



ANNUAL

REVIEW

2020—21

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Sukanti Muduli, Satya client

A Message from the Chairman and Managing Director



Harry Turner
Chairman, Dia Vikas

What a remarkable year it has been; changing the way we live and the way we conduct businesses. The restrictions imposed by governments to control the spread of COVID-19 pandemic have subjected businesses to new challenges and leaders to rethink their strategies. But these challenges only reinforce our resolve to continue working towards our vision – providing opportunities for people in poverty and making them more resilient. Together, we will build a more resilient and sustainable world with the resolve and determination of our stakeholders.

Within the sector, there has been remarkable collaboration between government, regulators and the self-regulatory organisations to protect institutions, to ensure that decades of good work aren't undone. Our partners have risen to the challenge, supporting client businesses by providing innovative products and services strengthening client resilience by addressing the specific needs of impacted communities helping to kickstart their businesses. Our partners, ESAF SFB, Pahal, Satya and Cashpor introduced emergency loans for their clients during the COVID-19 pandemic.

As of 31 March 2021, Dia partners were reaching 5.1M loan clients with a portfolio of ₹162B (US\$ 2.25B)¹. Compared to

last financial year, this represents no change in client numbers and a portfolio growth of 14 per cent. As of 31 March 2021, Dia partners were providing services to 15.3M individuals (includes savings, insurance and other services in addition to loans)—which shows a growth of 12 per cent over last year.

Another trend that is here to stay is the digital transformation within the institutions. Microfinance institutions have now begun to adapt new technology trends for faster loan origination, efficient customer service and meeting flexible loan requirement of clients using alternate channels. With the regulation supporting nonbank financial companies (NBFCs) and incumbent FinTech players, disruptive innovation and increasing funding, FinTechs are becoming a key catalyst in the expansion of financial inclusion. Our partner, Satya has collaborated with Airtel payments bank to open savings accounts for their clients with a vision to disburse loans and collect repayments in the cashless way to all their clients. ESAF SFB is using artificial intelligence and machine learning for a number of ways, such as in chatbots, analysing transaction data of customers for cross-selling and upselling products. We are very positive about the expansion of digital innovations for clients, effecting the catalysing effect lockdowns have had on the roll-out of digital financial services.



Saneesh Singh
Managing Director and CEO,
Dia Vikas

¹ US\$= ₹73.15 as at 31 March 2021

Besides catering to their credit needs, Dia partners are also providing credit-plus services to their clients to meet their other needs. Here's how we are making an impact:

- 35K children benefitted from 1,178 Cashpor education centres
- More than 927K clients and their family members benefitted from the doctor-on-call service provided by Satya and Cashpor.

Dia continues to promote the Social Performance Management program as a way of maximising benefits to clients from microfinance. We support our partners in adopting industry best practices including the Client Protection Principles and broader Universal Standards on Social Performance Management. Our partners are now reporting to us on their social performance using the CERISE SPI online reporting tool starting March 2021.

We are confident that we will make a positive contribution in this crisis, thanks to the deep knowledge of our network, close partner relationships and a loyal customer base. As the global economy recovers, governments and society weather this situation, Dia Vikas will continue to provide opportunities for people in poverty.



Harry Turner
Chairman, Dia Vikas



Saneesh Singh
Managing Director and CEO, Dia Vikas



Shanti Devi, Satya client

Highlights: Dia Vikas Annual Review 2020–21

Dia Vikas Annual Review 2020-21 brings together updates from all our partners on their client focus, products and services, as they look to create greater value for their clients together with building resilience in their lives. The COVID-19 pandemic has had a major and ongoing impact since early 2020. Each successive wave of cases has had implications on clients' cash flows and financial needs, institutional liquidity, regulation, sector resilience and reputation, human resources – the list is long. Our partners have both received support – through additional funds and added flexibility in financing - and provided additional support to their clients to help them face the numerous challenges that have resulted directly from the spread of COVID-19, and from the lockdowns imposed by Union and State Governments to control the pandemic.

Highlights of Financial Year 2020-21

- Our partners provide loans to 5.1M clients, many of whom have had limited access to affordable financial services
- Our partners worked throughout the year to help clients build resilience during the COVID-19 pandemic through various support programs
- Most of our partners continue to survey large samples of clients, collecting social data that shows that they continue to reach and improve the lives of the poor and most vulnerable
- In addition to providing financial services, Cashpor reached 4.5M people with health, sanitation and nutrition awareness programs provided through partnership with Healing Fields Foundation. The 3,561 health workers trained as Community Health Facilitators played a pivotal role in spreading awareness among clients for promoting adoption of

hygienic practices in vulnerable communities during the COVID-19 pandemic

- In addition, Cashpor reached 527K people (clients and their family members) in FY 20-21 through their 336 mini health clinics and e-clinics, an ongoing program to provide healthcare facilities to Cashpor's clients and their family members
- ESAF SFB and NESFB continue to establish their positions as new-age small finance banks by expanding their range of products and services with efficient use of technology
- Opportunity's climate change research will provide an evolving toolkit for its global partners which will help them identify, manage and report on climate risks
- Two of our partners, Satya and Pahal, have received debt funding from the InsuResilience Investment Fund which supports the launch of a new livestock loan product bundled with insurance, which will cover climate risks to protect the livelihoods of its farmer clients
- Satya has undergone a rating conducted by Agents for Impact to measure how their operations are contributing to the Sustainable Development Goals (SDGs). Overall, the company obtained an A Rating based on a score of 82 per cent (Top 20 per cent). Satya's operations can be considered as overall sustainable (above threshold), at the institution and portfolio level
- ESAF SFB, Satya and Pahal continue to build on their social performance reporting to their Boards
- Our partners are using technology to deliver products and services to their clients efficiently and shaping a new generation of consumer behaviours. In the future, helping clients adapt to high-tech, low-touch models will be full of challenges and opportunities.

As at March 31, 2021	Loan clients	Loan portfolio in ₹Mn	Savings accounts	Insurance holders	Number of branches	Number of employees
Adhikar Microfinance Pvt. Ltd (Adhikar)	102,849	1,368	–	205,698	76	309
Annapurna Mahila Co-operative Credit Society (Annapurna) ²	58,036	1,734	127,624	256,012	22	270
Cashpor Micro Credit (Cashpor)	1,075,080	32,966	–	1,559,069	656	4,943
Center for Development of Orientation and Training (CDOT) ³	–	–	6,084,740	–	–	–
ESAF Small Finance Bank (ESAF SFB)	2,351,417	84,146	4,460,843	2,599,396	550	3,868
Growing Opportunity Finance India Pvt. Ltd. (Go Finance)	77,174	1,475	–	141,758	33	222
North East Small Finance Bank (NESFB)	574,274	17,293	486,813	1,148,548	214	1,969
Pahal Financial Services Pvt Ltd. (Pahal)	326,504	7,732	–	588,130	175	1,518
PRAYAS (Organisation for Sustainable Development) (Prayas)	18,273	438	–	36,330	21	–
Satya MicroCapital Ltd. (Satya)	499,164	14,762	–	998,328	187	2,555
Total	5,082,771	161,914	11,160,020	7,533,269	1,934	15,654

² Annapurna is a partner of Dia's subsidiary Mi India Capital and Investment Pvt. Ltd.

³ CDOT only implements BC savings program

About Dia Vikas

Dia Vikas Capital Pvt. Ltd. (Dia Vikas) is a social microfinance investor, providing opportunities for people living in poverty to transform their lives.

OUR MISSION

To provide opportunities for people in poverty to transform their lives.

OUR VISION

Our vision for India is to see local indigenous microfinance, livelihood and development service partners assist millions of poor people to be lifted out of poverty permanently.

OUR APPROACH

We focus our energy and resources to make a difference in the lives of the people living in poverty through two main channels:

- ❖ Provision of financial services as our core approach
- ❖ Provision of other high-impact services encompassing health and education alongside financial services.

OUR VALUES

- ❖ Commitment to the poor
- ❖ Respect to all the stakeholders
- ❖ Integrity
- ❖ Stewardship

Genesis

Dia Vikas, established in early 2008 as a Non-Banking Finance Company, is a subsidiary of Opportunity International Australia.

Dia Vikas restructured itself into a Core Investment Company (CIC) in 2014 to be fully compliant with the evolving regulatory requirements in India. As a CIC Dia Vikas can only lend to and invest in group companies. These include subsidiaries, associates (under accounting standard AS-23) and related parties (under AS-18).

At Dia Vikas, the mission is to transform lives of people living in poverty by providing them with opportunities for livelihood creation through long-term funding and the provision of vital technological assistance. As a social investor, Dia Vikas bridges the gap in the Indian microfinance sector by supporting the growth and development of MFIs in underserved regions.



Shajitha Dillardar, ESAF SFB client

Dia Vikas Impact Investing

The core activity critical to the delivery of our mission of poverty reduction is to invest in institutions engaged in providing low-cost, high-quality financial services targeted at people living in poverty. Alongside, we engage in other high-impact services which encompass health and education to fuel our agenda.

Our approach is to support our partners by strengthening their organisations to provide these services until they reach financial and operational maturity, while ensuring that they uphold responsible financial practices.

OUR SUPPORT

Enables our partners to expand financial services to an increasing number of clients excluded from the mainstream financial system.

OUR GUIDANCE

Helps our partners create linkages with commercial funders and understand best practices in the sector.

OUR FOCUS

Is to build long-term partnerships with financial institutions that are sustainable and adopt holistic development interventions and substantial social impact.

Key interventions



Providing loan, equity and quasi-equity funding to partners.



Developing strong relationships with our partners and investing in their leadership.



Providing world-class technical and operational support, including credit plus/complementary services.



Encouraging partners to transform into better compliant and governed entities.

Partnership process

We identify potential local partners that can offer effective, innovative, and visionary programs to people living in poverty – often in areas where there are no or very few existing interventions. We place importance on the partnership selection process as it is a crucial step in selecting suitable partners to be on board with us to achieve the best outcomes.



Rekhaben Thuletiya, Pahal client

Mission alignment

Our partners must share our values and not be driven by commercial returns. We look for partners:

- with a mission to help people work their way out of poverty
- working in the poorest, most underserved regions
- with sound future strategies to deepen outreach and broaden services
- that demonstrate commitment to responsible practices in the areas of client protection and staff satisfaction.

Governance

In order to effectively exercise stewardship, we need partners that can operate sustainable businesses. We look for partners with:

- inspired leadership, balancing both social and financial performance
- strong risk management and governance practices with reasonable current financial performance.

Performance

We evaluate the performance of our potential partners by determining if they have established a sound operating platform and a capable team. This is inclusive of good accounting and portfolio tracking systems that can optimise the cost and efficacy in the provision of a suite of relevant financial services to their customers. Another important criterion is their ability to manage scalable growth, as reflected in their business plans and projections underpinning a sustainable future.

Living Our Mission

2020–21 IMPACT BY THE NUMBERS⁴

BY PROVIDING OPPORTUNITIES

₹161.9B ▲ **14%**
loaned

15.5M ▲ **6%**
individuals

5.1M ↔
active borrowers

11.2M ▲ **9%**
savings clients

7.5M ▲ **2%**
insurance clients

WE EMPOWER PEOPLE LIVING IN POVERTY



98.5%
women

81%
rural clients



70%
scheduled caste,
scheduled tribes and
other backward classes

28%
illiterate clients



63%
clients living on less
than US\$4.00 per day

28%

clients living below the National
Rangarajan poverty line



TO TRANSFORM THEIR LIVES, THEIR CHILDRENS' FUTURES AND THEIR COMMUNITIES BY CREATING BROAD IMPACT

59,158
water and sanitation loans

76,025
education loans

14,820
clean energy loans

9,236
home improvement loans

638K clients with
pension accounts

204K clients reached with
financial literacy trainings

491K people covered under
health awareness program

⁴ Per centage increases are 2020-21 financial year compared with 2019-20

Outreach Overview

Dia Vikas provides opportunities for people living in poverty to transform their lives. As at 31 March 2021, our nine partners together have an outreach of more than **5.1M** active borrowers, **11.2M** savings accounts, **638K** members with pension accounts and **7.5M** members with life and health insurance coverage, making a total outreach of **15.5M** individuals.

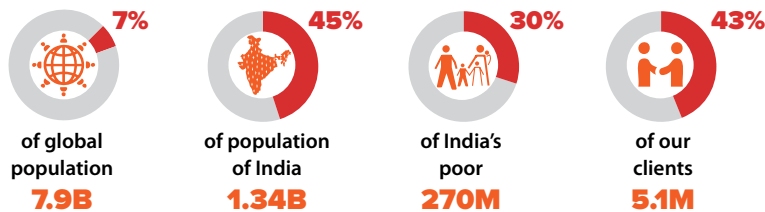
This coverage extends across **31** states and union territories in India including the **7** low-income states (LIS) and covering **424** districts including **70** of the **115** most backward districts of India as per the Planning Commission of India. These backward states together contribute **13 per cent** of the gross loan portfolio of our partners.

The gross loan portfolio of all our partners is **₹161.9B⁵** (US\$ 2.21B).

Dia Vikas is reaching out to the poorest in the following underserved/poorest states of India

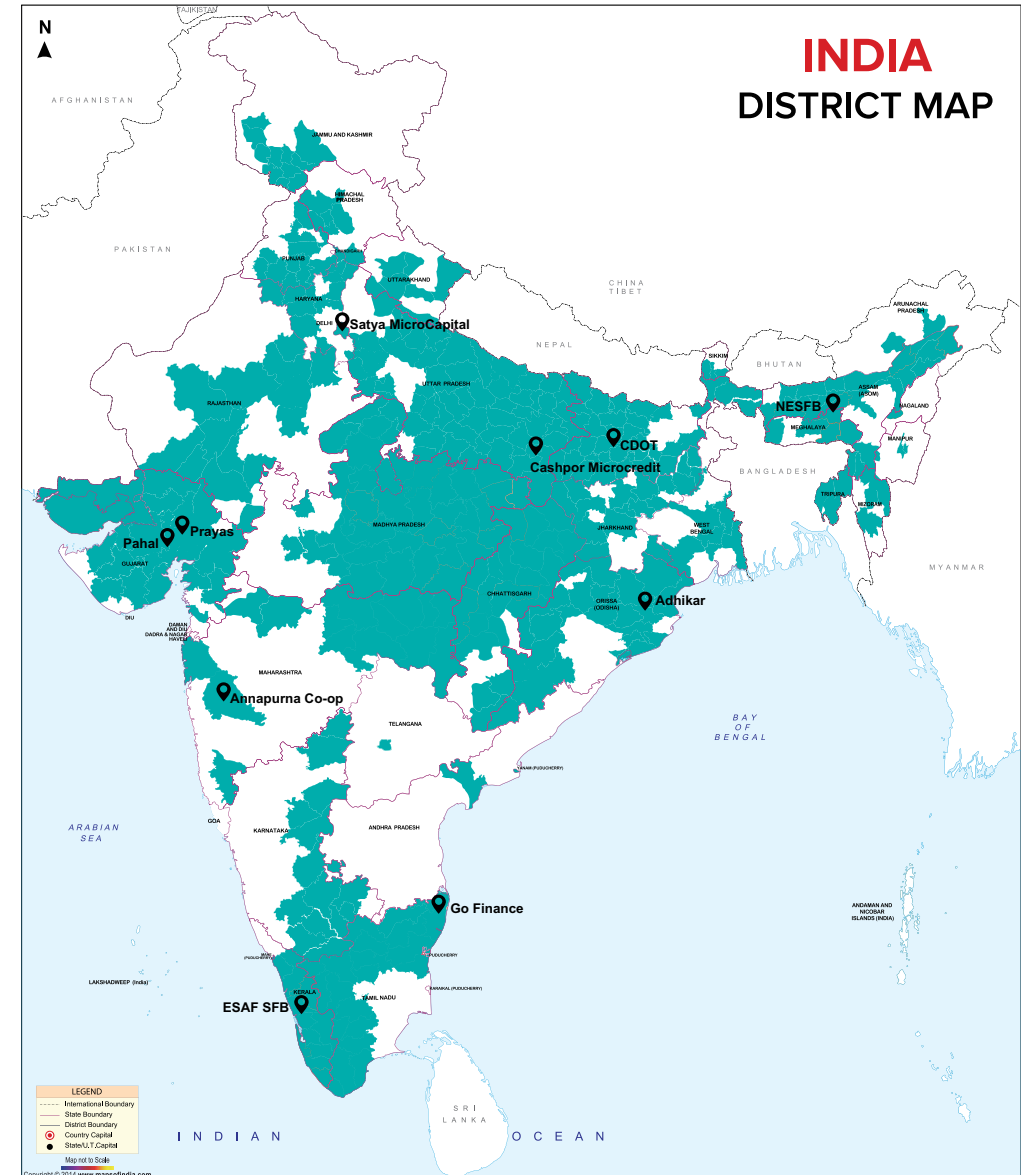
States	Poverty Rate ⁶	No of Partners	% of Dia Loan Clients
Bihar	34%	5	11.0%
Chhattisgarh	40%	6	3.9%
Jharkhand	37%	4	3.2%
Madhya Pradesh	32%	7	5.0%
Odisha	33%	3	2.3%
Rajasthan	15%	4	2.2%
Uttar Pradesh	30%	5	15.3%
TOTAL	30%	10	42.9%

One of the strongest features of Dia's portfolio is its focus on India's low-income states. Two in five of our clients are in these states namely Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. Tackling poverty in these seven states is a critical part of tackling Indian and global poverty. These seven states constitute:



5 As at 31 March 2021, 1 US Dollar = ₹73.5047

6 Poverty rate here refers to the ratio of number of people whose income falls below the poverty line for the particular state as compared to the population of the state, according to Government of India statistics.



Consolidated Operational Highlights of our Partners

(As at 31 March 2021⁷)

INCREASING OUR OUTREACH

₹161.9B ▲ **14%**

(US\$ 2.2B)

gross loan portfolio (AUM)

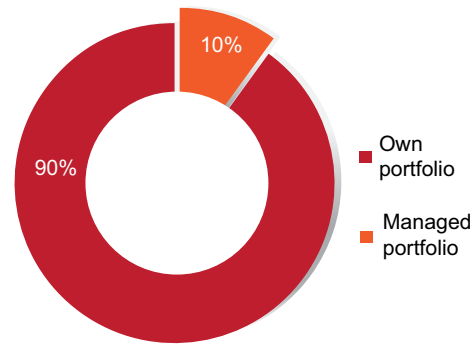
5.1M

active borrowers

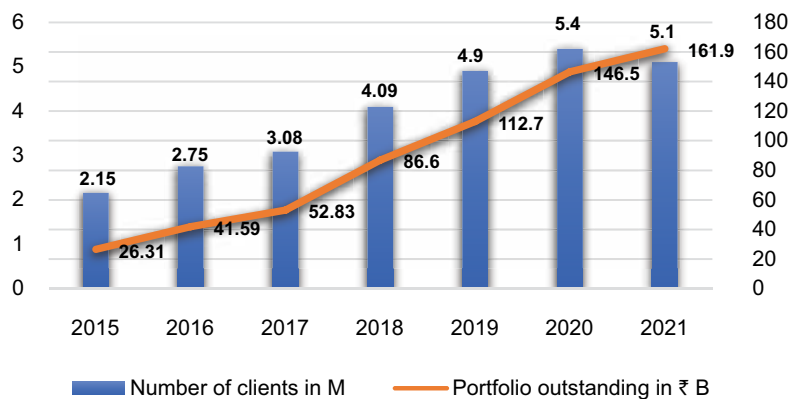


₹31,681 ▲ **15%**

average loan outstanding



Client outreach and portfolio outstanding



⁷ Increases are 2020-21 financial year compared with 2019-20

⁸ Regions have been classified as per the classification in MFIN publications

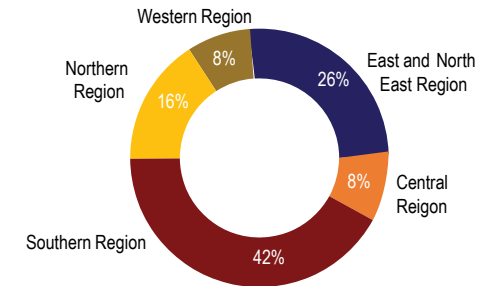
INCREASING OUR FOOTPRINT

31 ▲ **1**
states and UTs

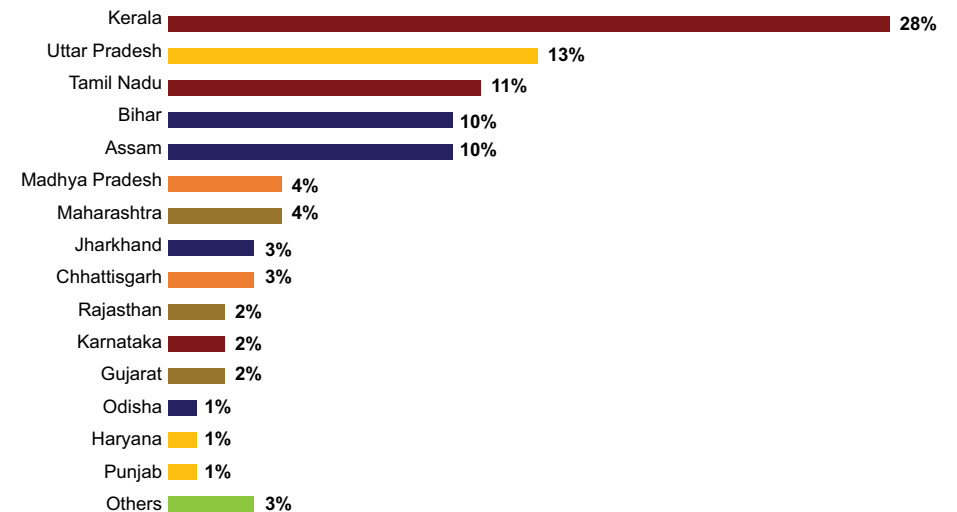
424 ▲ **8**
districts

1,934
branches

Regional portfolio concentration⁸



Top 15 states by exposure





**TRANSFORMING
LIVES
SOCIAL
PERFORMANCE
REPORT 2020-21**

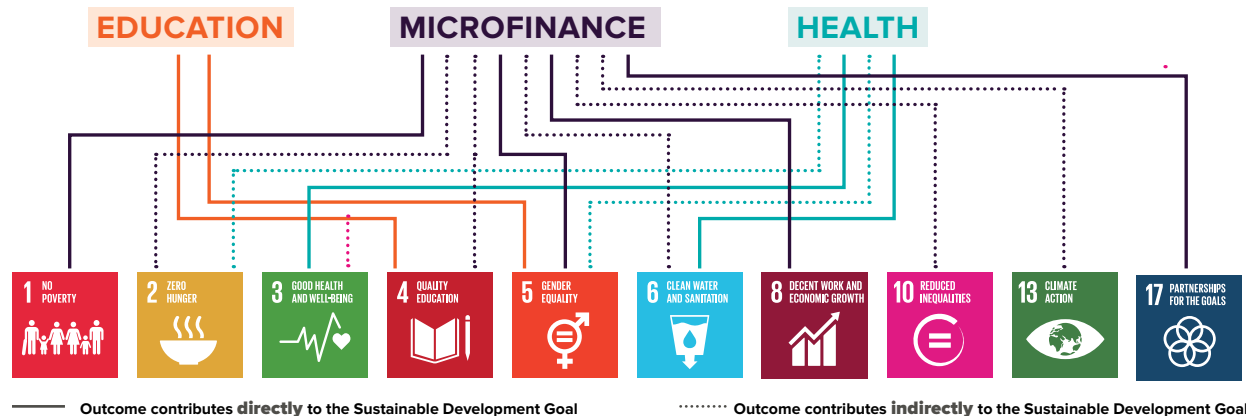


SPM Transforming Lives–2020-21

As experienced investors in the impact eco system, Dia Vikas sees pursuing social mission through financially sustainable investment as an optimal solution to challenges of our time. We want to share our knowledge and insights with the stakeholders both to inform and inspire their decision making in the coming years. Due to restrictions imposed by governments on movement to control the spread of the COVID-19 pandemic, all microfinance institutions are compelled to explore innovative technology solutions to stay in the business and continue to serve clients. Many microfinance institutions (MFIs) have partnered with FinTechs to scale their business and increase the value proposition for their clients and improve efficiencies within the organisation.

We have aligned our impact outcomes with the UN Sustainable Development Goals (SDGs) which provide a universal language to communicate impact to a wide range of investors and other stakeholders. One of our partners, Satya recently underwent a ‘Sustainability Alignment Rating’ based on the SDGs which shows the commitment of our partners to pursue positive impact and contribute to the achievement

Below is a snapshot of the UN Sustainable Development Goals that our partners pursue through their provision of financial and non-financial services:



of the SDGs. Since March 2021, all our partners are reporting social performance using the SPI online (a reporting tool covering key Social Performance Indicators), which is easy to use, intuitive and makes it simple to enter and view data and improve results. Before migrating to the online tool, Dia Vikas organised a training conducted by its social performance manager who is also a CERISE-qualified auditor, to help partners in understanding the new tool.

The Smart Campaign has come to an end but the commitment to client protection continues under the work of SPTF and CERISE, with the launch in September 2021 of the Client Protection Pathway. We organised a workshop to introduce our partners on the new CP Pathway, the benefits of committing to implement the CP standards, and an overview of the resources available to implement and demonstrate progress to investors/stakeholders.

Our clients are amongst the most vulnerable to a changing environment. Hence, we are taking steps towards building resilience and planning for future



Vibha Mahto, Cashpor client

generations. A number of our partners have already developed programs to reduce climate risks: clean energy product loans (ESAF SFB), carbon emission mitigation programs (Cashpor tree planting), and agriculture and livestock insurance (Satya/Pahal).

In the past, our partners have supported their clients during the time of crisis and COVID-19 pandemic was no different. For eg., during the Kerala floods in 2018 and 2019, ESAF SFB had provided emergency funding in the form of ‘Uddhan loans’ to its clients for rebuilding their livelihoods and meeting expenses. In 2020, ESAF SFB introduced Uddhan Loan Series 3 – Covid Care Loan which is tailor-made to support the financial needs of customers adversely affected by the COVID-19 pandemic. This shows that our partners continue to design client centric products especially at the time of crisis.

This publication highlights our efforts to bring social performance at the heart of microfinance activities.

Previous page: Laxmiben Girishbhai Solanki, Pahal client

Responding to COVID-19

Our partners are working to provide support in last-mile health delivery and emergency relief. The second wave of COVID-19 in India has had a horrifying impact and this, sadly, is mirrored by the stories from our partners. Through the COVID-19 crisis, it has become apparent that there is a tremendous and underutilised opportunity to leverage existing organised communities, in which our partners operate, to provide access to essential health services.

Our parent company, Opportunity's COVID-19 response strategy for the second wave of COVID-19 in India focuses on supporting vulnerable communities at the last mile – largely urban slums and rural villages – at scale through our partner network.

Prevent infection through health education

After the second wave in March and April 2021, it became evident that more health education to address rampant misinformation is needed. Opportunity is focused on addressing emerging knowledge gaps, such as: vaccination sensitisation, the various strains of COVID-19, and alignment of COVID-19 care with traditional medicine practices. MFIs and local Health Leaders are trusted in the communities they operate in, and so are key in disseminating and amplifying the reach of critical health promotional messages. Messages from local government authorities are shared through a variety of channels, including SMS, WhatsApp, comic books, banners, posters, dindoras (voice messages) and in-person loan repayment meetings where permissible.

Our partner, Cashpor, through its 3,561 health leaders across five states in India, provides health education including spreading information about COVID-19 prevention and detection to its clients.

Provide care through telemedicine

While the data on COVID-19 cases in India is incomplete, studies published in the Lancet journal suggest that roughly 80 per cent of all COVID-19 cases are of mild to moderate severity. The focus is to provide remote care and support through telemedicine (phone hotline and mobile app), as well as food rations and medicines as needed, for those with mild symptoms, encouraging them to stay at home. Our partner, Cashpor has operationalised 84 free telemedicine clinics, with a goal of developing 336 telemedicine clinics which are co-located with branch offices and staffed with Health Leaders. Around 527K clients have already enrolled. These clinics are a safe space for women, since all Health Leaders and the majority of telemedicine doctors are female.

More than 927K clients and their family members benefited from the doctor-on-call service provided by Satya and Cashpor.

Set up basic care beds with oxygen

Opportunity supported Dia partners to convert unused rooms in existing branch offices into basic care beds equipped with oxygen infrastructure and care coordination, staffed by Health Leaders. This intervention provided a care pathway for people with worsening COVID-19 symptoms, as Health Leaders monitor patients' conditions while trying to secure hospital beds in case of more critical symptoms. Cashpor procured ambulance services so that patients without access to transport during regional lockdowns can be shuttled to hospitals. The second wave of COVID-19 in India had a horrifying impact and this, sadly, is mirrored by the stories from Dia's partners. Through the COVID-19 crisis, it has become apparent that there is a tremendous and underutilised opportunity to leverage these existing organised communities to provide access to essential health services.



Facilitate mass vaccinations

Finally, as a medium-term intervention in the next six months, Opportunity is supporting some of our partners to organise and facilitate co-branded vaccination camps in collaboration with local and state-level governments. Our partners are recognised in their communities and will provide logistical support, like setting up the venue, managing registration and crowd-control, so that health workers can focus on vaccine delivery. Opportunity directly funds community based, locally led organisations with a track record of trust, which each operate at scale of more than 400,000 households. By leveraging the expertise of Dia partners, Opportunity can offer scalable and sustainable health products and programs to create more resilient health systems and expand health system capacity for both COVID-19 response efforts and on the road to post COVID-19 recovery.

Through the COVID-19 crisis, it has become apparent that there is a tremendous and underutilised opportunity to leverage existing MFI communities to provide access to essential health services.

The Need: Are We Reaching the People in Poverty?

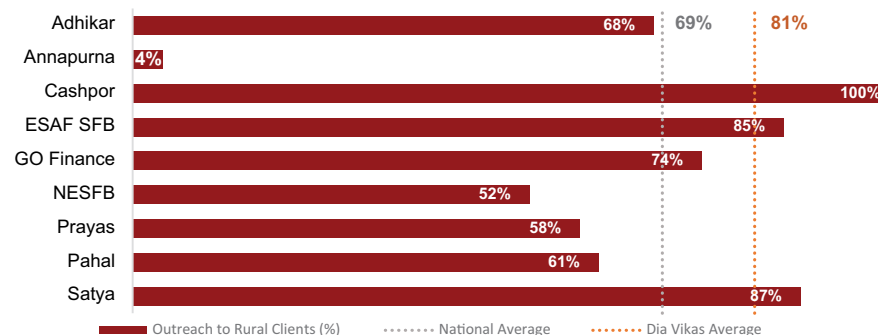
Who do we reach?

Dia Vikas' mission is to provide opportunities to people living in poverty, helping them transform their lives, their children's futures and their communities. We are committed to creating impactful change that leverages on our resources and our partners' strength. We work collaboratively with our partners who possess qualities which strongly display their capacity to reach a wider audience in need. We provide financial and technical support to our partners:

- ❖ Operating in the poorest, largely underserved, rural regions as well as urban slums, serving the market that exhibits a gap
- ❖ Having aligned their social goals with the UN Sustainable Development Goals (SDGs), which provide a universal language to communicate impact to a wide range of stakeholders
- ❖ Targeting poor clients not defined just by inadequate consumption or a lack of income, but understanding that other aspects of life are critical for well-being, including education, access to basic infrastructure, healthcare and security
- ❖ Progressing towards the use of digital technology to improve the accessibility of financial services thereby increasing clients' autonomy in their transactions. The transition to digital financial services has its benefits of improving partner's efficiency in their operations. Having cashless transactions also improves the security of loan officers as they are less likely to be targeted for robberies. In terms of health, without transacting in hard cash, it reduces the risk of spreading communicable diseases from person to person.

Across our portfolio, **98.5 per cent** of our clients are women, **81 per cent** live in rural areas, **70 per cent** belong to scheduled caste, scheduled tribe and other backward classes and **28 per cent** are illiterate. We have also learnt that a majority of our clients are poor, **63 per cent** are living below the US\$4.00 per day poverty line, **13 per cent** are living in backward districts, **28 per cent** lack access to their own drinking water facilities and around **27 per cent** lack access to a toilet. All the above statistics provide evidence that Dia Vikas partners are successful in reaching out to the most vulnerable populations of India.

Outreach to Rural Clients



What have we learned?

81 per cent of our clients live in rural areas. The result shows successful targeting by our partners in reaching the rural population, which are hotspots of poverty and are where financial support is scarcer.

Why does this matter?

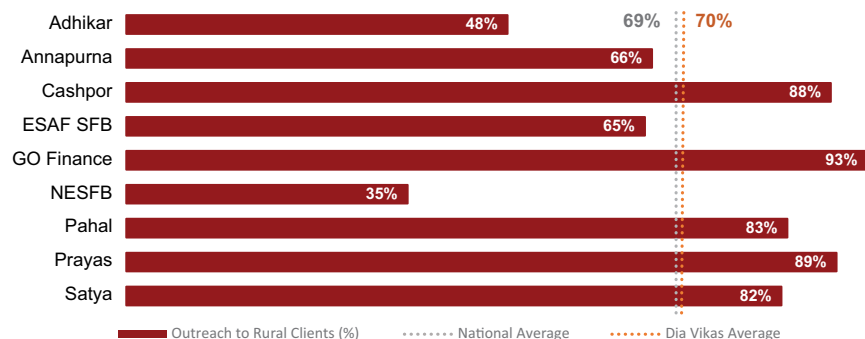
69 per cent of India's population is rural.⁹ Industry data reveals that MFIs have 75 per cent portfolio concentration in rural areas.¹⁰ Our partners reach out to a larger proportion of rural population as compared to the national and industry average. This shows our commitment to serve those living in poverty.

Rural populations encounter greater constraints in financial inclusion than their urban counterparts. It is more common to find individuals who are unbanked and possess low financial literacy skills amongst this population, hence they lack access to financial services that could potentially improve their livelihood. In India, more than 363 million people are living below the National Poverty Line (Rangarajan methodology), of which around 72 per cent are living in rural areas. This depicts the high tendency for individuals in acute poverty to live in rural areas.

⁹ Census 2011

¹⁰ MFIN

Outreach to the Marginalised



What have we learned?

70 per cent of our clients belong to Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Classes (OBC).

Why does this matter?

These groups account for 69 per cent of the population of India¹¹, with 19.7 per cent of the population belonging to scheduled caste, 8.5 per cent belonging to scheduled tribes and 41.1 per cent belonging to other backward classes. As per the Planning Commission report on poverty based on 2011 data, 43 per cent of ST, 29.4 per cent of SC and 20.7 per cent of OBC fall below the Tendulkar poverty line as compared to only 12.5 per cent of people belonging to forwards castes living below the national poverty line.

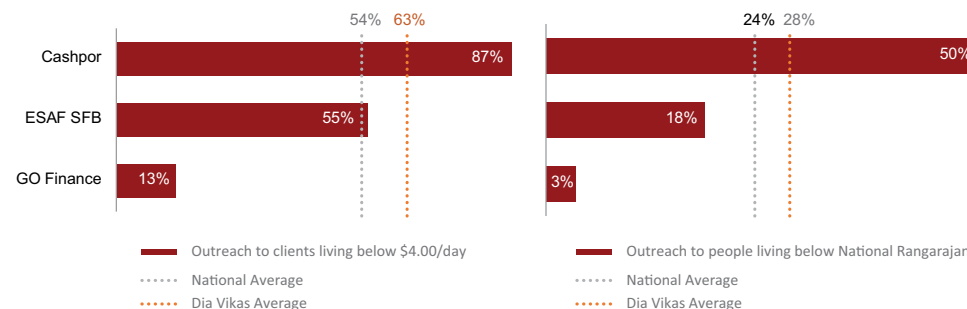
Outreach to the People Living in Poverty

Most of our partners define their target population as 'excluded, poor and disadvantaged', so it is important that they can measure and report how well they reach these categories of households. Traditionally, poverty has been measured in income terms, as depicted in the charts. However, this provides an incomplete and at times misleading picture of the extent of poverty among clients.

New measures, such as the Multi-dimensional Poverty Index (MPI) reflect different deprivations that individuals face simultaneously as compared to the traditional income approach to measure poverty level. The MPI is composed of three equally-weighted

dimensions (health, education and standard of living) measured by ten indicators, which are equally weighted within each dimension. A person is identified as MPI poor if the individual is deprived in at least one-third of the weighted indicators. India's 2015/16 MPI is 0.121, with 27.5 per cent of the population that is more than 364 million people identified as multidimensionally poor.

Such poverty factors are not necessarily reflected in the results from the Poverty Probability Index (PPI). Due to the costs and other challenges of collecting data on clients' status, we are currently limited in the extent of data we can report on these broader measures of poverty. However, two of our partners Pahal and Cashpor are among 100 MFIs that will participate in the survey conducted by 60 decibels for the Financial Inclusion Index. The survey will deliver client outcomes data across 5 impact themes and 60 decibels would also use a tool that would generate wealth quintiles, making it easy to identify when the company is successfully reaching the poor.



What have we learned?

63 per cent of our clients are living below US\$4.00 per day.

Why does this matter?

Data we have received from three of our partners using PPI to calculate poverty levels of clients shows that a majority of our clients, approximately 63 per cent are living below US\$4.00 per day. Dia Vikas achieved a greater outreach to the people living under the US\$4.00 per day poverty line compared to the national average of 54 per cent. Differences in outreach to low-income clients among our partners reflect both the extent to which our partners are targeting poorer clients as well as differences between population poverty levels in the states where our partners work.

11 Census 2011

Understanding Our Clients through the Power of Data

As we seek to end poverty, we also need to recognise that living in poverty is not just defined as inadequate consumption or a lack of income. Microfinance activities are at the heart of financial inclusion models and are positioned predominantly as enablers of other development goals in the 2030 Sustainable Development Goals, where it is featured as a target in eight of the seventeen goals. Other key factors in line with the SDGs that play an important role in shaping an individual's overall well-being are access to education, basic infrastructure, healthcare, and security. It is necessary to encompass a comprehensive outlook in our support especially during unprecedented times like the COVID-19 pandemic, where people living in poverty are hit by multiple challenges and deprivations.

The relative incidence of the deprivations in education and sanitation imply that poverty rates could be significantly higher when these non-monetary dimensions are added. Our partners are measuring some of these indicators to understand the level of deprivation of the clients and also to introduce the products and services suited to their needs.

Access to sanitation

What have we learned?

27 per cent of our clients do not have access to a toilet.

Why does this matter?

Over half of the world's population, 4.2 billion people, use sanitation services that leave human waste untreated, threatening human and environmental health. An estimated 673 million people have no toilets at all and practice open defecation, while nearly 698 million school-age children lacked basic sanitation services at their school. The consequences of poor sanitation are devastating to public health and social and economic development.¹²

Between 2014 and 2019, the Central Government in India built around 110 million toilets all across India, which saw the basic sanitation coverage going up from 38.7 per cent in October 2014 to 100 per cent in October 2019.¹³ There has undoubtedly been immense progress made in India in improving access to sanitation by working with the Swachh Bharat (Clean India) Mission. India also ranks in the top ten countries for reducing open defecation and improving access to basic sanitation.

While India has made significant progress in access to sanitation, there is still work to be done in improving the sanitation facilities as basic sanitation coverage does not lead to the best health outcomes. Ill health, through lack of clean drinking water or poor sanitation, has both direct and indirect effect on the poverty status of clients. To address health and safety issues associated with open defecation and sanitation facilities that leave human waste untreated, our partners provide sanitation loans to help clients with construction of safely managed sanitation facilities.



Satya MicroCapital

499,164
loan clients

Cashpor

10,75,080
loan clients

Prayas

18,273
loan clients

Pahal

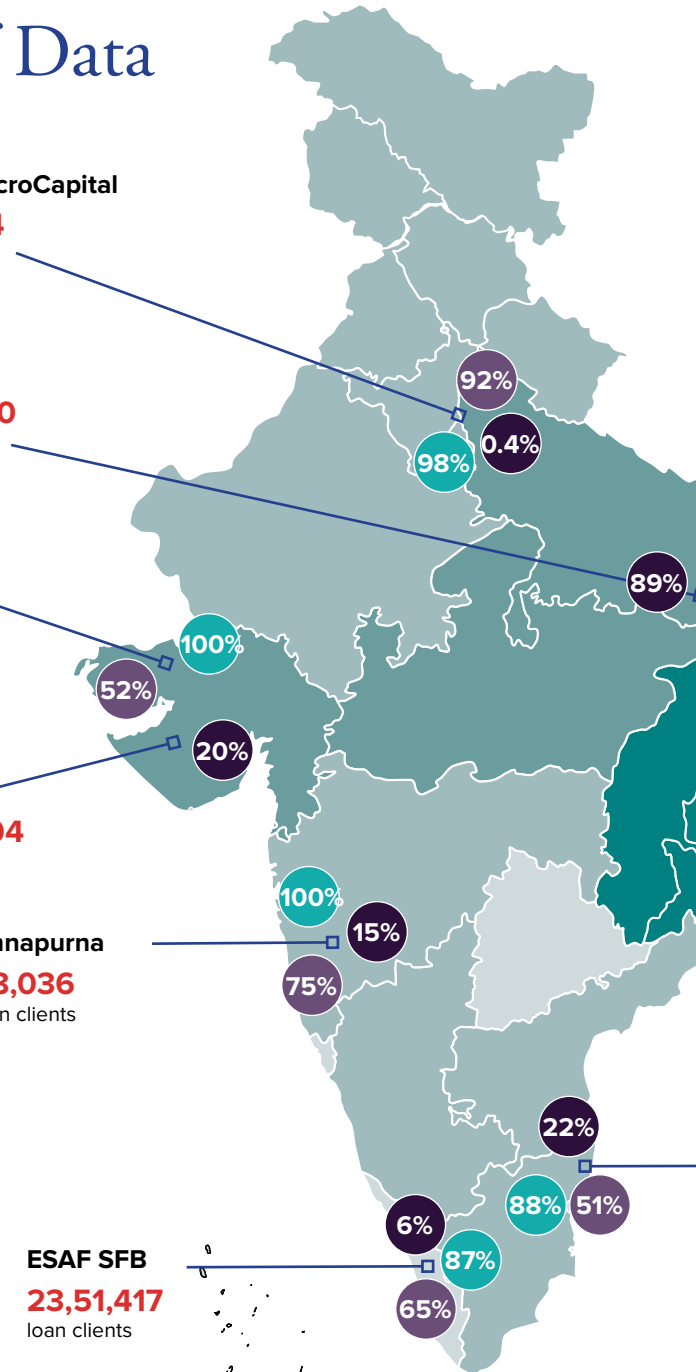
3,26,504
loan clients

Annapurna

58,036
loan clients

ESAF SFB

23,51,417
loan clients



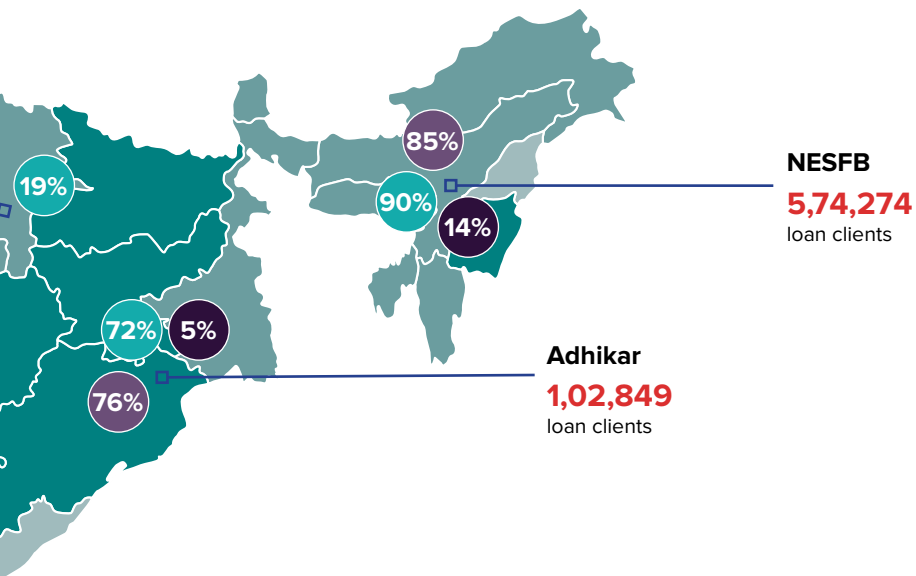
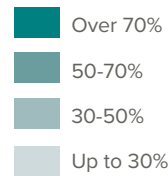
¹² WHO UNICEF JMP, Progress on Household Drinking Water, Sanitation and Hygiene, 2000-2020

¹³ swachhbharatmission.gov.in

Access to drinking water



Per centage living below US\$4.00 poverty line



What have we learned?

28 per cent of our clients do not have access to their own drinking water facilities.

Why does this matter?

Globally, one in four people lack access to safely managed drinking water facilities – that is, one located on premises, available when needed, and free from contamination. In 2020, the proportion of the global population using safely managed services increased from 70 per cent to 74 per cent. There was a wide gap in access of clean drinking water facilities for urban and rural populations, 86 per cent for urban and 60 per cent for rural population. In India, 90 per cent of the population has access to at least basic drinking water facilities (89 per cent rural; 94 per cent urban). While the health hazards of poor-quality water are readily apparent, the time spent on water collection by women can also pose severe hardship as it robs away valuable hours that could have been used for productive activities like work or school.

The COVID-19 pandemic has highlighted the urgent need to ensure everyone can access good hand hygiene. At the onset of the pandemic, three in 10 people worldwide could not wash their hands with soap and water within their homes.¹⁴

Access to education





What have we learned?


26 per cent of our clients are illiterate.

Why does this matter?

When a large part of the population is illiterate, the socio-economic development of the country is hindered. A lack of adequate education, such as in the case of less educated families, can perpetuate this poverty cycle by creating intergenerational poverty, that is the continuation of the cycle of poverty from one generation to the next. The adult literacy rate in India is 77.7 per cent, and female adult literacy rate is at 70.3 per cent, far below the the global adult literacy rate of 86 per cent in 2016.¹⁵ 750 million adults across the world, two thirds of whom are women, still lack basic reading and writing skills.¹⁶ Of this total, around 36 per cent, or 283 million adults, reside in India. Data also suggests that the higher the level of education of the head of the household, the lower is the chance of the family living in poverty. According to 2011–12 government data, approximately 33.5 per cent of the illiterate population is living below the Tendulkar poverty line in India. This compares to just 2.8 per cent of the population having completed higher education living below the Tendulkar poverty line.

 **Illiteracy** - Per centage of illiterate clients

 **Sanitation** - Per centage of clients with access to a toilet (Own or community shared)

 **Drinking water** - Per centage of clients with access to own drinking water facilities

Go Finance
77,174
loan clients

14 WHO/UNICEF Joint Monitoring Program for Water Supply, Sanitation and Hygiene (JMP) – Progress on household drinking water, sanitation and hygiene 2000 – 2020
15 National Statistical Office, 2017-18
16 Unesco.org

How are we Helping?

Designing products, services and channels that meet client needs

Microfinance has been playing a key role in financial inclusion in India, having come into existence to specially serve the smaller and more overlooked sections of society. Going beyond economic empowerment of lower-income groups through micro credit, microfinance institutions (MFIs) have expanded their product range to help the same target group gain access to other necessities that improve their standard of living, and the overall economic well-being. This can include aspects of education, healthcare, better infrastructure (such as power), etc. Given the pathway that MFIs have already created to reach the rural areas of India, they have an upper hand in expanding their credit-plus products/services and gaining a larger consumer base, while retaining existing customers. MFIs have a plethora of tools available to analyse the pool of data available and offer suitable loans to their clientele by using predictive analysis. MFIs can use the data to analyse the level of maturity of these borrowers and not only increase the ticket size of the next cycle loans but also offer miscellaneous consumption loans that will work towards benefitting the household of the borrower. By partnering with Fintech players, microfinance lenders have reduced their operational costs and reach a larger audience of borrowers without having to hire additional field officers. While some Fintech offerings may allow the lenders to source new borrowers, other players are focused on improving the productivity of field officers and staff by using the data of the existing borrowers and providing Artificial Intelligence-based analysis, thus reducing the time taken at each step of the value chain. The microfinance players will now differentiate themselves by the quality of service they provide to their client by using technology to understand their needs better.



Savings: Two of our partners, ESAF SFB and NESFB, offer savings products to their clients directly. As at 31 March 2021, ESAF SFB and NESFB had retail branches

offering varied savings products to their clients opening five million savings accounts and garnering deposits of ₹103B.

Three of our partners provide savings products to their clients through the business correspondent (BC) model. Under the business correspondent model, the MFIs open savings accounts with commercial banks on behalf of the clients. As a result, clients are able to access a secure interest-bearing savings account. The disbursement and in some cases the collection also happens with the help of this account.



Insurance: Low-income households and micro, small and medium enterprises are particularly vulnerable to accident and life risks which pose heavy financial implications for their families. Insurance provides low-income households with the means to protect themselves against

these risks. NESFB and ESAF SFB, in addition to providing credit life insurance, are also offering insurance cover with savings products. As at 31 March 2021, 7.5M people were provided insurance cover.



Pensions: Pensions help people living in poverty, whose retirement age and longevity are lesser than average, support themselves and live with dignity in the later years of their life. Four of our partners are offering a micro-pension product through the government of India's NPS Lite Pension Scheme. The MFIs collect the payments from the clients and put their deposits into a government-approved pension fund. As at 31 March 2021, 638K clients were enrolled under the scheme.



Water and Sanitation Loans: Lack of access to safe and affordable water, sanitation and hygiene (WASH) infrastructure creates significant cost for people living in poverty in terms of illness, lost time and productivity. Improved access to on-site water and sanitation brings dignity, safety, and privacy to the family, especially for women and children. As at 31 March

2021, five of our partners had 59,158 water and sanitation loans outstanding.



Housing and Home Improvement Loans:

Owning an asset ensures safety and health of people living in poverty and protects them from vagaries of life. The home improvement loans offered by nine of our partners are designed for those households without access to formal mortgage loans and who wish to expand/improve their dwellings. As at 31 March 2021, five of our partners disbursed a total of 9,236 home improvement loans.



Business/Enterprise Loans: The SFBs can offer larger sized loans than their microfinance counterparts for entrepreneurial activities. ESAF SFB provides loans up to ₹1,000K for purchasing assets, business expansion, working capital requirements etc. and any long term/working capital requirements in the manufacturing/trading/service segments and agriculture. The loan size for these loans ranges from ₹50K to ₹1,000K. NESFB offers a similar loan product for entrepreneurial activities with loan sizes ranging from ₹10K– ₹500K.



Education Loans: If the poor are well-educated, well-trained or are equipped with necessary skills, they can attain a better socio-economic status and enjoy better health and employment prospects. Clients are provided loans to finance the school fees of their children and also to purchase other necessary items like books and stationery. As at 31 March 2021, three of our partners had a total of 76,025 education loans outstanding.



Agriculture Loans: These loans are extended for financing agricultural activities including farm credit, agriculture infrastructure and ancillary activities. As at 31 March 2021, five of our partners had a total of 951,373 agriculture loans outstanding.



Energy Efficiency Initiatives: A large section of the population does not have access to electricity and clean cooking options. To provide access to adequate, affordable, reliable, safe

and environmentally friendly energy for lighting and cooking purposes, our partners offer loans to finance solar lights, LPG connections and biogas stoves. As at 31 March 2021, four of our partners had a total of 14,820 energy loans outstanding.



Health Training: Our partner Cashpor recognised that a large proportion of its clients suffered from poor health practices and health outcomes, driven by lack of awareness and understanding of basic and life-saving health knowledge such as nutrition, sanitary practices and neo-natal care. Through partnership with Healing Fields Foundation, 3,561 SHG members will have been trained as health leaders by the end of March 2021. After six months of training, the women go on to deliver health advice to about 250 families each. By 31 March 2021, 4.5M people had been reached.

The clients can spend a major portion of their savings on treatment of illness. To serve this need, Cashpor is providing

health check-up / treatment facilities through e-clinics in remote areas. Cashpor in consultation with M-Insure has evolved a model where it will provide the primary health care benefits to Cashpor clients. Qualified and specialised medical doctors available to Cashpor's clients on a daily basis through video conferencing on Google Meet. Clients get access to a toll free number to consult a MBBS certified doctor that speaks to them in their mother tongue, 24 by 7 from the ease of their home. As at 31 March 2021, 527K clients and their family members have benefitted from Cashpor's e-clinics.



Financial Literacy and Digital Literacy Trainings: The next wave of growth in the MFI industry will be driven by digital financial inclusion of low-income consumers. Digital financial education is necessary to provide people with the tools required to make informed decisions about financial matters, which is imparted to clients in the financial literacy sessions. During the 2020-21 financial year, 204K members benefitted from the financial literacy training.

Products and Services

(As at 31 March 2021)

Products and services	Loan clients	Savings accounts	Pension accounts	Insurance holders	Number of branches	Income generating loan	Sanitation loan	Water loan	Education loan	Agriculture loan	Energy loan	Home Improvement Loans	Consumer durable goods	Individual business loan	Cattle loan	Financial literacy training	Health training
Adhikar	102,849	–	–	205,698	76	✓	✓	✓	–	–	✓	✓	–	✓	–	✓	–
Annapurna	58,036	127,624	32,771	256,012	22	✓	–	–	✓	–	–	✓	✓	✓	–	✓	✓
Cashpor	1,075,080	–	183,637	1,559,069	656	✓	✓	✓	–	✓	✓	–	–	✓	–	–	✓
CDOT	–	60,84,740	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
ESAF SFB	2,351,417	4,460,843	422,112	2,599,396	550	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	✓	–
Go Finance	77,174	–	–	141,758	33	✓	–	–	–	–	–	✓	–	✓	–	–	–
NESFB	574,274	48,6813	–	1,148,548	214	✓	–	–	✓	✓	–	✓	–	–	–	✓	–
Pahal	326,504	–	–	588,130	175	✓	–	✓	–	–	–	–	–	✓	✓	–	–
Prayas	18,273	–	–	36,330	21	✓	–	–	–	✓	–	–	✓	✓	✓	–	–
Satya	499,164	–	–	998,328	187	✓	✓	✓	–	✓	–	–	✓	✓	✓	✓	–
Total	5,082,771	11,160,020	638,520	7,533,269	1,934	4,942,758	59,158		76,025	951,373	14,820	9,236	106,513	2,504,632	10,721	204,766	491,720
% change over previous year	↔	▲ 9%		▲ 2%													

Creating Opportunities with a Small Banking License

ESAF SFB mitigated the impact of the adverse developments during the year through a strategy of “Collaborate. Leverage. Surge.” This helped them take suitable steps to restore confidence of their customers and employees and return to normalcy.

COLLABORATE— engage, listen and act. ESAF SFB’s aim is to collaborate internally and externally for better infrastructure, technology, products and processes, resources, promote multiple products, and reach out to more and more customers

LEVERAGE— optimum utilisation of resources. ESAF SFB continually leverages the power of technology, human capital, and a widespread community reach to deliver across channels: branches, business correspondents, and digital channels

SURGE— as they collaborate and leverage across the ecosystem, an outcome is how they surge ahead and translate these into concrete goals. Their aim is to improve market share and expanding their presence, in numbers as well as geographies

Support for COVID-19 Relief

As part of their CSR initiatives:

- ESAF SFB supported mobile ‘Bandhu Clinics’ to cater to the medical needs of migrant workers, especially from Eastern India, and set up dedicated helpline numbers;
- Launched COVID Care Loan, a pre-approved loan with four months moratorium for restarting establishments; and
- Launched a Micro Business Loan (MBL) for small traders.

Since the process of IPO had to be kept on hold due to the uncertainties faced due to the COVID-19 pandemic, the ESAF SFB Board in its meeting held on 6 March, 2021 decided to withdraw the Draft Red Herring Prospectus (DRHP) filed by the bank and also to infuse capital through private placement of equity shares to enable further expansion of business. In June 2021, ESAF SFB decided to resume the IPO activities towards the compliance to the licensing conditions and refiled the DRHP on 25 July, 2021 to raise ₹10B and the final observation of the Securities and Exchange Board of India (SEBI) is awaited.

Vision

To be India’s leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood, and economic development as a whole.

Mission

To provide responsive banking services to the underserved and unserved households in India, facilitated by customer-centric products, high-quality service and innovative technology.

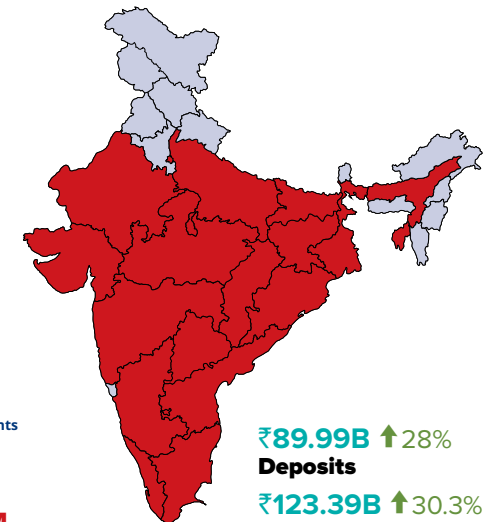
Product Verticals



Multiple Channels of Customer Engagement



Expanding Outreach



Geographical Coverage & Statistics

21 States and Union Territories	550 Total Banking Outlets
421 Customer Service Centers	4.7 M Total Customers
12 Business Correspondents Entities	158 Banking Agents/ Customer Service Points

Customer Profile

3.9M MFI customers	753K Retail customers	2.34M Women borrowers
------------------------------	---------------------------------	---------------------------------

₹89.99B ↑28%
Deposits
₹123.39B ↑30.3%
Total Assets
₹84.15B ↑27.4%
Gross Advances

Creating Opportunities with a Small Banking License contd...

Mission

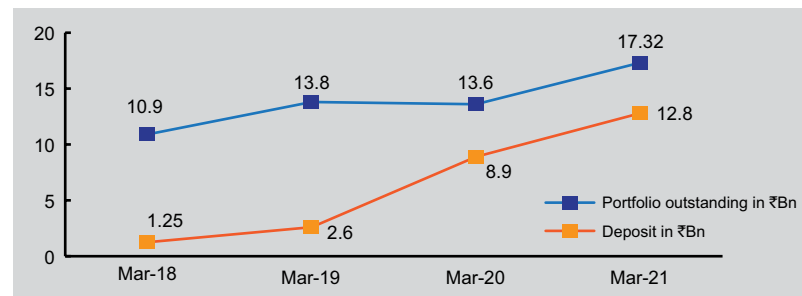
Preferred Banker for all financial needs by providing suitable products and services in a timely, convenient and responsible manner, through doorstep banking and use of technology, thereby leading to sustainable growth of the community at large.

In order to uplift and promote the various traditional economic activities practiced in this region, NESFB provides customised loan products for low to middle income people. They also offer convenient deposit products like daily deposit schemes and micro insurance schemes for life, health and general to help the low and middle income families of society, through multiple digital banking channels – internet banking, mobile and SMS banking.

Their Core Banking System forms a base for offering these products and other banking services. Bank has implemented feature rich digital channel applications like Retail Internet Banking, Mobile Banking (both on Android and iOS), Corporate Internet Banking and SMS banking, through which customer perform their banking transactions easily. NEFT, RTGS and IMPS

payment systems are enabled at the branches and digital channels. The bank has launched its NESFB Rupay Debit card. It has rolled out its own ATM network and implemented Tab Banking project to reach the door steps on the unbanked population in remote areas.

NESFB faced several challenges during the Financial Year 2020-21. The MF Ordinance Bill for regulating the microfinance sector in Assam and announcement of loan waivers as part of electoral promises have created a negative environment for the market participants. NESFB tried best to make borrowers aware of maintaining credit discipline but a large segment of borrowers now awaits final loan waiver announcement.



Expanding Outreach

09 State Covered	214 Branch Network
₹17.32B Loan Portfolio	735 lakh No. of Customers
2025 Staff Strength	₹12.8B Deposit Balance



CASE STUDY: SHEFALI PRAMANIK PAUL

Shefali Pramanik Paul lives in a small village in Sonapur, a small town in the state of Assam along with her husband and two children. Shefali earned a living by rearing milking cows and selling the milk in a local market while her husband worked as a daily wage labourer. In 2009, she took a loan of ₹10K from NESFB (then RGVN[NE]).

Back then, there was no grocery store in the vicinity of their locality and she decided to invest the borrowed funds in opening a grocery store which gradually flourished into

a prominent store in the locality. Shefali, currently in her eighth loan cycle gradually increased her loan amount to diversify her business. Her husband started his own wholesale business in coconut and betel nut. They have now bought an e-rickshaw as well for commercial use.

Besides carrying stocks for the family shop, her husband ferries passengers and goods during the entire day. This is how the family has made considerable economic progress with financial assistance from NESFB. Both Shefali Pramanik and her husband are very thankful to NESFB that has helped them grow.

Building Health Knowledge and Well-Being for all



THE NEED

The United Nations Sustainable Development Goals has stressed the importance of healthy individuals and has the third Goal as “Ensuring healthy lives and promoting the well-being at all ages is essential to sustainable development”. This stresses the need for good health leading to improved quality of life and in turn contributing to country’s development.

Women have a critical role to play in all of the SDGs, with many targets specifically recognising women’s equality and empowerment as both the objective, and as part of the solution. Women play a pivotal role in ensuring good health of their families. Women with poor health are more likely to give birth to low-weight infants. They also are less likely to be able to provide food and adequate care for their children. Finally, a woman’s health affects the household economic well-being, as a woman with poor health will be less productive in the labour force. Among several reasons leading to health problems, strong correlation is observed between illiteracy and women’s health. It has been found that children of illiterate mothers are twice as undernourished as children of literate mothers.

India’s adult literacy rate is at 73.2 per cent¹⁵. While the country has made significant progress in improving literacy over the years, it continues to be home to 313 million illiterate people; 59 per cent of them are women.

OUR RESPONSE

Building Health Knowledge - Community Health Facilitators

Approximately 70 per cent of common illnesses in developing countries are preventable — lack of access to health services and knowledge means many preventable illnesses continue to prevail. Open defecation is still prevalent in India, leading to pollution and the spread of diseases meaning preventable diseases such as diarrhoea can be deadly.



3,561 Health leaders have been trained as Community Health Facilitators



4.5M People reached

Health Livelihoods

Health leaders are completing further training to become Community Health Entrepreneurs. The health entrepreneur pilot aims to equip health leaders with high-demand but hard to access health products – including sanitary napkins, hand wash, dishwashing liquid and toilet cleaner. The health leaders are then provided with a stock of these products to sell in the communities they serve.

Basic Care Providers are health leaders trained in first-response emergency care. Their training was completed using a curriculum designed in collaboration with Stanford University.

2,680 health leaders involved in the livelihood program

294K products sold by CHF’s during the year

₹6.1M value of health products sold by CHF’s during the year



CASE STUDY: NAVIHAN

After Navihan lost her husband 10 years ago she struggled to feed her young children. Her situation seemed bleak—until she was approved for a small loan from our partner, Cashpor. Navihan used the loan to start a roadside stall, which she has been running ever since.

In their small village of around 200

households, high rates of open defecation and poor water quality lead to illnesses like typhoid and diarrhoea. When Navihan learned of the Community Health Leader training classes she went along largely out of curiosity, but she soon found the lessons useful for her own family. She taught her children how to wash their hands, and soon noticed their overall health improving.

Encouraged, she completed the training and

started sharing the principles she had learned with her community. She began incorporating handwashing training into her after school lessons with 60 children, encouraging them to share the message with their own families. Navihan is now considered a true leader in her community, and the overall health of the village has improved. She is proud that her community is a clean place where families are healthy, and hopes to continue educating those around her with important messages about their health.

Providing Access to Healthcare Facilities



The clients spent a major portion of their savings on treatment of illness. Recognising their clients' heavy expenditure on treatment of their families, by the clients, Cashpor is now providing health check-up / treatment facilities in remote areas.

Cashpor in consultation with M-Insure¹⁷ has evolved a model where it will provide the primary health care benefits to Cashpor clients.

- Qualified and specialised medical doctors available to Cashpor's clients daily through video conferencing on Google Meet
- Doctor on call: Clients get access to MBBS

certified doctor that speaks to them in their mother tongue, 24 by 7 from the ease of their home

- Clients can avail of certain free amenities along with doctor consultation i.e. temperature, blood pressure and weight check, etc. and there are certain paid amenities (sugar and pregnancy tests are provided at a minimal cost) to have a quality diagnosis at the health centre.

336

Cashpor e-clinics

527K

people benefitted from the e-clinics and doctor on call



Cashpor clients accessing health services provided by Cashpor.

Cashpor's e-clinic is enabled with a computer, webcam and internet facility. Through this facility, both the patient and doctors at M-Insure can connect and the doctor can prescribe medication after consulting with the patient. Each clinic has a female health worker (CHF) who will facilitate the interaction between the patients and the doctor, helping the patients converse with the doctor to ensure correct diagnosis.



CASE STUDY: CASHPOR E-CLINIC

Geeta Devi, a resident of a village in Jaunpur district is a client of Cashpor. She acknowledges that there is lack of affordable healthcare facilities in her village and they end up procrastinating health issues until they become very severe and consulting a doctor becomes inevitable. Geeta, an active client of Cashpor, regularly attends the group

meetings in which she learnt of the doctor on call facility provided to all clients at a very affordable price of ₹350 annually. After learning about this facility, she immediately enrolled for it. She shared that her daughter complained of a pain in her leg and itching issues for a long time. She consulted various doctors, but she was not cured by the treatment she received. She then decided to avail the doctor on call facility provided by

Cashpor. Her daughter explained her issue to the doctor and the prescription was shared on their mobile phone by the doctor. Her daughter followed the prescription and got relief from the pain and itching in her legs.

She is thankful for the difference Cashpor is making in the life of its clients by providing healthcare facilities in addition to providing them loans.

¹⁷ M-Insure is a Digital Micro-Insurance & Health Services company that provides a one-stop solution for all health care needs – preventive as well as primary health care and Insurance, covering the entire health journey of low-income population of India.

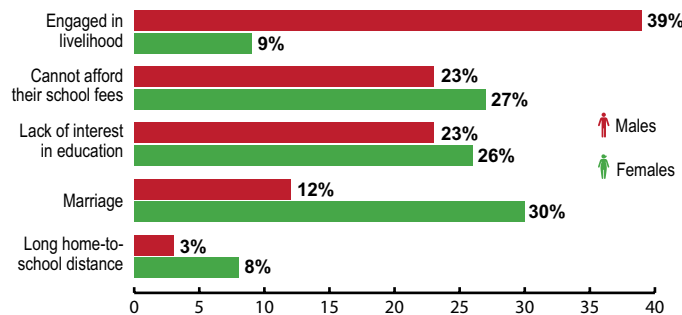
Increasing Access to Education



Cashpor found continuing signs of poverty amongst clients, even after five years of regular borrowing as per the impact surveys conducted every year. The results from the survey showed opportunities for providing health and education services to their clients living in poverty. Recognising this, Cashpor provides remedial educational services to children of their clients through their education centres. There is a clear focus to improve the quality of educational outcomes through their program. As stated in UNESCO’s 2014 report “Sustainable Development Begins with Education,” accessible quality education is essential to achieving all of the Goals, including poverty: by increasing income, offering better livelihoods, and reducing chronic poverty.

THE NEED

Cashpor conducted a survey of 26,513 children of their clients in 2021 in the five states in which it operates to determine the reason for dropout among children. Among the surveyed children, 4,121 children (16 per cent) were dropouts, of which 64 per cent were male and 36 per cent were female.



OUR RESPONSE

Remedial education services before and after school

Cashpor Education Services

In these education centres, the children of clients receive remedial education before and after regular school, by teachers trained and monitored by PRATHAM, an Indian Education NGO, who also provide teaching material. Parents pay small fees to cover ten per cent of the cost, Cashpor supplies



Cashpor Education Centre

another sixty five per cent from its annual surplus, and Cashpor’s BC Banks provide the remaining 24 per cent from their Corporate Social Responsibility funds.

THE IMPACT

Cashpor conducted an impact assessment of the program at the end of the year by means of an assessment of the children’s grades received. More than 90 per cent of the students have shown an improvement in the knowledge of English, Hindi and Math subjects by at least one grade.

1,178
CECs

35,175
children benefitted



CASE STUDY: NANDANI KUMARI

Nandani Kumari, a student of class six, lives in a small village in Buxar in the state of Bihar. Her mother, Vidyavati Devi is a Cashpor client. Nandani aims to qualify for a government job so that she can support her family income. She was very focused on her education since her early years.

During her group meetings, Nandani’s mother learnt about Cashpor’s remedial education

services, where a qualified tutor provides tuition classes before and after school to children. Learning about these tuition classes, Nandani joined these tuition classes and attended the sessions regularly. She was a good student and picked up concepts very easily. With her hard work and dedication, she qualified for Navodaya Vidyalaya exams which is an All-India central government entrance examination

for admission to class sixth/ninth/eleventh. These schools provide free education and residential facilities for children and are run by the government. She attributes her success to the tips and tricks she learnt during the tuition classes to crack the entrance examination. Now, she is a step closer to her dream with the help of the education services provided by Cashpor.

ESAF SFB: Digitising Customer Journeys

The digital channel is a key component of ESAF SFB's strategy. As customer preferences have shifted in the last two years since the pandemic occurred, they have introduced state-of-the-art technology and processes across all their operations to enhance customer experience. Going forward, they will continue to introduce technologically advanced solutions to further customer-centricity.

With large-scale changes in customer expectations, given the COVID outbreak, ESAF SFB aimed to move customers on digital platforms and to achieve human touch and greater personalised service through digital channels to reinvent customer experience. Expansion of consumer base was only possible on account of adoption of modern technology platforms.

Offering varied platforms

ESAF SFB is offering various digital platforms to its customers, including internet banking portal, mobile banking platform, SMS alerts, bill payments, and RuPay-branded ATM/debit cards. All banking and payment transactions, such as remittances and utility payments, can be completed through these platforms. Customers can register their savings accounts on unified payment interface based mobile applications. ESAF SFB is working to enhance their technology platforms to increase the adoption of service delivery mechanisms.

Reducing turnaround time

Account opening and loan underwriting processes have been digitalised by using tablets, which reduce turnaround time and offer better service to customers. Customers are provided with pre-generated kits immediately upon account opening, enabling them to use the ATM/debit card immediately.

Digitalised central processing

ESAF SFB has a digitalised central credit processing unit for their microfinance loans. They leverage technology for underwriting and credit sanctioning for their loan products based on inputs from credit bureaus and/ or customer data analytics. Their technology solutions enable cashless disbursement and collection of loans through the use of mobile applications, helping improve customer service and delivering services more cost effectively.

Leveraging artificial intelligence/ machine learning (AI/ML)

As they enhance their digital capabilities to adapt during the crisis, they are also exploiting the opportunity to systematically collect relevant data and create connected experiences. They perform reliable data analytics, resulting in more efficient risk management processes, targeted customer profiling and offer customised products to suit diverse requirements. They are evaluating the possibilities of leveraging AI and ML to help save precious labour hours. The availability of multiple data sources helps cross functional departments create a strong storyline.

ESAF SFB have opted for Oracle's Autonomous Data Warehouse and Analytics Cloud Service. While some of their solutions are already cloud-hosted, cloud will form a key part of their future strategic IT decisions. They can make large-scale use of analytics backed by data visualisation and AI/ML to draw inferences and make quick decisions.

From an insight to decision cycle time perspective, their team has been helping their stakeholders

ESAF Bank FinTech Conclave was a highlight event in 2020, aimed at identifying companies and solutions which could assist the bank to move to the next level in digital transformation. They witnessed an overwhelming response from FinTech companies. More than 140 companies showcased their solutions with a futuristic outlook in areas like retail banking, analytics, payments, lending, reg-tech, treasury etc. In all, seven companies were shortlisted. They will collaborate with ESAF SFB Bank to create customised offerings that help customers surge ahead in their digital journey.

access core business analytics on T+1 basis. Further, they are in the process of integrating more industry data in order to derive a more realistic picture of market level customer behaviour, and accordingly, look to fine-tune business targets and underlying products and services.



CDOT's Digital Financial Services

Lack of access to basic financial services is still a major challenge in India. The Business Correspondent (BC) Model was initiated by the Reserve Bank of India (RBI) in 2006 to promote financial inclusion in India. RBI allowed banks to provide services at people's doorsteps through the use of third-party service providers – typically commercial banks.

Realising the potential impact of the program, and to meet the unfulfilled need for financial products like savings, pensions etc. of its microfinance clients, CDOT started the BC program in 2011 in Bihar. Since then, CDOT has been implementing its BC program in five states covering 6.7M clients. As at 31 March 2021, 1,300 BC agents appointed and managed by CDOT were serving 6,007,321 saving clients with 232,572 clients being provided insurance services and 50,563 clients being provided pension services. In financial year 2020-21, their BC agents have opened the savings account of 140K customers and successfully enrolled 222K people through pension and insurance schemes.

However, the BC agents earn only a small commission on every transaction, which is often limited by the geography and the population that they serve. It also varies from one season to another. In many cases it is not sufficient to motivate women to continue as BC agents and may result in dropouts. Thus, CDOT has been working on the convergence of financial inclusion and an alternate business model to enable women BC agents to use alternate business and e-commerce platforms to generate the demand for additional services in the local markets. At present, 151 women BC agents have been trained on creating demand for villagers for using these platforms and from which they earn a commission for every order.

CDOT has been working with Amazon to help them develop logistics in the rural markets of Bihar and create a delivery value chain through BC agents. This is a viable model and can be seen as an additional alternative business for BC agents because of its potential to improve their income. Similarly, CDOT has started its own hyper-local e-commerce business with support of VILL-KART (an online platform for farm-fresh products) and Grameen Foundation India and piloting the model with 20 selected BC in Nalanda district of Bihar.

With Opportunity International USA, CDOT has been implementing a pilot women agents' digital training program, to be conducted over a six-month period. This program aims to develop a scalable model providing employment opportunities for women in India by supporting these women to become BC agents. The training program will improve the knowledge of women on digital and financial inclusion through comprehensive training methods. This pilot project is to test the effectiveness and feasibility of two components: an apprenticeship model and a community-based training model.

- Under the apprenticeship model, the project will equip BC agents to become trainers of apprentices, enabling these apprentices to develop the knowledge and skills required to become a BC agent
- Under the community-based training model, the project will equip the BC agents and apprentices to conduct community-based trainings aimed at empowering their communities, especially women and girls, through financial and digital skills training. If found successful, these components may be integrated into future programming at CDOT.



CASE STUDY: NISHA SINHA

Nisha Sinha, 27, is an entrepreneur living in a small village in the Nalanda district of Bihar, with her husband and two sons. She got married at an early age and was only able to complete her education until class 12. With the aim of earning a living to meet the growing needs of her family and also to support her children's education, she became a member of the local self-help group. During a digital literacy campaign in her village, conducted by CDOT's district coordinators, she expressed her interest

in becoming a business correspondent agent. She did not receive support of her family as it entailed an investment of ₹100K. Fortunately, she received financial support of ₹75K from JEEVIKA¹⁸. She is running her own centre now and earning around ₹8K from an average 4-5M transactions per month. She also completed a certificate course from IIBF (Indian Institute of Banking and Finance), which is mandatory for becoming an agent, which gave a boost to her confidence level. She equipped her centre with a photocopy machine using her income, and also completed a beautician course to earn additional income.

18 The Government of Bihar (GoB), through the Bihar Rural Livelihoods Promotion Society (BRLPS), an autonomous body under the Department of Rural Development, is spearheading the World Bank aided Bihar Rural Livelihoods Project (BRLP), locally known as JEEVIKA with the objective of social & economic empowerment of the rural poor.

Building Climate Change Resilience through Microfinance

In the last year, the COVID-19 pandemic has demonstrated that the path to ending global poverty is not a smooth one. Looking more broadly, climate change – like COVID-19 – represents a serious and increasing threat to our clients and partners, and to our efforts to reduce poverty. The UN has stated that ‘climate change threatens to undo the last 50 years of development, global health and poverty reduction.’

Unlike COVID-19, the impacts of climate change will be felt over the very long term. At the same time, we have significant advance warning of the future impacts of climate change – not least because a number of our partners have already experienced severe impacts on their operations and clients from extreme weather events – and we can take actions to prepare our partners and help our clients adapt to reduce the risks that the changing climate brings.

Opportunity International undertook research in 2021 to better understand the climate risks that clients are exposed to, how MFIs can reduce these risks (and the risks to their institutions) and the role that Opportunity, Dia Vikas and our partners can play in building climate resilience in clients.

This research suggests a range of actions that MFIs could take to reduce climate risks:

- Existing terms and conditions of financial products could be tailored to offer flexibility in the face of extreme weather events
- Smallholder farmers see a need for better weather forecasting, and training on how to adjust crops and farming techniques to better cope with a changing climate
- Some of the most vulnerable clients are those who are most at risk of exclusion from financial services as their smallholdings may be considered too marginal for lending

A number of our partners have already developed programs to reduce climate risks: clean energy product loans for purchase of solar-based power generators, biomass-based power generators, non-conventional energy based public utilities viz. lighting systems, solar inverter etc. (ESAF SFB), carbon emission mitigation programs (Cashpor tree planting), and agriculture and livestock insurance (Satya/Pahal). In the past, our partners have supported their clients during extreme weather events. For eg., during the Kerala floods in 2018 and 2019, ESAF SFB had provided emergency funding in the form of ‘Uddhan loans’ to its clients for rebuilding their livelihoods and meeting expenses. We will work with our partners to understand how we can apply lessons learned from Opportunity’s research to expand the services partners offer in support of climate resilience.

We are developing a toolkit and guidance for our partners to help in assessing and managing climate risks. Though we can confidently say that climate change will impact the majority of our clients, the specific risks and impacts vary significantly from area to area. Opportunity International has endorsed the WRI Principles for Locally Led Adaptation as we believe that

Opportunity shared the results of its climate research in 2021 in a number of forums including the World Forum on Climate Justice, COP26 (Resilience Hub Practitioners’ Event) and Financial Inclusion Week 2021. Opportunity shared the stage at these events with CGAP, CFI (Centre for Financial Inclusion), AFI (Alliance for Financial Inclusion), UK CDC Group, CGIAR (Consortium of International Agricultural Research Centers) and others.

microfinance can give a voice to local communities in climate adaptation solutions through the microfinance network that reaches into remote and rural areas.

We also support the development of microfinance sector best practices in environment, both to minimise the impact of the sector on the environment and to best support clients with the environmental risks that they face. We have contributed to the development of these best practices and will promote them across our partner network when they are launched in 2022.



Krishna Ramadey, NESFB client

Insuring for Climate Change: Client stories from the field

Satya and Pahal have received debt support from the Insuresilience Investment Fund which supports the launch of a new livestock loan product bundled with insurance, which will cover climate risks to protect the livelihoods of its farmer clients. With agriculture being the bread and butter of thousands of farmers in India, the need for cattle is only increasing. Satya's cattle loan facilitates the beneficiaries of credit services to secure their livestock by means of cattle insurance for income generation and growth purposes. This loan category is primarily aimed at the rural populace to facilitate cattle and related income generating activities. The loan amount for this loan ranges from 35K to 80K with a tenure of 2 years.

Pahal offers this loan as an individual loan to its clients who need financial support to maintain their cattle or develop the dairy business. The ticket size of the loan ranges from 225K to 600K with a typical tenure between 30 to 48 months. Cattle insurance is offered as a non-compulsory insurance with the loan whereas life insurance is bundled with the loan product. An added feature of this loan product is that the client's life insurance premium is refunded if all the loan instalments are paid in time throughout the loan tenure.

Sonalben resides in a small village in Gujarat with her husband, and two children, a 5-year-old son and a 3-year-old daughter and her in-laws. It was always her dream to provide her children with quality education.

However, the income from her husband's job and the small family agriculture work that she had supported her husband with were insufficient to cover the entire family's monthly expenses including medical expenses of her in-laws. It was especially difficult for them during the lockdowns as their savings were wiped out.



Sonalben discussed with her husband about purchasing a cow so that they could earn additional income by selling milk. Conscious of the high-cost price of a cow, she decided to search for alternative financial support. She chanced upon **Satya MicroCapital** which offers a cattle loan product. Because the loan comes with insurance that would compensate Sonalben in the event that the cow is lost, she had the confidence to make the investment and convinced her husband to take the loan to improve their family financial situation.

From their savings, together with Satya's loan, they purchased a cow – this became a life-changing decision for them. They were able to produce sufficient milk to sell to cooperatives. With that extra stable income, Mrs. Sonalben provided her family with a better life and used that amount to pay for her children's education. She is a role model for other women in her village who are experiencing similar difficulties.

Manisha Ben Sindhabhai Gamara, Pahal client

Narshin Bharwad lives in a modest home in Khabhat in the Indian state of Gujarat. Cattle is a single source of livelihood which feeds his family of nine. He has availed an individual loan of ₹200K in the first cycle and ₹300K in the second cycle from Pahal to purchase cattle. The loan product has cattle insurance bundled with the loan product.

Narshin's lost one of his cattle during the loan tenure. In a vanilla loan product, he would have lost his source of income from the cattle and at the same time would have to use up his savings to purchase another cow. His prudence to purchase cattle insurance at a small fee saved him this financial burden. With a very small premium amount, he safeguarded his investment and secured his only source of livelihood. He received a total of ₹50K from the insurance claim that he filed with ICICI Lombard- the third-party insurance service provider. Using this he purchased cattle and safeguarded the source of income for his family.

He thanks Pahal for safeguarding his cattle and his family.



Are We Meeting Client Needs?

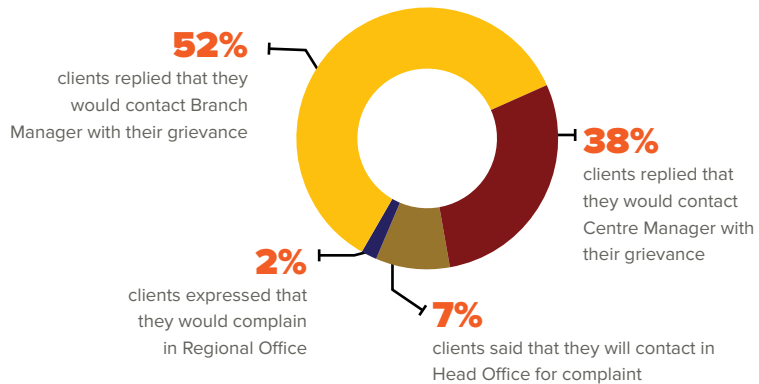
Cashpor conducts a client satisfaction survey every year to determine the satisfaction level of its clients with its products and services. It also measures the awareness level of its clients regarding the products and services in this survey.

Awareness Level

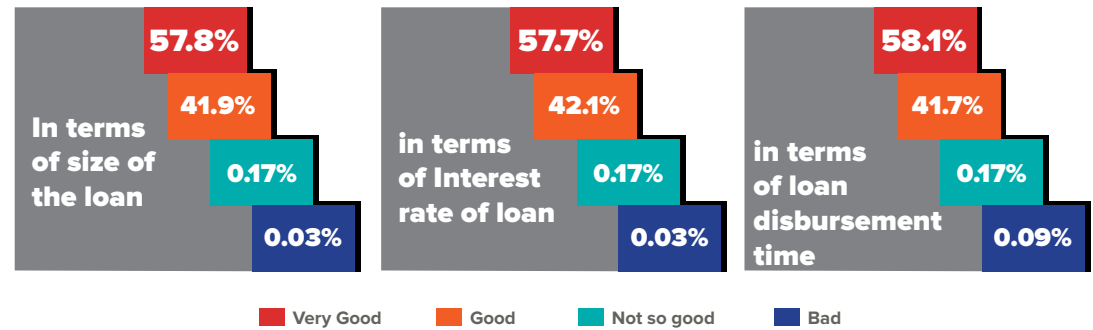
It was observed that those clients who were directly involved with the usage of the loans taken were more aware about the current outstanding amount, number of weeks they repaid, their instalments and the rate of interest on the loan. Data shows that a significant proportion of the clients i.e. **80%** were aware about the **insurance fee**.



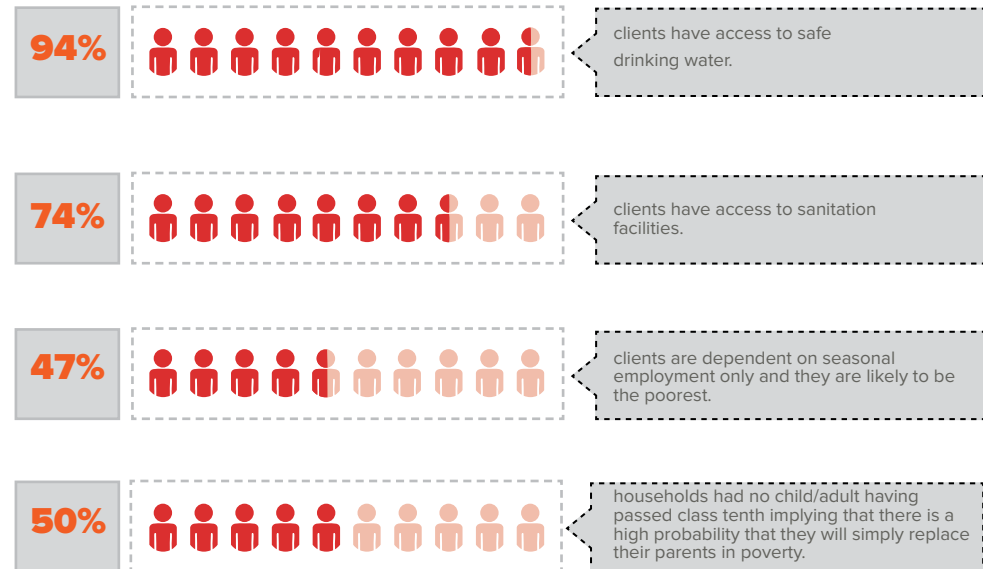
All the clients were aware of the grievance redressal mechanism and when asked whom they would contact in case of a grievance, following results were obtained:



Satisfaction with products and services (Total 13,800 clients)



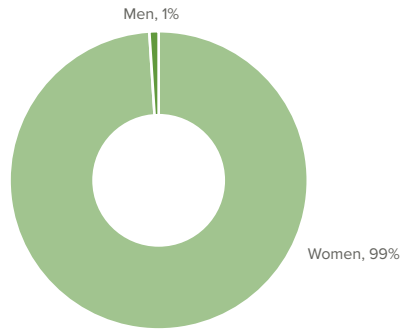
Standard of Living



Examples of Social Performance Dashboards

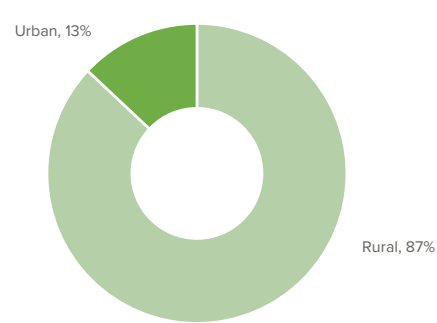
SOCIAL GOAL 1 To reach the People at the Bottom of the Pyramid

Outreach by gender



Gender target: 65-70% female clients

Outreach by area category



Area category target: 65-70% in rural areas

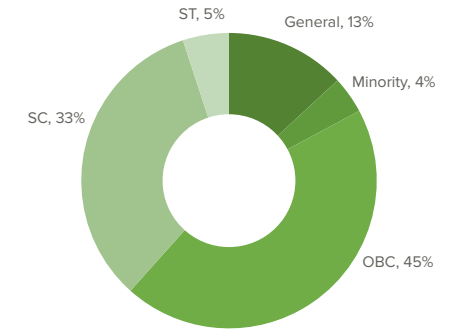
Access to formal loans (1st loan cycle clients)

% of the total clients have access to formal loan for the 1st time

43.7%

Access to formal loans Target: 35-40% of clients

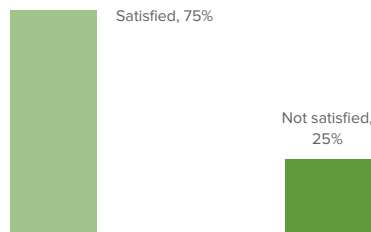
Clients from marginalised sections



Clients from marginalised sections: 35-40% who are OBC, Minority, SC, ST

SOCIAL GOAL 2 To be preferred choice of BOP by providing holistic products and services

Client Satisfaction Levels - Overall



Client Satisfaction Target: 70%

Access to credit life insurance

CLI Coverage	●	●	●
Claim Settlement	●	●	●
Claim settled < TAT	●	●	●

Areas	Target	Ach.
CLI Coverage	95%	99%
Claim Settlement Ratio	98%	96%
% Claim settled with TAT	96%	99%

Access to credit life insurance

Hospicash Coverage	●	●	●
Claim Settlement	●	●	●
Claim settled < TAT	●	●	●

Areas	Target	Ach.
Hospicash Coverage	75%	99%
Claim Settlement Ratio	90%	85%
% Claim settled with TAT	96%	99%

Other indicators

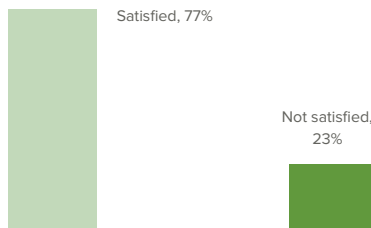
Client Conversion Rate

70% v/s 84%

Client's Financial Literacy Programme

1200 v/s 1200

SOCIAL GOAL 3 To be a responsible organisation for the employees



Staff Satisfaction Target: 65%

Staff retention rate

81%

Target: 65%

Employee Grievance Redressal

% of staff satisfied with grievances redressal

91%

% of staff complaints resolved in the defined TAT

97%

Target: 90%

Other indicators

Areas	Target	Ach.
Staff exit survey	100%	83%
Employee induction training	100%	100%
Employee refresher training	100%	100%

Examples of Social Performance Dashboards contd.

Parameters	Quarter ending 31 March 2021											
	Target	Achievement										
% of rural outreach	85%	84.8%										
% of reach in unbanked rural areas	25%	34.73%										
Backward communities (SC/ST/OBC)	60%	64%										
% outreach to persons with disability	2%	1.7%										
% of clients living below poverty [\$4.00 per day- PPI]	60%	52.81%										
% of clients employed (including self-employed)	90%	83%										
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Existing</th> </tr> </thead> <tbody> <tr> <td>Agriculture</td> <td>36.9%</td> </tr> <tr> <td>Self Employed</td> <td>15.6%</td> </tr> <tr> <td>Daily wages</td> <td>27.5%</td> </tr> <tr> <td>Salaried</td> <td>5.1%</td> </tr> </tbody> </table>	Particulars	Existing	Agriculture	36.9%	Self Employed	15.6%	Daily wages	27.5%	Salaried	5.1%
		Particulars	Existing									
		Agriculture	36.9%									
		Self Employed	15.6%									
Daily wages	27.5%											
Salaried	5.1%											
% of clients self-employed in micro enterprises	20%	15.6%										
% of customers who live in own house	95%	94.9										
% of customers having access to own toilet	98%	85.25%										
% of clients having access to own drinking water source	85%	90.7%										
Financial literacy outreach	200,000	140,692										
% of clients who are having a life insurance	70%	55.49%										

*Data samples are taken from Micro Banking Customers only



Cashpor client

Continuous Improvement Now and into the Future...

COVID-19 has upended the financial inclusion sector, presenting immense new challenges to our clients living in poverty, their households and businesses, providers, funders, and the broader sector ecosystem. Our clients were severely affected by the COVID-19 pandemic and had to resort to several coping mechanisms, including using their savings to meet their household expenditure, temporarily closing their business and laying off employees.

Our response to the COVID emergency and the funding support received by our partners from Opportunity International Australia for COVID-19 relief activities demonstrates the potential for our microfinance partners to be the last-mile connector supporting otherwise-underserved rural populations in extreme need.

In 2020, our partners ESAF SFB and Cashpor received funding support from Opportunity International Australia for COVID emergency rapid response and recovery. This activity comprised ambulance dispatch, telemedicine clinics, community outreach, vaccination camps, emergency food for families in isolation, insurance to protect front line truck drivers and provision of health education modules. This demonstrates the potential for our microfinance partners to be the last-mile connector supporting otherwise-underserved rural populations in extreme need.

Developing a global strategy on climate change

Opportunity has adopted the 'Principles of locally led adaptation' as a part of its global strategy on climate change. Adopting and implementing these principles will demonstrate our commitment to building climate resilience across our programs, while promoting effective locally based solutions. Through investing in locally managed partners, we already have a model that is based on locally led solutions.

A focus on promoting climate resilience across our partners and clients has very strong alignment with our model and priorities:

- a focus on extreme poverty; and addressing the disproportionate impact on women;
- a focus on data-driven interventions; and
- providing the last mile connection in services to vulnerable rural and agricultural communities

Using technology to streamline reporting on SPM

As at 31 March 2021, seven of our partners have migrated to reporting on their adherence to the Universal Standards

on Social Performance using the SPI online. Launched in May 2020, the tool offers several benefits over its previous Excel version and CERISE reported over 1,000 organisations registered in SPI and over 300 audits have been conducted using SPI online till June 2021.

Industry transparency Initiatives

We are reporting quarterly financial and operational data of our seven partners to ATLAS. This centralised reporting system will incorporate partners' social data from SPI, allow benchmarking by our partners with their peers, and also contribute to strengthened monitoring and evaluation of partners for our parent, Opportunity International Australia.



Kanjan Rajak, ESAF SFB client

Continuous Improvement Now and into the Future...

Endorse best practices in green microfinance

It is clear that financial and social sustainability objectives will not be achieved without considering environmental issues. Opportunity International Australia has been an expert reviewer in the upcoming best practices for green microfinance. Promoting adoption of these best practices – specifically requesting annual reporting – would be both a step in promoting awareness of the potential for maladaptation and would help us identify risks across the network. This would be an extension of the work that the SPM team already do to promote social best practices and reporting across partners. Our partner, ESAF SFB, is already reporting on the Green Index.

Promoting the Client Protection (CP) Standards

The pathway gives financial service providers a roadmap for implementing the CP Standards, one step at a time, and helps them stay on track, while getting public exposure. They would also be introduced to the new SPTF-CERISE certification framework as well. The new client protection certification which will allow the licensed certification agencies to offer certification assessments under the new unified methodology. This new methodology is based on the existing CP Standards, however instead of a pass/fail system, FSPs will now be awarded certification under a tiered recognition system: Bronze, Silver or Gold. We remain committed to client protection and supporting our partners strengthen their practices to industry best practices.

Building capacity of our partners for adopting best practices on SPM

We are currently providing support to our partner, Pahal, to strengthen their practices as per the Universal Standards on Social Performance Management. We have agreed to provide support to improve their processes as per Dimension 1 and 2 of the Universal Standards. The social goals of Pahal have been finalised by the Management in July 2021. The TA provider for the support is Ankuram Social Ventures.

Our partner, Satya has undergone a rating conducted by Agents for Impact to measure how their operations are contributing to the SDGs. Overall, the company obtained an A Rating based on a score of 82 per cent placing them in the top 20 per cent of the organisations having undergone the assessment.



Salma Begam, Cashpor client

Into the future...

During the year, the microfinance institutions saw their credit risk increase, resulting in an increase in provisioning ultimately impacting their profitability. Despite the challenges posed by the pandemic on the sector, our partners continue to measure impact of their programs in the lives of their clients. In response to the challenges faced by the clients, our partners have launched new products and services tailored to meet the needs of their clients. Some of the MFIs developed new innovative products or services - an adapted, efficient and sustainable solution to the health crisis we are facing globally. Some of our partners have collaborated with FinTechs to scale their financial products and services by leveraging technology. With the development in technology, the way in which microfinance institutions offer products and services to their clients is going to change.

Board of Directors

Saneesh Singh

Managing Director and Chief Executive Officer



Saneesh has more than 30 years' experience in the fields of development banking, financial inclusion, and social and impact investments. He leads Opportunity International financial inclusion initiatives in India — its largest operations globally. Saneesh has been closely engaged in institution building, mentoring, governance of ESAF SFB, NESFB, Cashpor, Satya and other leading microfinance institutions. He has been part of key committees and industry forums associated with impact investments, social performance, responsible finance, supporting SMEs etc. Saneesh had earlier worked in senior managerial capacities at SIDBI and was part of the core team that initiated SIDBI's highly successful microfinance program. He played a key role in start-up support and growth of Bandhan which is now a leading commercial bank (Bandhan Bank) in India. Saneesh is an Alumnus of London School of Economics, Indian School of Business and Harvard Business School and is also an Aspire Fellow and British Chevening Fellow. He is a member on the Skill Council of India's first National Skill University (SKSU) and steering group member of Social Finance India. Saneesh is a recipient of The ET Now and World BFSI Congress' 101 Most Influential BFSI Leaders Award 2020 and has co-authored 'Investing for Impact in BFSI Financial Inclusion and Fintech in India' released in 2021.

Scott Walters

Director, Member of Investment Committee



Scott was appointed Chief Executive Officer of Opportunity International Australia in July 2021. Having enjoyed a long and diverse career in the not-for-profit sector, including educational support for disadvantaged children, poverty relief, women's health, and early childhood intervention, Scott has led and managed the strategic development and growth in fundraising for a number of charities.

Scott was most recently the Chief Fundraising Officer for Bible Society Australia, and previously, he was Head of Strategic Partnerships for The Smith Family. With an extensive background in financial planning, stockbroking and marketing before his move to the for-purpose sector, Scott brings the depth of business and fundraising experience needed for the role, as well as a passion for alleviating poverty.

He has previously held roles at the CEO level of both listed and unlisted entities.

Mark Daniels

Director, Member of Investment Committee, Member of the Compensation and Nomination Committee



Mark joined Opportunity in 1998. As the Asia Programs Director he oversees Opportunity's programs in India, Indonesia and Bangladesh. Mark has more than two decades of experience in international finance, philanthropy and non-profit development, and has served on the boards for various organisations. Prior to Opportunity, Mark was a Senior Accountant at PricewaterhouseCoopers. Mark holds a Bachelor's degree in Business and Accountancy from the University of Technology, Sydney. He is a CPA and Member of the Australian Institute of Company Directors.

Marc Breij

Director, Chairman of the Risk Management and Audit Committee



Marc represents Cordaid on the Dia Vikas Board. Marc is co-owner and partner of Accent Advies, a governance and risk management advisory firm. Prior to joining Accent, Marc was a member of the Managing Board of WSW, a Dutch government guarantee scheme with more than AUM €85B in public social housing assets. Prior to that Marc managed Cordaid's investment fund, supervising more than €75M of investments in over 100 MFIs and MFI funds/ MIVs across three continents. Marc is also a board member of various microfinance investment vehicles. Before joining Cordaid, Marc worked for 20 years at ABN AMRO, predominantly in strategy development and global risk management. Marc became Chair of the Dia Vikas Finance and Audit Committee in October 2020.

Michelle Desa

Director



Michelle has more than 31 years of experience in trading equities and foreign exchange derivatives. A postgraduate in Finance from IIM Bangalore, she set up the Dealing Room and ran Global Markets for Chase Manhattan in India. Prior to that she worked for ANZ Grindlays Bank in Foreign Exchange and Risk Management. She has conducted Treasury and Risk Management programs for several corporate houses, commercial banks, business schools and central banks in South Asia.

Harry Turner

Director, Chairman of the Board, Chairman of the Compensation and Nomination Committee



Harry is the co-founder of the Talanton Impact Fund, a US-based social impact fund leveraging tax deductible money in Donor Advised Funds to make investments in Small Medium Enterprises in the developing world. He is also the co-founder of The Wheelhouse Group Ltd, a start-up shared office space provider focused on building community for start-ups and freelancers in the UK. Harry has also had significant roles – including investing in, consulting to and joining the board of a number of other start-ups including 3D Lifeprints, a start-up 3D printing company operating in the medical sector in the UK; Isity Global, a Singapore-based energy efficiency company acquired by Kollakorn Corporation Ltd (an ASX listed Company), and Openwell LLP, a UK-based social impact consultancy firm. Prior to this Harry was interim Head of Credit for Oikocredit International (a Dutch €1B social impact investment fund), Global Chief Operating Officer of Opportunity International, responsible for microfinance program support in 27 countries, and Division Director at Macquarie Bank, where he grew and led a virtual, global, shared services group, managing a team of 1,000 people.

James Stuart Brown

Director, Chairman of Investment Committee, Member of the Risk Management and Audit Committee



James has held senior finance executive positions at News Ltd, National Australia Bank and Colonial Australian Financial Services. He is the former CFO of GE Commercial Foodland Associated Ltd and Babcock & Brown Power. Prior to joining Opportunity, James was the CEO/business leader of ChargePoint Pty Ltd, Australia's leading electric vehicle charging network company which he sold to Leightons Contractors (Visionstream). James is a Fellow of CPA, a member of AICD and a Director of Southern Highlands Community Hospice Ltd, Blacktown Spartans FC and a Committee Member of Eurella Inc.

Abraham Chacko

Director, Member of Compensation and Nomination Committee and Member of Risk Management and Audit Committee



Abraham has four decades of experience in banking across various markets, namely: India, Middle East, Africa and Asia. In his last full-time role as the Executive Director of The Federal Bank Ltd, India where he was the second in command and oversaw Wholesale banking, SME, Agriculture and Financial Institutions. Prior to Federal Bank he spent 18 years in various countries with ABN AMRO Bank. Abraham was Deputy CEO UAE covering various countries in the Middle East between 1992 and 1999. Thereafter he moved to Colombo as CEO Sri Lanka and then to Singapore in 2001 as a Regional Head-Trade sales for Asia Pacific, Middle east and Africa and later covered Cash Management for Asia too. He started his career as a Management Trainee with HSBC India where he spent 14 years in various roles. He grew up in Kolkata and graduated from St Xaviers College and has an MBA from XLRI Jamshedpur. Since retiring in 2015, he has joined the boards of various companies as an independent director.

OUR TEAM

Manas Kumar Bid
General Manager



Manas holds a Post Graduate Diploma in Rural Management from Xavier Institute of Social Service, Ranchi and a Post Graduate Certificate in Finance Management from IIM Kozhikode. He has more than 23 years' experience in the microfinance sector. His areas of expertise include sourcing and screening suitable equity investment opportunities in India, performing due diligence, analysing financial statements, risk assessments, equity valuations and monitoring equity investment portfolios.

Manas joined Dia in 2007. He represents Dia on the boards of a number of Dia investees.

Saurabh Baroi
General Manager



Saurabh holds a Postgraduate Diploma in Rural Management and has more than 23 years' experience in microfinance. Prior to his current engagement with Dia he has worked with both international and national organisations. Saurabh represents Dia on the boards of a few investee companies. Saurabh is primarily engaged in the investment and partnership related activities. Saurabh joined Dia in 2007.

Dhruv Sharma
Company Secretary



Dhruv joined Dia in 2020 and has more than nine years of extensive experience in corporate laws in India in consulting firms and multinational companies. He is a law graduate, a fellow member of the Institute of Company Secretaries of India and holds a graduation from Delhi University and a post-graduation from IGNOU. Dhruv has expertise in corporate laws coupled with adequate functional knowledge of finance and

taxation. He is responsible for ensuring all the regulatory and secretarial compliances of the company.

Gulshan Singh
Manager - MIS and Investment



Gulshan holds a Master's Degree in Finance with more than 11 years' experience in various key positions in the domain of finance. He brings multi-faceted experience in financial reporting, corporate finance, audit and assurance, financial planning and analysis and investment management. His role includes collecting and evaluating partner performance data, reviewing financial statements and preparation of high-level summaries. Gulshan joined Dia in 2015.

Padma Rajpal
Program Manager - Social Performance Management



Padma joined the Dia team in 2016 as the Program Manager for Social Performance Management and has more than nine years' experience in various domains. With a Post Graduate Diploma in Management, and as a Financial Risk Manager recognised by the Global Association of Risk Professionals and as an external auditor recognised by CERISE, Padma brings to the company her experience in working with the non-banking financial companies in various roles in risk, audit and investment departments. She is currently leading the social performance initiatives of Dia Vikas, supporting its partners in managing social performance. She also contributes to the risk management functions.

Parashar Rathore
Finance Head



Parashar is a Chartered Accountant, with more than 14 years' experience in field of accountancy, finance and taxation. Prior to his current engagement with Dia, he had worked with various manufacturing and service organisations. He is steering the Finance and Accounts division of Dia and its subsidiaries, handling a team engaged in accounts operations, tax compliances and audit closure Parashar joined Dia in 2019.

Our Support and Technical Partners

Dia Vikas has a strategic relationship with **Cordaid**, which has taken an equity stake in the organisation. Cordaid shares our social investment objectives and is the Catholic Organisation for Relief & Development Aid, with its headquarters in the Netherlands. For more than a century, Cordaid has been fighting poverty and exclusion in fragile and conflict areas. Their mission is to create flourishing, self-reliant communities in the world's most fragile and conflict-affected areas.

Dia Vikas works closely with **Ankuram Social Ventures** which provides technical support for the Social Performance Management implementation of our SPM program. Dia Vikas is a founding member along with the World Bank, International Finance Corporation (IFC), Small Industries Development Bank of India (SIDBI) and Department for International Development (DFID), among other organisations of the **Responsible Finance Forum**, which facilitates adoption, adherence and strengthening of responsible finance.

ENGAGEMENT WITH THE IMPACT ECOSYSTEM

Dia Vikas is a founding member of the **Impact Investors Council**. Dia Vikas is playing a lead role in formulating the council's goals, particularly regarding to its impact measurement and assessment framework.

MEMBER OF SOCIAL PERFORMANCE TASK FORCE

Dia Vikas is a member of Social Performance Task Force (SPTF). The SPTF promotes **social performance management** (SPM), the systems that organisations use to achieve their stated social goals and put customers at the centre of strategy and operations. SPM practices include defining and monitoring social goals, developing client-centric products and services, treating clients and employees responsibly, and balancing social and financial performance.

Rani Devi, Satya client



Financial Highlights

Statement of Profit and Loss	All figures in ₹Mn				All figures in USD million(1\$=₹73.15)			
	Consolidated		Standalone		Consolidated		Standalone	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
For the year ended								
Income	54.96	54.46	52.54	52.05	0.75	0.74	0.72	0.71
Employee Benefit Expenses	30.82	27.99	29.51	26.94	0.42	0.38	0.40	0.37
Depreciation	1.03	1.16	1.01	1.15	0.01	0.02	0.01	0.02
Provision against loans and expenses	0.00	0.00	–	–	–	–	–	–
Other expenses	60.96	217.14	121.62	234.00	0.83	2.97	1.66	3.20
Total Operating Expenses	92.81	246.29	152.14	262.09	1.27	3.37	2.08	3.58
Profit/(Loss) before share in associates, interest and tax	-37.85	-191.83	-99.61	-210.04	-0.52	-2.62	-1.36	-2.87
Share in associates	76.87	398.35	0.00	0.00	1.05	5.45	–	–
Profit/(Loss) before interest and tax	39.02	206.52	-99.61	-210.04	0.53	2.82	-1.36	-2.87
Finance Cost	0.00	41.81	0.00	41.81	–	0.57	–	0.57
Profit/(Loss) before tax	39.02	164.70	-99.61	-251.85	0.53	2.25	-1.36	-3.44
Current Tax	1.33	0.17	1.33	0.00	0.02	0.00	0.02	–
Deferred Tax Charge	0.00	0.00	0.00	0.00	-0.00	-0.00	–	–
Profit/(Loss) after tax	37.69	164.53	-100.94	-251.85	0.52	2.25	-1.38	-3.44

BALANCE SHEET	Consolidated		Standalone		Consolidated		Standalone	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
As at								
Share capital	165.16	163.36	165.16	163.36	2.26	2.23	2.26	2.23
Other reserves and surplus	3313.17	3254.26	1846.90	1,920.86	45.29	44.49	25.25	26.26
Shareholders' Funds	3478.33	3417.62	2012.06	2084.21	47.55	46.72	27.51	28.49
Compulsory convertible debentures	0.00	0.00	0.00	–	–	–	–	–
Deferred Tax Liabilities	0.00	0.00	0.00	–	–	–	–	–
Other non-current liabilities	8.14	6.08	8.06	6.03	0.11	0.08	0.11	0.08
Non-Current liabilities	8.14	6.08	8.06	6.03	0.11	0.08	0.11	0.08
Current liabilities	5.13	7.26	4.91	6.87	0.07	0.10	0.07	0.09
Total Equity and Liabilities	3491.60	3430.95	2025.03	2097.11	47.73	46.90	27.68	28.67
Fixed Assets	24.84	25.62	24.79	25.61	0.34	0.35	0.34	0.35
Investments	3076.07	2971.37	1631.12	1,659.61	42.05	40.62	22.30	22.69
Loans and Advances	288.74	285.25	268.56	280.02	3.95	3.90	3.67	3.83
Other non-current assets	0.00	0.00	0.00	–	0.00	0.00	–	–
Non-current assets	3389.65	3282.24	1924.48	1965.23	46.34	44.87	26.31	26.87
Current Investment	0.00	0.00	0.00	–	–	–	–	–
Trade Receivable	0.00	0.00	0.00	–	–	–	–	–
Cash and Bank balances	96.82	129.66	95.55	123.53	1.32	1.77	1.31	1.69
Loans and Advances	1.44	17.28	1.44	7.28	0.02	0.24	0.02	0.10
Other current assets	3.68	1.77	3.57	1.07	0.05	0.02	0.05	0.01
Current assets	101.94	148.72	100.55	131.88	1.39	2.03	1.37	1.80
Total Assets	3491.60	3430.95	2025.03	2097.11	47.73	46.90	27.68	28.67

Sivagami, ESAF SFB client





DIA VIKAS CAPITAL PVT. LTD.

Corporate Office:
Unit No. 531, Fifth Floor,
Spazedge, Tower -B
Sector 47, Sohna Road
Gurgaon- 122018, India

Registered Office:
Plot No. 19,
Block B, Pocket-4,
Sector-23, Dwarka,
New Delhi-110075

Phone: +91 124 4529 500
Email: helpdesk@dia-vikas.org
Website: www.dia-vikas.org

