



The Vivriti Group

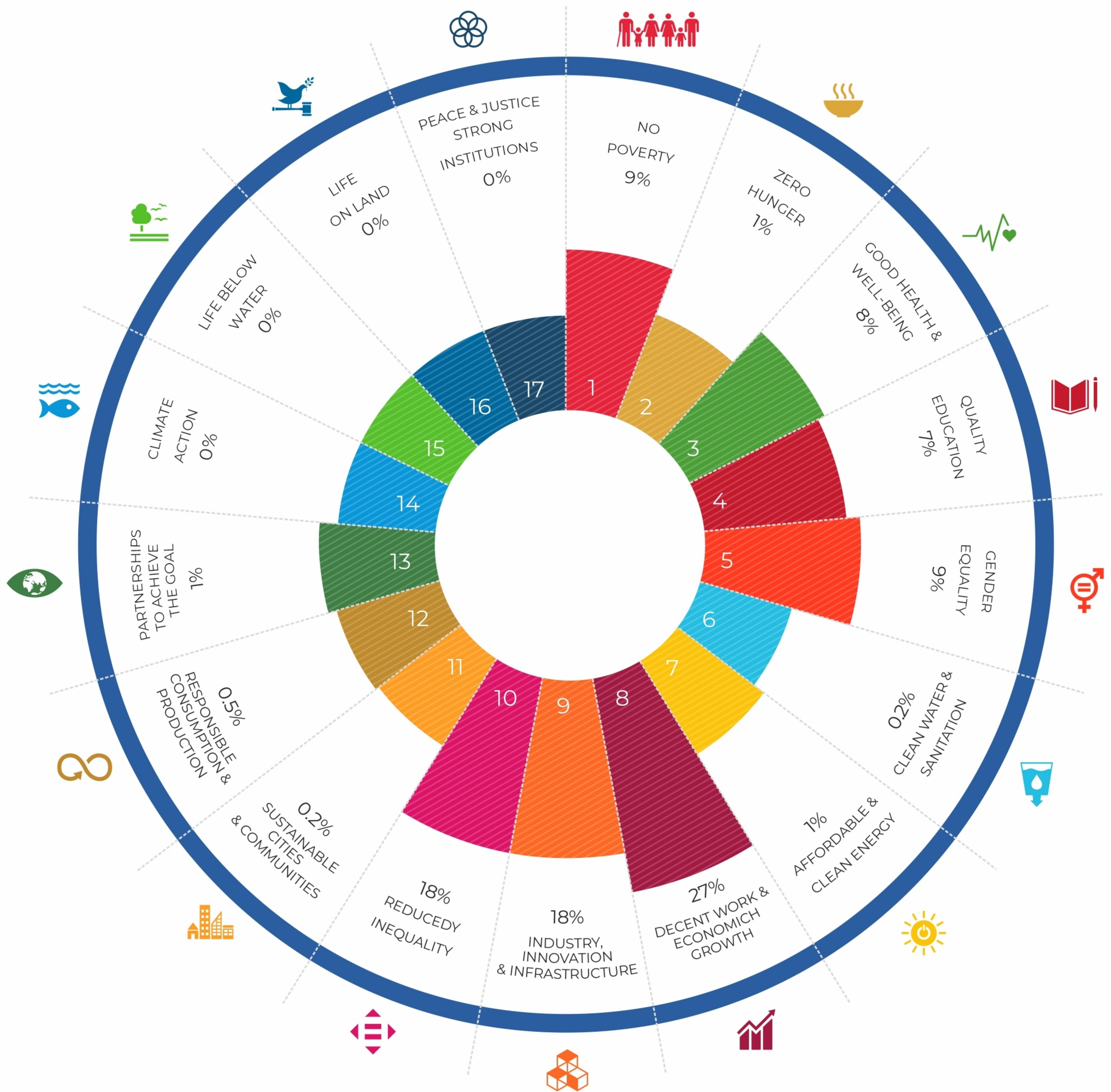
# Sustainability At Scale

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Sustainability Report 2021-22



# Our Impact Universe



Includes VC and VAM portfolio as of 31 March 2022



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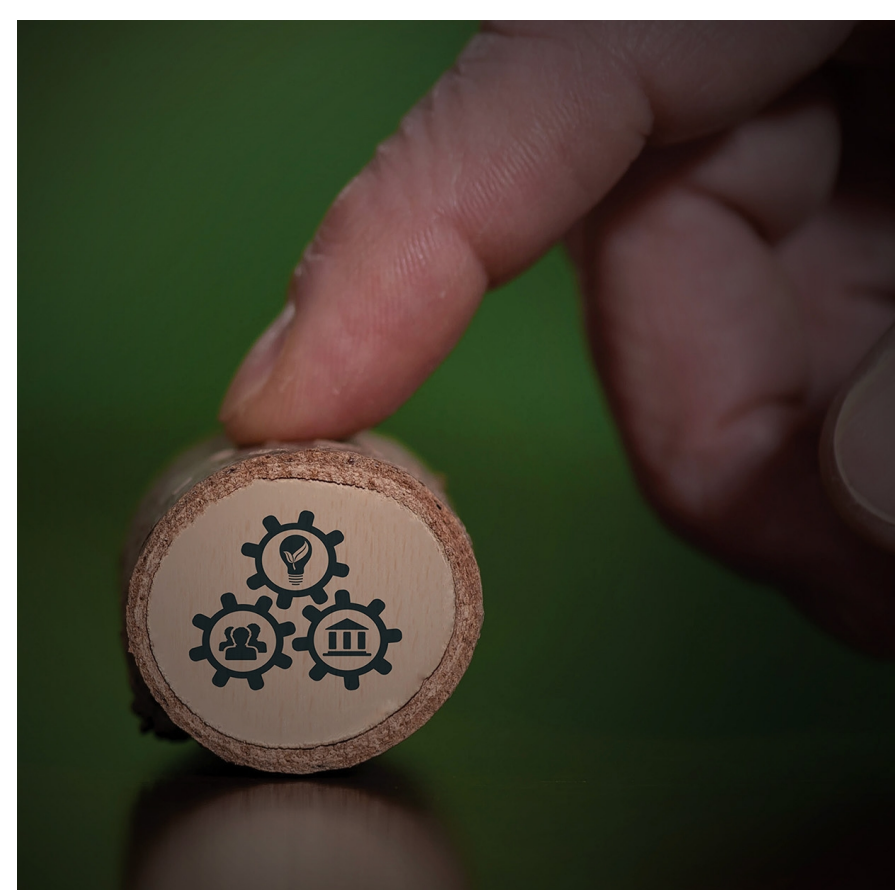
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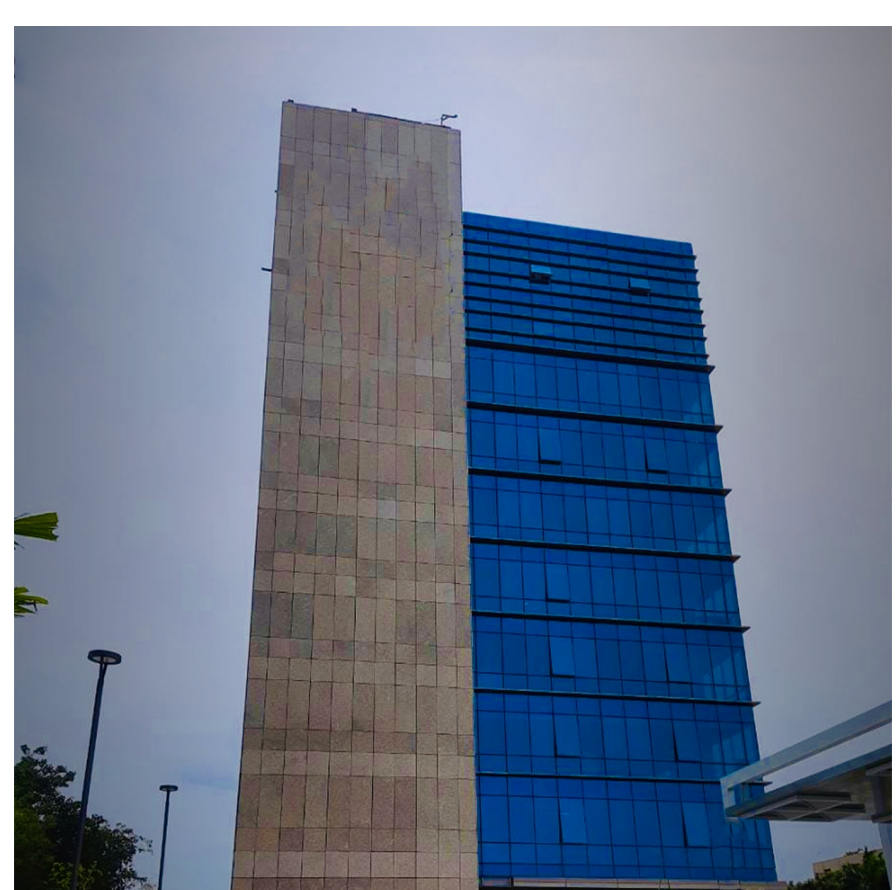
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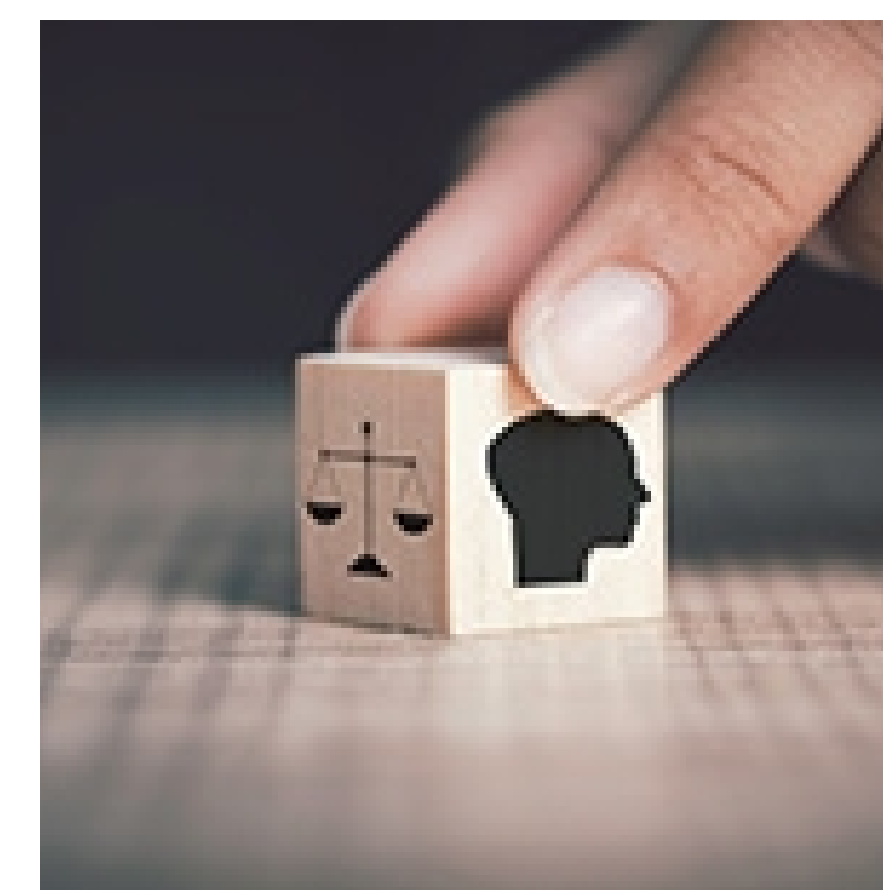
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# Acronyms

<b>AMC</b>	Asset Management Company
<b>C&amp;I</b>	Commercial and Industrial
<b>CSR</b>	Corporate Social Responsibility
<b>CVD</b>	Cardiovascular Disease
<b>DE&amp;I</b>	Diversity, Equity, and Inclusion
<b>DFIs</b>	Development Financial Institutions
<b>ESG</b>	Environmental, Social and Governance
<b>FPOs</b>	Farmer Producer Organisations
<b>FWWB</b>	Friends of Women's World Banking
<b>GRI</b>	Global Reporting Initiative
<b>L&amp;D</b>	Learning and Development
<b>MFI</b>	Microfinance/Microfinance Institution
<b>MSME</b>	Micro, Small And Medium Enterprises
<b>NBFC</b>	Non-Banking Financial Company
<b>PPAs</b>	Power Purchase Agreements
<b>RBI</b>	Reserve Bank of India
<b>SEBI</b>	Securities and Exchange Board of India
<b>SME</b>	Small and Medium Enterprises
<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>VAM</b>	Vivriti Asset Management Private Limited
<b>VC</b>	Vivriti Capital Private Limited
<b>VPL</b>	Vivriti Premier League



# Preamble

For the Vivriti Group - the Environmental, Social and Governance (ESG) elements of our business are not some 'other world' aspects. They are integral to our very purpose and conduct. To separate it out as we have done in this first omnibus report is merely to shed a light on these elements using a lexicon that has now become the standard for this reporting.

At our core, we embody the principles of ESG in our mission, values, relationships, and daily transactions. We are committed to sustainability, diversity, inclusion, transparency, accountability, and quality governance because they represent to us the best way to conduct our business. This way of life suffuses our business practice. We are continually reaffirming our commitment to these principles and striving to improve. In that sense, we are students of the 'spirit of ESG' not merely 'the letter of the law of ESG'.

In this first report, you will see that our business objective is to serve a large underserved market—enterprises in the mid-market and in turn, their customers. This role of capital facilitation that we play empowers these enterprises and customers to grow and flourish. Our expertise in the mid-market debt capital segment allows us to provide capital with low friction costs to the enterprises we serve. We seek to enable these enterprises in an equitable and inclusive manner.

We hope you will find this first report to be informative & useful. In the spirit of continuous learning, we would value your feedback and input.

**Narayan Ramachandran**  
**Chairman, VAM**



# Prologue

As we seek to adapt to the new normal post the pandemic, the world will need all the ingenuity it can muster to rebuild and address society's most impending challenges – climate change, social inequality, and a widening trust deficit. The pandemic brought the world together and showed that complex problems can be solved when we come together and collaborate.

For economies and organisations to survive & thrive, it is necessary to achieve comprehensive and shared growth. Achieving equitable and inclusive growth is not easy, however, through innovation and collaboration, organisations can endeavor to create a better tomorrow - for employees, customers, communities et al.

As a purpose-led organisation, Vivriti catalyses the transformation of highly underserved mid-market enterprises in India by enabling access to the necessary debt capital. Vivriti provides various debt solutions to the under-penetrated mid-market segment by leveraging innovation & technology while ensuring commensurate risk-adjusted returns for the firm. We recognise that the scale of the problem is too large for us to solve on our own. Hence, by design, we seek to be the local and deeply entrenched partner for global capital investors to collaborate with, and direct much needed debt capital towards the mid-market segment. We do this by building deep expertise in assessing credit, managing risk, structuring and delivering products that are highly scalable.

The accelerating embrace of ESG practices globally is changing the way businesses perceive and report on sustainability. As we continue on our mission to take the Indian mid-market performing credit space mainstream, we believe it is our responsibility to measure and quantify ESG parameters for ourselves and our portfolio. We intend to utilize our market reach and analytical strength to influence our portfolio companies to reflect on their ESG practices.

Keeping up with our commitment towards long-term value creation, we present Vivriti's first sustainability report – **'Sustainability at Scale'**. The report highlights Vivriti's ESG

initiatives across FY2021-22, our commitment to responsible investing, and our contribution to India's growth story by aligning our business with the UN Sustainable Development Goals (UN SDGs) 2030.

## Reporting Guidelines

This report has been prepared in accordance with the 'Global Reporting Initiative (GRI) Standards - Core' option for reporting our ESG performance on key non-financial parameters. We have also aligned our report with the UN SDGs to highlight our contribution to global development goals. Please refer to the [GRI Content Index](#) for a complete listing of material GRI disclosures included in this report.

## Reporting Boundary and Principles

The ESG report for FY2021-22 portrays the financial and non-financial performance of Vivriti's operations from April 1, 2021 to March 31, 2022. For all the standard disclosures related to the material issues as per the GRI Standards, the boundary of the report includes all businesses of Vivriti Capital Private Limited (VC) and Vivriti Asset Management Private Limited (VAM).

The report has been prepared based on the principles of stakeholder inclusiveness, materiality, sustainability context and comprehensiveness. It presents our approach to managing our business impact responsibly with appropriate disclosures on policies, systems, processes and performance across material ESG issues, which have been identified through structured stakeholder engagement.





## Way Forward

We believe it is in our DNA to work towards a sustainable future, as our business aims to fundamentally promote financial inclusion and reduce inequality. We have formally commenced our ESG journey by understanding the material ESG parameters and adopting a comprehensive roadmap. Our ESG policy helps us align with leading global ESG protocols. We have developed a well-defined framework to integrate ESG across our financial products and implement a robust governance structure to oversee the ESG risk integration process. We have also aligned our lending and investment activities to UN SDGs and developed a clear understanding of the impact our operations have on people and communities.

Vivriti believes in equal opportunities and is committed to creating a supportive work environment that maximizes the potential of our employees. Our culture promotes accountability and our corporate policies and procedures are developed to ensure responsible behavior. We continue to contribute to the well-being of our community through our corporate social responsibility activities. Despite a relatively small environmental footprint in

terms of CO2 emissions, we are progressing towards becoming a Net Zero organization.

While continuing to report on ESG implementation across the organisation, we also endeavor to accomplish complete ESG integration within our lending and investment decision making processes.

Moving forward, we aim to strengthen our existing ESG framework across our lending and investment spectrum and our own sustainability disclosures in line with global standards such as Principles for Responsible Investments, GRI Standards & Operating Principles for Impact Management. Given that our business boasts of natural impact overlay, we are creating long-term value for our business and all our stakeholders. We also plan to expand our outreach to sectors that promote sustainable development and quantify the impact we have created through each of our investment. Thus, we hope to catalyze India's growth story across sectors and contribute to a sustainable society.



# A MESSAGE FROM OUR CEO

We started Vivriti with the mission to propel the Indian mid-market enterprises, and bring parity within India's debt capital markets, that have otherwise been skewed towards the sovereign & premium rated debt for decades. To bring this mid-market segment into the mainstream, we realized the importance of building a purpose-led organisation with robust infrastructure to solve for key issues faced by domestic and offshore investors in identifying & pricing the Indian mid-market debt appropriately. For that, I knew we had to first figure the "What", "How" and "Why" of our existence.

## The What

When we started, we knew that we were embarking on a road less taken, handling the tough questions from capital allocators. Therefore, the problem statement was clear for us. Of the INR 180 trillion of Indian bond markets, INR 134 trillion is cornered by the central and state government debt, while majority of the remainder INR 46 trillion is skewed towards the large corporates and premium rated corporate bonds.

Vivriti's universe is therefore ~15,000 enterprises that cumulatively employ 3 million<sup>1</sup> people, primarily from rural and semi-urban areas, forming the backbone of India's growth story and ambitious GDP targets in the years to come. These enterprises, representing a revenue range of INR 500-50,000 million, are fraught with lack of inclusiveness in the broader Indian debt

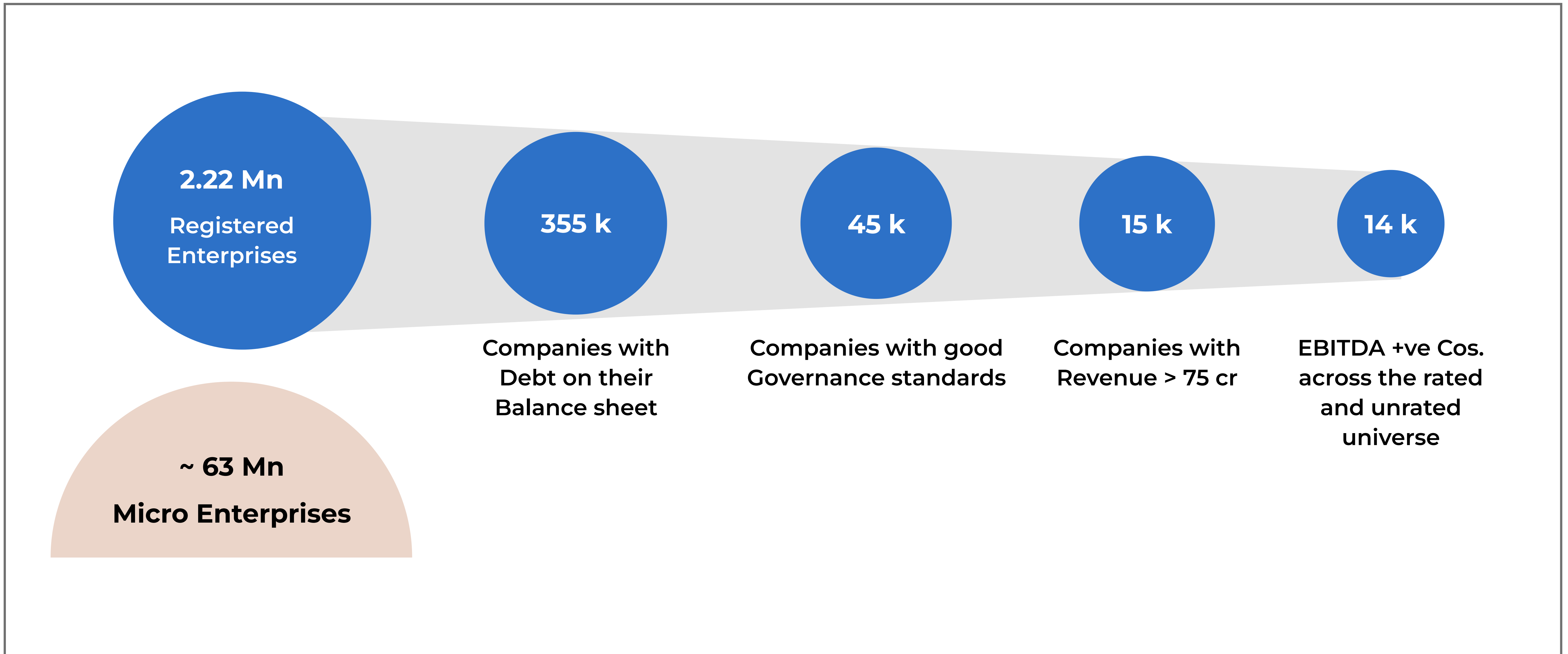


market. Less than 30% of these companies' debt capital comes from the private sector. This segment has a median gearing ratio<sup>2</sup> as low as 0.4 and an outstanding debt constituting just about INR 11.5 trillion.

<sup>1</sup> Assumption of 1:200 employees per enterprise based on IFC MSME definition for mid-market enterprises.

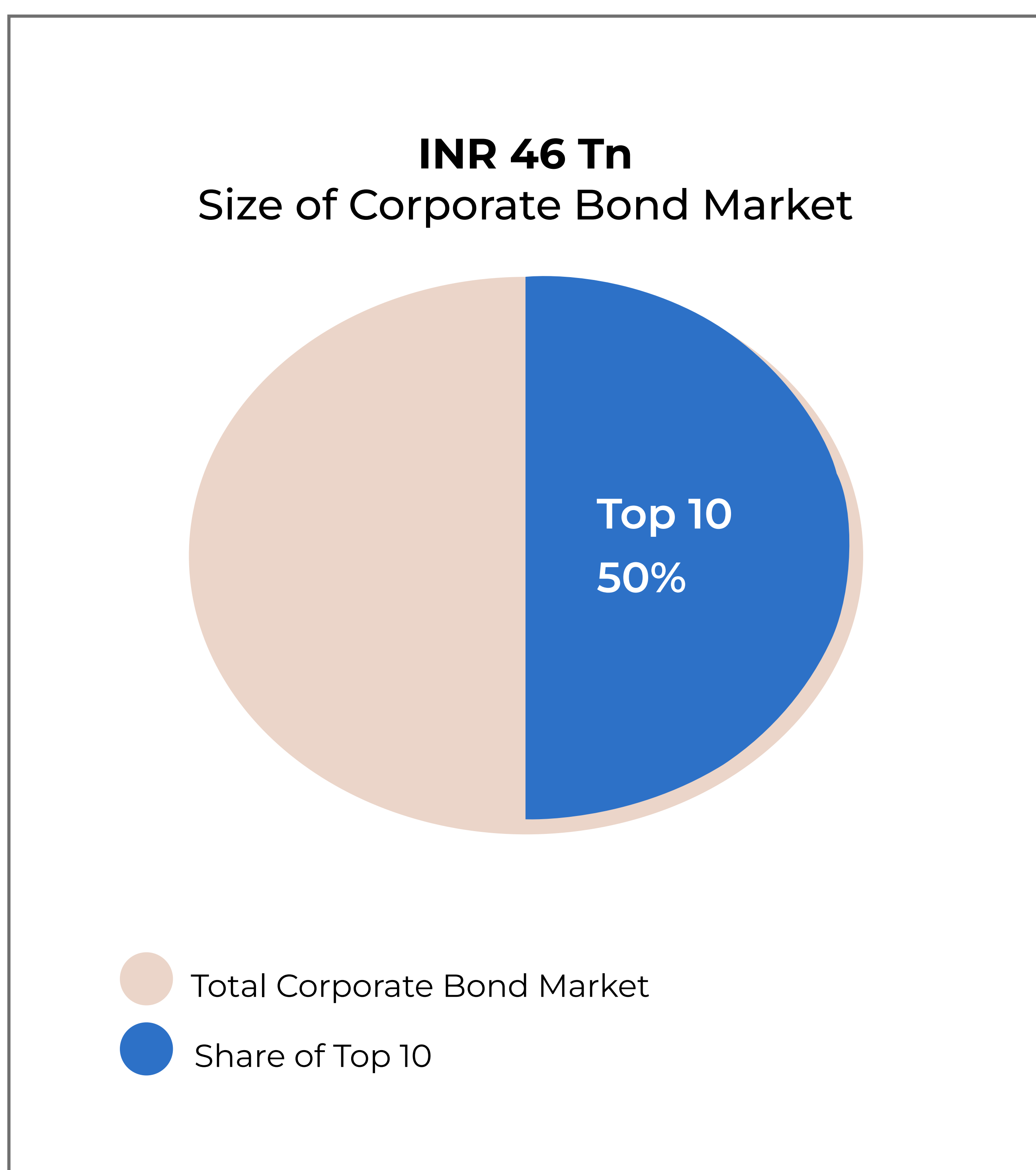
<sup>2</sup> Gearing Ratio is the ratio of debt to equity and is a metric that indicates a company's ability to raise debt.



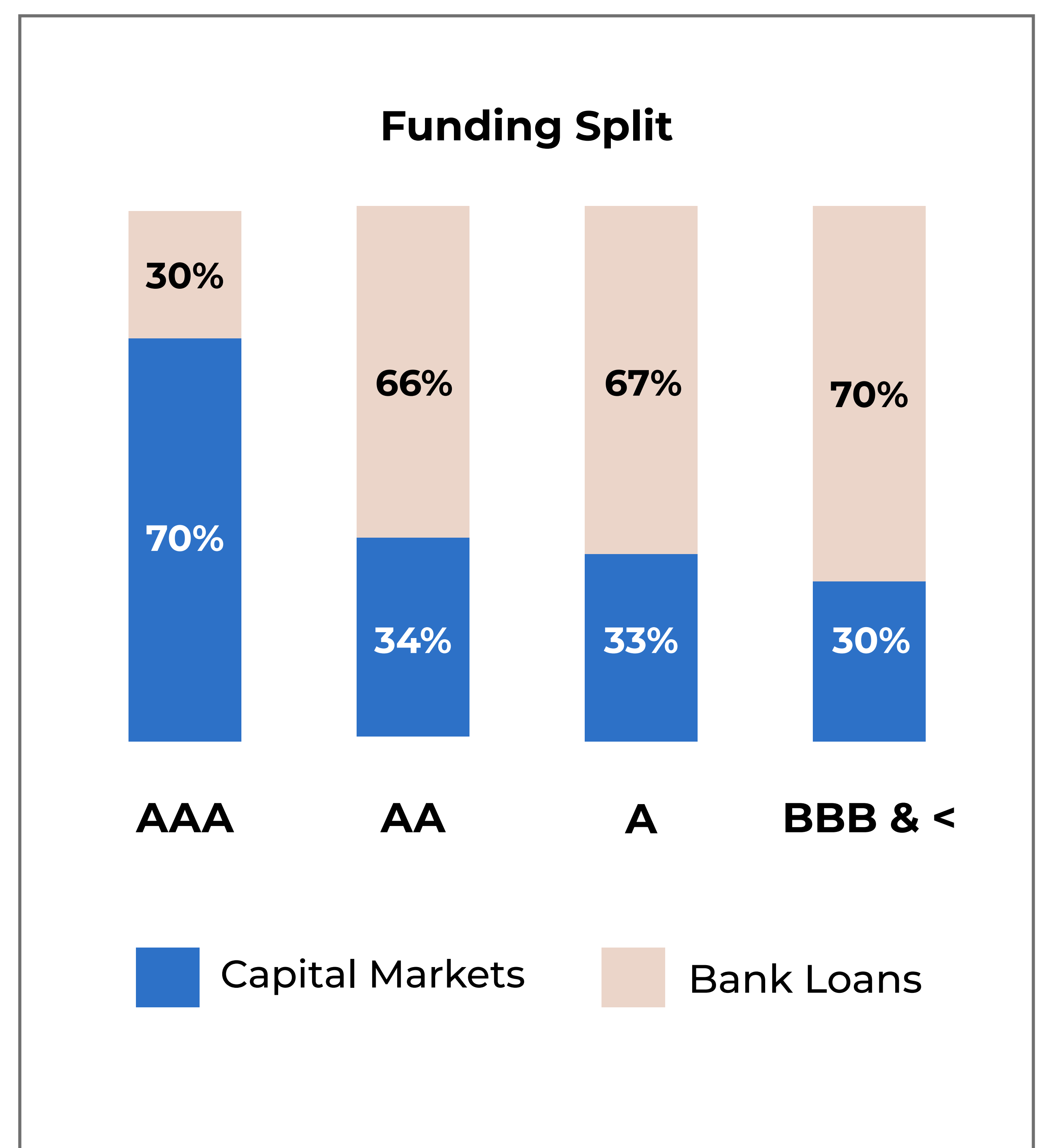


Source: MCA, Ministry of MSMEs, Internal Research

This universe of mid-market enterprises, filtered by accessibility, governance and disclosure standards, represents an array of high growth companies with significant scope for scalability and innovation at the grassroot level of the economy. We call this space **mid-market performing credit**. The mid-market performing credit space is an admixture ranging from traditional companies into textiles, packaging, manufacturing, trading etc., to the new age technology driven businesses such as dairy supply chain, organic farming, fintech and logistics. This performing credit space with proven business models holds out great employment generation prospects for the rural and semi-urban economy.



Source: MCA, CRISIL Quantix



Source: MCA, CRISIL Quantix



## The How

In the last five years of our existence, we have been building access to debt for India's mid-market performing credit bottoms up by taking an ecosystem approach, where we aim to co-opt domestic and international capital markets to follow our lead.

■ We create credit history by directly lending to these enterprises from the balance sheet of our Non-Banking Financial Company (NBFC) VC, which has provided finance to over 250 enterprises over the past 5 years.

■ Backed by this credit history, we enable access to global capital through our asset management company (AMC) VAM, that creates performing credit funds with contribution from global and domestic capital allocators.

Presently, VC and VAM manage assets in excess of INR 48 billion through the NBFC's balance sheet and seven performing credit funds with cumulative disbursements standing at INR 112.5 billion. The company has experienced less than 0.17% defaults in its business, despite navigating demonetisation, the IL&FS crisis and the COVID -19 pandemic, as a result of significantly investing in its risk management practices. At present, the share of foreign capital in the performing credit segment is low. The intent behind setting-up the asset management arm is to demonstrate how we could build the markets together through robust diligence, disciplined allocation and aligned incentives and thereby transform the capital allocation story.

To deliver the impact where it matters the most, Vivriti Group employees a sector agnostic strategy, thus broadening the scope to a wider audience. The company has delivered both direct and indirect forms of impact through multiple channels including:

■ Direct impact through thematic lending and investment in sectors such as microfinance (MFI), small and medium enterprises (SME), agri-finance, health care and clean energy. For instance, Vivriti has financed an emerging leader in the underserved solar power market, infusing the requisite capital for their growth plans. Similarly, Vivriti helped an SME lender commence their capital market journey by investing in its first listed bond. Our financial services portfolio, largely comprising of retail NBFCs, has the last-mile reach fuelling credit to millions of households and microenterprises. This enabled us to not only target financial inclusion but also fundamentally reduce economic inequalities through empowerment of women and promotion of rural entrepreneurship.

■ Indirect impact through better ESG engagement by proactively embracing the opportunity of introducing new ways of stewardship. As part of its diligence process, Vivriti has been advising its portfolio companies on better governance and disclosure practices, in turn helping them tap right avenues of capital in the long term. We have also suggested improvement in processes that enable companies to drive ground-level impact for its end customers.

Few examples of our efforts in the right direction include:

(a) We have been the first subscriber for several of our clients' maiden listed bonds.

(b) We encouraged a mid-sized asset financier to employ a better auditor and helping the NBFC attract institutional pool of capital.

(c) A rural financing lender lacked employee enabling policies. Through our engagement, we were able to drive home the point that employee well-being initiatives and processes are necessary for the long-term growth strategy.



## The Why

While we were clear of our mission to bring parity within debt capital markets and make Vivriti's portfolio companies a standalone asset strategy for global lenders and capital allocators, we knew our domain extended naturally to positively impacting the underserved segments of the society. Our loan and investment books form the catalyst in building a financially dynamic India by enabling access to much-needed capital and supporting entrepreneurship in the country.

Early on in its journey, Vivriti was fortunate to attract foreign impact specific capital into both our key balance sheet businesses of VC & VAM. This is a testimony of the way the global investor community perceives the impact our business creates. This led to our first steps towards ESG risk assessment and impact reporting.

We recognise that ESG is the tool to achieve sustainability and long-term economic value for any organisation. To build more expertise and momentum, we commenced by setting up a dedicated ESG team. The team is responsible for strengthening Vivriti's ESG policies and processes, integrating ESG risk into the investment process & measuring impact. Through our sustainability reporting, we intend to showcase our commitment in terms of environmental, social & governance issues relevant to the organisation. We will continue to monitor and evaluate our ESG strategies closely to ensure progress towards becoming a sustainable and responsible organisation.

## Our Future

We are ambitious and optimistic about the tremendous growth potential that the mid-market segment offers. I envision Vivriti Group to be a force that helps India realise its environmental, social & governance potential aligned with its credit growth. To that extent, our Sustainability Report, with theme **'Sustainability at Scale'**, is a stepping stone to showcase our sustainability efforts and offers insights on the scale, value and impact embedded in Indian mid-market performing credit.



**Vineet Sukumar**  
**Founder & CEO**



# MESSAGE FROM ESG DESK

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# Message from ESG desk

## Strengthening ESG brick-by-brick to drive Sustainability at Scale

### Journey so far

- Published our first Sustainability Report
- Strengthened existing ESG Policy
- Conducted our first Materiality Survey
- Concluded the Gap Assessment
- Adopted Theory of Change

Sustainability is not optional – it is of prime importance not only to our purpose, but also for our growth. And hence our motto is **‘Sustainability at Scale’**.

The team is tasked to reflect on ESG elements and identify the key ESG priorities for the organisation. As a first step, we carried out an inside-out gap assessment exercise to assess our existing ESG management approach and create an action plan to improve our policies and processes. Since we started the desk, we have progressed significantly in enhancing our ESG parameters as evidenced below.

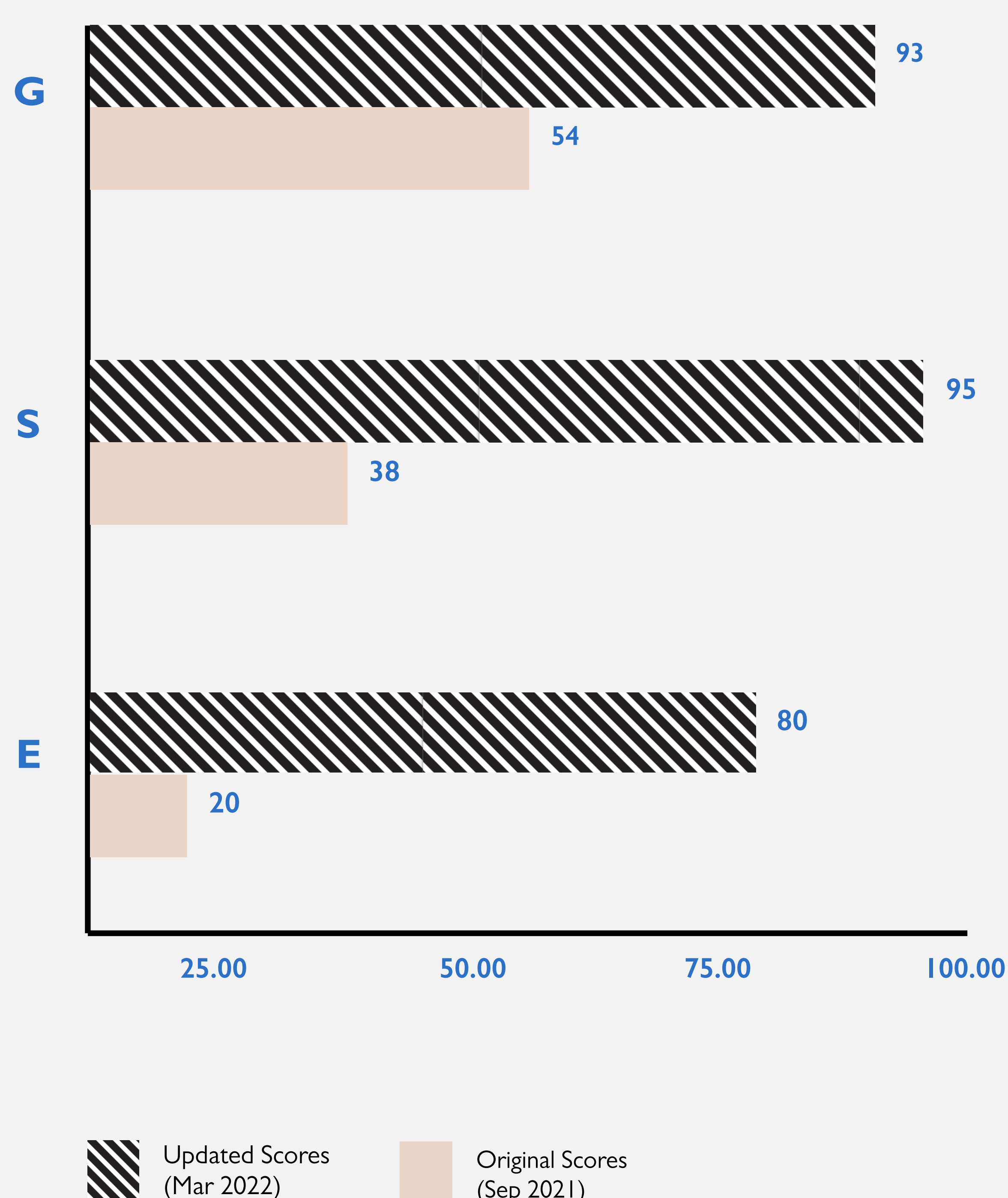
In parallel, we undertook our first materiality assessment to gain an understanding on what matters the most to our stakeholders and concluded the survey with a total of 160 internal and external stakeholder respondents. The results of our key material issues identified have been outlined in the [Materiality chapter](#).

Adopting ESG assessment presents both risks and opportunities for an organisation. Our risk and fund management teams at VC and VAM, respectively follow the below approach –

- Negative screening process: that filters out companies from high ESG risk sectors
- Positive screening process: that includes high impact sectors with a bias towards low ESG risk companies to tap favourable investment opportunities

We have taken a proactive approach to implement ESG risk considerations through the credit process, which is reflected in the recently improvised ESG policy. The policy includes the detailed risk integration process and a comprehensive sector exclusion list.

Gap Assessment Scores



Source: Internal Gap assessment exercise



## Steps ahead

- **ESG team to be a part of on-field Diligence**
- **Continuous Stewardship Engagement**
- **Measure, Monitor & Report Impact**
- **Entity level ESG rating for VC & VAM**
- **Fund-level ESG Rating for specific funds**

We intend to measure and monitor ESG footprint of our portfolio companies by integrating the ESG risk assessment process with on-field diligence and periodic risk monitoring. This would also help us enhance our stewardship efforts and strengthen our engagement with the portfolio companies. On impact measurement, we have defined the key performance indicators using global frameworks to quantify the impact created by our portfolio. This in turn will enable us to measure, monitor and report impact metrics on a regular basis to our relevant stakeholders.

As an indicator of our sustainability efforts and preparedness, we are looking forward to having our companies and funds rated on ESG scale. The company has set a strong foundation for ESG initiatives that we will proactively continue to build upon for years to come.

### Team ESG

For any feedback and comments, please reach out to us at [ESG@vivriticapital.com](mailto:ESG@vivriticapital.com)





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# Who We Are

By Gopal Srinivasan, Chairman & MD, TVS Capital Funds (P) Limited

The word *Vivriti* signifies development that shines through. The choice of its name reflects the aim with which Vineet established the company back in 2017 – to help develop access to credit for the underserved seekers, identifying good corporate credit seekers and providing the financial capital for their development. Mark Twain quoted that ‘India is the cradle of the human race.’ It is my belief that to solve the challenges of India, we need businesses and entrepreneurs moulded in the Indian ecosystem and traditions, for whom sustainability and impact are the key outcomes, and not merely a check-box. Vineet as an entrepreneur has always the greatest confidence as a champion of sustainability and impact in the Indian tradition. Today, 5 years from its inception, it is clear that Vivriti has achieved phenomenal success in translating its vision into reality.

One aspect of Vivriti’s approach towards its business that I have been most impressed with is the granularity of its portfolio, and the level of inclusion it fosters. Its loan book remains highly distributed with no single corporate borrower

amounting to over 1% of the AUM. Further, it has serviced credit seekers spanning the length and breadth of the country. And finally, Vivriti’s forays into retail lending – through both co-lending through supply chain financing – mean that it is now directly enabling access to credit to the final borrowers.

It is also impressive that Vivriti has tackled access to credit for early-stage firms, helping foster entrepreneurship. Its loans have also supported start-ups solving problems in rural India, thereby helping promote entrepreneurship and providing the capital necessary to solve the complex issues faced by the underserved Indian populace. For example, I believe Vivriti was one of the first Financial Institution to lend to a start-up called *Reshamandi*, which brings access to organized markets and in the process improving the financial positions of sericulture farmers, weavers and mill operators in rural India. Such lending activity means that Vivriti is an active participant in helping build up credit and credit worthiness among those sections of society who need it the most.

With an unwavering commitment to transform the Indian mid-market performing debt market, Vivriti Capital was founded in 2017. We are India’s first client-focused, product-agnostic platform that brings together global capital to an extremely dynamic and promising section of India. By doing this, we intensely focus on finding, engaging and assisting mid-market entrepreneurs by providing access to



debt and tailored financial solutions to meet a diverse set of needs. By fostering financial inclusion and supporting entrepreneurship, Vivriti aims to not just be a lender but a dynamic financial institution that is backed by a clear purpose – to deliver **sustainability at scale**.

## Our Business

We cater to the diverse needs of our customers across various sectors including but not limited to financial services, renewable energy, healthcare, agriculture and infrastructure. Vivriti seeks to implement its mission through two business models. Firstly, through VC, Vivriti builds credit history and robust lending processes. Secondly, through VAM, Vivriti aims to channel global capital to its portfolio enterprises. Both these businesses are set up with a clear goal of ensuring an inclusive and equitable growth for mid-market enterprises in India.



**“Vivriti is changing the DNA and fabric of Indian debt market.”**

- Vineet Sukumar,  
Founder and CEO

## Our Performance

**INR 112.5 Bn** Disbursement till date

**INR 50 Bn** Portfolio

**250+** Borrower base

**30+** Sectors

**6** Offices across India

**137** Employees

### Mission

To continuously better the lives of all our clients through customised financial solutions

### Vision

Becoming the #1 technology enabled institution for credit to India’s mid-market enterprises, with a cumulative credit flow of INR 1 trillion by FY2026 to over 5,000 enterprises

### Values

- Honesty & Integrity
- Passion
- Customer Centricity
- Team Centricity
- Work Ethic
- Transparency



# Vivriti Capital

VC started lending operations with exposure to small and mid-sized retail lenders. Very quickly we diversified into multiple sectors in 2019, and have continued to add products to cater to the diverse needs of our clients each year. Our lending and investment capabilities are backed by a rigorous credit appraisal with robust and scalable processes, digital workflows, and high investment in technology, leading the way forward in Indian fintech as the specialized lender to mid-market enterprises.

Our systems, processes and organization have undergone continuous reform to reflect and respond to the changing needs of our stakeholders.

As a dynamic and agile organization, our core strength lies in identifying high-quality credit ahead of the market. This is reflected in our loan book that our highly seasoned team creates and manages. The key ingredients for creating a high-quality mid-market portfolio include:

- Rigorous credit appraisal process and on-field diligence.
- Intense focus reassessment of credit every quarter.
- Building a culture of risk management, with specialization of skills, empowerment to risk managers and strong risk policies.

We have a robust procedure for evaluating credit, that begins with sectoral assessment, a rigorous risk underwriting followed by on-field diligence, covering industry risks, financial analysis, peer comparisons and early warning signals. We conduct multilevel underwriting that includes client-level underwriting on governance, promoters, business model, and financial performance. Our data repository integrated with bureaus and digital databases enables a robust early warning signal mechanism.

We continue to be one of the most diversified balance sheets in mid-market enterprise lending, with tight controls on sector and borrower concentration.

We provide loans to small and mid-sized enterprises across 30+ sectors. We are focused on increasing access to finance and have been working towards aligning with the needs of our customers, especially those that are unable to secure financing from conventional sources. Some of the key sectors that we finance include:

- **Financial Institutions** such as MFI, SME finance, vehicle finance, education, and housing finance.
- **Renewable Energy** with a focus on clean energy projects and waste management
- **Healthcare sector** including medical equipment financing and medical technology companies
- **Agriculture sector** including agri enterprise finance enabling the value chain
- **Infrastructure sector** supporting the warehousing and logistics enterprises





# Vivriti Asset Management

Vivriti Asset Management Private Limited (VAM), a subsidiary of VC, is an investment manager to fixed-income alternative investment funds registered with Securities and Exchange Board of India (SEBI). The asset management company was set up in the year 2019 to promote the Indian mid-market performing credit space amongst diverse set of domestic and international investors. Our funds invest in fixed income instruments issued by operating companies with proven business models and high potential to scale.

Through our focused investments, Vivriti aims to offer long-term, stable, risk-adjusted returns through its investment in fixed-income instruments of well-established companies. By virtue of our investments in the mid-to-small enterprise space, there is a natural overlay of social impact in all our investments.

By leveraging technology to develop high efficiencies in sourcing, data management, transaction execution, and credit monitoring we seek to reshape the performing credit

space in India while fostering diligence, portfolio management, and deep structuring capabilities in our teams.

Our funds drive change at scale and speed by leveraging market opportunities while enabling bond market access and inclusion for enterprises that have been excluded by traditional financing channels. We help accelerate the growth of thousands of Indian enterprises, which have an impact in specific areas such as financial inclusion, employment generation, women empowerment, healthcare, clean energy and new age economy, to name a few

Issuing capital market listed instruments is an important milestone in the journey of a mid-market enterprise. This signifies that the enterprise has come of age with the governance structure and disclosure standards demanded by capital markets. VAM's team actively engages with its portfolio companies in this journey, and we aim to help such enterprises in their journey of becoming mainstream.





## Our Funds

We help domestic and global investors access Indian debt markets indirectly through tailored funds. Across funds, we share a common belief in fundamental research and robust diligence underpinned commitment to responsible investment.

The mid-market performing credit space has been plagued by concerns of transparency, data availability and governance. VAM aims to address these issues by adopting the following principles:

<b>Sourcing</b>	Each potential portfolio company is assessed through 2 days of in-person diligence at their premises
<b>Structuring</b>	Every fund sharply limits the concentration in a single enterprise or segment, thus mitigating default or event risk
<b>Dynamic Risk Management</b>	We follow clear, consistent and stringent post transaction monitoring, Every quarter, ensuring that we are prepared for any risk
<b>Transparency</b>	We provide clear and consistent, highly detailed portfolio reporting to all investors
<b>Reporting</b>	Daily dissemination of fund returns, benchmarked against credit ratings, to compare risk and returns against any instrument in financial market
<b>Creditworthiness</b>	Six out of seven live funds have received credit ratings on its classes, which adds an additional layer of oversight and governance on the funds

So far, we have launched seven different performing credit funds namely:



Each fund has been launched with a clear focus on the underlying risk and return with a significant focus on providing access to finance to aid India's growth story across all sectors. Vivriti India Impact Bond Fund and Vivriti Promising Lenders Fund are backed entirely by impact capital, while our other funds achieve impact while backed largely by commercial capital.



# DELIVERING IMPACT AT SCALE

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# Impact of the work we do

By Ken Vanderweele, Co-Founder & Partner at Creation Investments



### 1. How Vivriti has contributed to building the mid-market India? For an inclusive growth, how important it is to have impact embedded in our DNA?

For the longest time, the mid-market segment in India was predominantly defined by large corporate players while the small and medium corporate players continued to remain underserved. In other countries, banks tend to be more risk taking while India's lending mostly hinges on collateral. The lack of risk-taking appetite in the Indian financial ecosystem presents a tremendous opportunity for innovative organisations like Vivriti.

Since its inception, Vivriti has provided debt capital solutions to pre-matured and matured mid-market enterprises. For some of these mid-market enterprises, Vivriti has not only opened the channel for private debt as their first-time lenders but also guided the enterprises in developing and strengthening their governance frameworks.

Building a financial ecosystem by reaching the bottom of the pyramid is integral to achieving inclusive growth. The impact of Vivriti's work is well demonstrated through its focus on financial inclusion and emphasis on well-defined governance structures within the organisation.

### 2. What in your view are few of the challenges to financial inclusion and how has Vivriti surpassed them?

Fundamentally, India has great scope for financial inclusion given the massive under-banked population. Financial inclusion in India has been primarily addressed by Priority Sector Lending (PSL). Beyond banks, NBFCs play a crucial role in bringing the parity within the financial markets. Small NBFCs struggle to build their liability book with the same ease as the front runners.

Vivriti has been working beyond the realms of PSL requirements, thus playing a catalytic role in promoting financial inclusion. Vivriti's growth in this segment has not only influenced other lenders in doing the same, but also played a prominent role in promoting lending in some of the key sectors.

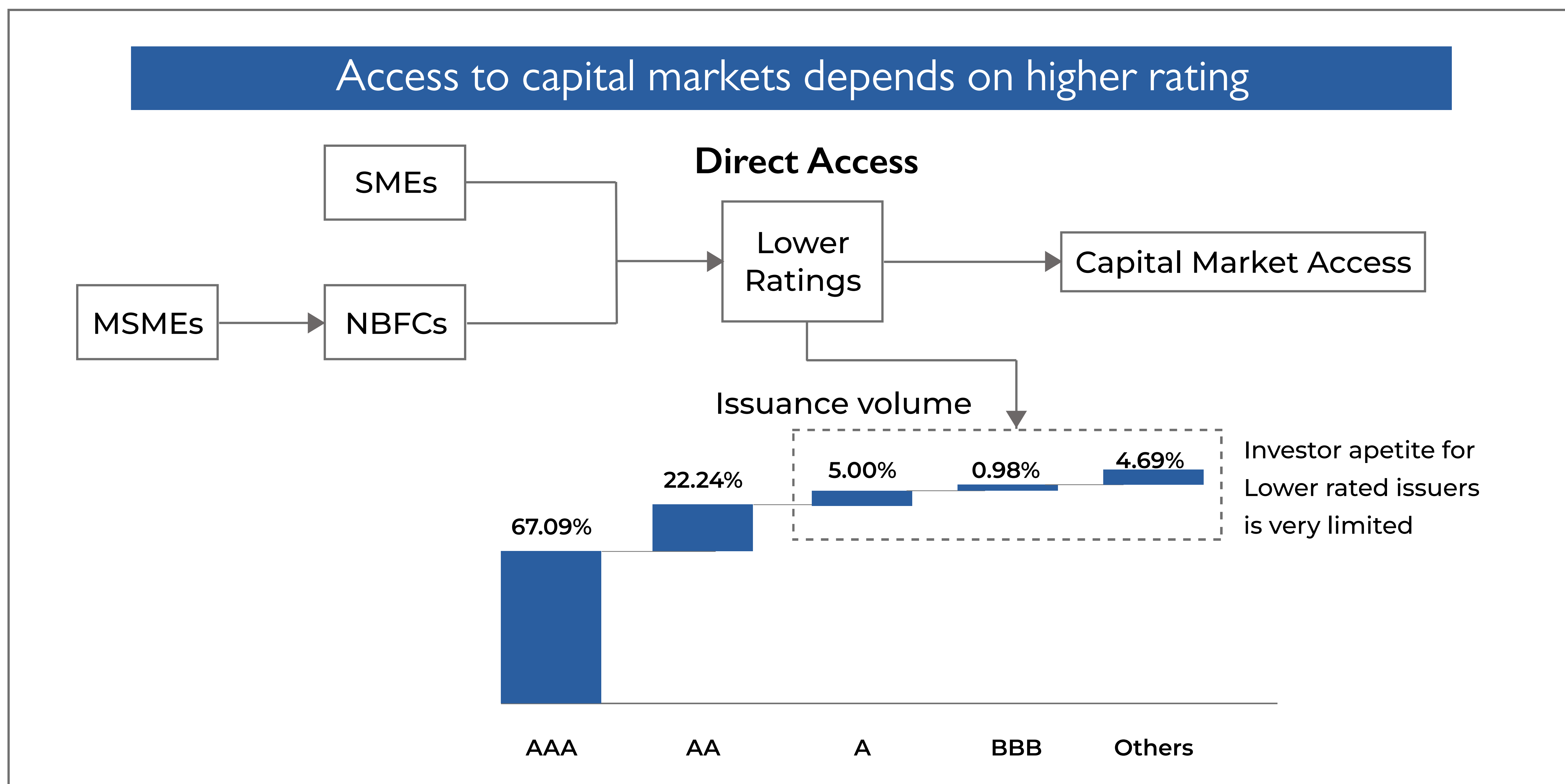
At Vivriti, we disrupt the status quo by propelling the Indian mid-market enterprises and bringing parity within India's debt capital markets. As a purpose-driven organization, we are committed to making a meaningful and tangible difference in the lives of our people, clients, shareholders, and the community alike. To contribute towards positive societal

outcomes, we continue to look both -  
- **Inwards** to understand the impact of our own operations and  
- **Outwards** to assess the impact of our portfolio and continue to expand access and reach to those excluded from conventional sources of finance.



Indian debt capital markets are shallow and skewed towards larger & higher rated enterprises. The mid-market segment is overly reliant on formal channels of capital as the access to capital markets remains low. This space has historically

seen very low default rates and the current spreads over risk free returns more than compensates for the incremental risk. There is a significant mismatch between the perceived and actual risk of the lower rated entities.



Source: CRISIL Yearbook on the Indian Debt Market 2021, Vivriti Estimates

This dichotomy in the perceived and actual risk needs to be mended and calls for an intervention through **blended finance structures**. Vivriti Group has been at the forefront of blended finance initiatives in India. Vivriti has aimed to solve for this using a combination of:

■ **Guarantee-based structure** where Vivriti Group provided the first loss support with the larger second loss guarantee coming from Development Financial Institutions (DFIs) & capital being provided by banks. For instance, the United States Agency for International Development and the U.S. International Development Finance Corporation have jointly sponsored a US\$50 million loan portfolio guarantee to Kotak Mahindra Bank to support increased access to finance for women borrowers, and MSMEs across India. VC has supported the program by providing a US \$1 million first loss guarantee. Similarly, VC is a partner financial institution for Asian

Development Bank's Risk Participation and Guarantee Program for supporting micro entrepreneurs.

■ **Fund structures** that bring in participants in senior and subordinated tranches, with impact capital playing a role in the subordinated tranches. This structure allows a large variety of investors from DFIs to commercial investors and HNIs to participate in the impact-oriented financing. Vivriti Samarth Bond Fund is a blended finance vehicle to provide liquidity support to lower rated (A/BBB) retail financial services NBFCs during COVID-19. The fund is divided into two tranches. The senior tranche comprises 80% of fund size with a priority in payment of cashflows and the junior tranche comprises 20% of fund size. Impact investors, HNIs and Vivriti have participated in the junior tranche, enabling commercial investors (banks and insurance companies) to participate in the senior tranche.



## Geeta Goel Managing Director, MSDF India



The Vivriti team have built a strong franchise anchored by lending platforms and asset management strategies that have enabled access to credit for the small businesses, and of particular significance are the nano-entrepreneurs (business turnover of INR 1 – 10 million). Access to credit has unlocked and expanded opportunities for low-income borrowers, many of whom are new to credit or graduating MFI retail borrowers. Vivriti's market strategy is underpinned by its strong governance, differentiated underwriting capabilities driven by the CredAvenue aggregation platform and its commitment to leveraging technology to enable credit for mid-market firms and income generation for low-income borrowers. MSDF has been an investor in Vivriti's Samarth Bond Fund and is supportive of the strengthening ESG focus within Vivriti's governance process and management team priorities.

## Our impact pathways

Traditional reporting restricts itself to inputs in the form of resources invested in the organization and outputs in the form of activities generated from those resources. Taking traditional reporting a step ahead, we want to address how society is affected by our actions and interventions.

We do so by understanding the impact of our activities on our stakeholders over the long term; this helps us create linkages between our actions and their 'outcomes' on society. Further, by analyzing the changes in the wider society resulting from these societal outcomes, we are able to situate Vivriti within a wider developmental context. This process of moving from input and outputs to

outcomes and impacts are expressed as **'impact pathways'**.

Impact pathways underpin our approach to understanding the societal impacts of our lending portfolio. They set out how society experiences the impacts caused by our portfolio investments. These pathways are sometimes referred to as a **'theory of change'** and help determine how our business activities drive outcomes that lead to impact. This is critical for not only understanding the types of impact (both positive and negative) we have from an investment but also helps us with measuring the scale of our impact.

## Vivriti Capital

VC started its journey five years ago through its on-lending model to financial institutions and direct lending model to mid-market enterprises. We subsequently grew our product offerings to include supply chain

financing spread across sectors. Over the last two years, VC started offering co-lending products, thereby lending directly to micro and nano enterprises and individual borrowers in the form of supply chain financing.



VC commenced its journey with a high focus on financial services and later diversified into other sectors. As of 31st March 2022, around 70% of our portfolio relates to enabling the following impact areas

- Financial inclusion
- Credit to micro enterprises
- Empowering women borrowers
- Enabling access to affordable housing
- Financing new to credit borrowers
- Enabling students to achieve affordable education
- Growth of agriculture and access of farmers to markets

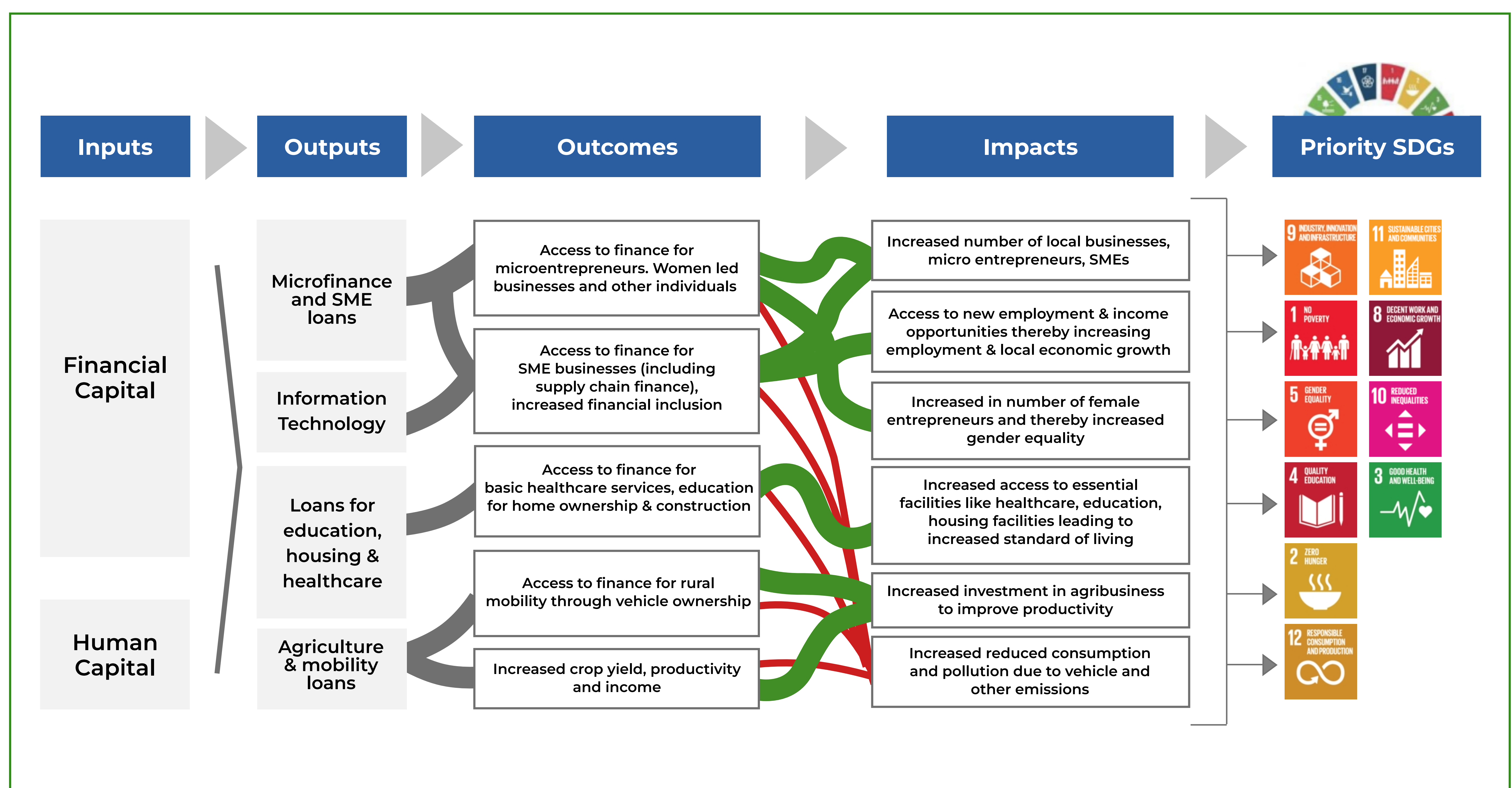
As of FY 2022, our lending portfolio (excluding the retail book) includes approximately 25% of unrated enterprises. By shifting from a bilateral structure such as a loan to capital market instruments, we are helping the lower-rated companies to create a capital market footprint that will over time help them to directly tap into larger investor base.

VC's funding is primarily growth oriented that helps clients scale up and expand their product and geographical footprint, creating

employment opportunities directly as well as indirectly across the value chain. Vivriti's lending across sectors includes evaluation of business operations, market dynamics and sectors trends in addition to various management and governance aspects of the business. Through deeper and continuous engagement, Vivriti also helps drive governance improvements by recommending and covenanting audit, expanding Board as well as connecting with industry experts.

Vivriti Capital invests in 30+ different sectors within India and intends to create an impact in alignment with the UN SDGs by investing in enterprises that provide access to finance for underserved mid-market companies covering sectors such as financial services, renewable energy, healthcare sector, agriculture and infrastructure amongst others.

We have analyzed our impact on the wider society and the UN SDGs. This is represented below:



Impact pathway guided by Operating Principles for Impact



**Ms. Jennifer Pryce**  
President and CEO, Calvert Capital



Vivriti is a market leader in building the infrastructure needed to improve access to capital and create deep, sustained impact. We're excited to support Vivriti in their work to finance borrowers that provide essential services like affordable housing, SME lending, microfinance, and sustainable agriculture across India.

## Vivriti Asset Management

VAM was conceptualized to channelise global and local capital into the mid-market performing credit space through its investment in fixed-income instruments of well-established companies. Four of our seven funds (VSBF, VSTBF, VIIBF and VPLF) largely hold investments in debt instruments issued by financial services companies, which promote financial inclusions and enable livelihood generation. Our funds are backed by INR 7 billion impact capital from investors such as Michael and Susan Dell Foundation, Enabling Qapital and SIDBI amongst others.

Subsequent funds launched in FY2022 are taking a diversified approach with investments in new-age economy, consumption, and clean energy along with retail financial services.

The funds' investments provide alternate sources of capital to mid-market corporates who have unfulfilled debt needs and primarily dependent on traditional sources of capital. Our fixed income funds provide credit that is compatible with the unique business needs of the issuers and matches the underlying cashflow of the businesses.

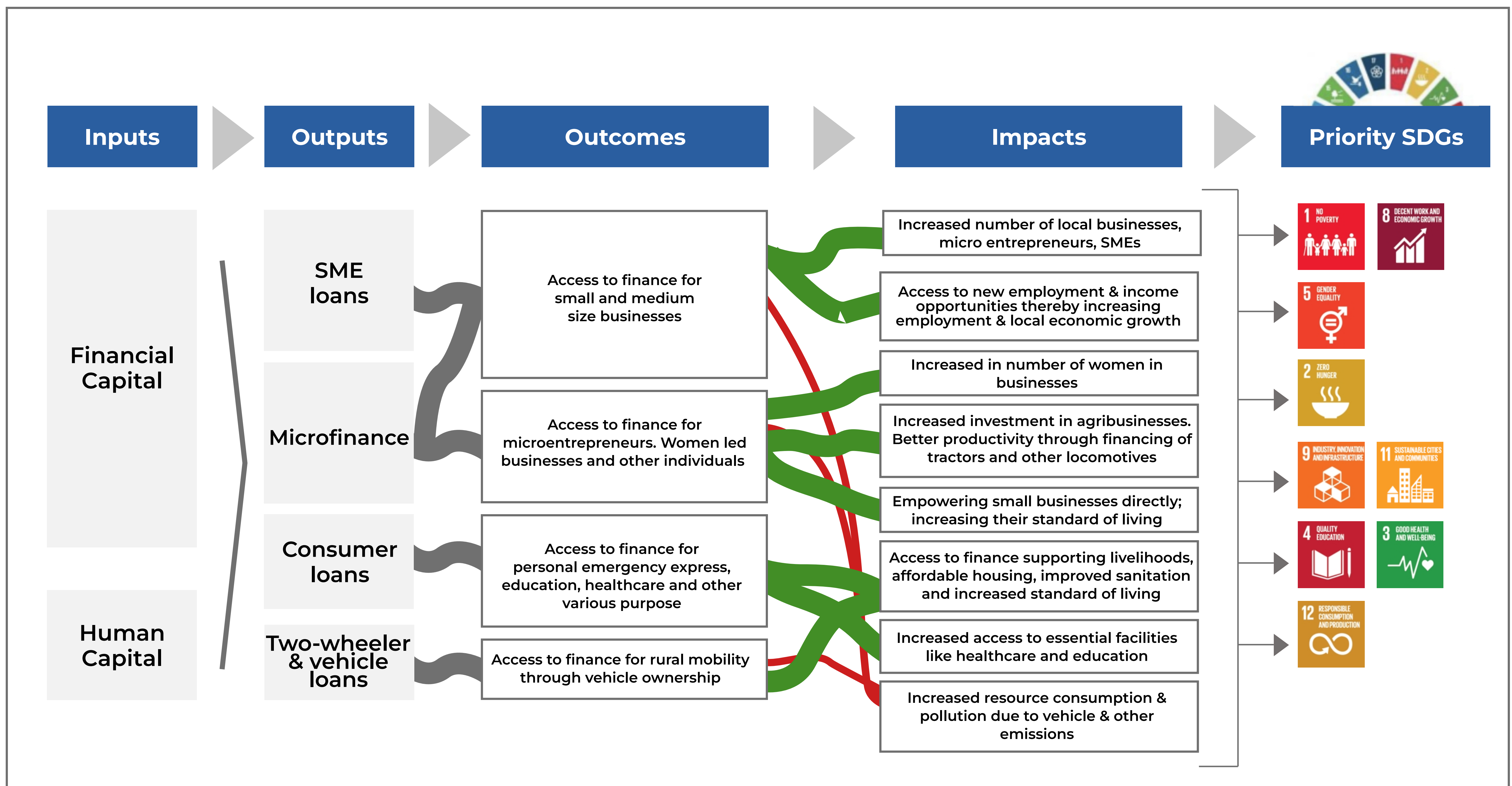
**Arup Kumar**  
Chief General Manager, SIDBI Foundation for  
Micro Credit (SFMC)



With an objective to utilise the special liquidity facility provided by RBI to assist the COVID-19 pandemic-affected underserved SMEs and MSMEs, SIDBI roped in Vivriti AMC to channel the much-needed capital through its debt market offerings so as to reach out to the granular level and make impact. We are confident that Vivriti's track record of investing in Indian enterprise debt market and risk management systems would help to materialise the goal towards supporting 40,000 women micro-entrepreneurs and 4,000 MSE units.



We have analyzed the impact created through our funds in the form of an impact pathway illustrated below



Impact pathway guided by Operating Principles for Impact

## Eleonora Castaldo Regional Manager Asia, Enabling Qapital



The collaboration between Enabling Qapital and VAM started almost two years ago, when Enabling Qapital had just been funded and was looking for local support in entering the Indian market. At the time, in the middle of the COVID crisis, Enabling Qapital could not even travel to India and therefore neither I nor my team could explore business opportunities.

We have known Vivriti Capital's and VAM's founders for many years and we have established a level of trust in their business approach and the transparent corporate governance structure they put in place at Vivriti.

VAM was instrumental in unlocking opportunities that we would not otherwise have been able to find for entering the Indian market. Enabling Qapital invested in VAM's Vivriti India Impact Bond Fund (VIIBF) and collaborated with VAM in the selection and analysis of the potential and realized investees.

We value VAM's extensive knowledge of the market and their balanced approach to investments. VIIBF was able to diversify its portfolio across different asset classes MFIs, SME lenders, vehicle financing and agri financing, while remaining true to core focus of our investment fund of financial inclusion via MSMEs. It is this broad approach that we most value and for which we believe VAM has been an excellent partner in India for Enabling Qapital.



# COWS - GO - TO - THE - CLOUD



## Founder's Story

The journey started back in 2010, when an acquaintance of the founder was setting up an organic farm, what initially started as building a bulk milk chiller and monitoring 15-20 cows slowly shifted focus to building an all-inclusive tech platform for dairy to make a difference to the farmer communities.

The how resulted in - **Stellapps** – platform enabling *Digitization of the Agri - dairy supply chain* in 2011 incubated at IIT Madras based out of Bangalore with a primary focus on data acquisition and machine learning.

Stellapps digitises & optimises milk production, milk procurement & cold chain management through IoT solution, which helps dairy farmers and cooperatives maximise profits while minimising effort.

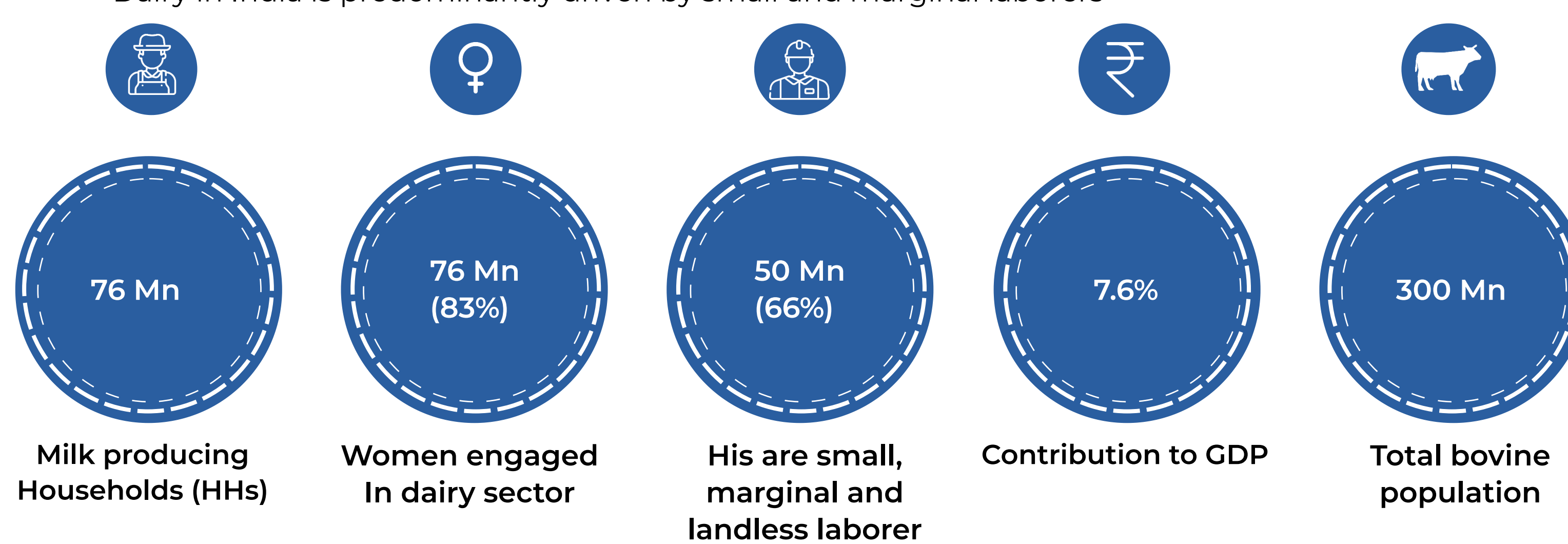


## Addressing the Gap

### DAIRY – THE WHITE-WATER INDUSTRY

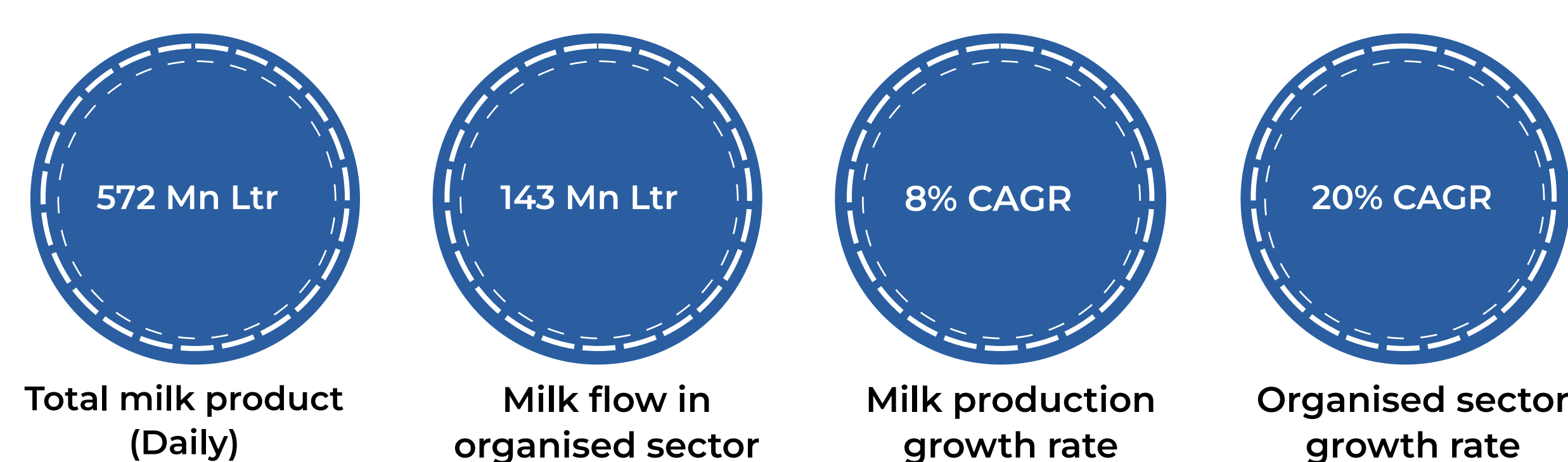
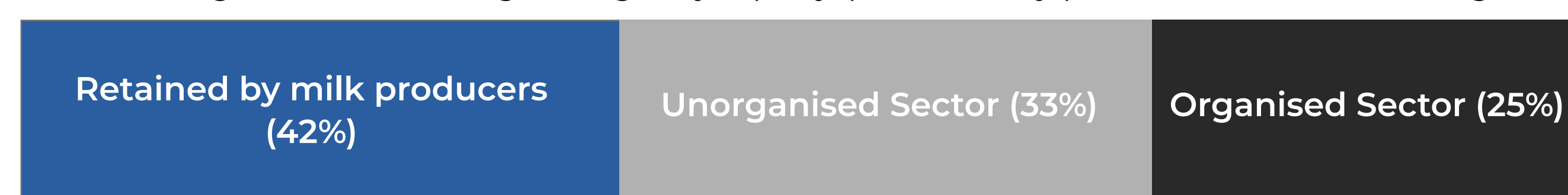
#### Indian Dairy overview: 76 million milk producing households

Dairy in India is predominantly driven by small and marginal laborers



#### Dairy in India is still largely unorganised

However organised sector is growing very rapidly, private dairy processors will drive the growth



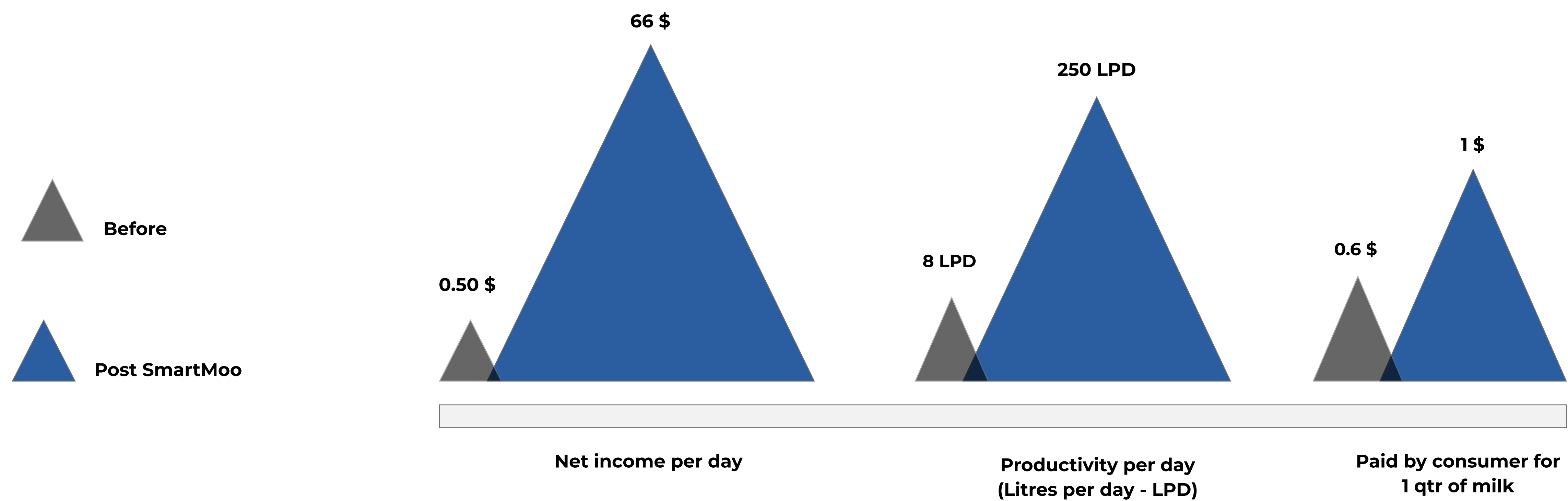
Source: Stellapps



Meet Geeta who earns 0.50 USD per day with her 2 cattles with no access to banking services and farm services & barely managing a household of 4. There are 50 million such Geeta's in India!

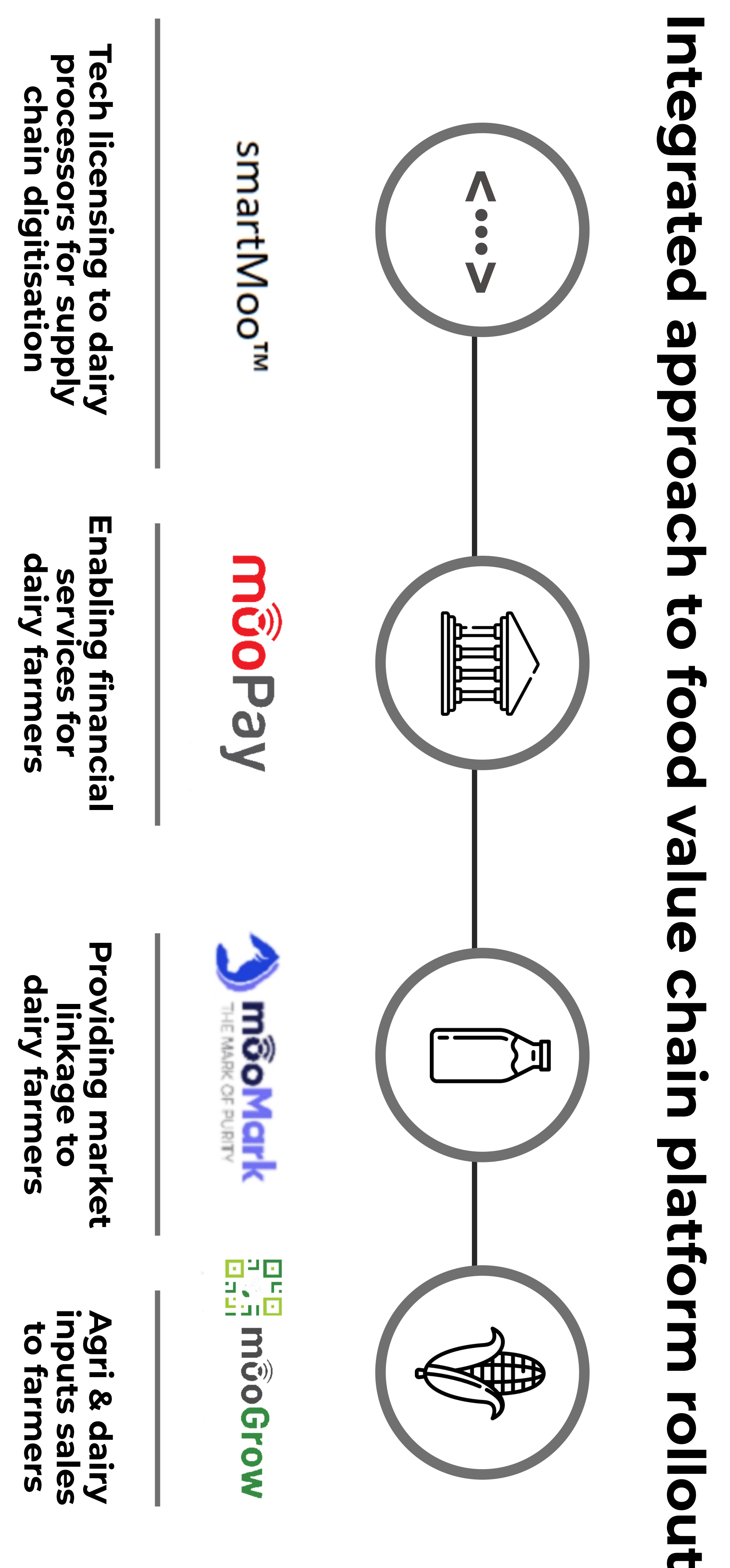


### How access to technology improved Geeta's life -



## Business Model

<p>- Full Stack IoT solution to assist dairy farmers &amp; cooperatives maximise profits &amp; minimise effort</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white; text-align: center;">Sample milk is tested in milk analyser for quality</div> <div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white; text-align: center;">Post the milk quality, milk is poured into the can for weighing</div> <div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white; text-align: center;">Contract ensures chilling maintained at milk collection centres to below 4 degrees</div> <div style="border: 1px solid black; padding: 5px; background-color: #0056b3; color: white; text-align: center;">Direct payments from the dairy to the farmers in 10-15 days pay cycle</div> </div> <p><b>Started - 2014      Deployments - 38K+      Registered farmers - 3Mn</b></p>
<p>- Innovative financial services made accessible to rural population through a digital farmer payment gateway</p> <p>- Stellapps has applied for an NBFC licence to facilitate the financial support to farmers. Currently provides sachet loans / cattle loans / farm improvement loans (INR 5-50K) &amp; cattle insurance</p> <p>- Stellapps developed a score 'Mooscore' to assess credit underwriting of farmers.</p> <p><b>Started - 2020      Retail points - 750+      Registered farmers - 15K</b></p> <p><b>Milk Procurement - 75K LPD</b></p>
<p>- Ensures procurement of high-quality milk. The company proactively intervenes to derive additional benefits of productivity &amp; quality</p> <p>- Provides advisory on several aspects including feed &amp; fodder, general health, right time for artificial insemination</p> <p>- SmartFarms App enables the registered farmer to place orders for dairy inputs &amp; cattle fodder or even avail a loan</p> <p><b>Started - 2019      Monthly farmer payment - 1.25Mn USD+      Registered farmers - 25K</b></p> <p><b>Milk Procurement - 75K LPD      No. of loans PM - 500+</b></p>
<p>- Agri &amp; dairy inputs sales to the farmers</p> <p>- Products include cattle nutrition supplements, fodder, food supplements</p> <p><b>Started - 2021      Centres - 300      Farmers purchasing products - 1500</b></p>



Source- Stellapps



## Benefits to Stakeholders

Financial Partner	Dairy Farmers	Dairy Processors
<b>Large access</b> to 2+ Mn small holder farmers across 34k villages under one platform	<b>Instant digital payments</b> for milk pouring in bank account, building digital income history leading to improved access to basic saving & personal finance management	<b>Reduced cash management</b> replacing the risky, complex & expensive task of managing cash distribution
<b>PAN India presence</b> : 17+ states	<b>Banking services</b> available by onboarding collection centre	<b>Automated reconciliation</b> to facilitate payments effectively
<b>Real time monitoring</b> of financed assets through existing IoT data	<b>Digital ecosystem</b> enabling them to pay EMI from their milk payments	<b>Automated digital payments</b>
<b>Physical presence on ground</b> : multiple touch points with the farmers	<b>Access to credit products</b> : sachet loan, cattle loan, milk receivable financing	<b>Digital ecosystem</b> from milk procurment to final payment improving productivity, quality & traceability of milk.
<b>Digital payments &amp; collection</b>	<b>Value Added Services</b> – mobile & DTH charges, bill payments	<b>Increased farmer loyalty</b>

## Impact Story



Impact Area	Impact	Description
Productivity	39% increase	Increase yield, improved AI efficiency
Farmers profitability	500% increase	Improved production, productivity & quality
Market realisation	160% increase	Improved milk quality & traceability
Gender equality	74%	Registered farmers
Financial inclusion (Lending rates)	66% decrease	Alternative credit score for farmers based on milk pouring & access to formal credit
Financial inclusion (Farmers lending)	500 disbursal per month	Cattle loan & sachet loan for farmers
Energy consumption	25% decrease	Better cold chain management
Carbon emission	60% decrease	Increase productivity



## Vivriti's engagement with Stellapps

Vivriti has partnered with Stellapps in its journey to help digitise the dairy supply chain and create an impact story that supports farmer's profitability with improved productivity & quality. Eliminating middlemen, enhancing farmer's financial health and deploying tech to benefit key stakeholders in the process has been the focus of this engagement.

Vivriti is the only lender to Moomark. As this is organically a volume driven sector, we have engaged to help build 5 new clusters and witnessed the company growing significantly in the last 15 months closing with revenues of INR 500 million last year.

Better and increased access to finance has strengthened the loyalty of the farmer aiding community growth. As 70% of the dairy farmers associated with are women, digitising the flow and enabling direct payment has supported and uplifted their financial stability.

### **In the words of Mr. Ranjith Mukundan, CEO & Co-founder | Stellapps**

It has been a pleasure interacting with the Vivriti team. They quickly understood our business model and were able to stitch together the right solution that met our business requirements. The team has been very responsive, providing access to the key decision makers for a quick turnaround. It was also heartening to know that while they were able to service our immediate needs, they were equally keen on establishing a long-term business partnership. We look forward to a long-standing partnership.



## Founder's Story

NeoGrowth Credit Private Limited (NeoGrowth) was founded by two brothers, Dhruv Khaitan and Piyush Khaitan in September 2012. Prior to NeoGrowth, they founded and managed Venture Infotek, a transaction processing and knowledge management company, that was later divested to a large European IT Services company in 2010.

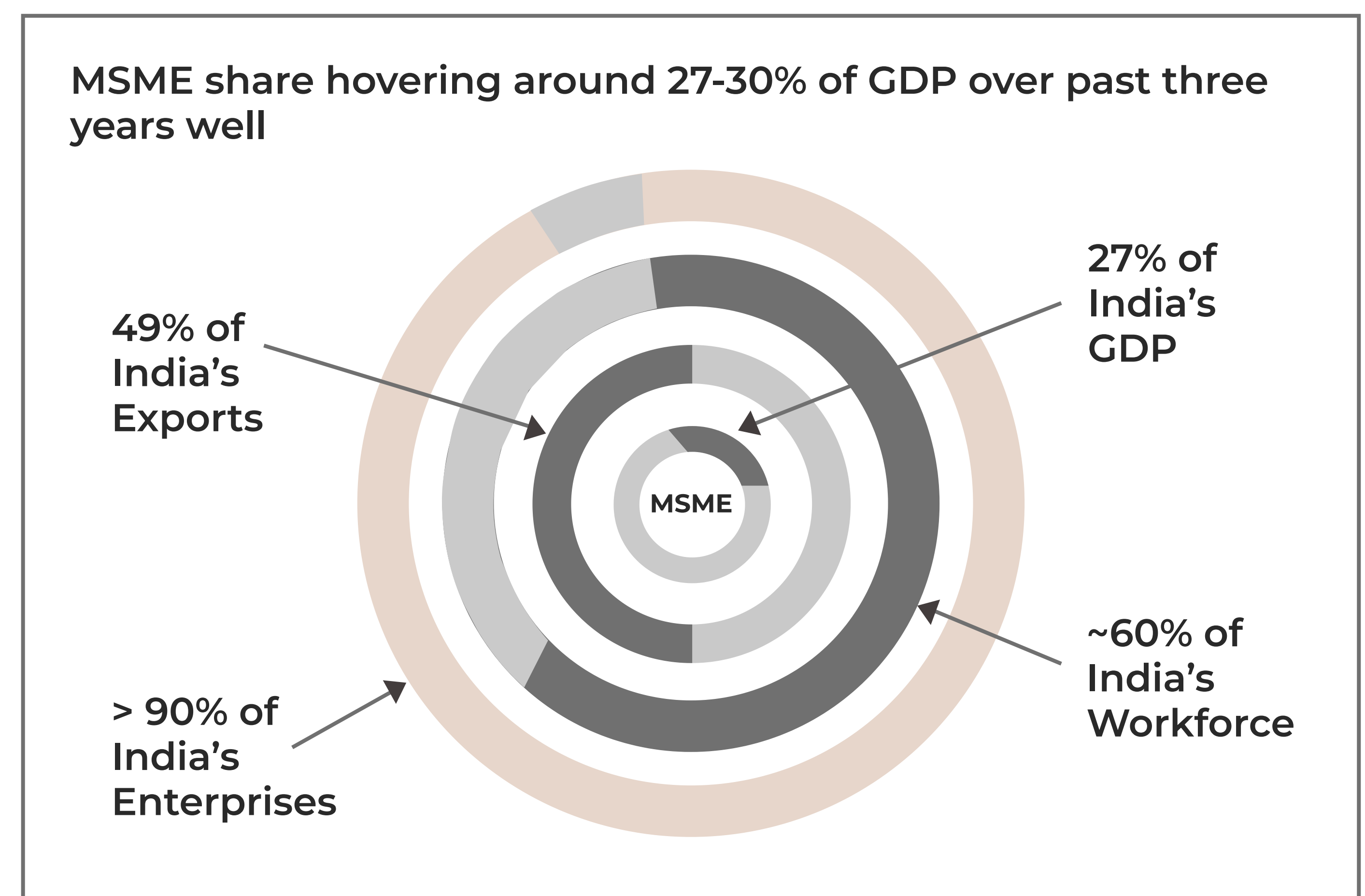
Gaining from the founders' experience, NeoGrowth is a pioneer in SME lending based on the underwriting of digital payments data of these enterprises. The company, a registered NBFC with Reserve Bank of India (RBI), started its commercial operations in 2013 as a new-age digital lender. With a mission to fund small businesses by leveraging the digital ecosystem, the company has witnessed a nearly 32-fold increase in its loan book in the last eight years to INR 15.5 billion in FY 2021-22 from INR 480 million in FY 2014-15.

### Key highlights (based on FY2022 data) :

- Locations and State coverage: **Presence in 25 cities across 15 states**
- Team Size at NeoGrowth: **600**
- Channel Partners: **2842**

## Addressing the Gap

The micro, small and medium enterprises (MSME) sector comprises a fundamental part of the Indian economy as a source of employment, productivity & exports. With more than 63 million<sup>3</sup> MSMEs, the sector contributes nearly 30% to the economy's GDP & generates employment opportunities for more than 110 million people. As per the recent CRISIL-Assocham Research report, the MSMEs' share in total exports has been hovering at 48-49% in the last five years.



Source – CRISIL - ASSOCHAM Research report on SME CRISIL Research SME Report 2022

Despite the growth opportunities across major sectors and the Government support, the sector is plagued with several challenges including adoption of technology, availability of global finance, lack of formal registration and competitive market environment. Further, COVID-19 and the associated lockdowns aggravated the challenges faced by the sector ranging from liquidity crunch and debt repayment capabilities to lack of working capital funding.

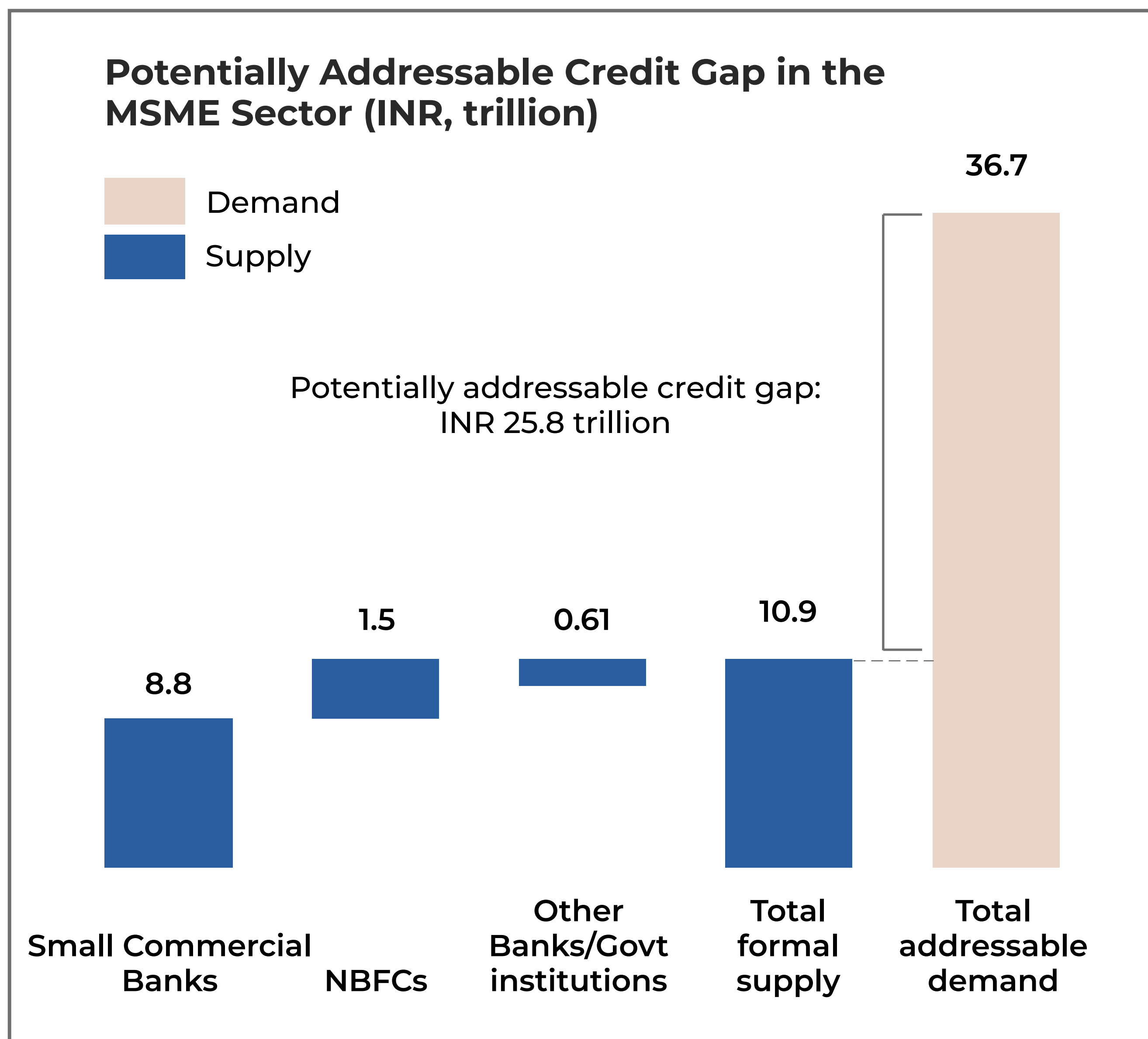
Despite improved financing opportunities to MSMEs in recent years, vast majority of them lack adequate and timely access to capital. Just about 40 % of this segment's credit needs are met through formal lending channels. Based on IFC's MSME report, the addressable credit gap in the sector is estimated to be INR 25.8 trillion<sup>4</sup>, which formal financial institutions can viably finance in the near term.

Historically, public sector banks and traditional lending ecosystem dominated the sector. However, the market has evolved into newer innovative alternate channels including NBFCs, private banks and tech enabled lending platforms to support the MSME sector.

<sup>3</sup> Based on survey conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16.

<sup>4</sup> Based on IFC report 'Financing India's MSMEs' dated November 2018





Source: IFC Report

## Business Model

NeoGrowth provides collateral-free business loans against digital sales and payments with flexible repayment options and customised products addressing multiple business needs. As of 31st March 2022, the company has retail lending book that comprises almost 70% of the AUM. In FY2019, the company launched supply chain product constituting the remaining 30% of the AUM.

Since inception, the company's focus has been on positively impacting the lives of India's MSMEs through their business activities beyond the financial implications of its offerings, in terms of job creation, assisting women entrepreneurs, improving credit scores, and lending to first-generation entrepreneurs.

The company undertook several initiatives to support their borrower segment that was severely affected during the pandemic and the associated lockdown. Some of the initiatives include –

**DiGibizz:** To make SMEs digital-ready, the company launched its diGibizz platform that evaluate the digital readiness of small businesses and provides a customized report of actionable measures based on real-time,

instant evaluation. With the help of 31 business partners providing 16 services, 10,000+ MSMEs have been assessed for their digital savviness in FY 2022.

**Sanjivni:** An industry first initiative, the company offered proactive financial assistance to support the MSMEs during the pandemic. In addition to financial support, the company also provided non-financial assistance to MSMEs such as education series with industry experts, fifteen long format customer series and implementation of actionable solutions. The Sanjivni program was designed to empower the customers and build their confidence to revive their business during the pandemic.

## Impact Story



### Impact Metrics for FY2022

- First-generation entrepreneurs: **77.90% including 6% women\***
- First time borrowers (#): **842**
- Businesses run by women entrepreneurs (#): **4671**
- Customers were high school pass outs: **25%\***

### Other key facts as of FY2022

- Live Customers: **20K+**
- Lives benefited: **1 lac+ MSMEs**

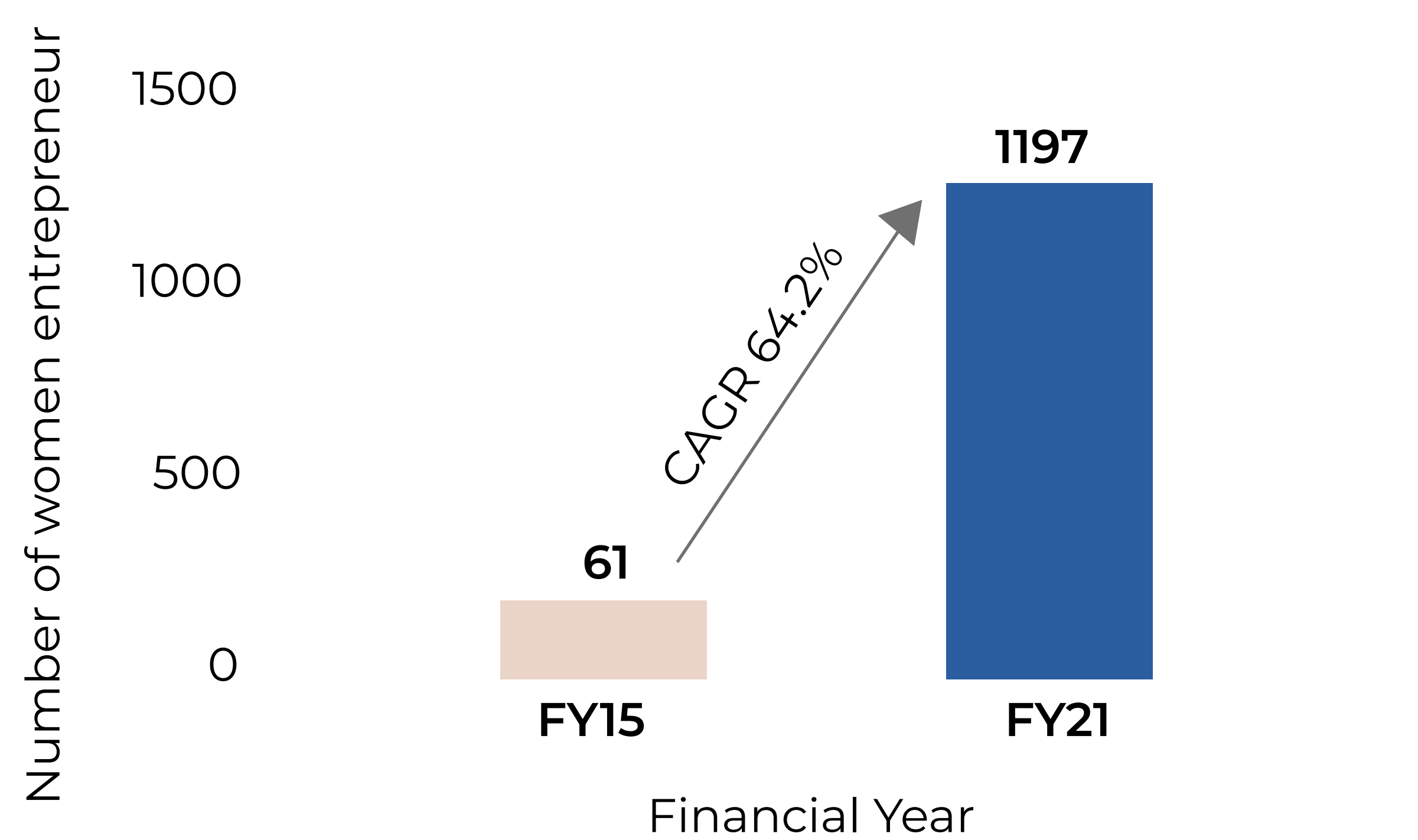
\*Based on interviews of 250+ NeoGrowth customers across 7 cities: Mumbai, Pune, Delhi, Chennai, Ahmedabad, Bengaluru, and Hyderabad



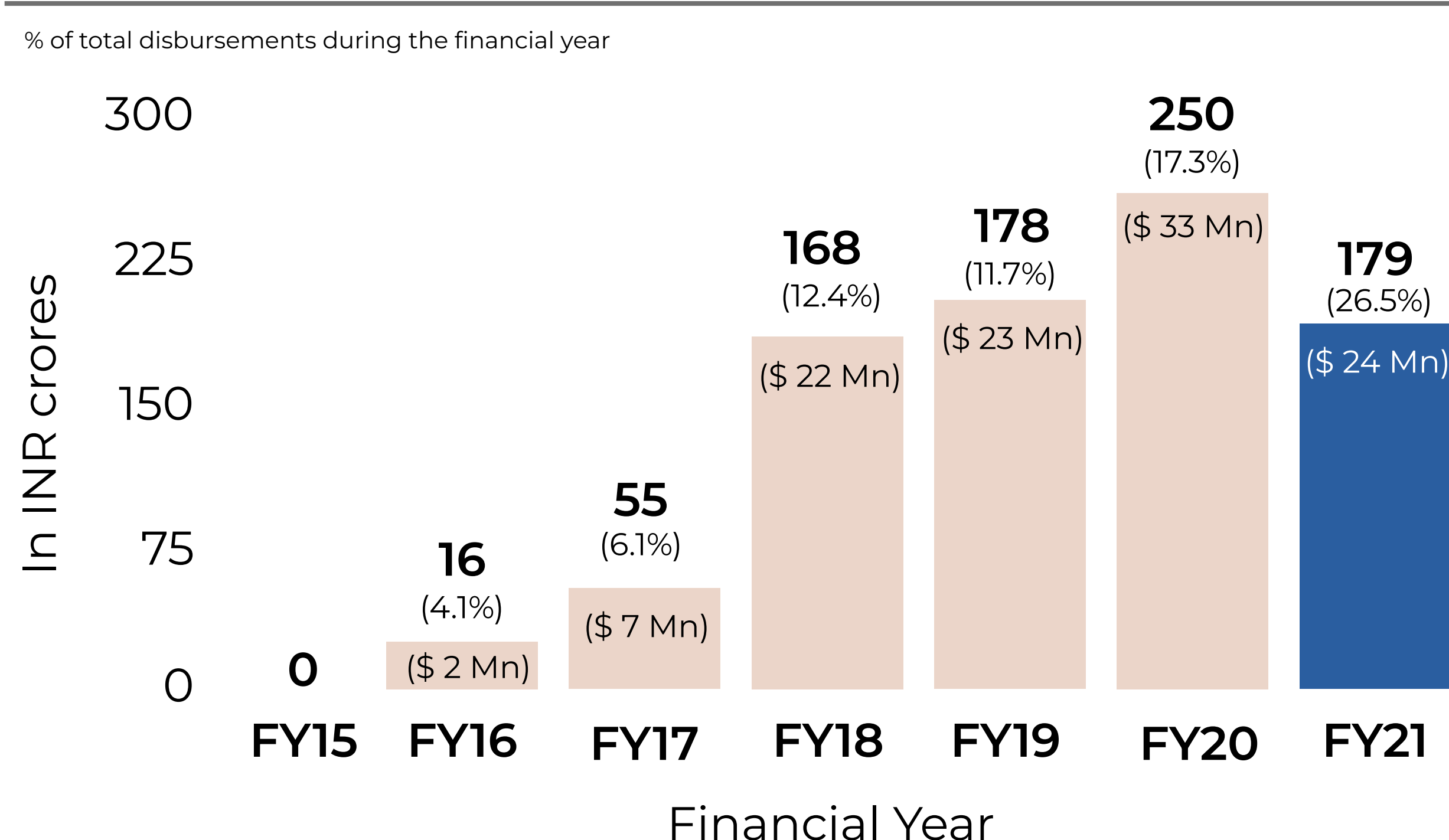
True to its social impact statement **‘everyone deserves a chance to grow’**, the company has demonstrated its active contribution towards UN SDGs by creating a meaningful social impact at the grassroots level. The company through its annual Social Impact Report highlights the social impact indicators and UN SDGs targets, which are set and reviewed on an annual basis.

While the impact numbers represent the outcome of their lending practices, the growth story reflects the conscious efforts in the right direction. Taking into consideration the changing demographics, the proliferation of MSMEs, and the growing credit demand from Tier-II cities, NeoGrowth forayed into lending to merchants in Tier-II cities, accounting about 26.5% of the total disbursements for FY2020-21. NeoGrowth has actively contributed towards furthering financial inclusion and women empowerment. The company has seen a sharp rise in loan disbursement to businesses run by women.

### Lending to Women Entrepreneurs



### Lending in Tier-II Cities



Source: NeoGrowth Social Impact Report 2021

## Vivriti’s engagement with NeoGrowth

VC has concluded both on and off balance sheet financing for NeoGrowth since september 2021. At the initial stage of our relationship, we advised the company on the importance of management incentive alignment in the form of MSOPs to ensure stable and long-term management tenure in the company. By investing in asset backed securities backed by the company’s receivables, VC has helped the company develop track record in capital markets of asset performance.

The pandemic induced lockdowns impacted the MSME sector the most. NeoGrowth experienced significant restructuring of their books during this period. However, VAM was convinced about the potential of the sector and the company’s way of doing business evidenced by their strong credit underwriting practices, deep understanding of their customer base and high level of disclosures. The founders infused more equity in the business at this time. Given their customer-focused initiatives and support programs for their customers, VAM decided to make investments through its funds in March 2021 and then subsequently in March 2022.



## **In the words of Mr. Arun Nayyar, CEO & Whole Time Director | NeoGrowth**

Our endeavour has always been to positively touch the lives of our customers through our business activities and make accessing credit simpler for all MSMEs by removing the inherent challenges in getting credit from formal sources. Vivriti echoes the same sentiment, and we share a joint mission to make financial services accessible and bridge the existing gap through innovative offerings.

We take our role in India's MSME growth story seriously and go beyond just becoming their financial partner, to help in their holistic development. Our deep engagement activities with MSME customers and a decade-long experience of working with different MSME segments enable us to understand their needs better and bridge any gaps that may be hampering their growth.

Our relationship with Vivriti has been crucial in helping us drive our activities towards creating a positive social impact. During the pandemic, we realized that MSMEs were facing genuine business challenges and would need extra support to help them navigate the disruptions. Vivriti's confidence in us and our approach throughout enabled us to empower our customers.



# If you and I don't do it, who will?



## Founder's Story

Fourth Partner Energy (4PEL) is a renewable energy company in the business of building and developing on-site and off-site solar, wind and hybrid power projects primarily for the Commercial and Industrial (C&I) segment. The company also offers energy trading, battery storage and electric mobility infrastructure services.

Founded in 2010 as a solar products and EPC company, in just over a decade 4PEL has emerged as a leading renewable energy solutions provider, committed to accelerating decarbonization across the corporate sector, not just in India but across South and Southeast Asia. With an installed capacity of over 950 MW, the company offers energy-as-a-service to help businesses offset almost 100% of their energy requirement through clean & green sources.

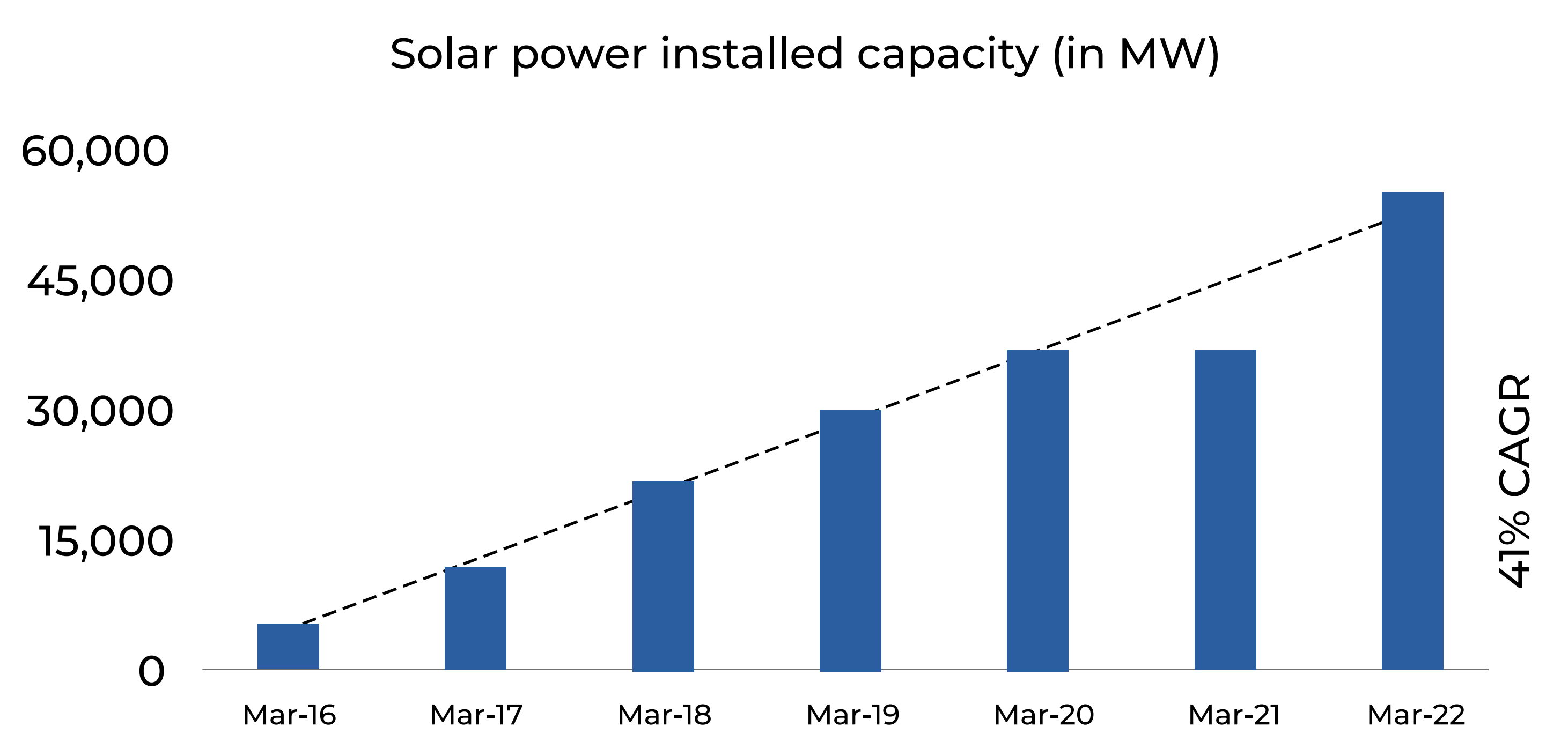
The favourable potential for C&I renewable energy is largely driven by mid and large corporates. Following the drastic reduction in solar module costs post 2016 and the voluntary adoption of renewable energy utilisation targets by several mid and large corporates, there has been an uptick in the demand for direct Power Purchase Agreements (PPAs) with private developers such as 4PEL. The company has 500+ plants

in on-site and off-site solar projects since inception with presence in South and Southeast Asia including India, Indonesia, Vietnam and Sri Lanka. The company is rated 'A-' by ICRA Limited.

## Addressing the Gap

Climate change is having profound effect on people as well as the planet. To meet the objectives of the Paris Agreement, which was reaffirmed at COP26, the need to accelerate the pace of clean energy transition remains a key priority globally. With an intent to become part of the solution, India aims to achieve 50% of its power generation capacity from non-fossil fuels by 2030 and become net zero by 2070. To achieve the 2030 target, India needs to massively scale up its renewable energy capacity.

As of FY2021, renewable energy constitutes 25% (about 96 GW) of the total installed power capacity of 388 GW. Within renewable energy, India has seen a phenomenal growth in the solar power segment evidenced by a CAGR of 41% in the last seven years until FY2022. We expect to see the growth trend to continue driven by a combination of supporting policies and improving economics.









Source – Ministry of New and Renewable Energy (MNRE)



C&I customers make up more than ~50% of India's power demand followed by domestic (~25%) and agriculture sector (<20%). C&I segment has traditionally procured power only for the state utilities and has faced the burden of high tariffs as the domestic residential tariffs cannot be increased due to political considerations. The only avenue for these customers to avail cheaper power was to set up captive power plants based on availability of process steam or other fuels. Despite the uptick in the capacity set-up over the last few years, there remains a large untapped market – 40% of power consumed by India is with C&I customers whereas off-site solar is still less than 1%. The growth of C&I renewable power has been concentrated in certain states due to availability of high solar and wind resources, enabling policy regulations and higher presence of large corporate customers.

## Business Model

The company's key focus is on providing power solutions to C&I customers. Over the years, 4PEL has been operating through various models to meet the renewable energy requirements of corporates. The company operates in two segments:

Onsite Solar		Offsite Solar and wind via open access
Plant located at clients's facility		Solar/Wind park located away from clients's facility
Savings of 30%-60% per unit electricity		Savings of 30%-60% per unit electricity
Ideal for facilities with specific requirements		Ideal for bulk consumers to meet cost savings/RPO/energy transition goals
Space constraint can limit capacity of solar Asset		No restriction on capacity of electricity supplied from solar park
Asset can be owned either by client/FPEL		Asset can be owned wholly/partly by client under captive/group captive models
Zero capital investment under OPEX model		Zero capital investment under THIRD PARTY model

Source - 4PEL Sustainability Report FY2020-21

## Impact Story



The company believes that there is *no tomorrow* when it comes to choosing cleaner energy and ensuring efficient consumption of natural resources. *The time is now.*

As more corporates are voluntarily pledging to RE100 i.e., entire procurement through renewable energy, 4PEL plays the role of an enabler through its clean energy solutions to commercial and industrial businesses. For the financial year 2021, the customers have been able to generate INR 3/kWh of savings. As a result, these businesses are able to reduce their carbon footprint while improving their bottom-line.

Impact Created	FY 2022	Cumulative
Renewable Power Generator (kWh)	22,67,50,963	45,18,69,876
Total Reduction in CO2 emission (Tonnes)	2,22,216	4,42,832
Tons of Coal Saved (Tonnes)	1,06,573	
Litres of water saved (Million Litres)	522	1,039
Savings delivered to Customers	On Average Rs 3/kWh savings delivered to Customers	
Number of plants installed( including Acquired plants)	263	570
Direct/Indirect Jobs created	Under construction: 5,160 people During Operation: 1,808 people	Under construction: 13,560 people During Operation: 1,808 people

Source - 4PEL



The company understands the adverse environmental and social implications of developing and implementing a solar PV project and hence has a robust inhouse socio-economic analysis framework for its projects. The company ensures that the land acquisition done for every off-site project is pursuant to a social impact study. This begins from verification of willing buyer and seller for the land aggregation outsourced to a third party. A detailed report is prepared on environment social management plan after

assessing biodiversity and potential social risks. Further, internal screening involves indigenous population, impact on water and forest as part of the scope decided for the ESI. The company's land acquisition policy meets the International Finance Corporation's requirements wherein there are efforts to ensure that farmers get adequate price for the land. Also, action plan for environmental and social assessment procedures are monitored by the in-house ESG team, which is dedicated for on-ground checks.

## Vivriti's Engagement with Fourth Partner

Renewable energy as a sector is highly capital intensive. 4PEL has been able to expand its operations from capital provided by several commercial banks and DFIs over the years. Although conventional asset financing continues to be a major source of funding for the company, new financing paradigms need to be leveraged to meet its growth plans. Fourth Partner's capital-intensive nature of projects with 9-10 months of construction phase meant that the working capital hinged greatly on the immediate availability of construction capital.

Vivriti, through VC and VAM, catalysed commercial debt market for the company by providing the much-needed term financing for Fourth Partner's under construction and commissioned projects, as the company signs PPAs with potential offtakers. The capital was provided at a crucial time to ensure on ground execution is not hindered. This innovative financing line from VC and VAM enables the company to continue with on ground execution and ensuring project commitments are met with customers.

This flexible capital allows the company to manage its working capital and not let projects in pipeline suffer. The first such project financed by Vivriti at an early stage, has since achieved project completion and commencement of operations. At this stage, 4PEL is now able to refinance Vivriti from longer term and cheaper bank loan market.

### In the words of Vivek Subramanian, Co-Founder & Executive Director | 4PEL

Vivriti is a wonderful addition to the green financing network at Fourth Partner Energy. Their innovative solutions and intent to collaborate for the long-term set them apart when compared to other clean energy and tech financiers. This is a special partnership as Vivriti's team understands the pulse of Fourth Partner Energy & our mission to become India's top integrated renewable energy solutions company.



# Priming inclusion beyond finance



## Founder's Story

Ananya Finance for Inclusive Growth Pvt. Ltd. (Ananya) is a financial inclusion focussed lending institution, which supports micro lending directly through micro loans (from its wholly owned microfinance subsidiary company called Prayaas) as well as through other smaller institutions & platforms focussed into this segment. Ananya had been incubated by Friends of Women's World Banking (FWWB) in 2009. Thus, FWWB's wholesale MFI lending portfolio had been transferred to Ananya. The company expanded also its lending activities to the agriculture sector in January 2015 and direct lending to individuals through MFIs in October 2020. Ananya is rated Brickworks BBB and raises debt from banks, DFIs, NBFCs and AMCs.

Ananya offers income-generating loans to women entrepreneurs who form the bottom of the economic pyramid. Loans are offered to truly new- credit borrowers with ticket sizes as low as INR 10,000 to start an economic activity and from INR 25000 to INR 200,000 to women who already have business experience to scale-up their enterprises. The impact lender also lends to collectives of small and marginal farmers (called Farmer Producer Organisations or FPOs) with loan ticket size ranging from INR 0.1 million to INR 20 million. The loans are for meeting working capital requirements and for setting up primary processing units.

Ananya is an impact lender focussing on opportunities that contribute to the equitable socio-economic development of the underbanked and unbanked population from underserved areas of the country, especially women. Apart from financial intermediation, it also offers a range of capacity building products to individuals and institutions via wholesale and retail business partnership.



## Addressing the Gap

According to Microfinance Institutions Network, in terms of geographic spread, NBFC-MFIs have 78 per cent of the portfolio in rural parts and 22 per cent is in urban parts of India. At the sectoral level too, MFIs have catered to over 130 million households in India over the last 20 years.

The gross loan portfolio of the MFI sector stands at INR 2.85 trillion as at March 2022 across 58 million borrowers representing 113.1 million loan accounts. However, banks dominate this segment with a 40% market share, which is primarily catered through their rural branches powered by their ability on price competitiveness. However, the NBFCs & NGOs still contribute to 60% of the portfolio leading the charge in opening new geographies through technological and process innovation.

While the MFI sector in India has faced multiple challenges including local government intervention, demonetisation, GST implementation and multiple floods across different parts of the country, the sector has grown and evolved - courtesy to



regulatory guidance and forward-looking policies, establishment of Self-Regulatory Organisations by members as well as capital supply from debt, equity and capital market investors. Positive unit economics along with significant growth opportunities are expected to continue to push forward the MFI sector, which is also one of the most critical spokes in the wheel of rural Indian economy.

## Business Model





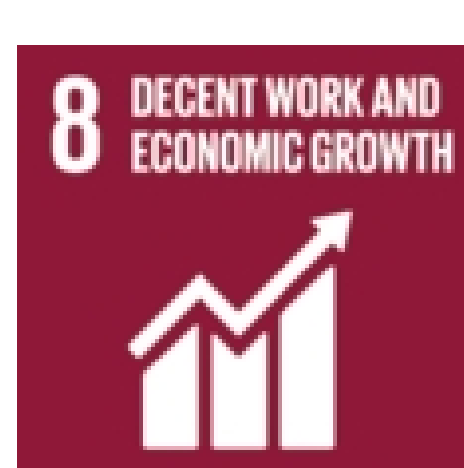

Ananya has a diversified loan portfolio across MFI, agri finance and MSMEs in other impact sectors summarised below.

<b>Microfinance</b>	Direct MFI loans through branch led model as well as loans to smaller financial institutions / NGOs working with small and marginal borrowers who are otherwise forced to borrow from informal sources and money lenders at much higher costs.
<b>Agri Finance</b>	The capex and working capital loans offered to agriculture and allied sectors through FPOs and Agri-SMEs that work with small land holder farmers.
<b>Impact MSME</b>	In the MSME segment, Ananya has lent to enterprises in renewable energy, healthcare, and waste management and recycling sectors among others.

## Impact Story

Through its Social Performance Management Report 2020-2021, Ananya reports the social impact created with an attempt to report to the stakeholders the impact of its operations across different UN SDGs.

The UN SDG Analysis for disbursement in 2021-2022 is as follows:

	26+ Institutions impacted 90,248+ beneficiaries served INR 3.81 billion disbursed towards SDG1	Ananya provided support across 385 districts in India with a significant percent of the support extended to people living in the most backward regions
	26+ Institutions impacted 76,749+ beneficiaries served INR 3.20 billion disbursed towards SDG2	Ananya extends loans to FPOs that help in increasing income of their smallholder farmer members and work with them to promote sustainable agriculture and increase productivity
	12+ Institutions impacted 66,804+ beneficiaries served INR 2.44 billion disbursed towards SDG5	By extending micro-loans to women borrowers across diverse fields, Ananya furthers gender equality and women empowerment.
	1+ Institutions impacted 141+ beneficiaries served INR 45 million disbursed towards SDG7	Through its lending to impact SMEs and green enterprises, Ananya has enabled environmental protection while promoting economic growth.
	27+ Institutions impacted 89,444+ beneficiaries served INR 3.77 billion disbursed towards SDG8	Ananya lends to enterprises and people at the bottom of the economic pyramid for income-generation activities.
	26+ Institutions impacted 90,248+ beneficiaries served INR 3.81 billion disbursed towards SDG10	Ananya's portfolio with a dual focus on women and underserved households encompasses elements of overall economic upliftment of the poor and lower income group people.



## Vivriti's Engagement with Ananya

Vivriti's engagement started with Ananya after the fall of IL&FS leading to an immediate lending freeze to wholesale NBFCs by most banks. On account of developments thereafter, small and mid-sized NBFCs such as Ananya faced challenges in raising bank finance. Vivriti provided necessary support and debt finance to the company during this time.

Post initial engagement, Vivriti has regularly supported Ananya through multiple loans during COVID-19 phase across 2020-2022. Vivriti's lending call was based on quality and commitment of the management team, and its ability to raise capital from new sources. Engagement has also progressed with additional funding support extended by VAM in April 2022 through capital market instruments. Going forward, Vivriti Group looks to continue and expand the engagement through different products.

### In the words of the Gaurav Gupta, Managing Director | Ananya

The relationship between Ananya and Vivriti commenced with a Term Loan of INR 100 million in April 2019. Vivriti supported Ananya, a much smaller NBFC, at a time when the NBFC industry as a whole was facing the brunt of the after-effects of a scandal & bankruptcy involving one of the country's largest NBFCs. There has been no looking back since then, even during the COVID period. Vivriti continued to show confidence and place its trust in Ananya and is today, its largest debt-investor.

The timely support by Vivriti during one of the most challenging times faced by Ananya was confidence-boosting, not only for the operating management but also the other stakeholders including other debt investors, the shareholders and the rating agencies. The trust in the relationship is extending it beyond that of just being a lender-borrower to a more engaging & inclusive partnership across co-lending, knowledge and resource sharing and advisory services.



# Clear Intent. Large Impact.



## Founder's Story

Co-Founded in 2016 by Gaurav Agarwal, a biomedical engineer with 25+ years of experience in interventional cardiology started IITPL with the sole intention of making heart care affordable by setting up Cath labs in Tier 2, Tier 3 & Tier 4 cities. IITPL has created a niche space operating in the sub INR 20 million segment in the domestic market which was primarily dominated by multinational companies. It is one of the only 9 companies in the world manufacture Cath lab equipment used in cardiology for angiogram, angioplasty, pace-maker insertion.

With strong focus on research and development, innovation has been their key strength to bridge this gap in affordability. Since inception IITPL has developed four products maintaining image quality and facilitating better heart care. Today they are present in 18 states across 102 cities *prioritising cities with population under 0.2 million.*

## Addressing the Gap

Cardiovascular Disease (CVD) is a major reason for deaths among Indians. Six years ago the mortality rate due to CVD was approximately 22-25% and today around 6 million patients are suffering from CVD with just 6 lakh angioplasties performed every year.

The Cath Lab market globally is estimated to be about US\$ 2.5 billion dollars, growing rapidly due to a very large diabetes burden. In India, the market is estimated to be about INR 10 billion and about 225 Cath Labs get added to the market every year. But even that is not enough. We are a country of about 1.3 billion people, with 60 million people suffering from cardiovascular disease. There are just 2600 Cath labs in the country which



Indian Market	Domestic Cath Labs- in units
FY22-26 CAGR	>=20%
FY 2021	192
FY 2022	396
FY 2023	550
FY 2024	660
FY 2025	792
FY 2026	950
FY 2027	1140

Source: IITPL

are concentrated majorly in metro and tier-1 cities. Out of 773 districts in India, only 240 has a Cath lab installed. Due to high prevalence of CVD, growing awareness, increasing income levels and affordability due to pricing cap in stents there is huge demand for Cath lab in India particularly in non-metro cities.

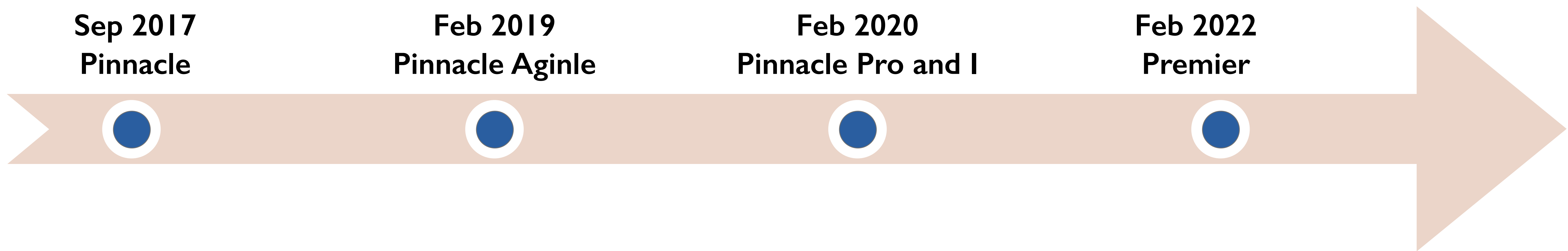
IITPL with its product position and marketing team is now focussed across India and is expected to benefit from the growing demand. From 200 installations in 2019 there was more than 400 installations in 2021 indicating strong growth in India. *Industry reports also indicate stents market to grow annually at a CAGR of more than 30%, which would effectively imply similar growth for Cath labs as well.*

Globally, there are about nine manufacturers of Cath Labs and in India, there are two manufacturers (IITPL & Allengers). The market is largely dominated primarily by three players - Philips, Siemens and General Electric along with some Japanese players as well.



## Business Model

IITPL has emerged as a leading player in the industry dominated by multinational companies, on account of competing in a different price point with innovative products.

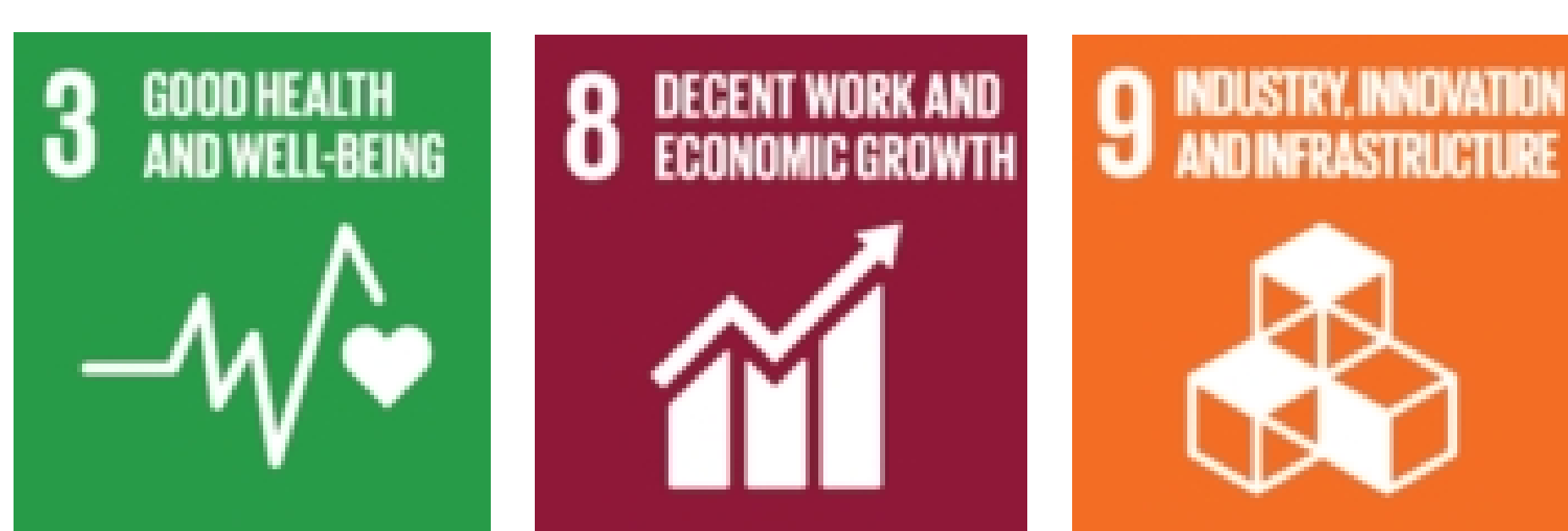


Attributes	Pinnacle	Phillips/Siemens-refurbished (generally imported)	Phillips/Siemens
Pricing	Middle (14- 16 Mn)	< INR 20 Mn	Super premium > INR 40 Mn
Image Quality	1344*1344	1344*1344 and better	1344*1344 and better
Downtime	<48 hour	<48 hour	< 72 hour
Vintage	New	Old (overall lifetime will Be till 15 years)	New
AMC	Economical	Costlier	Costlier

Source: IITPL

## Impact Story

**Intent was clear and hence the impact is large.**



**Made in India** – The company now is one of the only two manufacturers in the country promoting affordable heart care to the masses. The company partnered with government hospitals & small-scale hospitals to support the government initiatives of Ayushman Bharat that covers stent placement at just 900 USD for angioplasty with stent.

**Affordable Healthcare** – In context to the disease burden, India is the diabetic capital of the world and expensive treatments has only led to more mortality rates. As per industry report/management commentary, out of 60 million angioplasties required, only one million surgeries are being done every year. IITPL's biggest success story has been to make such surgeries economically viable across India, by passing the price advantage directly to the patients without compromising on the quality.

**Employment Generation** – IITPL's Tier 2, Tier 3 and Tier 4 setups have been rising rapidly with 2-3 cardiologists coming together to set up Cath labs, generating new business opportunities alongside their regular practice at private/government hospitals. Last year alone IITPL has supported over 450+ cardiologists, enabling them with over half a million procedures.



**Innovation & Infrastructure** – In rural areas and small towns, one would need to travel 300-400 kms to the nearby metro to address cardio care that was primarily very expensive. To bridge this gap, IITPL focused to build feature-rich Cath labs in Tier 2 and Tier 3 cities to make them more accessible. 153 Cath labs have been added in the last 50 months of commercial operations with 63 in Tier 3 and 32 in Tier 2 cities respectively. IITPL is recipient of 11 awards that are won in the category of innovation, design, research and development and quality. Some of the prominent awards includes Red Dot, Good Design by Ministry of Commerce Japan, Medical Device Company of the Year 2020 by GOI, National Innovation award by the President of India, TDB etc.

## Vivriti's engagement with IITPL

IITPL has created a niche in the market making heart care affordable. Vivriti was convinced with IITPL's intellectual capital and its robust business model. We were one of the early movers in providing debt capital to IITPL for their business expansion and working capital requirements. The funds were utilized to facilitate manufacturing of Cath labs and installation of the same across various Tier 3 & Tier 4 cities.

Our participation goes back when the company was going through restructuring of their distribution and manufacturing arm. We supported their growth stage by bridging their working capital gap and today through efficient use of capital, the company has already achieved break even and a green bottom line.

### In the words of Gaurav Agarwal, Managing Director | IITPL

We have had a very positive and collaborative association with Vivriti Capital. Being an impact debt fund they understood the strong social impact we are making in the country to democratize Heart Health. We look forward to working closely with Vivriti in the next couple of years to bring some innovative financial products that will make heartcare accessible across all segments of the society. We are committed to having an indigenous Cath lab in all 773 districts of the country and reduce Cardiac mortality significantly.



# E, S & G AT VIVRITI



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# Introducing E, S & G

By Kartik Srivatsa, Partner, Lightrock



## **Why is ESG crucial for long-term economic value of an organisation?**

Building a strong foundation towards - measuring and acting towards environmental sustainability, responsible engagement with ecosystem stakeholders and systems of governance within the organisation - is critical. This provides a strong base for building value for the long term, a foundation for scale and growth and a systemic approach to risk management to manage times of external disturbances. To this end, ESG is not a good to have but a must have for long term value creation for both shareholders and other ecosystem stakeholders.

## **Your views on Vivriti's efforts towards sustainability practices -**

Vivriti has begun a serious effort towards codifying and tracking ESG adherence across companies they lend to, in the direction of better clarifying the use of capital. With the very recent announcement of SEC's ESG disclosure regulations, SFDR in Europe, standards for ESG are in the early stage and evolving, hence requiring strong intent and dynamic execution with significant reliance on technology to build a robust framework. Such a framework seeks to not only classify the use of capital across different levels of ESG adherence, but also focus on improving systemic adherence to ESG standards.

## **Your take on the way forward for Vivriti's ESG and impact practices -**

Our view is that Vivriti's approach to building a cutting edge ESG measurement and adoption tool should focus on significant reliance on technology to measure and track metrics that provide a composite view of adherence in real time with early warning signals of breaches real time making the tool effective with real applicability for the debt portfolio over and above the regulatory requirements. While other players are trying to stay at pace with evolving regulations, Vivriti hopes to build capability that stays ahead of the curve to provide value to stakeholders both on the asset and liability side.



# Environment

Sustainable development is central to the way we create value. We are committed to being part of the solution and collaborating with our stakeholders on climate and nature positive actions. At Vivriti, we trust that the direct and indirect environmental impact can be regularized by limiting our energy consumption, reducing greenhouse emissions and managing waste efficiently. In our own operations, we continuously seek opportunities to minimise our footprint and as a first step, we have measured our own operational environmental impact by taking stock of the resources we consume.

We believe in the principle of *'What gets measured, gets managed'*, and as a part of this process, we are growing vigilant and conscious of the resources we consume. Also, going beyond our own operations, we proactively look to identify opportunities to invest in entities working towards the transition to a low-carbon economy.

# Social

*Vivriti's strength lies in its people.* Driven by an open culture where feedback is mutual and everyone is accessible, Vivriti's social quotient plays a key role in its growth story. Our key priorities as an organisation include promoting diversity and inclusion as well as ensuring the health and safety of its employees.

The culture at Vivriti honors each employee's unique strengths, facilitates open dialogue, encourages continuous learning, and supports collaboration. Ours is a business with a strong social performance, we have not only built a trust-based relationship with our community of stakeholders but also contributed to India's credit growth story with a strong human capital.

# Governance

Sound corporate governance practices are fundamental to protecting the long-term interests of shareholders. The principles of integrity, transparency, accountability, and ethics resonate throughout the organization and reinforce our values. Our governance structure and policies provide a framework for accountability and effective oversight, including appropriate disclosures. We have built professional management teams and have adopted global best practices in corporate governance and risk management to ensure that Vivriti consistently preserves and enhances value.

Vivriti's board members bring in an extensive mix of skills, expertise and experience, promoting independence and diversity of thought. Two independent directors with stellar backgrounds joined our Board within 18 months of incorporation. We recognize that good corporate governance plays a key role in the foundation of an organization & hence disregarding the cost we appointed Deloitte- a reputed audit & assurance practitioner, as our auditor in the first year of existence.



# BEING ECO-CONSCIOUS

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## Being eco-conscious

As we confront the climate emergency, we acknowledge our responsibility to be part of the solution by engaging and collaborating with our stakeholders to actively work towards contributing to India's transition to a Net Zero future. Being a financial institution, our environmental footprint is limited. However, we believe that our individual choices matter and collectively we can achieve greater impact.

### We strive to adopt environmental sustainability from three distinct perspectives

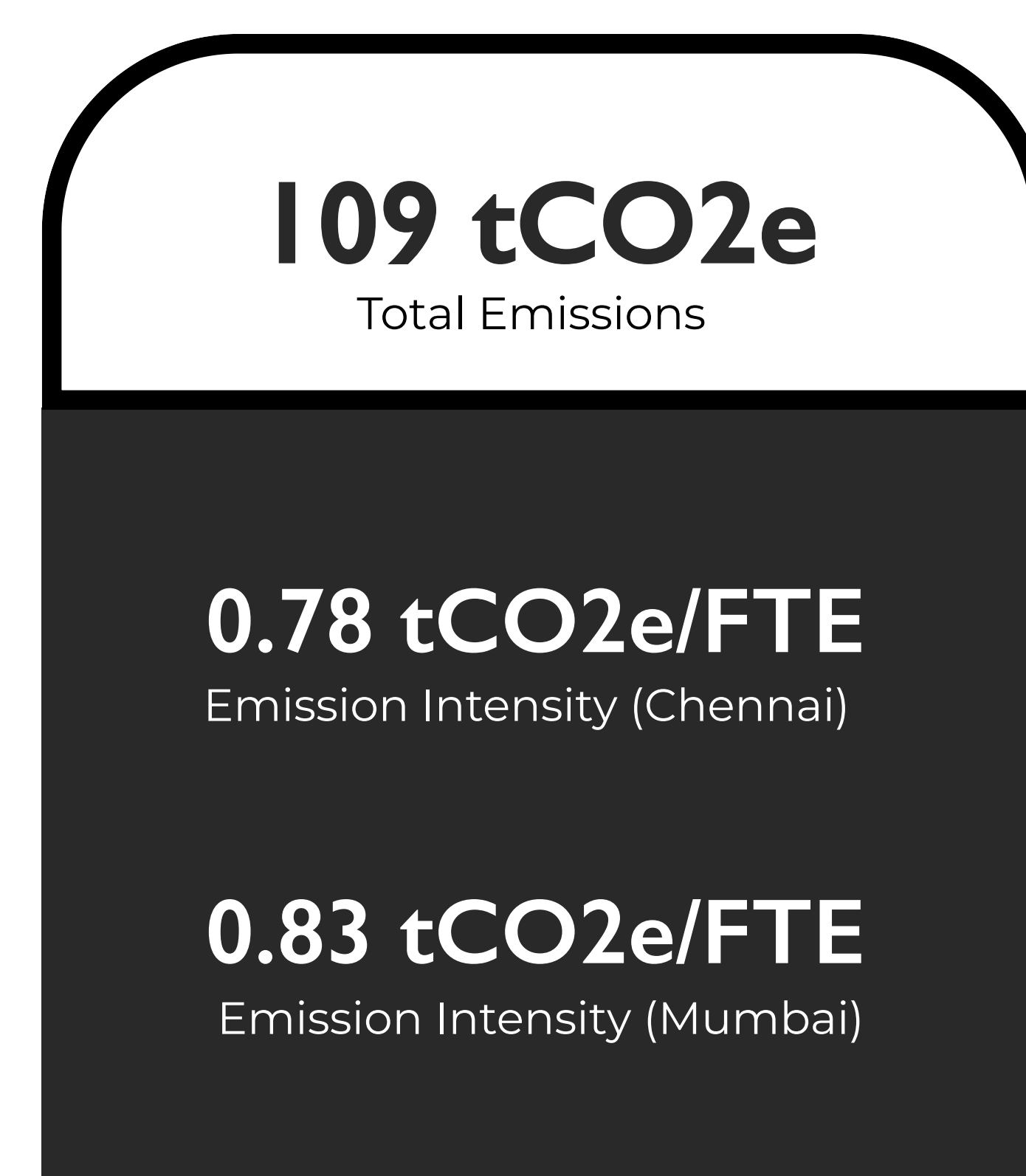
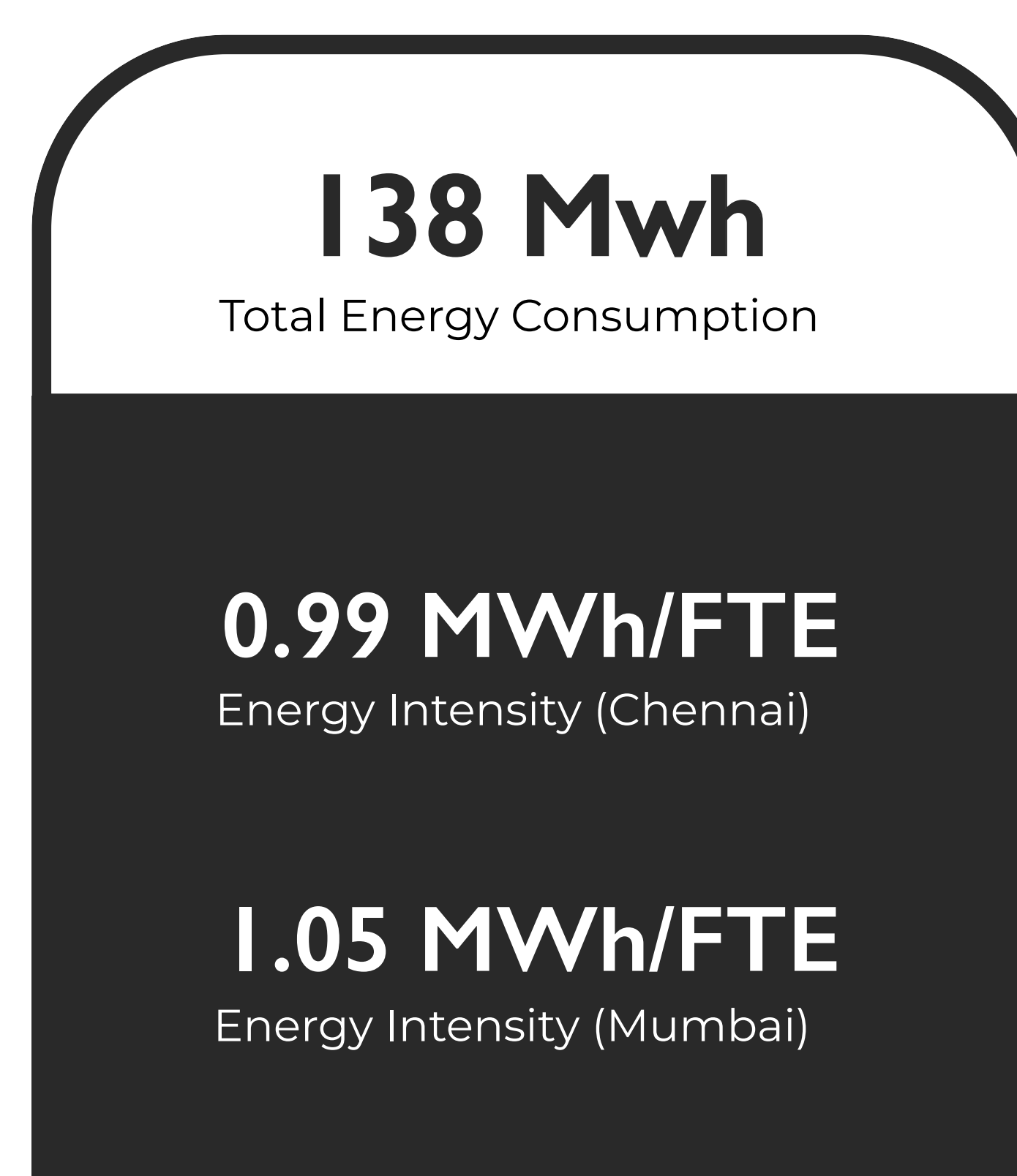
1	2	3
<p>Commitment to manage &amp; minimise our carbon footprint by -</p> <ul style="list-style-type: none"> <li>reducing energy and natural resources usage</li> <li>minimising waste production from our operations</li> <li>continuing to explore opportunities to improve energy efficiency in the organization</li> </ul>	<p>Proactively identify opportunities to provide <i>financing solutions</i> to businesses that positively impact the environment and expand our portfolio to more green products supporting the transition to a low carbon economy and hence actively contribute to the transition of a Net Zero future</p>	<p>Route <i>Corporate Social Responsibility (CSR) activities</i> towards environmental sustainability; one of our projects focuses on wetland restoration of a lake in the southern suburbs of Chennai</p>

## Managing our carbon footprint

Majority of our energy consumption is on account of the electricity purchased from the grid. We believe that responsible energy consumption is of paramount importance and hence we have taken the first step to monitor our usage. Our approach toward energy efficiency involves identifying, mitigating solutions to save energy and promoting behavioral changes among our employees. We have implemented the following intervention to better manage our operational environment footprint:

- Our Chennai office is LEED- Indian Green Building Council gold standards rated and is designed to comply with Energy Conservation Building Code. 60% of our total work space across India is LEED Certified

- With an aspiration to move towards renewable energy, we have transitioned to Adani Electricity green tariff plan in March 2022 effective from next financial year for our Mumbai office





■ Conventional CFL light fittings have been replaced with LED lighting systems with motion sensors at both our offices

■ Merv-13 air filters were installed in the Chennai office on the onset of COVID-19 pandemic for the entire building

■ Indoor plants placed at both locations in the entire office including common areas and workstations

We continue to identify opportunities to integrate green design concepts into our offices, for instance to maximise natural light usage, improve ventilation, and increase energy and water efficiency while enhancing ambience, comfort and safety. Going forward, we will continue to identify energy saving opportunities, integrate renewable energy and install energy-efficient IT hardware wherever feasible.

## Conserving water

**At Vivriti, we consider water conservation a responsibility of both the organisation as well as the employees. Some of the water-focused conservation interventions practiced at Vivriti include -**

■ Implementation of rainwater harvesting at Chennai office to reduce the municipal water demand

■ Installation of water meters to measure, monitor and optimize its usage at Chennai office

■ Installation of plumbing fixtures such as aerators in taps to improve water usage efficiency at both Chennai and Mumbai office



## Responsible waste management

Being a financial institution, we do not generate a substantial amount of waste. However, all waste generated is handled, stored, disposed and recycled in compliance with applicable environmental laws and regulations. We monitor and manage our e-waste carefully and ensure that at the end of its life it is either repurposed, repaired or recycled through authorized vendors. We continuously strive to reduce the amount of waste we generate and have implemented the following interventions:

■ Segregation of waste at source to enable recycling, where wet and dry waste bins are demarcated and placed in common areas

■ 100% of e-waste is recycled through authorized vendors in accordance with E-Waste Management and Handling Rules and every year we file our returns on time

■ We have identified opportunities to eliminate single-use plastics by using refillable bottles and biodegradable lunch containers



■ We have reduced our paper consumption as majority of our business models and processes are digitalised. We also encourage our vendors and business partners to move from physical invoices to digital ones

## Investing in green

Way forward, we plan to diversify our portfolio in green opportunities across sectors such as renewable energy, agri businesses, Water, Sanitation and Hygiene ( also known as WASH) and water and sustainable mobility. We will formulate and execute lending strategies that proactively identify greener investment opportunities as the market for low carbon solutions expands. As a part of our investment evaluation process, we will

consider potential environmental risks and the ESG maturity of enterprises we invest in, forming part of the decision-making process. Whilst we continue to further develop our impact management framework, we will look to understand and integrate best practices in assessing and monitoring environmental outcomes, both positive and negative, across our lending portfolio.

We are committed to climate action by collaborating with our employees, partners, customers and suppliers. It is through capital allocation that we are able to multiply impact and looking ahead, we will seek and support enterprises that contribute to climate and environmental solutions.





# PEOPLE MATTER

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## Together we thrive!!

**Our Employees are the driving force behind Vivriti. As collaborators in our journey, our employees deliver impact by challenging the status quo. We strive to curate experiences for them to find meaning within and beyond the organisation.**

To support our mission to transform India's debt markets, supercharging thousands of enterprises enabling them to scale, grow and prosper we need people who are passionate, inspired and willing to engage to build a movement challenging the status quo.

At Vivriti, we believe in nurturing an inclusive culture and seek to empower our people by providing enabling opportunities for them to fulfil their potential. A culture that speaks diversity not just in its people but also in its thoughts.

### Creating a future ready organization

We recognize the importance of creating a purpose-driven culture, rooted in passion, collaboration and creativity to enable and inspire our people to create an impact that matters. Connecting each employee and their role's purpose, providing upskilling opportunities, maintaining open communication and supporting wellbeing, helps enhance their latent potential and leads to excellence. Our employee value proposition pivots on providing opportunities for people to participate in an impact story that transforms lives, be part of a learning organization and thrive in an inclusive and equitable workplace.

Our products and services are developed and delivered with a human touch, where we co-create solutions to address their unmet financial needs. It is through our people that we are able to build enduring relationships with our clients and stakeholders.

**137** Employee Strength

**2** Women Directors On The Board

**31%** Gender Diversity

**322** Learning Hours

We intend to build a highly passionate organization with a culture guided by our core values -passion, client centricity, teamwork, transparency, honesty, integrity and perseverance.

### Building a team of passionate changemakers

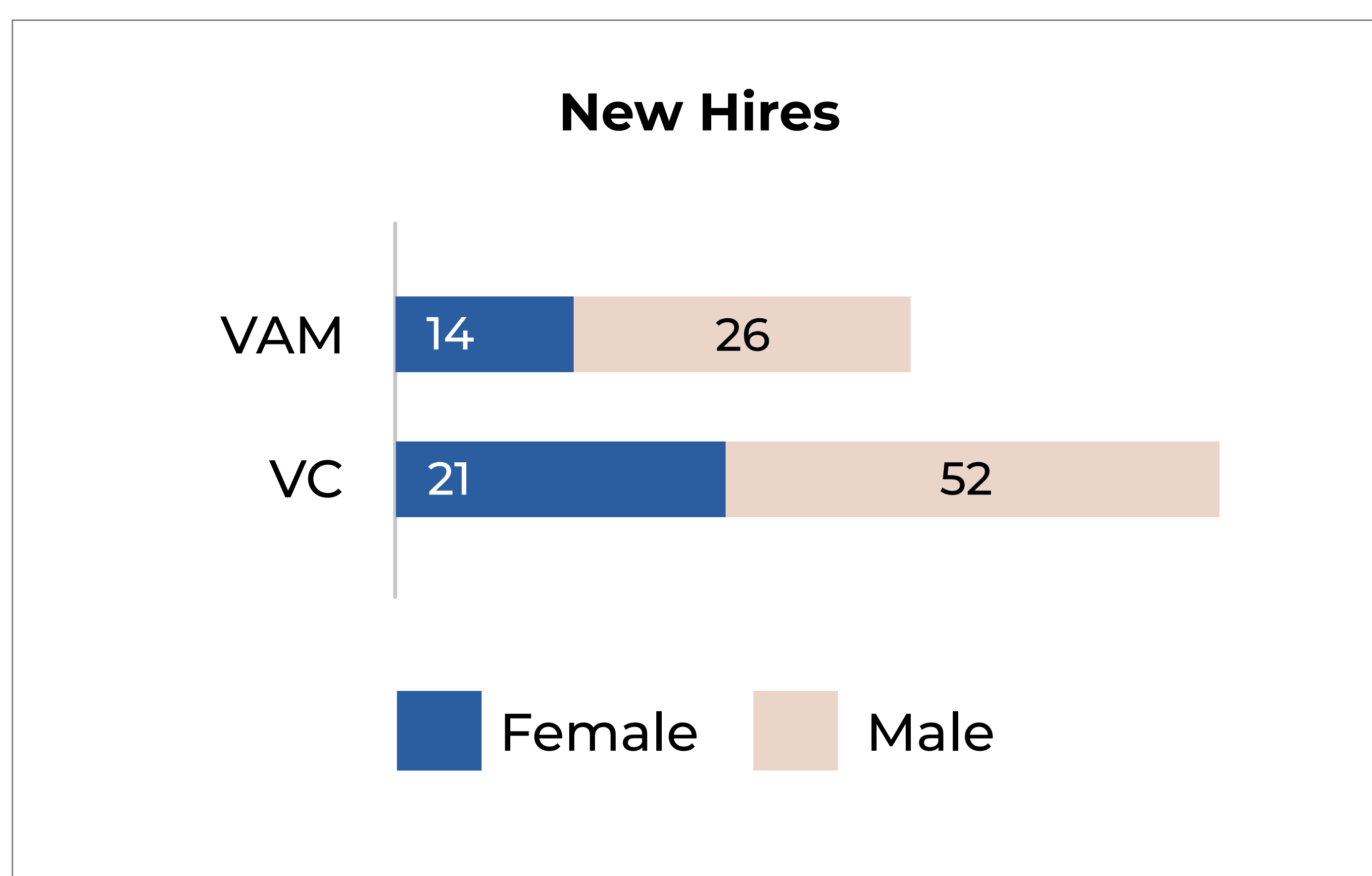
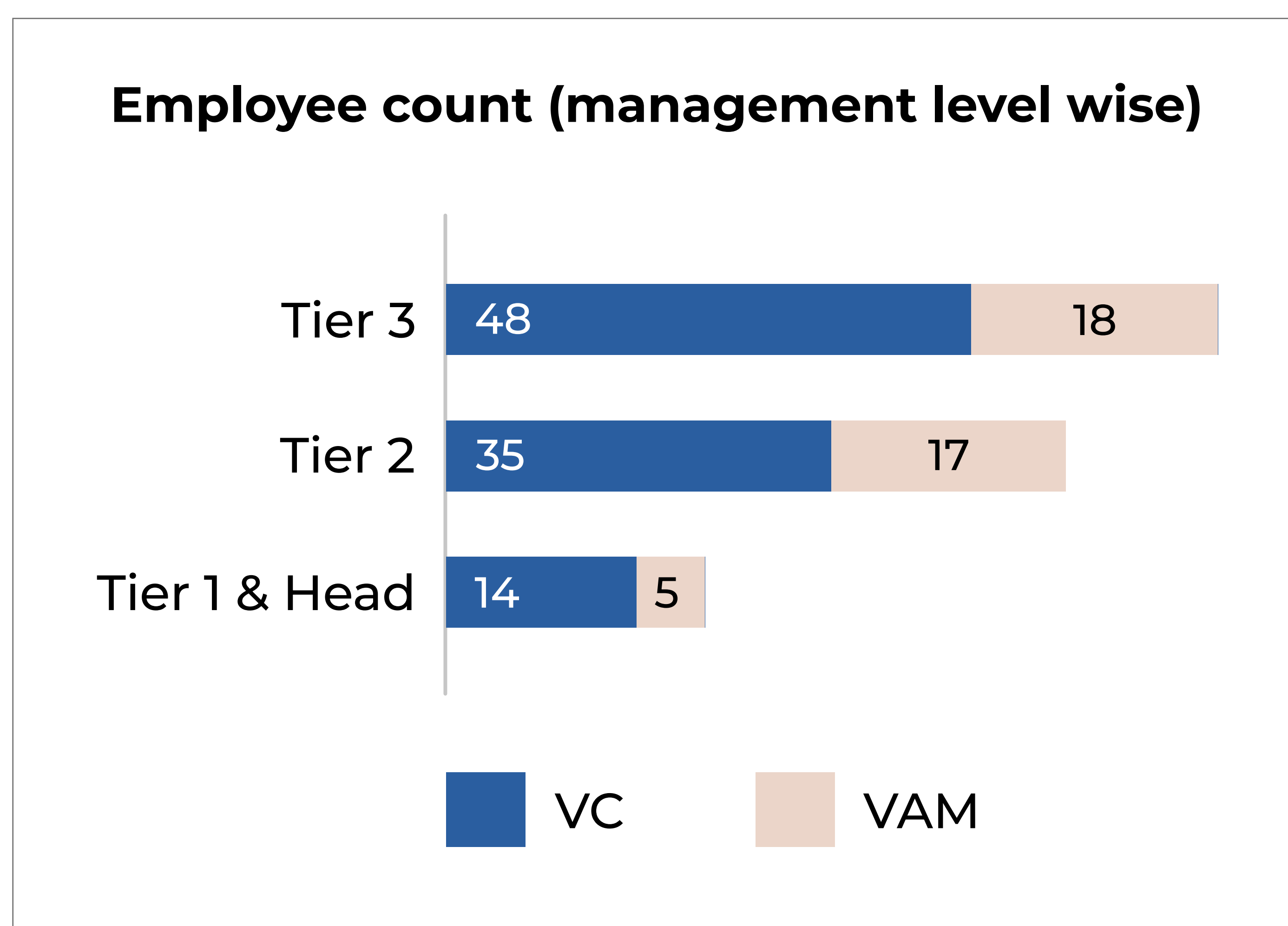
Our hiring and recruitment team plays an integral role in scouting for driven individuals who share our vision and values.

We use a variety of channels to connect with potential recruits including career sites, social media, employee referrals, and campus hiring. We encourage our employees to apply for internal vacancies and promotions based on business needs and individual performance. Our teams have clear industry benchmarks on total rewards, performance linked incentives, various tax saving allowances, health insurance, access to funding for professional development and upskilling, amongst other benefits. Our compensation structure is designed to ensure that our people are compensated well and rewarded equitably.

Being a young organization, growing rapidly, it has been important for us to preserve culture. To this end, Vivriti actively encourages our internal teams to recommend referrals and this year we have hired 29 employees through the employee referral program.



which makes up for ~25% of total hiring for the year. Our expanding workforce comprises 97 employees at VC and 40 employees at VAM. The turnaround time at a median is 60 days for onboarding a new employee.



Source – Vivriti internal database

“It has been an exponential learning curve at Vivriti – from understanding the D of Debt and moving to products across entities of the group, I have been lucky to work with all three entities - Loan Operations at VC, Pools & Bonds Operations at CredAvenue & currently Issuer Operations at VAM. Internal vacancies and movement across entities has enabled hands on experience on understanding the entire product chain right from its inception to the closure of each transaction.”

-Gaurav Chandwani | VAM

## Creating a positive work environment

Being a highly collaborative and compassionate team, we extend support to one another and work with each other to deliver outcomes effectively. The Employee Handbook provides guidance on people policies and processes, establishes responsibilities and standards of ethical conduct, describes the performance management and appraisal framework and timelines, provides information on benefits, rewards and provisions. This helps create a common understanding that aims to reinforce a positive work environment and culture.

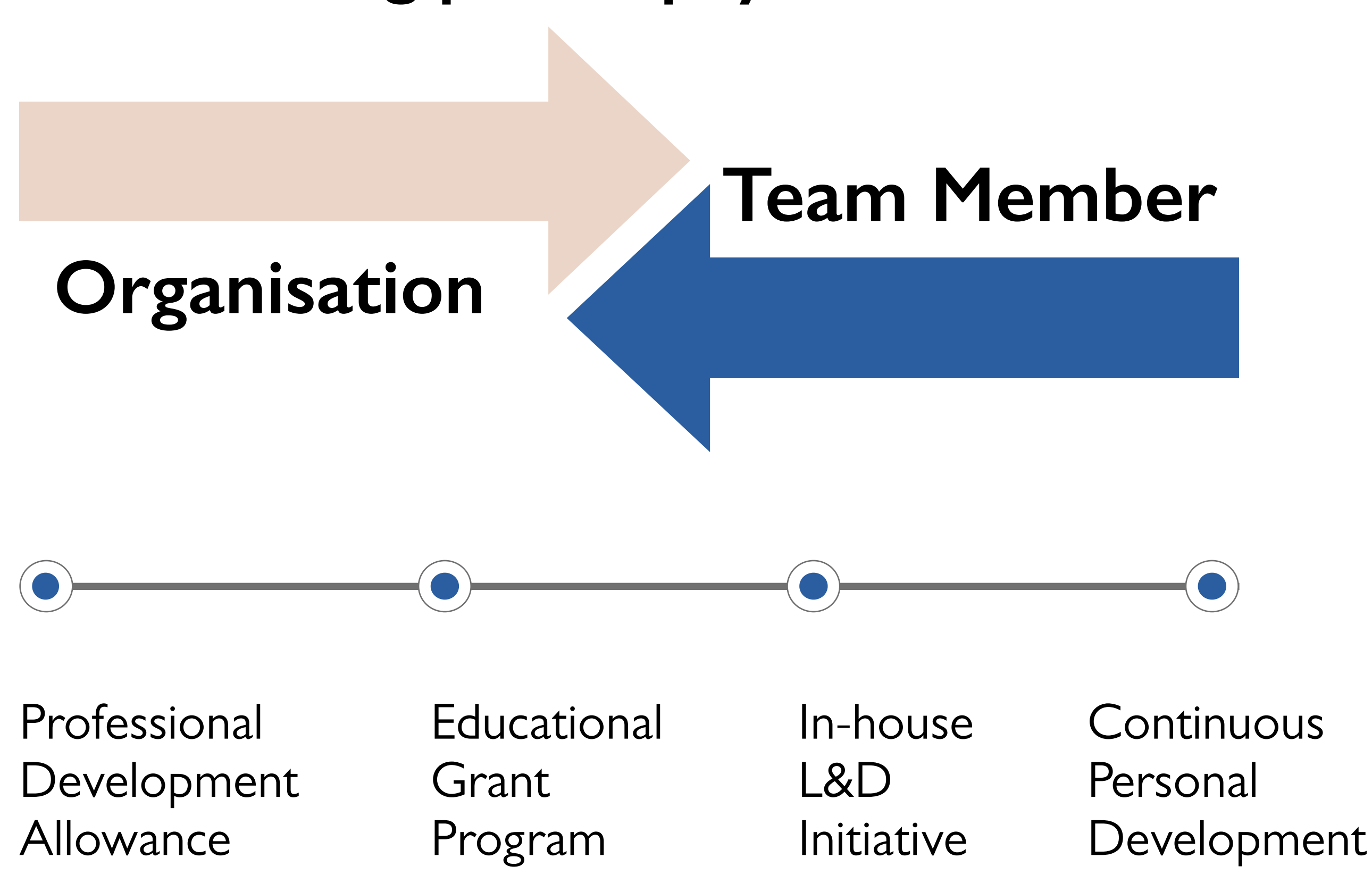
An experienced and capable team of human resource professionals focuses on crafting enabling policies, ensuring seamless recruitment processes, building the talent pool, and creating a family that sticks together in tough times and celebrates each other & their successes.

## Employee Development & Performance Management

### Enabling continuous learning

We strongly believe in investing in training, development and mentoring to empower employees to grow in their personal and professional capacities. Our comprehensive learning program follows a proactive learning approach and is aimed at constantly upskilling our people on technical subjects and soft skills.

### Our learning philosophy





As part of our learning and development (L&D) framework, we have created a pathway for potential managers to enhance their coaching and leadership skills. We have also curated self-learning programs that focus on the holistic development of employees. Our L&D framework provides our employees the platform to hone their leadership and management skills. The framework relies on key learning objectives across the following development modalities:

■ **Technical training** is provided during induction and continues at regular intervals through the year based on individual needs and business requirements. The curriculum is delivered either through partnerships with specialist training providers or by internal teams. Furthermore, refresher sessions are conducted on company policies in relation to themes such as anti-money laundering, prevention of sexual harassment, cyber security, and others matters.

■ **Behavioral training** helps employees hone leadership and interpersonal skills. It includes training on soft skills, values alignment, giving and receiving feedback and leadership development, amongst others.

■ **Self-learning opportunities to support** employees cultivate personal and professional skills. For employees keen to pursue higher education we offer a grant of up to INR 1 million. An additional allowance is provided to each employee to undertake bite-sized learning activities that can contribute to their overall growth.

“I had been planning to pursue CFA (Chartered Financial Analyst) since 2020, and was excited when I found out that Vivriti offers employees education grants of INR 1 million to up-skill. After discussing the eligibility, process and requirements with my department head and HR, I was encouraged to apply. The process was quick and hassle-free and as soon as I enrolled in the course, the fees were immediately reimbursed”.

- Sanketh Mukesh | VC

■ **Leadership Development Programme** at Vivriti is a year long learning plan for Tier 1 employees and this year we collaborated with external partners to focus on various aspects involving one-to-one coaching sessions, facilitator led group sessions, experiential offsite learning, self-led e-learning and Frio B Assessment. The self-led e-learning was a certified Harvard Management mentor programme.

“Vivriti’s Leadership Development Programme has been one of the most thoughtful and well-designed programmes that I have had the privilege of being part of. Right from the initial discovery of the personality traits through psychometric tests to multiple group workshops focused on imbibing best practices from the corporate world, every session was well aligned to what we set out to achieve. Breadth of the programme can be easily judged by the diversity of workshops – emotional intelligence to business etiquette! Also, while most programmes out there stop at these group workshops, Vivriti’s LDP has rightly identified the need for continuous improvement and has made us work on ourselves through online case material from Harvard and personalised coaching sessions with renowned corporate coaches. Not to mention the immense peer learning from the first cohort of Vivriti leaders.

Taking a break from the frenetic day to day activities to introspect on the path ahead has been one of the best things for self-improvement.

Overall, the programme has delivered immense impact in its very first year. Thanks to the tireless efforts of the management and Vivriti’s HR team.”

- Raghunath T | VAM



## Transparent, real-time and interactive performance management

The performance management framework at Vivriti is closely aligned with organizational goals. Its cadence is designed to ensure continuous feedback and regular reviews of development needs. The process begins with individual development planning, which involves setting annual goals and objectives with defined KRAs. We believe that performance management must be transparent, real-time and interactive and our standardised tools and templates ensure consistency in development planning and performance assessment.

It is important for us to remove **“recency-bias”** in the evaluation of the team. Hence, reviews are conducted quarterly, through which we encourage managers to engage in candid and meaningful discussions. Constructive feedback is shared with an intent to support professional and personal development which are documented and support is provided to meet the development needs if necessary. At the end of the year, performance is assessed against individual development plans and review ratings are assigned.

To create an environment of shared success, we offer **Employee Stock Option Plans**. This not only drives the team to root for success, it encourages employee ownership in business outcomes, creates a partnership of cohesion and rewards excellence.

As per the new wage code, the restructured salary component (increase in the basic salary from 30 to 50% of total salary) resulted in the increase in the retirement fund contribution from both the employer and employee. This change would have resulted in a lower monthly cash payout to employees. The company decided to **entirely absorb the impact** on the employee's contribution by providing a salary hike of 6% to all employees.

## Caring for our employees

Our employees play an instrumental role in creating a value-driven organization. When employees feel supported, they thrive, both personally and professionally. We are committed to promoting a culture that protects and nurtures every facet of our employee's health and well-being.

At Vivriti, the approach to employee welfare extends beyond statutory obligations to include a broad range of industry benchmarked benefits such as extended maternity leave, parenthood leave, work free days and others. With the outbreak of COVID-19, physical health and well-being of employees has become more important than ever before. During the pandemic we supported our workforce by facilitating and supporting medical emergencies and organising vaccination camps in office. We revised our policy of leave (unlimited medical leaves permitted) and have supported work from home initiatives to ensure the safety of the employees.

Through our Health and Safety Policy, we commit to provide a safe and healthy workplace for our employees. We implement proactive and preventive measures to manage safety risks and spread awareness on the importance of healthy lifestyles. We have put in place various measures such as periodic disinfection of office premises, emergency preparedness action plans, fire safety measures, emergency training, routine electrical safety audits amongst other targeted interventions.

Our Insurance policy covers employees with group term life insurance (self), group medical policy (self + 5 dependent family members) and group personal accidental insurance (self).



Leave policy at Vivriti propagates – **'If you need time off – take time off'** – No questions asked!

- Earned leave (24 days), Casual leave (12 days), Medical leave (12 days)

- Maternity leave (26 weeks), Paternity leave (2 weeks)

- Sabbatical leave (6 months – 1 year; if completed a minimum of 2 years of employment)

Some of the other perks that the employees enjoy at Vivriti –

- Free food and refreshments for all employees at all locations

- Employees are also entitled to opt for free daily transport to commute to office in Chennai

**25+ routes covered**

**500+ cabs used per month**

**70+ employees utilise this facility**

- Employees can enjoy recreational activities like table tennis, chess, carrom to name a few at the Chennai office

## Employee Experience

### Capturing the pulse of our workforce

We provide multiple channels for formal and informal feedback. We conduct an annual employee satisfaction survey, which helps us assess employee satisfaction and engagement. The survey is designed to capture **Net Promoter Scores**, as well as qualitative feedback across key people indicators. Through this we seek to

understand employee perceptions and attitudes on our people practices. We assess inclusiveness and belonging across multiple dimensions such as decision making, alignment of values, work ethos, team cohesion and opportunities for growth. The insights we capture are prioritized and action plans are developed to improve our policies and processes. This is aimed at enhancing employee delight by building a workplace that is more inclusive, considerate, supportive and where employees feel empowered and inspired.

We have a robust **grievance redressal mechanism** in place that helps our employees to highlight critical matters and concerns, which are addressed within stipulated timelines.

### Beyond the desk



- **Vivriti Premier League:** During the year, we launched the Vivriti Premier League (VPL) to focus on building camaraderie beyond office walls and encouraging fitness through sport. VPL is a year-long program comprising 8 teams competing across different sporting events to win the coveted VPL Trophy.



■ **Dedicated reading time:** We have revamped our office to create a space where our employees can pick up books of their choice from our library and read. A dedicated reading hour at work every fortnight encourages our employees to make use of the space to unwind, introspect, learn and have some fun.

■ **Festivals and celebrations:** From Diwali celebrations to Christmas gifts to Eid lunches, at Vivriti we do it all together. The office spaces convert into a celebration zone and employees dressed in their best ethnic wear adds to the festivity flavor. The not so contemporary celebrations like Earth day and Environment day are also big at Vivriti – pausing and reflecting on one’s contribution to save the planet in his/her own little way keeps us rooted collectively.

■ **Offsites:** Yearly offsites in an unhinged environment is a great learning experience to build strong teams. We celebrate wins both big and small, engage in team building exercises and break outs to socialise and collaborate with one another most effectively.

■ **Department wise outings:** This year every department is entitled for an outing with a quarterly budget of Rs. 5000 per employee per team to engage, socialise and enrich their work experiences within the immediate team. This not only leads to a great bonding but encapsulates the energy of the team.

“The Goa Offsite was one of the best experiences I enjoyed in my first year at Vivriti. The stay at the resort was memorable with evening festivities and excellent food. The organizers had formed us into 7 teams, all of which were cross functional with our unique names, logos and war cry. Each team was curated with employees not only mixed from the NBFC and AMC vertical, but across the various departments within these as well. This brought us closer and I’m sure will help us in collaborating at work, even after the offsite.”

-Alexander Kuruvilla | VC



## Curating Culture - the Vivriti way!!

Vivriti follows a **flat organisation** with more autonomy and responsibility for employees due to which they feel highly motivated resulting in being more productive. Effective workplace communication between Vivriti Capital and Vivriti Asset Management breaks down silos, align employees and drive innovation in the workplace. We have instituted several touch points to enhance employee experience by providing opportunities to participate in team building through weekly team reviews, annual / quarterly goal setting, and monthly town halls.



# Employee Engagement Framework at Vivriti

		← Scope →			
		Individual	Team	Leadership	Organization wide
Engagement Parameters ↑	Alignment	Annual/Quarter goal setting	Weekly team reviews	Annual/Quarterly goal setting	Monthly townhalls
	Collaboration	Detailed onboarding and induction on day 1 for all new joiners	Monthly team outings sponsored by the organisation		Annual corporate sports league Bi-annual offsite events Festival celebrations
	Culture		Values alignment workshops conducted <i>annually</i>		
	Health and Wellbeing	Dedicated reading hours <i>fortnightly</i> Flexible WFH policy	Common interest groups/clubs Specialised workshops (yoga, dance etc)	Quarterly long weekends Monthly meeting-free days	

Source: Vivriti internal policy document

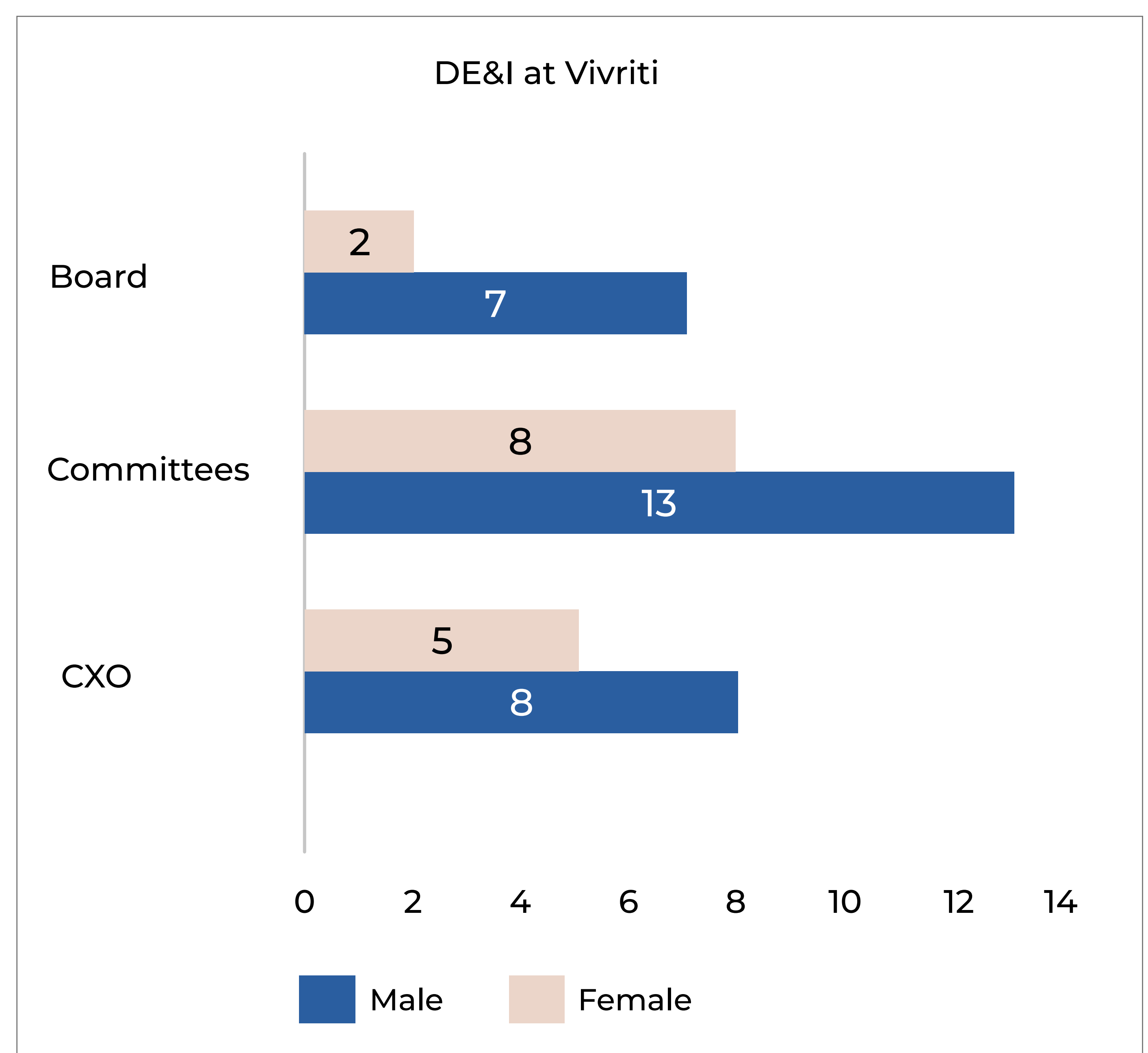
“The townhall was a nice gesture, was humbled to get introduced to the organisation on such a big platform, as the energy was intense. It helped setting in the context and also set some realistic expectations, going forward.”

– Rohit Kumar Sinha | VC

## Celebrating diversity & promoting inclusion

When people with differentiated skills & diverse capabilities collaborate together sharing a common purpose, they definitely can scale impact. By implementing a Diversity, Equity and Inclusion (DE&I) Policy, we strive to create an actively inclusive workplace where individual differences are celebrated and everyones voice is valued.

We curate a culture of inclusion by embracing and respecting people for who they are. Our Code of Conduct sets clear guidance on providing equal opportunity to all, protecting and enhancing human dignity and a commitment to building an ethos that is open, honest & unprejudiced. Employees are encouraged to imbibe cross-cultural sensitivity and develop an inclusive mindset. Our people



Source: Vivriti internal database



practices are anchored in meritocracy and we have designed our compensations and benefits to ensure gender parity and equity. As a part of our DE&I strategy we continuously monitor progress and are actively working across a few distinct area for:

■ **Hiring:** Diversity and inclusion begins at hiring, where we focus on identifying a diverse gender balanced talent pool for all open positions. Our employment advertisements are framed to attract candidates across diverse backgrounds, cultures, capabilities, gender identities and age groups.

■ **Gender Neutral:** We support our people unquestionably and where needed extend additional support to achieve improved employee equity. In the fiscal, 31 percent of our total workforce and 28 percent of senior leadership positions are women-led. Further, 8 out of 11 board committees have women representation.



# ZARIYA

This year, we conducted a survey to gauge the career aspirations and perceptions of women in the organization followed by a 2 day long women's day celebration participated by all women employee across all locations gathered in Chennai. During the event both the Women Directors of the Board shared their work-life journey, motivating & guiding the women employees at Vivriti. We also launched an all-women advocacy group "Zariya" to support women empowerment across the organization.



"I am delighted to participate in Zariya, a great initiative by Vivriti. It gives me an opportunity to make a difference and create a positive impact on my colleagues."

- Shreya Raka, Senior Associate, Operations, VAM

■ **Accessibility:** Our offices are accessibility friendly and ergonomically designed to provide comfort, safety, and security to our employees. In keeping with our DE&I vision, we have implemented interventions for differently abled employees such as restructuring our restrooms to make them accessibility friendly, providing access to wheelchairs. Our offices are designed for flexibility with movable and foldable partitions that transform spaces for multiple uses.

■ **Work-life balance:** We promote a healthy work-life balance by providing flexibility options and wellbeing support. Employees can work-from-home, should they require the flexibility due to personal and family circumstances. Additionally, we have upgraded our leave policy to provide male employees paternity leaves of up to 14 days in a year. Further, we organize activities throughout the year to promote mental and physical health and well-being.



# ETHICAL APPROACH



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# Ethical Approach

At Vivriti, we foster a Culture of Ethics through our governance framework that embeds throughout the organisation. We strongly believe that transparency and accountability are key to a strong, sustainable and resilient organisation. We bring you a perspective of governance at Vivriti through an interactive Q&A with the two independent women Directors on our Board – Ms. Namrata Kaul (also the Chairman) & Ms. Anita Belani.



## According to you, why is ethical governance fundamental to building responsible business at Vivriti?



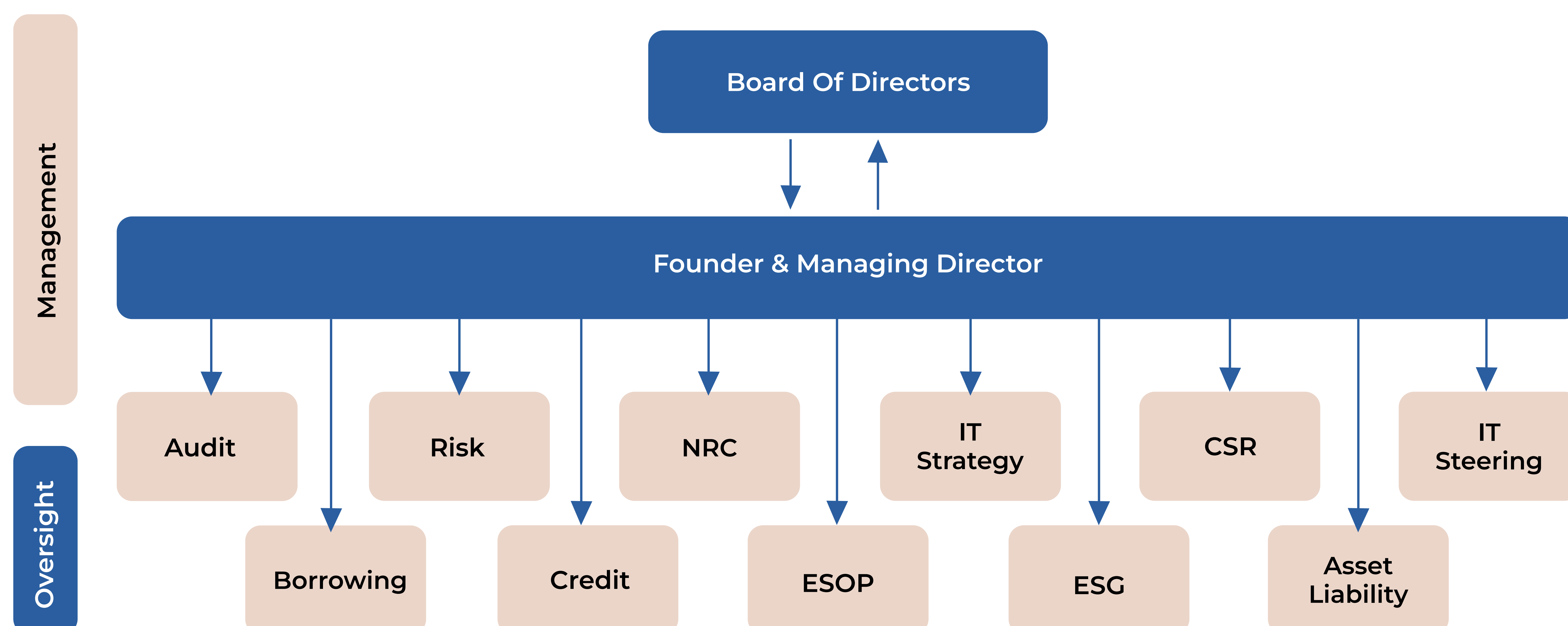
**Anita Belani's views:** At Vivriti, governance has always been honest, principal-based and purpose-led. The three pillars that help us to be a responsible business are:

**Corporate Governance**  
at Vivriti reflects a value system, encompassing our culture, and policies & practices across business functions. By reinforcing a culture of ethics, appropriate conduct & accountability within the organization, employees are empowered to take the right decisions, escalate issues and adhere to the standards of right conduct.

**Well-defined structure**  
promoting not only diversity and inclusion including gender, caste, creed but also diversity of thought which is imperative. Sustainability, solvency and reputation risk were recognized as key early on, with relevant structure in place.

**Sustainable business**  
practices ensuring our ability to contribute minimally to carbon footprint, protecting biodiversity & building long term benefits of organizational resilience to sustainability.

## Corporate Governance Structure at Vivriti





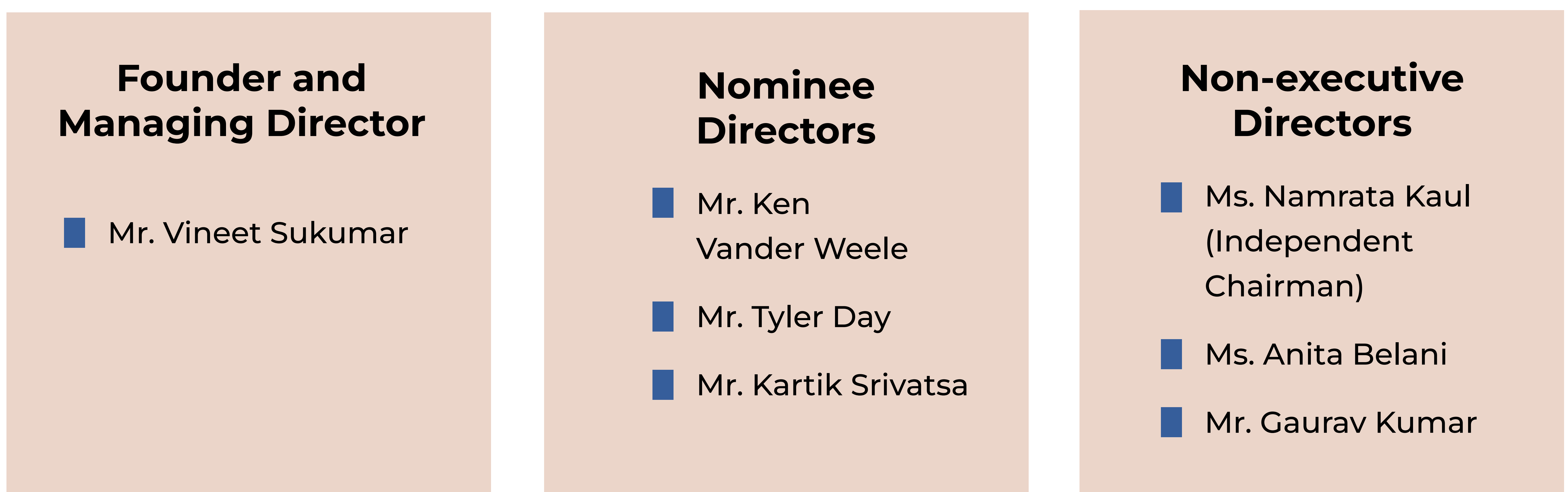
**When it comes to governance, Board plays a very critical role. Could you give us an insight on how it is structured at Vivriti?**



**Namrata Kaul's views:** The Board is the ethical leadership that empowers good governance practices, guiding organizational success by facilitating decision making and managing the interests of all stakeholders. It acts on the disclosures made by the management and has the ability to challenge, provide inputs and channelise efforts in the right direction.

Board is also committed to its fiduciary. The Board at Vivriti has an optimum combination of Executive, Non-Executive and Independent Directors with relevant skills aligned with our business and strategy. Women Independent Directors were appointed early on, promoting diversity and inclusion.

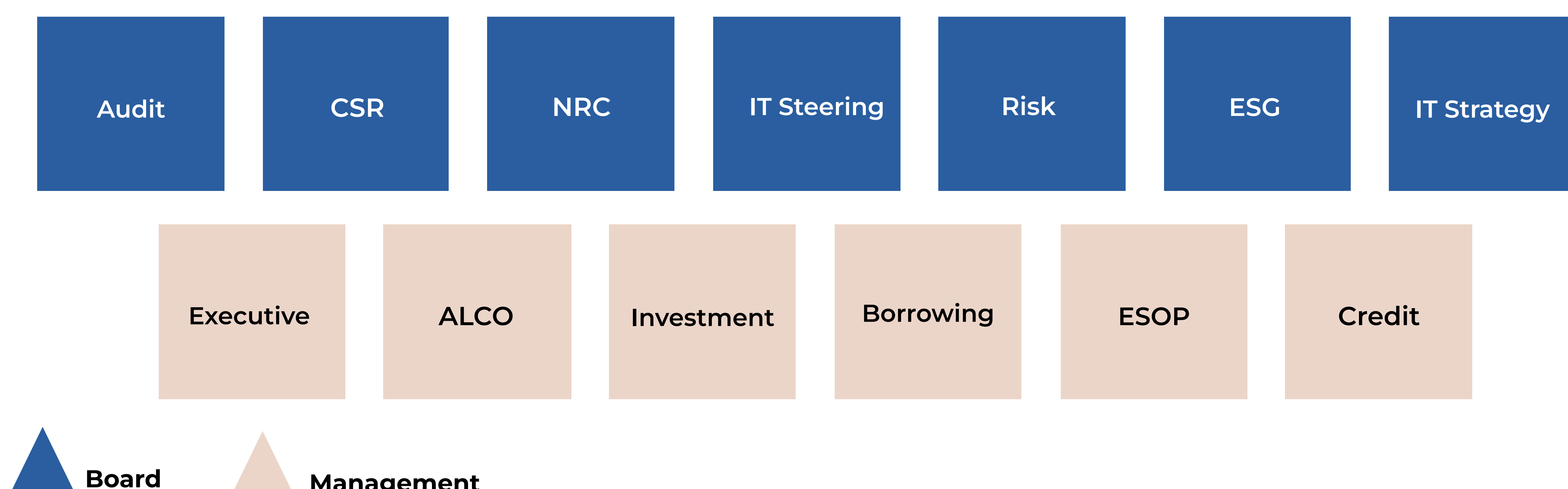
**Board Composition**



**Board Committees**

The various Committees constituted by the Board have pre-defined areas of focus, their own standalone charters with defined roles and responsibilities. These Committees meet at regular intervals during the year to deliberate on critical matters, monitor progress and ensure effective implementation of policies, systems and processes.

Vivriti has instituted the following Board committees in accordance and compliance with the applicable laws such as the SEBI, RBI and Companies Act.





# Q3

## How has Vivriti imbibed the principles of ethical governance within its culture?



**Namrata Kaul's views:** Clarity in the principles makes execution easier. Our policies and procedures bring uniformity in our operations and spotlight the 'Why' of our existence and 'How' we measure progress.

### Key Policies at Vivriti

- Whistle Blower Policy
- Anti-Bribery and Anti-Corruption Policy
- Diversity, Equity and Inclusion Policy
- ESG Policy
- Cybersecurity and Data Privacy Policy
- Prevention of Sexual Harassment Policy
- Code of Conduct Policy
- KYC and Anti-Money Laundering Policy
- Fair Practices Code
- Health & Safety Policy
- Risk Management Policy
- Corporate Social Responsibility Policy

### At Vivriti, we have always 'walked the talk'

	Why?	How?
Sharing the governance model	To fuel employee motivation	Every employee is trained, upgraded & guided in his/her area of work
Diversity, Equity & Inclusion	Diversity not just in gender but also in thoughts, skill sets & experience	33% women on Board and 8 out of 11 committees have women representatives
COVID-19	Health & safety of employees is of utmost priority	Initiatives undertaken to assist during medical emergencies, vaccination camps and 'work from home' during the pandemic
Corporate Social Responsibility	Employee engagement by volunteering and moving towards Net Zero	Climate perspective - Restoration of Sembakkam Wetland, Tambaram Taluk, Tamil Nadu - a lake restoration project with the NGO - Care Earth Trust



## Business Ethics

Ethics, integrity, transparency and accountability are our core values and strict adherence to them helps us strengthen our brand equity and paves way for us to grow responsibly. We not only aim to conduct our business in accordance with the applicable legal framework, but also with the highest standards of business ethics.

Q4

### In a dynamic market, can you highlight emerging risks faced by Vivriti and the internal mechanisms to remain agile to the evolving risk landscape.? How critical is risk management for Vivriti?



#### Anita Belani's views:

##### **Risk Management –**

Vivriti is in the business of managing credit risk, dealing with borrowers who might not be able to pay us back, while navigating regulatory risk as well, given the frequent regulatory changes in the framework as directed by SEBI and RBI. It is very important that we are protected against these risks both externally and internally.

Our risk management is a structured, integrated, consistent, and continuous process across the entire organization for identifying, assessing, mitigating, and reporting on business model weaknesses and external threats that may affect the realization of our strategic objectives. The risk committee is focused and vigilant and acts as a big watchdog in a space where the framework is constantly evolving to include environmental, institutional, financial, people, credit and technology risk.

Vivriti in its high growth phase takes pride in a well-functioning, comprehensive risk management framework. The company has been cognizant of the reputational risk and market risk given that we operate in an ever-evolving model. We have been proactive in implementing policies

hitherto not mandatory, which amply reflects our positive intent and state of readiness.

##### **Internal control mechanism –**

We manage our risks on an ongoing basis with the help of an integrated risk management framework that ensures continuous identification, measurement and monitoring. While the risk committee assumes the overall responsibility of risk management, the audit committee oversees process adherence, compliance controls and financial controls. Zero compliance breaches and maintaining positive reputation with regulators & authorities have always been a priority at Vivriti.



## Q5

### How is Vivriti embedding ESG within, and beyond its immediate footprint?



#### Anita Belani's view:

ESG is fundamental to our business. Heightened awareness has made business responsible for its footprint. The more we are prepared, the better it is. Looking at our business through an ESG lens helps us manage sustainability risks in our investment portfolios. It also helps us identify opportunities.

At Vivriti, we have a comprehensive ESG Governance framework comprising of -

(a) **ESG Committee** – The committee comprises of Vivriti Group's Founder &

CEO and two independent directors. The Committee meets bi-annually to discuss all ESG matters. The committee also decides the ESG steering group's composition and frequency of its meeting.

(b) **ESG Steering Group** – The group comprises of the ESG team members and others suggested by the ESG committee. The steering group will oversee and manage the environmental, social and management risks within Vivriti's lending portfolio and by doing so, help implement the ESG Policy and present any/all developments to the ESG Committee.

## Q6

### Your idea of incorporating ESG into the existing framework of Vivriti?



#### Namrata Kaul's view:

We have already looked inwards and individually identified the E, S & G components of our ESG strategy. We are well ahead on our sustainability journey, the governance issues have been addressed, we have focused on social issues and are now turning our attention to environmental issues from a climate risk perspective. Yet there is more to do. Going forward, we need to think about the impact of ESG considerations on risk within our lending and investment portfolios as well as ways to integrate ESG into our credit and lending ecosystem.

The intent is for us to reframe the investment and lending decision making process through the ESG lens and determine what frameworks to use for this purpose. Sector evaluations, positive and negative screening, exclusion lists are some criteria that we have adopted.

Over time our business model will evolve to meet our sustainability goals.

The E in ESG, besides being seen as an environmental risk, can be viewed as a significant business opportunity. We can grow our lending to ESG positive sectors like renewable energy, invest in low carbon emission industries or prioritize the creation of impact and ESG focused funds.

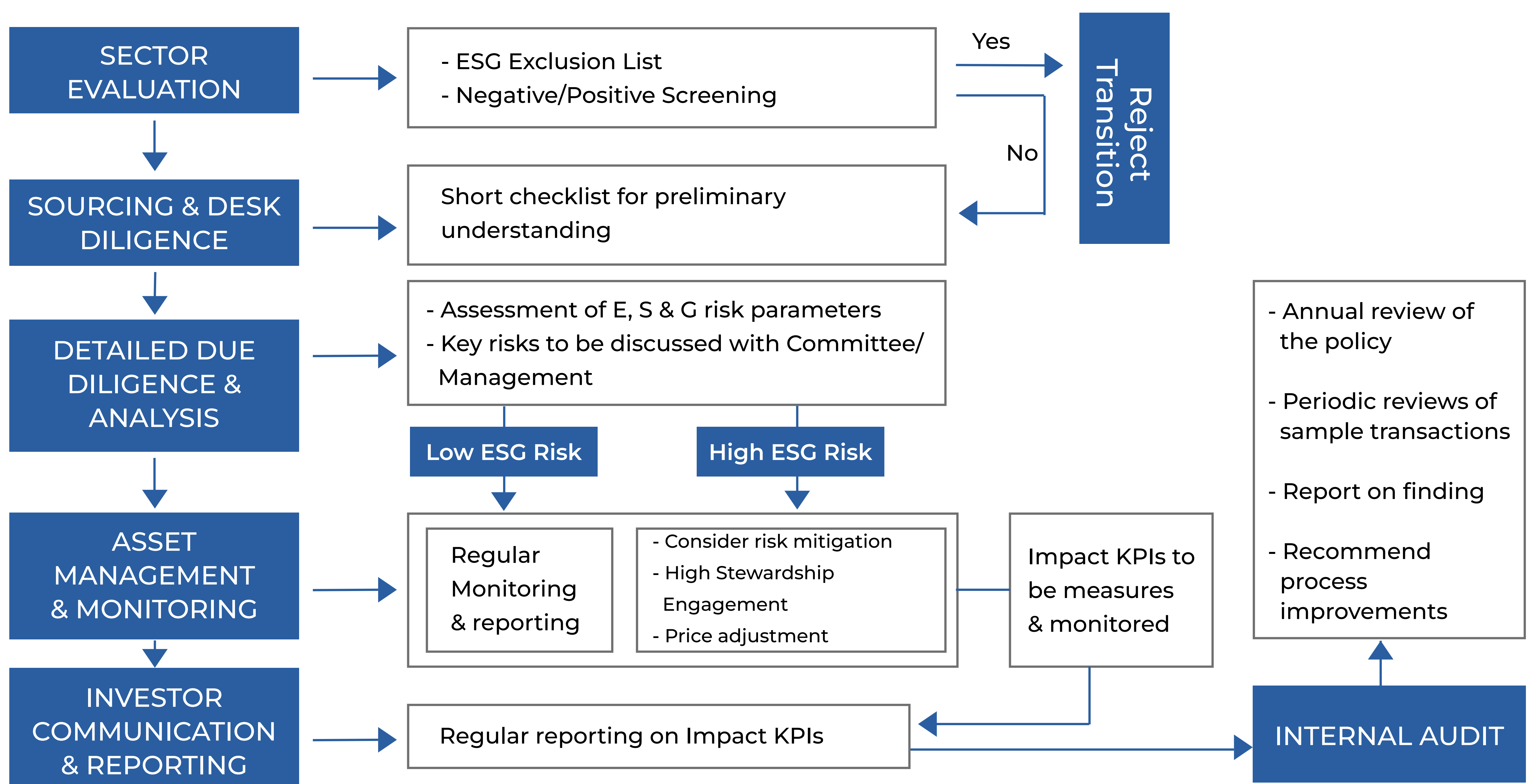
The broader view of all stakeholders, including shareholders, employees and clients will define and guide how we incorporate ESG into the existing framework of Vivriti.



## Integration of ESG in lending practices

Vivriti integrates ESG risks into its credit risk assessment process by establishing a comprehensive framework to identify, evaluate, monitor and manage these risks. The policy establishes a risk-based approach

where transactions/clients that carry high ESG risks are subject to enhanced evaluation and due diligence and approval through a specialized team of internal ESG risk assessment experts.





# MAKING A DIFFERENCE

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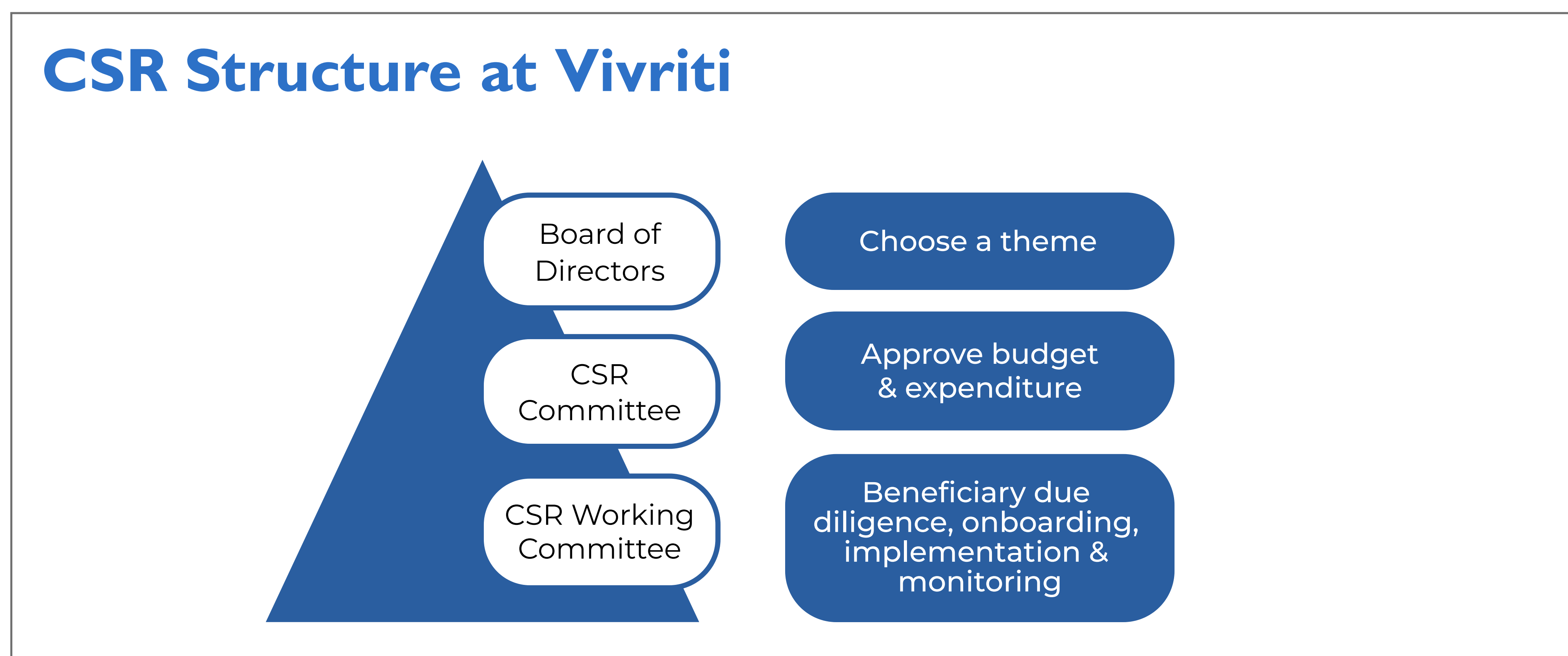
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## Making a Difference!

A good start is just the right sign to make the journey worthwhile. Vivriti kick started its CSR journey last year and partnered with two NGOs – Bhumi Foundation & Care Earth to promote education and environmental sustainability, respectively.



Care Earth Trust has been involved in direct implementation of wetland restoration projects by providing scientific services in the area of biodiversity, assessing the human impact on the environment & strategising methods to improve it. Ecological restoration ensures their survival by protecting the wetland's primary purpose—to capture, sustain and provide freshwater—in addition to enhancing biodiversity in the region.

Sembakkam Lake is spread across 100 acres and could irrigate up to 153 acres of farmlands at

once. The lake is an integral part of the cascading system of tanks that drain into a marsh land. VC has contributed INR 1.9 million to the restoration project. The action plans included habitat enrichment and greening the area including levelling, application of manure, fertilizer and planting, consolidation by adding mud, levelling and fencing etc. Our restoration work revolves around conserving waterbodies in an environmentally sustainable manner to ensure the wetland ecosystem lives and thrives.



**Restoration of Sembakkam Wetland, Tambaram Taluk,  
(Southern Suburbs of Chennai)**



The Board and CSR Committee recommended **Environmental Sustainability and Education** as key focus areas for CSR funding for FY 2021-22. Keeping in mind the key focus areas we evaluated several NGOs on the basis of statutory requirements, amplification, geography and impact outreach. The Management shortlisted two NGOs - **Care Earth Trust** and **Bhumi Foundation**, both located in communities further away from the city, making it more purposeful. I am happy to be a part of this exciting journey and see the successful execution of both the projects.

**- Amritha Paitenkar, CSR**



## Restoration of Government Boys School in Thirukalukundram, Tamil Nadu

Bhumi Foundation strives to drive social change by fostering an environment where children learn, lead, and thrive. The project 'Model School' is intended to create demonstrable model of school for effective delivery of equitable quality education for all children in government schools leading to overall development of the individual and the community.

Established in year 1949, GHSS (Boys), Thirukalukundram is located in rural area of Tamil Nadu, India. The school provides upper primary, secondary, higher secondary level of education and the medium of instruction is Tamil & English. School is affiliated with State Board for both

secondary and high secondary level. It is also a centre for various exams conducted by the Government.

VC has contributed INR 1.9 million towards the School Infrastructure Development Support Project, which included construction of new blocks, washrooms & painting of the entire campus facilitating 910 students and 32 teachers and staff.

We believe the impact on the school with improved infrastructure will help bring in more admissions and create a butterfly effect on the society.



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

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# When we engage - we listen and we improve!

Our stakeholders define our identity and help shape our future. Their insights assist us in navigating challenges, exploring opportunities and laying the foundation for a more inclusive and sustainable future. Multi-stakeholder collaboration is especially critical if we intend to make substantial strides toward holistic economic and social development.

At Vivriti, we recognize and value all the stakeholders in the value chain, as they have significant influence on our business growth. Building multi-stakeholder helps us harness the appropriate energies and improve

communication, collaboration, execution & engagement with all stakeholders. Their feedback outlines our approach to activities, reporting and disclosure, and underpins our materiality assessment process.

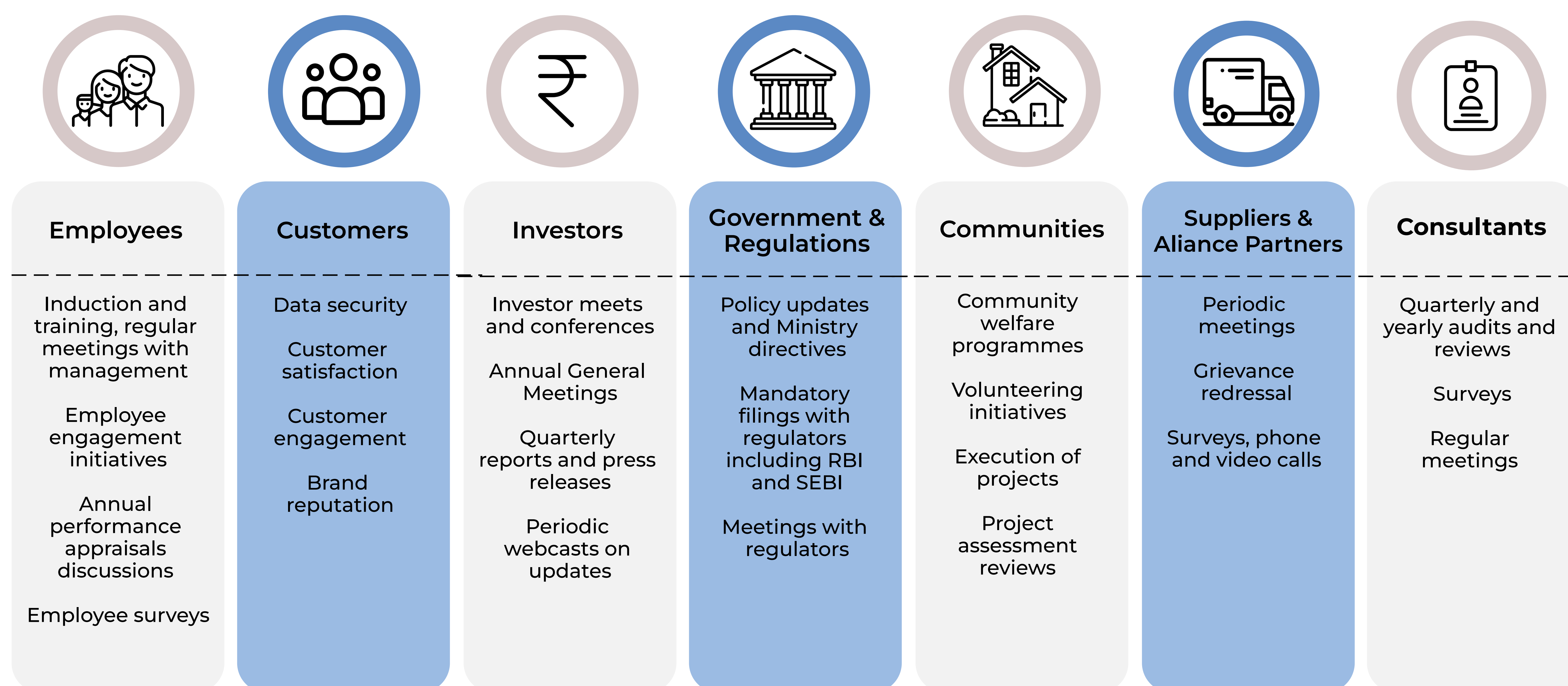
To gain an understanding on what matters the most, we undertook our first materiality assessment to determine the key issues which may have a direct or indirect effect on our ability to create, preserve or erode value for our stakeholders. In the context of sustainability, this assessment is aimed at identifying issues and focus areas that are perceived as most significant by our internal and external stakeholders.

## Our stakeholders

*Every view counts!*

Internal and external stakeholder perspectives are important to our sustainability journey. We continuously engage with them to identify their evolving interests, understand their expectations & respond to their needs to further strengthen our trusted relationship with them.

## Stakeholder Engagement



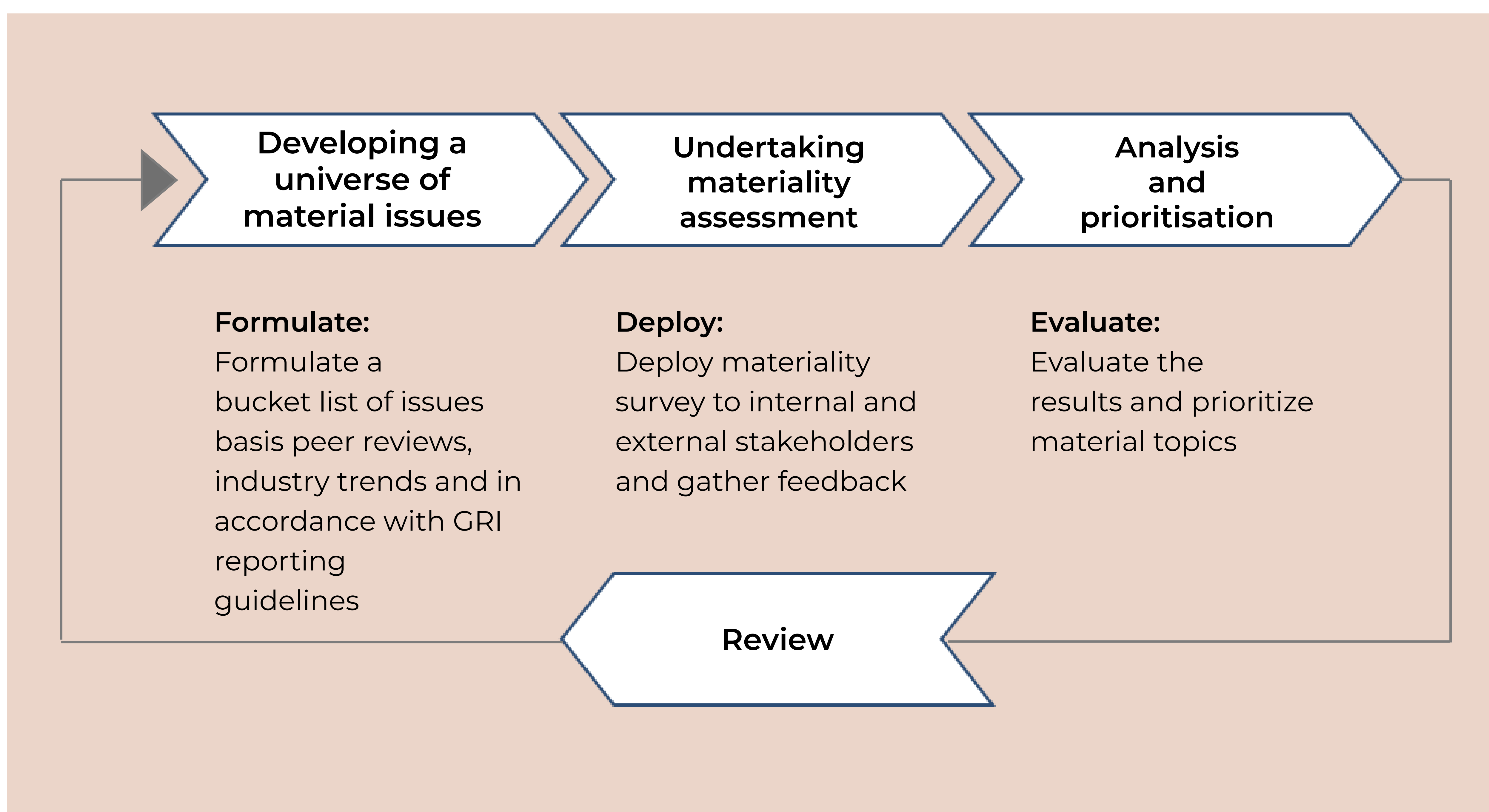


## Materiality Assessment

A materiality analysis is about identification of key issues that are important to our stakeholders and our strategy. Our approach to materiality is guided by our commitment to responsible growth and doing so in a sustainable manner to support integration of prioritized issues in long-term business strategy.

The matrix visualizes the results of this analysis by plotting the relevant environmental, social and governance issues that are most material to our stakeholders and operations.

## Steps to Materiality Analysis:

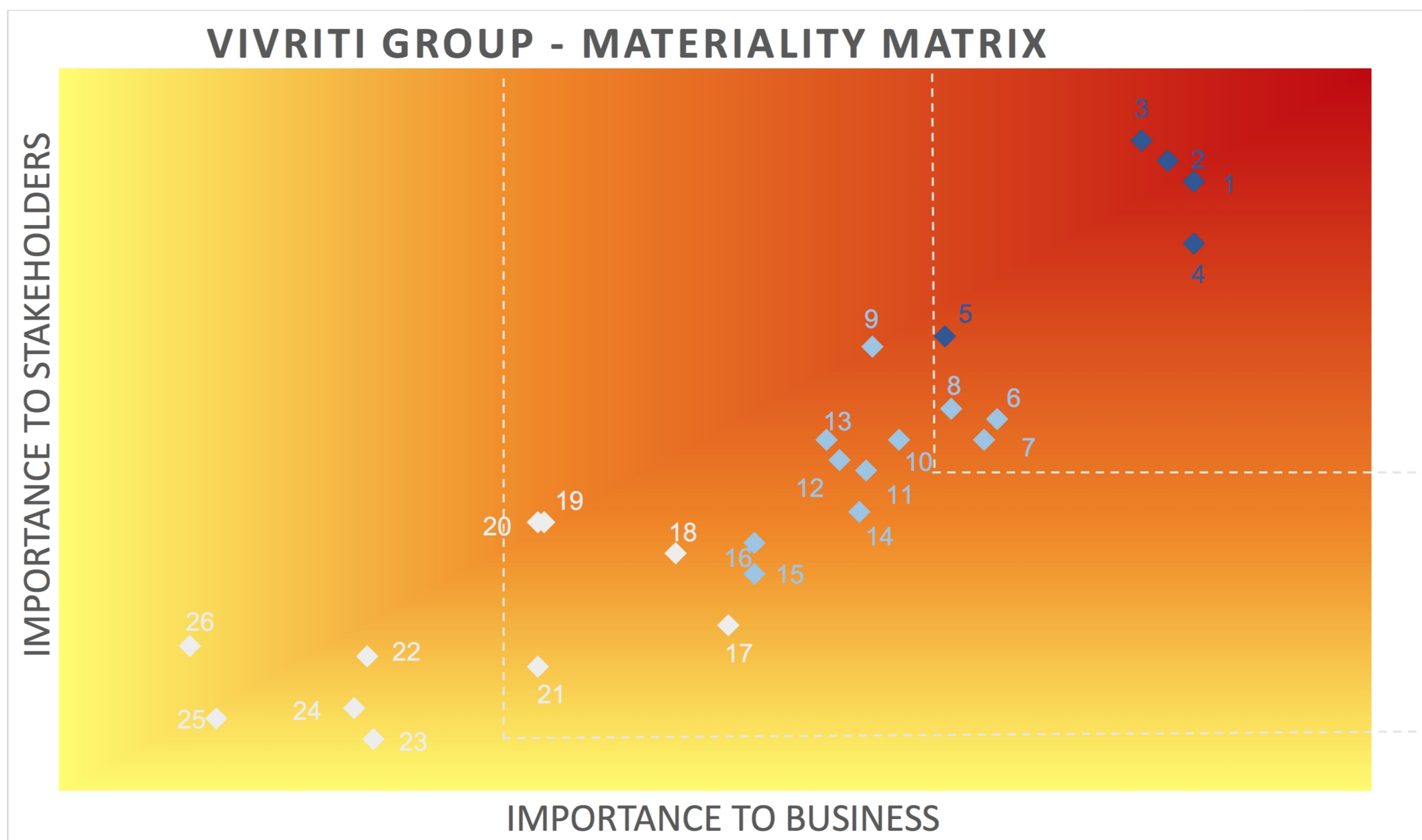


## Materiality Matrix

Responses received from our internal and external stakeholders were calibrated and synthesized to identify issues material to the Vivriti Group, and their ongoing feedback shall form the basis of our ESG strategy going forward.







Source- Based on internal materiality survey

## Identified material topics and themes:

<b>High</b>	Risk management	Regulatory compliance	Data privacy and cyber security
	Corporate governance	Investors' satisfaction	
<b>Medium</b>	Disclosure and transparency	Investor relationship management	Employee health and well-being
	Stakeholder management	Employee engagement and satisfaction	Economic performance
	Selling practices and responsible marketing	Digital innovation and disruption	Brand value and recognition
	Learning, development and training		
<b>Low</b>	Diversity and equal opportunity	Increasing influence and reach	Women empowerment
	Enhancing access to products	Financial inclusion and literacy	ESG integration
	Social impact of product and services	Aligning investments/lending with UN SDGs	Community initiatives



## Top 4 Material Topics:

Material Topics	Completed in FY 2021-22	Way forward
Risk Management	Regular monitoring and tight underwriting leading to zero incremental credit cost on institutional book	Build a more comprehensive - 1. Operational risk framework 2. Client Early warning signal identification model
	Rolled out limits model, PTC selection, rating model – EF, Azentio Phase 1	Comprehensive data model under development to host client, transaction and macro data
		ESG risk integration in the existing credit risk assessment process
Corporate Governance	Two Independent Women Directors on the Board	Additional independent board members to be added
	17 new policies added, 18 amended to strengthen the existing risk framework	Functioning and implementing the recently formulated ESG Committee and ESG steering group
	Improved our existing ESG policy	
Regulatory Compliance	Zero breach of regulatory compliance for the reporting period	Compliance calendar and key compliance processes to be automated for better efficiency
	Specific POC for each regulatory wing ensuring regular communication with them to maintain healthy understanding and cordial relationships	Compliance newsletter to be introduced and disseminated widely to build a culture of compliance within the team
Data Privacy & Cyber Security	Production physical servers are owned by Vivriti and are hosted at NTT Data center with 24x7 NOC and 24x7 SOC services	In the process of building the Disaster Recovery on Oracle Cloud Infrastructure
		Progress to the next level of certification. For example, ISO27701, ISO22301, AICPA SOC & SOC2



## GRI Content Index

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