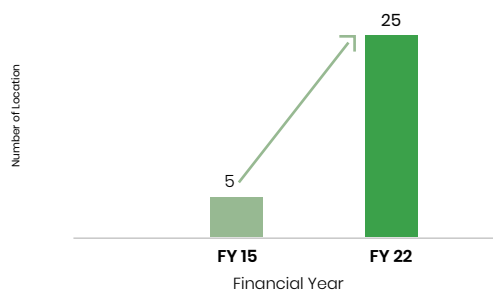
## DEEPENING OUR ENGAGEMENT AND PRESENCE

NeoGrowth's commitment to strengthening our engagement and connect with our customers is visible in the growth of our physical locations. We have come a long way from 5 locations in FY 2014-15 to growing 5-fold to 25 locations in FY 2021-22.

We attribute it to our 'digital led' model that enables us to cater to a wide range of customers, operating with equal efficiency to customers in Tier-I and Tier-II cities.

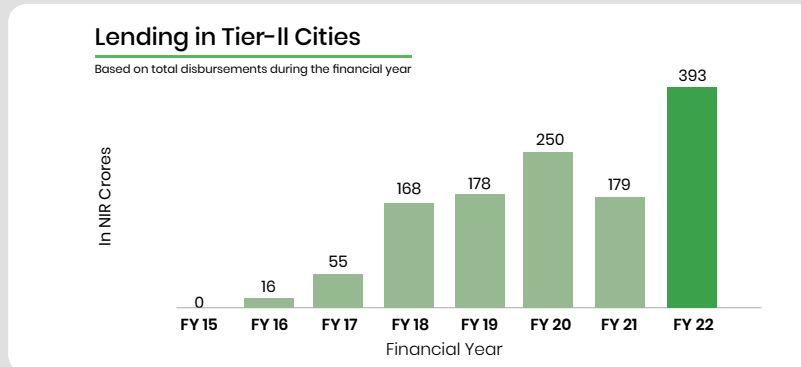
Presently, NeoGrowth has expanded to 30 branches across 25 cities.

**NeoGrowth's Presence Across Cities**



## LENDING IN TIER-II CITIES

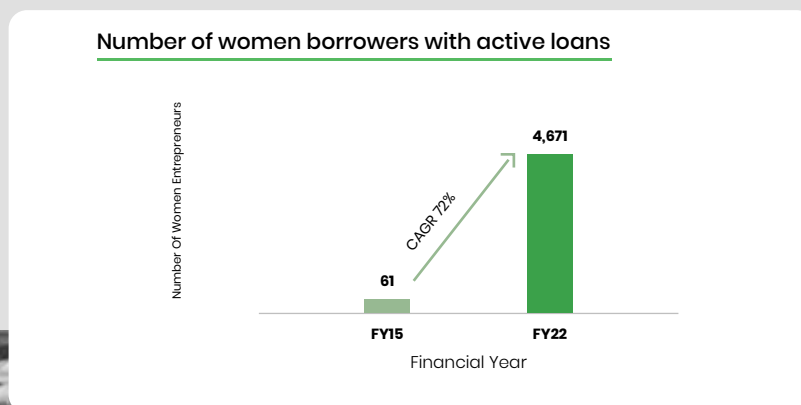
In FY 2021-22, Tier-II cities accounted for about 27.85% of the total disbursements in NeoGrowth. This reflects our evolving focus to lend to businesses and merchants across size and geographic focus.



## SUPPORTING WOMEN ENTREPRENEURS

NeoGrowth believes that 21st-century businesses include those led by strong and responsible women borrowers. Our loan disbursement is growing exponentially across businesses run by women either as sole proprietors, partners, or directors and to businesses in which a woman was a co-applicant for the loan.

Our portfolio witnessed a substantial upsurge in the number of women entrepreneurs from 61 in FY 2014-15 to 4,671 in FY 2021-22. This demonstrates our commitment to promoting gender equality and providing opportunities for women entrepreneurs in their growth journey.





## KEY Highlights

Pincodes Served

**6,300+**



Number Of Cities

**25+**



AUM CAGR growth rate  
**9-year CAGR is ~140%\***

Customer Persistency

**~50%**

\*The RRI function has been used to calculate Compound Annual Growth Rate (CAGR).  
NPER: 9 years  
Present value: INR 0.6 crore  
Future value: INR 1,559 crore



Average loan ticket size

**INR 10.8L\***

Live Borrowers

**20,000+**



Total disburseals  
to date

**~₹ 7,800 Crore.**

AUM in FY 2021-22

**Mar'22 AUM is INR 1,559 Crore**



Percentage  
portfolio on daily  
repayment mode

**60%**

\*This is basis March 2022 outstanding loan size

## | NeoGrowth Theory of Change

NeoGrowth, as an agent of financial inclusion, works towards bringing a positive social impact that is catalyzed by building on-ramps into the credit ecosystem for customers, who have historically been unable to avail formal credit due to challenges such as lack of proper documentation or lack of credit history.

With nearly a decade of being in the business of enabling India’s MSME growth story, simplifying lending and catering to their dreams, we are proud to have been able to deliver both financial value while building deep and meaningful social impact at the grassroots level across India. Through the range of credit products that we offer and our social initiatives, we help advance sustainable development and address a range of societal challenges that were only intensified during the pandemic.

We are continuously working towards strengthening and furthering the positive social impact on society at large, and the data and customer stories outlined in this report stand as testimony to our efforts.

Our impact has been strengthened by the resilience of our members, investors, and donors, who despite a global pandemic, continued to demonstrate a commitment of sustainability that helped us make NeoGrowth the mission-driven organization it is today. We look forward to their continued support in fulfilling our responsibilities as a socially responsible organization and bringing about a meaningful change.

## | The Impact

NeoGrowth Activity		
Unbiased Lending	Customer-First Approach (DiGibizz)	Financial Service Integration
Output	NeoGrowth provides powerful digital lending and business support to MSMEs to upgrade their business through digital solutions	NeoGrowth facilitates fully integrated insurance and other financial products and services to its customers.
NeoGrowth lends to beneficiaries across India without any discrimination based on gender, religion, caste.		
Outcome	10,000+ MSMEs assessed for digital readiness	92.22% of NeoGrowth customers protected themselves with health insurance in FY 2021-2022
AUM: ₹ 1,559 Crore Loans disbursed: ₹ 1,412 Crore Live customers: 20,000+		

### Impact

**NeoGrowth enables a vibrant and resilient Indian MSME story**

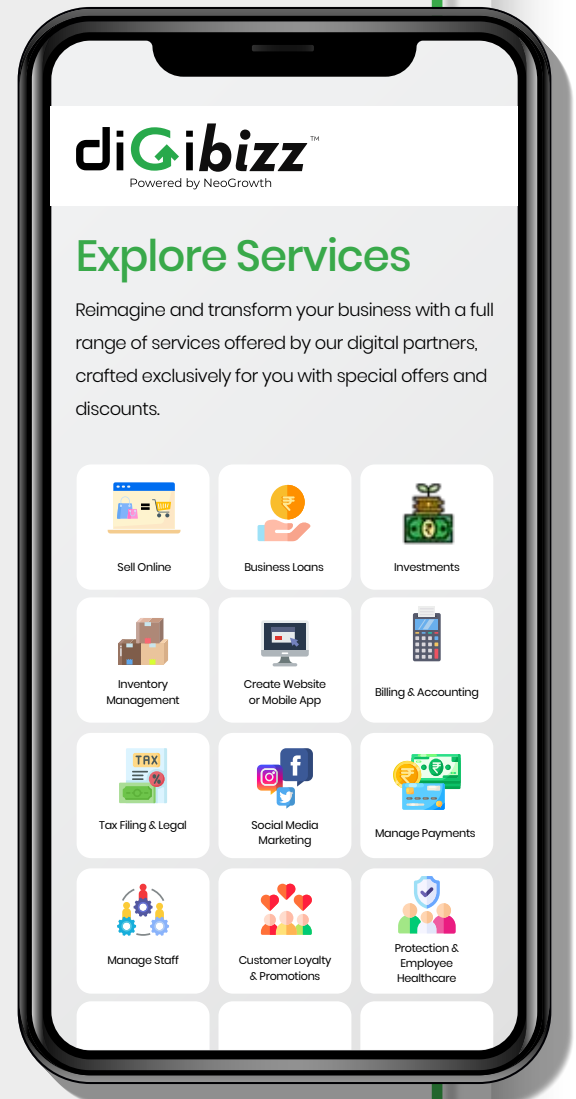
# DiGibizz: Transforming Businesses, Empowering Lives

The COVID-19 pandemic brought to fore the importance of being digitally ready for business continuity for the MSME segment, as it did for the rest of the ecosystem. While other sectors were quick to adapt to digital ways of doing business, Lack of awareness of various digital solutions available for business and the right digital partner were among the key challenges hindering MSMEs' move to digital.

Based on primary research of small businesses from each of our key segments, between September and October 2020, NeoGrowth launched 'diGibizz', a platform to help small businesses meet their growing business needs as well as transform themselves digitally, in February 2021. Our proprietary platform caters to MSMEs by addressing the various commercial business needs at multiple points of inflection, driven by technology and partnerships.

Powered by an in-house expert recommendation engine, the diGibizz platform guides small business owners to evaluate their digital readiness across 4 key parameters: digital discovery, digital delivery, digital operations, and digital customer engagement. The recommendation engine, Digit-O-Meter, to drive business transformation, provides a customized report of actionable measures, based on real-time, instant evaluation.

We have tied up with 31 partners and offer 16 service categories for small businesses to digitize their operations as per their requirements. At the end of the financial year 2021-2022, over 96,000 MSMEs have visited the platform and more than 42,000 MSMEs have registered on the platform to start their digital transformation journey. NeoGrowth has assessed over 10,000 MSMEs for their digital readiness and has received close to 4,000 partner leads.



**31 Partners**  
**100+ Digital Services**  
**96K+ Platform Visits**  
**42K+ MSME users**  
**10K+ Assessed MSMEs**

## | UN SDG Linkages

The United Nations Sustainable Development Goals were set up in 2015 by the United Nations General Assembly to build a better and sustainable world by 2030. These 17 goals have been structured to address key issues such as social and economic inequality and environmental concerns plaguing the world today. At NeoGrowth, we have structured our lending activities to ensure we are positively contributing and driving the achievement of six of these goals holistically through measurable focus areas.

UN SDG	GOALS	UN SDG TARGET
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
 <p><b>5</b> GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Increase the access of small-scale industrial and other enterprises, in particular, in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of MSMEs, including through access to financial services
 <p><b>10</b> REDUCED INEQUALITIES</p>	Reduced Inequalities	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

# SOCIAL Impact Metrics

As per NITI Aayog's latest SDG India Index, India's overall score across SDGs improved by 6 points; from 60 in 2019 to 66 in 2020-21.

NeoGrowth's impact assessment areas have been defined to address critical issues such as gender and financial inequality, economic development, and improving the overall quality of life for our customers and the communities they engage with. Therefore, we have embedded the six UN SDGs in the way we do business.

			Achievement FY22	Target FY22
UN SDG	NeoGrowth Indicator	Unit	Value	Value
Good Health & Well Being	Percentage of loans advanced to pharmacies, clinic & labs, pharmaceuticals and other healthcare businesses	Value	7.00%	7.00%
Good Health & Well Being	Percentage of borrowers who availed health insurance	Volume	92%	78.00%
Gender Equality	Percentage of loans advanced to businesses that were run by women either as sole proprietors, partners or directors	Value	22%	12.00%
Industry, Innovation & Infrastructure	Percentage of loans advanced to businesses with vintage less than or equal to 5 years	Volume	60%	60%
	Percentage of loans advanced to Young Entrepreneurs (Age below 35 years)		36%	NA
Decent Work & Economic Growth	Percentage of loans advanced in Tier-II cities	Value	28%	22.00%
Decent Work & Economic Growth	Percentage of loans advanced of size less than or equal to ₹10 lakhs	Value	38%	35.00%
	Percentage of Micro loans (loan < USD/EUR 10,000)	Volume	58% (USD)* 65% (EUR)**	NA

Exchange Rate: \*1 EUR = INR 84.08, \*\*1 USD = INR 75.51

## EXECUTIVE Summary



If one were to define the meaning of the words 'inclusion and impact', they would come up with a bouquet of words such as comfort, acceptance, dignity, and community. However, it is a common misconception that merely wrapping this blanket of inclusion or impact around someone will reduce the effects of previous isolation. Being included and feeling included are not necessarily the same thing.

For truly effective financial inclusion and participation by India's vibrant MSMEs who are often unable to access formal capital, the focus must be on understanding their mindsets, needs, aspirations, and challenges.

India is a vibrant economy, with an ever-evolving MSME ecosystem with diversified business needs. NeoGrowth recognizes this by offering highly customized services tailored to the customer's requirements across ticket sizes and business types.

Each of our customers comes with a unique story and an inspiring business journey. These include trailblazing first-generation entrepreneurs, women-led businesses, and unique standalone and chain businesses, from enterprises led by young degree holders to businessmen with no formal education across a wide range of sectors.

Through this report, we highlight the impact-driven focal points that drive our engagement with MSMEs in India - towards creating a positive impact across the entire ecosystem.



### **Catalyzing Bharat's Entrepreneurs**

Entrepreneurs of the new Bharat are enterprising and ambitious business owners, who traditionally faced barriers to owning and operating businesses with a severe lack of access to formal finance. NeoGrowth offers easy loans to first-generation entrepreneurs across India, who have limited or no prior formal business experience. About 77.90% of the total NeoGrowth customers interviewed were first-generation entrepreneurs including 6.0% women.

### **Gender Inclusive Lending**

NeoGrowth believes in actively extending support to women entrepreneurs. NeoGrowth extended loans to 4671 women in FY 2021-22 which comprised 15.83% of the total borrowers. 34% of survey participants were women borrowers.

### **Building Credit Scores**

NeoGrowth leverages alternative data sources to arrive at a lending decision rather than only on the borrower's credit history. Accessibility to formal credit and timely repayments result in an improvement in the credit scores of the borrowers, making them creditworthy. Over 50.8% of the interviewed customers said they had never been able to access loans before NeoGrowth while 45.1% of those interviewed, who had previous credit history, showed improvement or consistency in credit bureau scores after availing loans from NeoGrowth.

### **Meaningful Financial Inclusion**

50.5% of the interviewed NeoGrowth customers were first-time borrowers, indicating strong strides by NeoGrowth in delivering financial inclusion.

### **Impacting Indirect Employment Generation**

As per the survey, 18.0% of the interviewed NeoGrowth customers showed an increase in the total number of employees post availing loan from NeoGrowth.

### **Encouraging Environmental Sustainability**

As per the survey, 35.3% of the interviewed NeoGrowth customers are taking different environmental initiatives. 28.3% of the customers have moved away from using plastic.

### **Accelerating Digitization of MSMEs**

As per the survey, the average digital sale transactions per day at the interviewed customers' businesses accounted for around 55.0% of the total daily sales transactions.

### **Driving Economic Growth**

As per the survey, more than half of the interviewed NeoGrowth customers registered a 30% increase in revenue post availing a loan from NeoGrowth. 84.1% of interviewed NeoGrowth customers registered an increase in revenue post availing a loan from NeoGrowth.

### **Localised Sourcing**

52.1% of the interviewed customers sourced their raw material and stock from manufacturers within the same state, with around 38.8% of interviewed entrepreneurs procuring raw materials and stock from different states in India.

## PURPOSE of the Study



NeoGrowth strongly believes in creating a positive impact through its lending activities while also addressing the financing needs of the MSME sector. NeoGrowth commissioned ALSiSAR Impact ('Impact Assessment Agency') to conduct an independent study to analyze and assess the social impact created by NeoGrowth through its activities and initiatives.

The following parameters were used to assess the direct and indirect impact of credit on MSMEs, lenders and society at large. These parameters were selected taking into consideration the most critical aspects of the financial sector and the best practices followed globally.






Catalyzing Bharat's  
Entrepreneurs



Gender Inclusive  
Lending



Building  
Credit Scores



Meaningful  
Financial Inclusion



Impacting Indirect  
Employment  
Generation




Encouraging  
Environmental  
Sustainability



Accelerating  
Digitisation  
of MSMEs



Driving  
Economic Growth

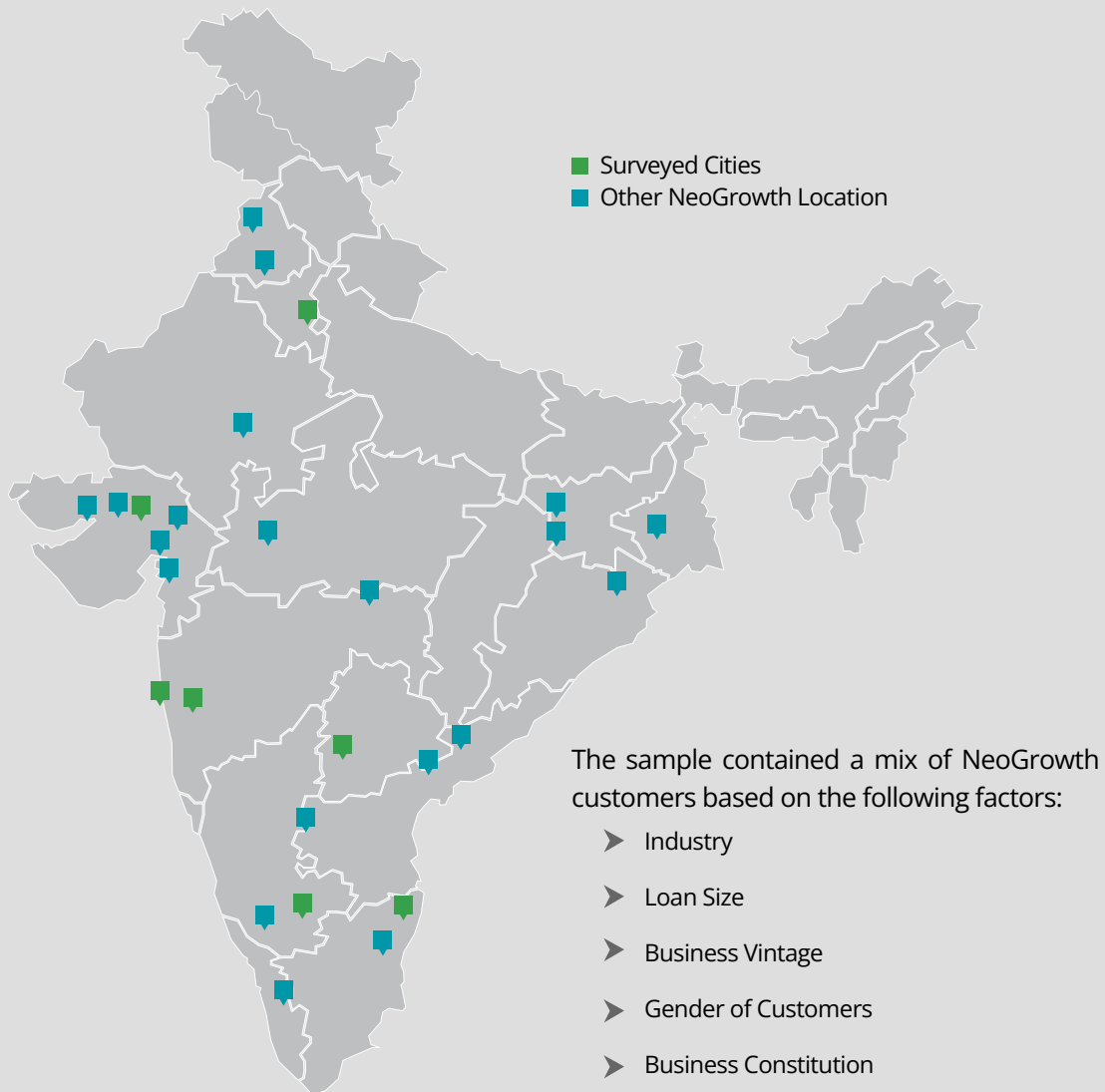


Localised  
Sourcing



Impact of COVID-19  
on customers

# | SAMPLE Selection



The sample of customers for the survey was randomly selected from a base of 20,868 live customers as on 31st March 2022. This sample was collected across Mumbai, Pune, Delhi, Chennai, Ahmedabad, Bengaluru, and Hyderabad, in proportion to NeoGrowth's overall share of the lending activity carried out in these 7 cities.

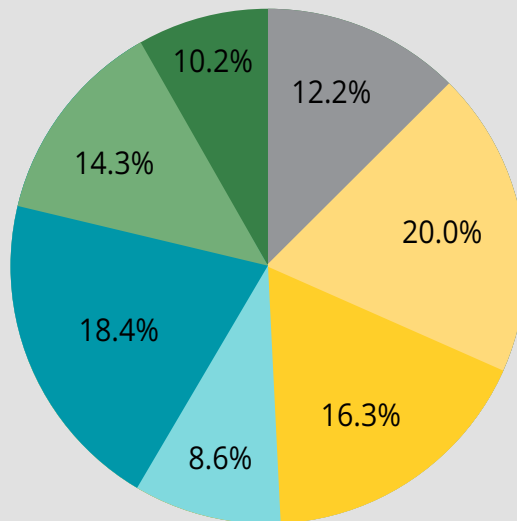
# METHODOLOGY

Based on the defined parameters, a survey questionnaire was designed for the borrowers. The Impact Assessment Agency interviewed 250 NeoGrowth customers across 7 cities, based on their consent, availability, and convenience. The Impact Assessment Agency's researchers conducted on-field interviews by individually visiting the selected customers of NeoGrowth at their places of business. Pictorial evidence of 95% of the sample interviewed was taken at their establishment.



## Interview Location Breakup

% of interviewed customers



- Mumbai
- Bangalore
- Pune
- Delhi
- Chennai
- Ahmedabad
- Hyderabad

**250** interviews conducted on-ground across **7** cities

## NeoGrowth Customers Interviewed Categories

The survey contains responses from a wide range of customers across a diverse range of industries:



**Apparel**



**Opticians**



**Auto &  
Ancillaries**



**Pharmacies**



**Book Stores**



**Interior  
Decorators**



**Consumer  
Durables**



**Repair Shops**



**Electronics**



**Spa & Salon**



**Food &  
Beverages**



**Bakery**



**Furniture &  
Home  
Furnishings**



**Footwear**



**Hospitals**



**Sanitary Stores**



**IT Services**



**Educational  
Institutions**



**Jewellery Stores**



**General Stores**



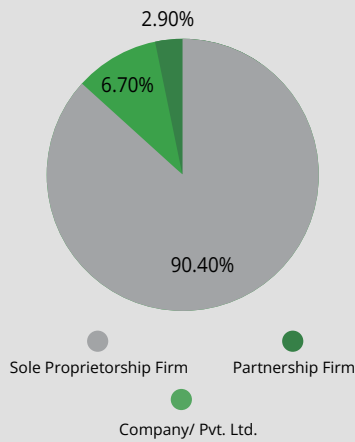
**Manufacturers**



**Groceries**

## Customers from Different Constitution Types

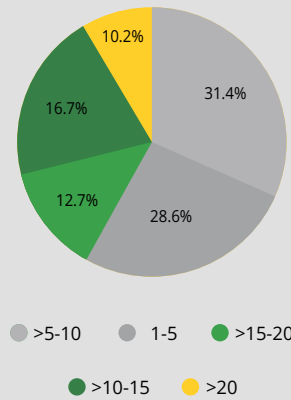
% of interviewed customers



**90%** of the interviewed NeoGrowth customers were sole proprietors

## Supporting Customers from Varied Business Vintages

% of interviewed customers



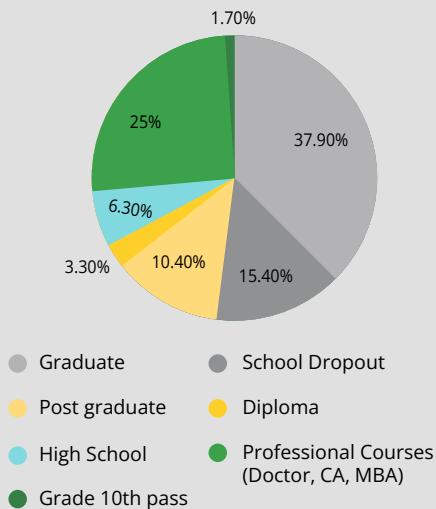
**29%** of the interviewed customers have been in the business for less than 5 years

## NeoGrowth Customers Interviewed: Categories

Our endeavour is to support India's small entrepreneurs irrespective of their age, business vintage, or their educational background. We strongly believe in equal and easy access to finance, and our simple and digital loan process with minimal documentation enables timely credit. The majority of NeoGrowth customers interviewed valued the convenience that our loan journey offers them as they build their businesses.

## Supporting Entrepreneurs Across Educational Backgrounds

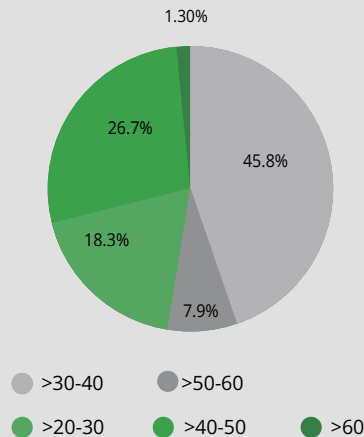
% of interviewed customers



**43.7%** of the entrepreneurs interviewed could not pursue further education beyond high school

## Supporting Entrepreneurs Across Age Groups

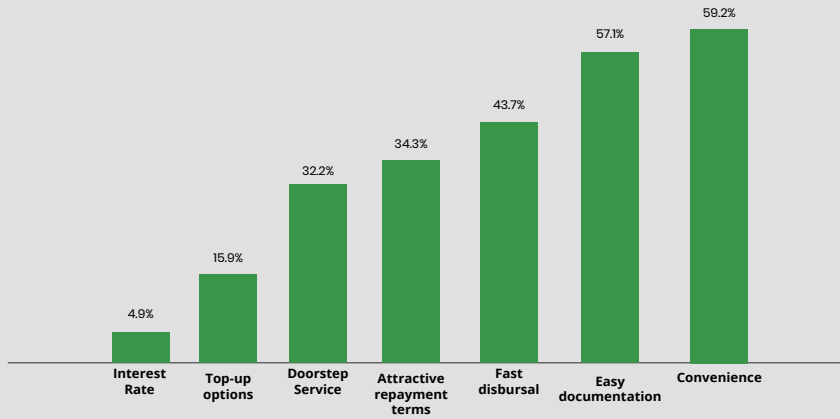
% of interviewed customers



**63.3%** of the customers interviewed were less than 40 years of age

## Most preferred attributes of NeoGrowth's loan

% of interviewed customers



**59.2%** of the interviewed NeoGrowth customers valued 'Convenience'



**51.8%** of interviewed customers had an average family size of 4-5



# NEOGROWTH Customer Personas

At NeoGrowth, we salute the grit and dedication shown by India's MSME owners in running their business despite the unconventional situations in the last couple of years. This year, we want to acknowledge the spirit of NeoGrowth customers and show distinct traits in the way they conduct their business.

## NeoGrowth Warriors



NeoGrowth supports individuals and businesses who overcome adversity

NeoGrowth Warriors are those individuals who have weathered the turn of business cycles and personal hardships. They often have faced challenges and trauma which may have had adverse impact on their business. They usually came to NeoGrowth seeking loans to facilitate the revival of their business during the time of crisis or to capitalize on an opportunity that would be crucial to their business growth. NeoGrowth Warriors are largely literate, internet savvy and are willing to take calculated risks for their venture.

## NeoGrowth Changemaker



NeoGrowth supports entrepreneurs who are positively impacting their community, opening new avenues for others in and around them

NeoGrowth Changemakers are those individuals who are growing their business with a community-centric approach i.e., as their business grows, so do the positive effects on their communities. Through their business, they usually offer apprenticeships, jobs and open new avenues for growth for those around them - empowering and making them financially independent.

## NeoGrowth Visionary



NeoGrowth supports sustainable and generational businesses

NeoGrowth Visionaries are those individuals who have built enduring businesses and who need capital primarily to diversify their offerings, build new business lines or purchase stock. These businesses may also need additional loans just for working capital as all capital expenditures have been addressed by previous generation owners. These businesses tend to be held by individuals from joint families who maintain a stewardship approach to the business rather than ownership which enables them to make decisions with a long term perspective than traditional businesses.



## NeoGrowth Scaler



Neogrowth supports customers who are scaling up their businesses

NeoGrowth Scalers are business savvy individuals who have a fair understanding of financial products and are sustainably able to leverage debt for necessary growth plans of the business. With the help of NeoGrowth's structured lending support, they were able to exponentially increase their locations, services offered and range of products to scale their business physically and online across geographies and other metrics.

## NeoGrowth Innovator



NeoGrowth supports unique business models

NeoGrowth Innovators are the individuals who operate with unique business models and offer products and services which are not traditionally or easily available in the market. These include upcoming and innovative businesses with offerings that have a niche customer base that may be based on one-time or seasonal purchases. NeoGrowth recognises the entrepreneurial spirit of these customers who can create exceptional value from innovative business models.

## NeoGrowth Pioneer



NeoGrowth supports young entrepreneurs

NeoGrowth Pioneers are trailblazers that have led the way towards building their own ventures in their family. They are self-reliant and capable customers who have slowly built fair estimations of the business risk and require NeoGrowth's timely support to initiate the business. NeoGrowth's young entrepreneurs are fond of technology and have strong financial discipline, derived from having gained experience while endeavoring to set up a new business.





# IMPACT-DRIVEN Lending: Mapping NeoGrowth

## Catalyzing Bharat's Entrepreneurs

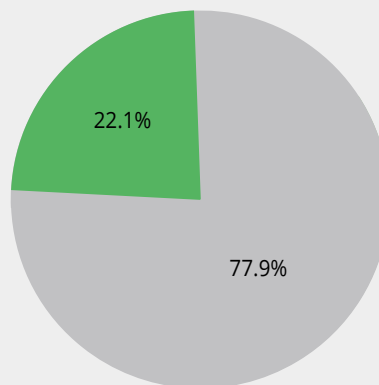
The MSME Ministry has set a target to enhance MSME contribution to India's GDP up to 50% by 2025 as India becomes a \$5 Trillion economy. With the current contribution to GDP of approximately 30%, MSMEs are a major contributor to the socio-economic development of the country by fostering entrepreneurship and generating employment opportunities.

The country's entrepreneurial environment is showing signs of improvement with the rise in the number of operational MSMEs. The number of MSMEs in India increased by a CAGR of 18.5% from 2019 to 2020. However, despite the government encouraging the registration of more MSMEs by setting up various schemes and incentives, there is a noticeable MSME credit gap in India. A report by the UK Sinha Committee constituted by the Reserve Bank of India in June 2019 estimated an overall credit gap of approximately INR 20-25 lakh crore.

Due to the lack of necessary collateral needed for borrowing and banks being unable to assess creditworthiness of an enterprise, NeoGrowth plays a crucial role in the growth of this sector with over 78% of the customers interviewed identifying themselves as first-generation entrepreneurs.

### NeoGrowth Supporting First Generation Entrepreneurs

% of interviewed customers



● First - gen entrepreneur ● Not a first - gen entrepreneur

**~78% of the interviewed customers were first-generation entrepreneurs**

IN CONVERSATION WITH

## Devi Singh Rajput – Collegian Snacks

Devi Singh Rajput recalls that he began Collegian Snacks with just INR 400 in his back pocket that he had saved up when migrating from Udaipur, Rajasthan, to Ahmedabad, Gujarat, almost 9 years ago. With little money to start any venture, if he had stayed, he would have ended up working odd jobs to make ends meet.

He has come a long way from being a high school dropout to a businessman who now has 4 outlets across the city catering to strong demand from college students and young professionals who swear by his simple yet innovative take on a range of snacks, mainly sandwiches.

The large and memorable yellow shopfront has slowly gathered a cult following with certain items needing to be pre-booked as they sell out within minutes of opening the store!



I believe Collegian Snacks has grown exponentially as across locations, we take pride in using fresh quality ingredients, taking the time to come up with new and unique recipes and working to give a good buying experience every time the customer steps in.

He further notes, "I was able to build this brand only because I had the support of **NeoGrowth** right from the inception of the first shop to the expansion plan where they were able to help catalyze my dream of providing snacks across the city which has become my karmabhoomi."



**50-60%**

**increase in income  
and servicing 1000+  
customers in a single  
day**



# | Gender Inclusive Lending

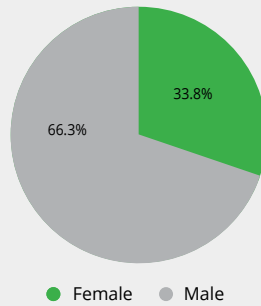
The International Finance Corporation (IFC) has estimated that globally, a \$300 Billion gap exists in financing for formal, women-owned small businesses, and more than 70 percent of women-owned small and medium enterprises have inadequate or no access to financial services.

The number of women led MSMEs in India has jumped from 2.15 lakh to 1.23 crore in a decade. However, they face a finance gap of \$158 Billion and largely rely on informal sources.

In India, a new era of financial services led by technology integration and government policy presents the opportunity to bring in more women to the banking and financial services sector. These innovations are supported by new-age credit offerings such as comprehensive banking technology integration, women correspondents, and credit support extension to women-led businesses, including digital-first channels, which have the potential to offer new and improved value propositions for women customers. These measures will help break historical barriers for women to access formal sources of credit. Approximately 34% of the customers we surveyed for this report were women.

## Supporting Entrepreneurs Across Genders

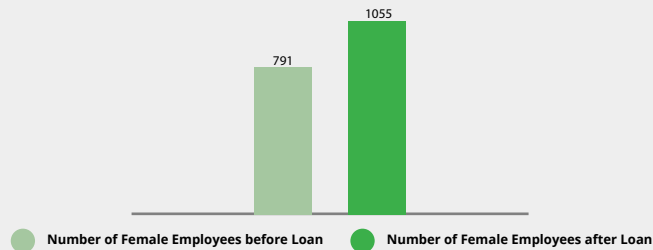
% of interviewed customers



**33.8%** of the interviewed NeoGrowth customers were women

## Entrepreneurs Providing Employment to Women

No. of Women Employees



**33.5%** increase in the number of women employees hired by the interviewed customers, after taking a loan from NeoGrowth



## IN CONVERSATION WITH

### Renuga – Preethi Tailors

Renuga had just begun building her traditional tailoring business when the pandemic struck and she had to move her sewing machines into her house for almost two years.

Growing the business was very difficult during those times as demand almost vanished for ceremonial clothing. She had to learn new ways of reaching out to customers over messages and social media and gradually became smartphone savvy. Almost a year passed and she began to wonder whether she would even be able to reopen her shop as savings had diminished considerably.

However, when the lockdown ended, a friend brought up easy lending options that NeoGrowth could provide. Renuga was able to set up this shop with the timely help of NeoGrowth which was crucial, as now, she is able to concentrate on customers and build a thriving shop.



“

I am also training my niece in the art of traditional sari stitching processes and having her around the shop feels great! **NeoGrowth** helped me move my business back from just my house into a pucca shop again



**10-20%**

**increase in income and moved back into a premium location!**



## Building Credit Scores

As per World Bank, globally, 1.7 billion people do not have a bank account, and policymakers struggle to provide affordable, safe and accessible financial services to the unbanked population.

It further states that India is second only to China among developing countries with close to 190 million adults who don't have bank accounts or participate in the formal financial sector. While millions of bank accounts were opened under policy mandates, and 80% of Indian adults are owners of a bank account, half of these accounts remain inactive.

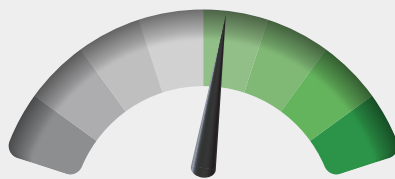
The COVID-19 pandemic has accelerated the transition of millions of people to digital. UPI transaction value per day in March 2022 has almost doubled in the last one year, and processed 5 billion transactions in that month, marking a landmark moment in India's digital payments journey.

This is a significant transition - numerous components of India's economic machinery are now powered by FinTech. Big data, artificial intelligence, and technology have been accelerating innovation in payments, lending, insurance, and wealth management.

Riding on this digital wave, NeoGrowth goes beyond mere credit scores of the businesses while making a decision assesses their creditworthiness through the business health metrics underpinned in their digital transactions data including UPI, NEFT, RTGS, digital sales. Additionally, once they avail formal credit from NeoGrowth, they build a credit history and a credit score. The customers we surveyed witnessed an increase or remained consistent in their credit scores after taking the loan from NeoGrowth with over 50.8% saying they had never been able to access formal finance prior.

### Credit history breakup

% of interviewed customers



**45.1%**

of the interviewed customers showed increase in credit score after taking loan from NeoGrowth



**50.8%**

said they had never been able to access formal credit prior to NeoGrowth



IN CONVERSATION WITH

## Thoomu Sai Mounika – Pudami M3B Enterprises

With a strong inclination towards the fashion industry, Thoomu pursued Fashion Designing and wanted to start her own enterprise. However, her family could not support her financially, so she decided to take a loan.

Unfortunately, due to a low CIBIL score, she was unable to procure loans from banks.

Being the determined entrepreneur that she is, she kept moving forward and applied for a loan at NeoGrowth.

“

I could not believe that I was able to get a loan from **NeoGrowth!** The countless times that I had been looked over, it was a miracle. I could not be more grateful to **NeoGrowth** for helping me increase my savings and scale my business. They were the only ones who looked beyond the CIBIL score and took into account the healthy cash flow in my company

With the loan, she was able to train her employees in tailoring and other ancillary activities. She hopes to take up more loans from NeoGrowth to scale her business.



**10-20%**

**increase in income and expert training to her employees!**



## Meaningful Financial Inclusion

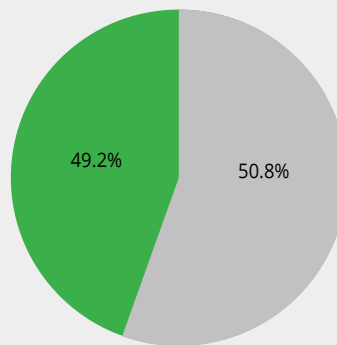
India, with a population of more than 1.3 billion, has a large number of people who are still out of the formal financial net. As per the World Bank, about half of India's population is financially excluded. On the other hand, research conducted by Standard & Poor's Financial Services estimates that only 24% adults in India are financially literate.

The combined efforts of the government, availability of simplified financial products and numerous Central Bank financial literacy drives have helped to increase the financial inclusion net in the country.

There has been a rightful emphasis to provide last-mile connectivity of financial institutions to underserved populations.

NeoGrowth's digital first offering was a key facilitator of financial inclusion during the pandemic.

### Lending to First-Time Borrowers % of interviewed customers



● Availed credit previously    ● First time borrowers

**50.8%** of the interviewed customers were first time borrowers i.e., they did not avail any other financing options prior to the loan from NeoGrowth

## IN CONVERSATION WITH

### Sufia – Sufia Store

Sufia and her husband Babu Sheik got married without their parent's consent. They had no financial help from their families and did not have steady and sufficient income. As they were unable to make ends meet, Sufia decided to start a general store for additional income with the help of their friends.

The business ran well until one of their two daughters was diagnosed with Thalassemia. To cover the additional expenses, they decided to expand their business and meet more demand through greater supplies. They decided to apply for a loan at NeoGrowth to facilitate this expansion.

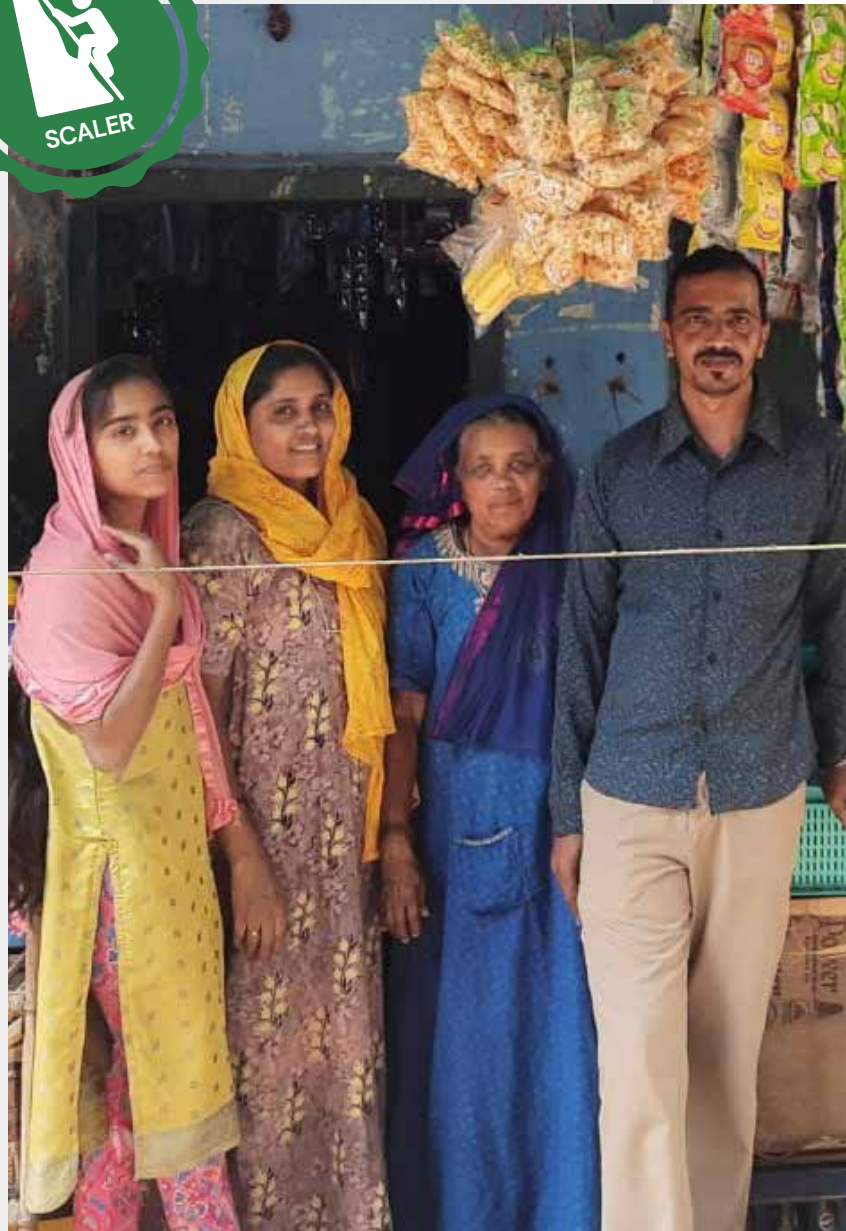


By taking a loan from **NeoGrowth** to scale our business, we were able to use our savings to pay for the medical expenses of our Thalassemia-affected daughter.

As they scale their business, they would continue to avail loans from NeoGrowth and provide a better life for their daughters.



**30-40%**  
increase in income  
and scaled their  
business!





## | Impacting Indirect Employment

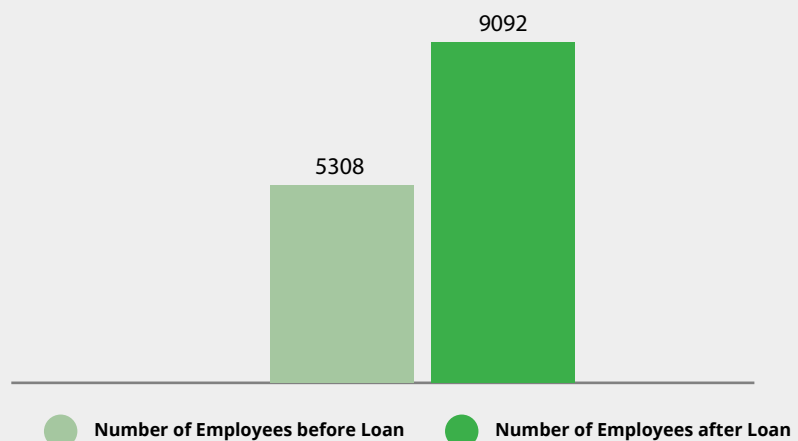
According to the Center for Monitoring Indian Economy (CMIE), nearly 30 million Indians aged 20 to 29 were jobless and looking for work in 2021, accounting for 85 percent of the unemployed population.

The MSME sector is considered to be the backbone of the Indian economy and makes significant contribution to the socio-economic development of the nation by generating employment opportunities and therefore, helping elevate the standard of living.

Currently, there are approximately 6.3 crore MSMEs in India, and over 11 crore jobs have been created by the MSME sector, making it one of the largest employers in the country.

NeoGrowth provides credit to MSMEs to support their business growth and helps to generate new and indirect jobs through a network of small business owners. 18% of the interviewed customers showed an increase in the number of their employees, post availing loans from NeoGrowth.

### Improvement in Employment at NeoGrowth Customers' Businesses



**18%** of the interviewed customers showed an increase in the number of their employees post availing loan from NeoGrowth

IN CONVERSATION WITH

## Rupali Abhijeet Butala – Meera Education

A commerce graduate, she was initially drawn to the teaching stream and that is when she decided to build a playgroup for young children. She wanted to replicate what is done at scale in countries like China wherein they 'catch them young'. She believes that learning for children in India should be made interactive from the grassroots level itself by finding their hidden talents nurturing their growth.



There is already so much bias against women that can be decreased only when some form of help is given. Companies like **NeoGrowth** are helping prove that women, can also run successful businesses and I am glad to be an example for the same



A self-made woman, Rupali is inclined towards women empowerment and helping them become financially independent. She directly and indirectly employs only women including those who are involved in ancillary activities. She ensures that only women staff would be allowed in her playgroup. Even the security guard is a woman.

Currently, her playgroup is under the Kidzee group. But she has plans to develop her brand in the near future.



**10-20%**

**increase in income while building a women-led and women-driven business!**



## Encouraging Environmental Sustainability

6.3 crore MSMEs in India are projected to contribute roughly seventy per cent to the industrial pollution of the country. Lack of financial support and security, inadequate awareness or inaccessibility to necessary systems and machinery have been major factors leading to the environmental degradation by MSMEs. However, despite this, they have the potential to contribute significantly to the environment at large.

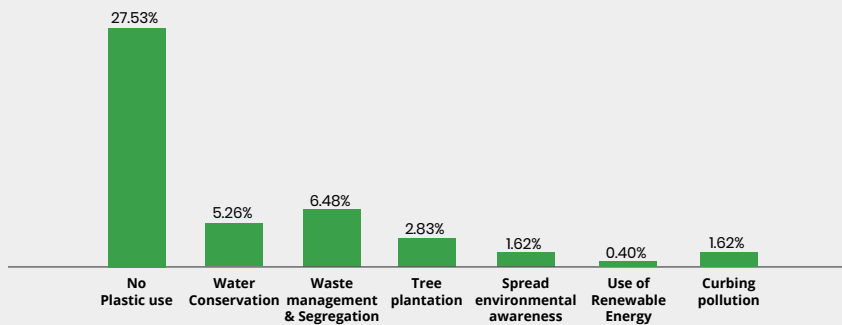
At NeoGrowth, we recognize the responsibility of businesses to the environment and support enterprises initiating a change. Contribution by MSMEs to this cause can happen only when we build alternative narratives and structural capacity at the grassroots level. This will drive widespread operational change and bring MSMEs to the forefront of environmentally sustainable growth.

As per the survey, 45.7% of the interviewed customers are taking different environmental initiatives, about 27.5% of the customers have moved away from plastic usage.

### Environmental Initiatives by NeoGrowth Customers

% of interviewed customers

#### Environmental Initiatives



**27.5% of the interviewed customers have moved away from using plastic**

## IN CONVERSATION WITH

# Kinjal Patel –Vakratunda Creations

A single mother, Kinjal Patel used to practice as an advocate but decided to start a business of women's lingerie and nightwear in the year 2013 as an additional income source. During COVID, her practice did not provide a decent income, so she decided to quit and focus on her business.

She took a loan from NeoGrowth to expand her venture. She also started an environmentally conscious manufacturing unit supplying chemical-free sanitary pads under the brand name 'Stree', which is sold on Amazon, Flipkart and other eCommerce platforms.



The loan from **NeoGrowth** gave me a lot of confidence in myself as a woman entrepreneur to scale 'Vakratunda Creations' towards success while implementing sustainable business.



I have always strived to create a greater impact in the society through my ventures. And with **NeoGrowth's** help, I have been able to not only provide a livelihood to women but also do my bit to preserve the environment.



### 20-30%

increase in income  
with a chemical and  
plastic-free business!

Kinjal has also banned the use of plastic, and only underprivileged women, with the aim to empower them, raise their standard of living and make them financially independent.



## Accelerating digitisation of MSMEs

Sustainable digitisation can unlock growth for Indian MSMEs and for years, countries have been making efforts in this direction. Easy and inexpensive access to smartphones and internet services has resulted in more than 50% of the underserved Indian population owning a mobile phone.

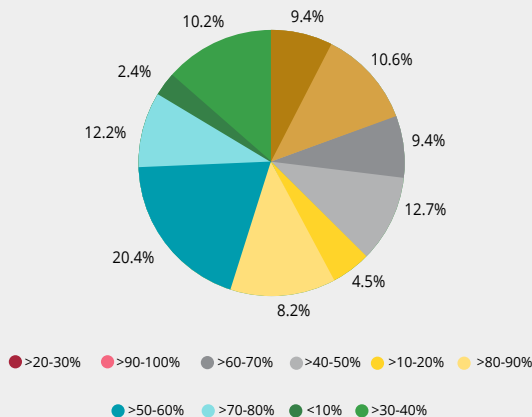
Consumers are now digitally savvy and small merchants are increasingly leveraging digital tools to stay ahead of their peers. The volume of digital payments in India has increased by 33% year- on-year (YoY) during the financial year (FY) 2021-2022. A report by KPMG states that the digital payments market in India is expected to grow at a compound annual growth rate of 22 percent during the FY 2020-2024 period and will be worth INR 4,323.63 Trillion by FY 2024.

MSMEs were among the first to be impacted by COVID-19 disruptions—they had exhausted their stock, had to use their savings, and some even had to borrow from informal sources just to stay afloat. However, the pandemic accelerated the adoption of digital methods in the MSME sector.

MSMEs were quick to transform and adopt digital payments, digital delivery, digital means of taking orders.

The digitisation wave has in general, created massive awareness among the MSMEs and are now open to exploring a more transparent and secure way of running business. NeoGrowth provides them with just that – a transparent and easy way of getting funds for their business needs and access to digital tools via a network of partners to run business operations in digital ecosystem.

### % of digital transactions in a day for the interviewed customers





IN CONVERSATION WITH

## Manoj Shrivastav- Ansh Enterprises

Born and brought up in Uttar Pradesh, Manoj visited Ahmedabad in 1995 after his SSC board exams. Regardless of his bad financial condition, he decided to return to Ahmedabad after his high school exams to pursue a college degree. Since he was new to the city, he had to manage everything on his own.

He started working at a diamond factor to manage his expenses but unfortunately, he fell ill and had to be admitted to the hospital for a couple of weeks. His parents had to come down to the city to take care of him. His father even took up a job in order to pay for his medical expenses.

Unfortunately, both his parents were diagnosed with critical medical illnesses. His mother was diagnosed with a brain hemorrhage and suffered kidney damage due to some complications, and his father was diagnosed with cancer.



"It was the worst moment of my life. I would not even wish that on my worst enemy. I had absolutely no idea how to deal with it." Manoj recalls

He knew he had to step his game up to pay for all the expenses of the hospitals. He took up a job in the medical sector but was still unable to pay the medical bills, which resulted in him opening the Ansh Institute of Computer Academy as the second source of income. After working the entire day at his job, he would teach at this institute in the evenings.

Even though he did his best to fulfill all the necessities, he lost his mother in 2019 and his father in 2020. Since he had lost all of his money in medical bills, he then decided to take a loan from NeoGrowth to keep his Institute running.

“

After losing everything, the last thing I wanted to go through was the lengthy documentation process of availing a loan. I was glad that with the help of **NeoGrowth**, I had seamless loan disbursement and easy documentation.

**30-40%****increase in income and opened new business verticals!**

Being financially stable, he has now also opened his own business called Ansh Enterprises, where he supplies medical essentials.

IN CONVERSATION WITH

## Sumit Bhagat- Shree Hari Cosmetics

A working couple, Sumit Bhagat and his wife decided that they should quit their full-time jobs to take care of their children and their education. To be closer to their children, they opened the store close to their house.



During COVID, they, unfortunately, faced a lot of losses due to the unavailability of stock. To purchase more stocks and keep the business running, they decided to take a loan from NeoGrowth.



We were extremely worried about our children and their education. **NeoGrowth** was 'Godsent' for us. It stopped us from worrying about our children and helped us focus on building our store again from scratch.



**20-30%**  
increase in income  
with diversified  
stock purchases!



## Driving Economic Growth

The MSME sector is considered to be the powerhouse of the Indian economy, contributing around 29% to the country's GDP.

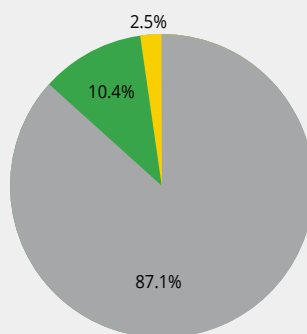
The accelerated growth of the MSME sector has the potential to help India achieve \$5 Trillion GDP. Lenders have an important role to play in stimulating economic activity as the need for loans for essential purposes and business recovery has significantly increased since the pandemic. Any stimulus received by the MSME sector has notably had an immediate multiplier impact on output and growth.

FinTech lenders such as NeoGrowth are making the loan process simple and faster by harnessing the power of digital transaction data including financial transactions to extend credit to even thin-file borrowers.

Most of the merchants surveyed had utilized the loan amounts towards the purchase of inventory, meeting working capital needs, recovering losses during COVID-19 lockdowns, and in some cases, for capital expenditure. This results in both direct and indirect generation of economic activity. About 84.1% of customers interviewed registered an increase in revenue after taking the loan from NeoGrowth.

### Supporting Entrepreneurs In the Growth of Business Through Timely Loans

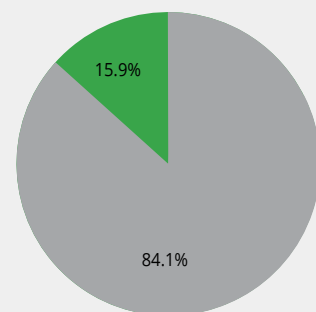
% of interviewed customers who utilised loans for different purposes



- Expansion of existing line of business
- Working Capital
- Set up new line of business/capital purchases

### Helping Entrepreneurs Achieve Business Growth

% of interviewed customers



**84.1% experienced Revenue Increase**

## IN CONVERSATION WITH **Raja Footwear**

An iconic duo of 2 brothers has been managing 'Raja footwear' for the past 24 years. They have seen fashion changing like seasons in the last two decades yet their shop always stood strong with changing consumer demand.



Raja Footwear has seen a lot of customers but has found it hard to receive credit in the last few years.



**10%**  
**increase in income  
ensured business  
longevity!**

“

We tried getting a loan from a bank but since we have had an existing loan from an NBFC, we got rejected. And, since we got rejected from a bank, NBFCs did not top-up our plans either!

The duo was stuck as they did not want to give up their shop during the pandemic when it became difficult to continue. Having worked so hard for 24 years, closing the store wasn't an option!

They recall how NeoGrowth was suggested to them through an agent - but they did not believe they would get the loan out until the actual loan amount was disbursed - it came as a huge relief to them just in time at the end of lockdown!

“

We're glad that **NeoGrowth** helped our business with the required funds at the right time.



## | Localised Sourcing

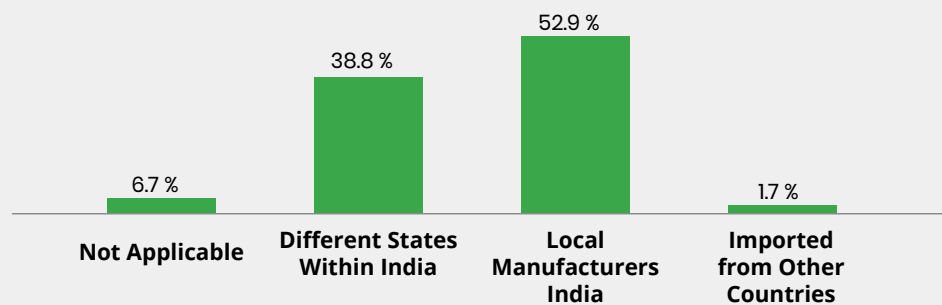
India is among the fastest emerging economies in the world. The ease with which goods and services flow across the states and as part of exports are crucial metrics to understand the strength and vibrancy of the MSME sector. The overall MSME Ease of Doing Business (EODB) stands at 64, of which EODB for manufacturing sector MSMEs stands at 67 and EODB for service sector MSMEs stands at 61.

Almost 60% of the interviewed customers sourced their raw material and stock from manufacturers within the same state - which indicates a mutually beneficial relationship between suppliers and enterprises

Nearly 38.8% of interviewed entrepreneurs procured raw materials and stock from different states in India, thereby providing their own customers with a greater range of goods and services.

### Entrepreneurs sourcing raw materials from varied geographies

% of interviewed customers



IN CONVERSATION WITH

## Roman Vijaykumar Brahmhatt – Roman Trading

Roman used his savings and started a business named 'Roman Trading', where he sells different types of cooking oils. He sources these cooking oils sustainably from sellers and producers across India, and says he can source oil taste specific to every palate - i.e. from mustard to cooking oil!



In 1994, Roman was working in a job with a meager salary of INR 1000. He continued the job for 5 years but still did not get any increment in his salary during this time. This is when he thought of starting his own business.



**20%**

**increase in income  
and expanded his  
business!**

Now years later, he was able to buy an antique bungalow at his native place. He is also happy as he has been recognized by NeoGrowth as a 'super customer'.



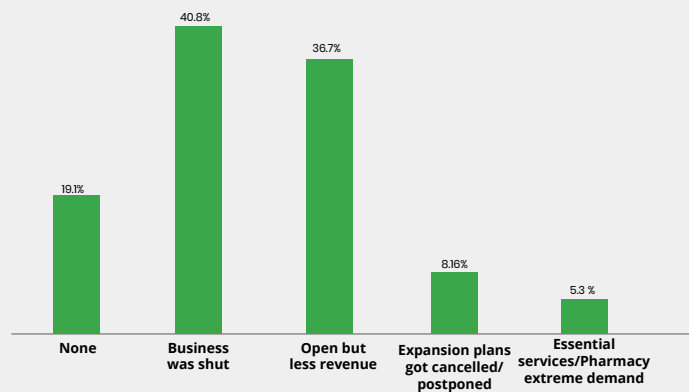
# REVISITING COVID-19: Our Relief Effort

While the pandemic dealt a blow to many businesses, looking back, we take pride in our timely response and high engagement with our customers which enabled them to bounce back stronger from the pandemic.

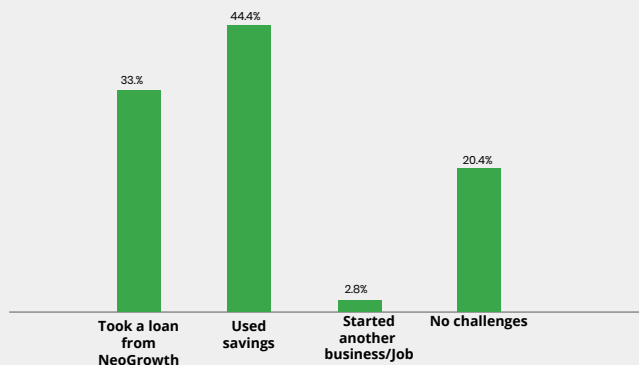
While the pandemic raged in 2020 and 2021, NeoGrowth took the challenge head on and decided to increase its engagement with its customers through unique lending initiatives while partnering with frontline organizations to support those performing essential duties disbursing lifesaving medicines, food and protective gear.

We are proud of our efforts to support some of the most vulnerable communities in India during the height of the first and second waves of the pandemic.

## Challenges Faced During Pandemic by Interviewed NeoGrowth Customers



## Ways in Which The Interviewed NeoGrowth Customers Managed These Challenges





# GLOSSARY

AUM	:	Assets Under Management
CAGR	:	Assets Under Management
CED	:	Compound Annual Growth Rate
CMIE	:	Continuing Education Department
FY	:	Centre for Monitoring Indian Economy
GDP	:	Financial Year
GEM	:	Gross Domestic Product
GOI	:	Government eMarket
GST	:	Government of India
ICU	:	Goods and Service Tax
IFC	:	Intensive Care Unit
₹	:	International Finance Corporation
MSME	:	Indian Rupee
MTD	:	Micro Small and Medium Enterprises
NBFC	:	Month to Date
NGO	:	Non-Banking Financial Company
PSU	:	Non-Governmental Organization
Pvt Ltd	:	Public Sector Undertaking
RBI	:	Private Limited Reserve Bank of India
SME	:	Small and Medium Enterprises
UNSDGs	:	United Nations Sustainable Development Goals
UPI	:	Unified Payments Interface
\$	:	United States Dollar \$ 1 = INR 76.53 (Exchange Rate)

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NeoGrowth customers

NeoGrowth team

Alsisar Impact report team

Alsisar Impact field team

Humblebrag team

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