



Svakarma Finance Private Limited

Investor Presentation

July 2021



intellectap



Aavishkaar  
Group





**Svakarma is built on a strong foundation to empower entrepreneurs and micro-enterprises...**



**... by democratizing access to capital and knowledge**

## Key metrics : 5 year horizon



**~INR 85 Bn+**  
Cumulative Disbursements



**INR ~50 Bn**  
Portfolio Outstanding



**72,000+**  
Active Loans



**1,300 +**  
Employees



**~22%**  
ROE



**70+ Cities | 91 Branches**  
Footprint

## Transaction Summary



Transaction Size:  
**Series A - INR 500 m**



Timelines:  
**Dec 2021**



Transaction Type:  
**Primary**



Targeted number of investors:  
**1-2**

### Investor Profile:

- **Long term investment horizon**
- **Strategic alignment**
- **Ability to add value**

# Svakarma – A compelling investment proposition



## Impact-focused

Vision: to empower micro entrepreneurs by **democratizing access** to capital & knowledge

## Purpose based lending

**Flexible financing solutions** to address the business needs of micro-enterprises

## Target micro-enterprises

Micro-enterprises reached **primarily through 'marketplace' branches & Svakarma** relationship managers (RMs)

## Enriched by partnerships

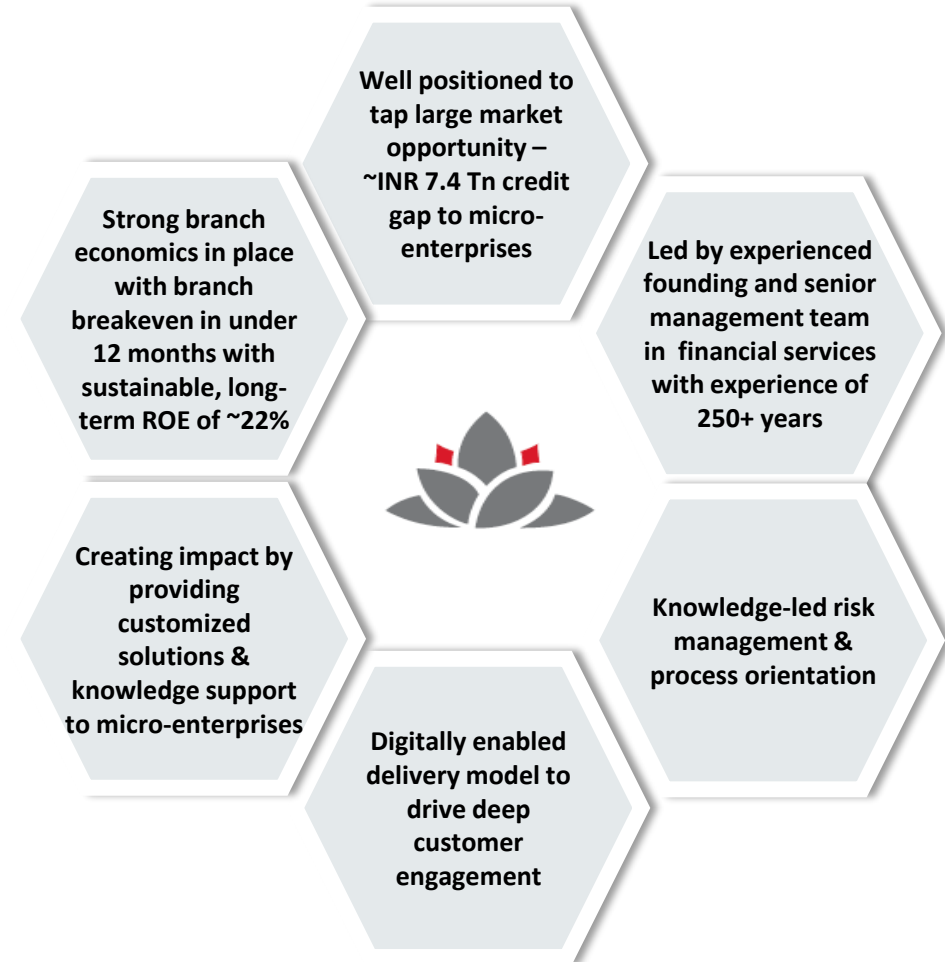
Network of partners to provide **knowledge & capacity-building support** to customers

## Technology-enabled delivery model

Scalable technology platform to enhance **customer experience** and **drive efficiencies** across loan lifecycle

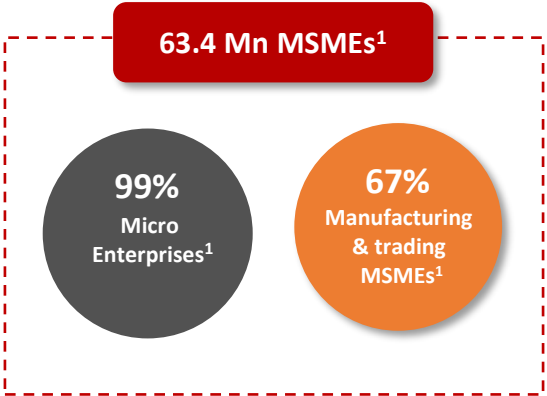


## Investment Highlights

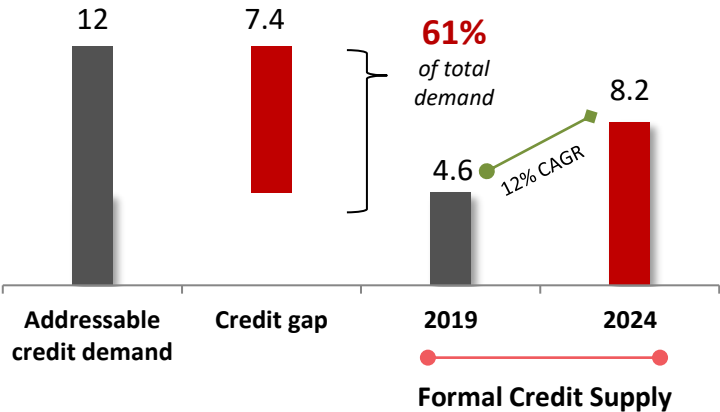




Huge pool of micro-enterprises



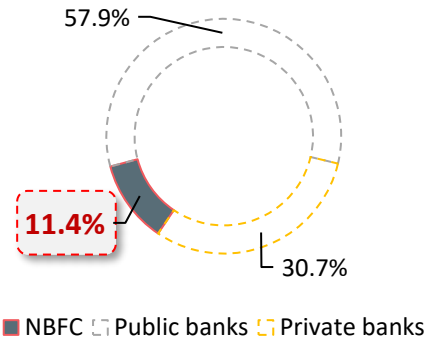
Total credit demand & formal supply of credit to micro-enterprises<sup>3,4&5</sup> (INR Tn)



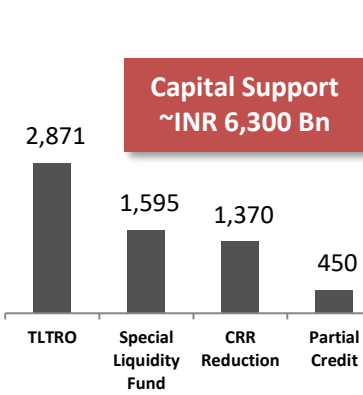
The total micro-enterprises credit gap is INR 7.4 Tn - ~61% of the total addressable credit demand

~11% of the INR 4.6 Tn of formal credit supply is provided by NBFCs

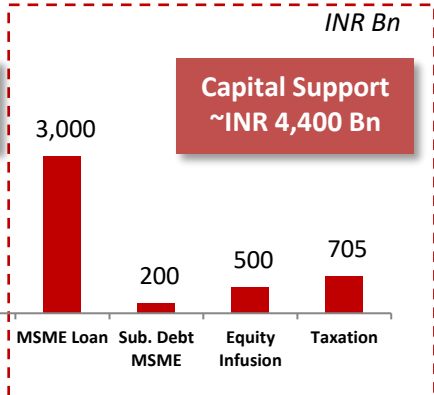
Composition of formal credit supply to micro-enterprises<sup>3&4</sup>



Boost to NBFC sector



Boost to MSME segment



Government / RBI measures worth INR 4.4 Tn to boost MSME segment growth during the COVID-19 pandemic

1. MSME Report 2019 | 2. Ministry of MSME, June 2019 | 3. Financing India's MSMEs, 2018 | 4. MSME pulse report (Sept 2019) | 5. ICRA estimates, March 2018

## Led by a stellar founding and management team...



✓		✓		✓		✓		✓		
Impeccable experience	+	Skin in the game	+	Deep domain understanding	+	Built / Scaled up businesses	+	Experienced in risk underwriting	+	Senior Management team in place
> 250 years of relevant experience in FS sector		Promoters invested ~INR 220 Mn		Cross functional experience in leading organizations		Founding and leadership roles		Strong risk management capabilities		Experienced and capable senior management team in place
Average experience of 21+ years across business verticals and functions		Large pre-series A investment among other MSME players (max. of INR 50 m)		Strong understanding of the retail lending market		Track record of leading, building and scaling businesses		Focused on strong risk management systems and customer centric product design		Professionals with significant experience to lead each business verticals

Wide experience across leading Banks , NBFCs and other FIs



## Promoter team of seasoned professionals with deep, stellar experience...



### Vivek Vig | Founder Chairman

Experience : 30+ Years

Education : MBA from IIM Bangalore



- ❖ Extensive experience building and leading businesses as well as in scaled mergers and acquisitions
- ❖ Country Head (Consumer) for CitiBank in Turkey, Saudi Arabia; Leadership positions in Poland & Taiwan; Led several new and pioneering business initiatives in various segments viz. **Retail Loans, Payment Products, Housing Finance, and Asset Management**
- ❖ Created the **joint venture with PNB HFL** for housing finance; **Dhanlaxmi bank** for equity broking and retail mortgage distribution; Successful PE acquisition of **Destimoney group (MD & CEO)**; Merger of **Centurion Bank** with HDFC Bank
- ❖ Currently, Vivek is on the Board of **Centrum Housing Finance Ltd.**, **Aavas Housing Finance Ltd.** and **IDEI Ltd.** (Sec 25 Company)

### Kalpana Iyer | Founder & Managing Director

Experience : 30+ Years

Education : CA



- ❖ Extensive experience across consumer financing businesses such as **banking, consumer finance, financial inclusion and unsecured lending including credit cards**
- ❖ Head – Women Banking ; MFI business; Founding member of Cards business at CitiBank– Pioneered on-lending program; Built the credit and portfolio for Citi Cards
- ❖ Kalpana has served on several board and committees including **Intellegrow** (Credit Committee), **FWWB** (Board of Trustees) , **Five Star Business Finance**, **Indian School Finance Company**, **Asirvad Microfinance** and is **currently on the board of Aavas Financiers**
- ❖ As a founder of IncValue advisors, she led several strategic and execution consulting engagements for **leading NBFCs and SFBs including Jana SFB, Asirvad, Suryoday and Intellecash**

### Kaushik Mazumdar | Founder Director

Experience : 30+ Years

Education : MBA from IIM Ahmedabad, CA



- ❖ Leadership roles in global organizations across operations & technology with focus on transaction & payment processing across sectors
- ❖ Group Head (Samba Financial); MD and Head (Offshore Program) at CitiBank; COO at Tata AIG General Insurance; Global Delivery Head at General Atlantic PE
- ❖ Kaushik was a co-founder of IncValue Advisors a boutique consulting firm in the financial inclusion space
- ❖ Currently, Kaushik is on the board of **KFin Technologies Pvt Ltd** (Formerly Karvy Compushare / Karvy Fintech Pvt Ltd)

### Anuradha Nadkarni | Founder Director

Experience : 30+ Years

Education : MBA from IIM Bangalore, CFA



- ❖ Corporate banking professional with senior roles in ANZ Grindlays & Standard Chartered Bank; Led **consulting assignments and Board roles in the financial inclusion space**
- ❖ Set up a green-field Mutual Fund - **Lotus India**, a **JV between Temasek Singapore and Sabre Capital**. Later, set up the Financial Services practice for the executive search business at **Russell Reynolds Associates**
- ❖ Led the BPO initiative to craft the strategy for the new business for **TCS**
- ❖ Currently, Anuradha is a board member at **SBI Cards & Payment Services Ltd.**



## A best in class senior management team...



**Taposh Sen**  
Head Operations  
and Technology

- **13+ years** of experience in project implementation, process management, and banking operations
- Previously he has worked with **Yes Bank** (VP, Risk management) - set up the MSME loans (business Banking) credit control team for post approval review of loans and handled operations team in **Volkswagen Finance**
- Management Graduate from Lucknow University



**Suresh Kulkarni**  
CRO

- **25+ years** of experience in Banking and financial services across functions
- Previously he has worked with **Tata Finance, Citigroup, Fullerton India** – Multi functional roles heading risk, Op risk, collections, analytics, operations and technology
- Chartered Accountant, Company Secretary and MBA in General Management



**Sundeeep Yashroy**  
Head Branch BD

- **23+ years** of experience in financial services / banking industry
- Previously he has worked with **Samba Financial Group** (Business Head) – Debit cards, merchant acquiring, payment solutions and **Citibank** (Branch Manager)
- Chartered Account and PGDM from Nagpur University



**Nishanth Muthusamy**  
Head BP&A

- **8+ years** of experience in financial services, including financial modeling, business intelligence, and treasury
- Previously he has worked with **Grameen Impact Investments** (AVP) – Financial planning, fund raise and portfolio origination and **IFMR Rural Channels** (Sr. Manager) – FP&A, fund raise, treasury and investor relations
- MBA from the ISB, Hyderabad and a B. Tech from IIT Madras



**Meenal Jai Singh**  
Head  
Partnerships

- **22+ years** of experience in financial services / banking industry
- Previously she has worked with **RBL Bank** (Head SME, Mumbai) – Commercial Banking; developed and led implementation of SME Business; built a quality and sustainable SME portfolio for region from small base and RBS NV (Head SME, West and South) – Commercial Banking
- Management Graduate and MSc in Physics



**Hema Chanchlani**  
Manager Finance,  
Accounts & Tax

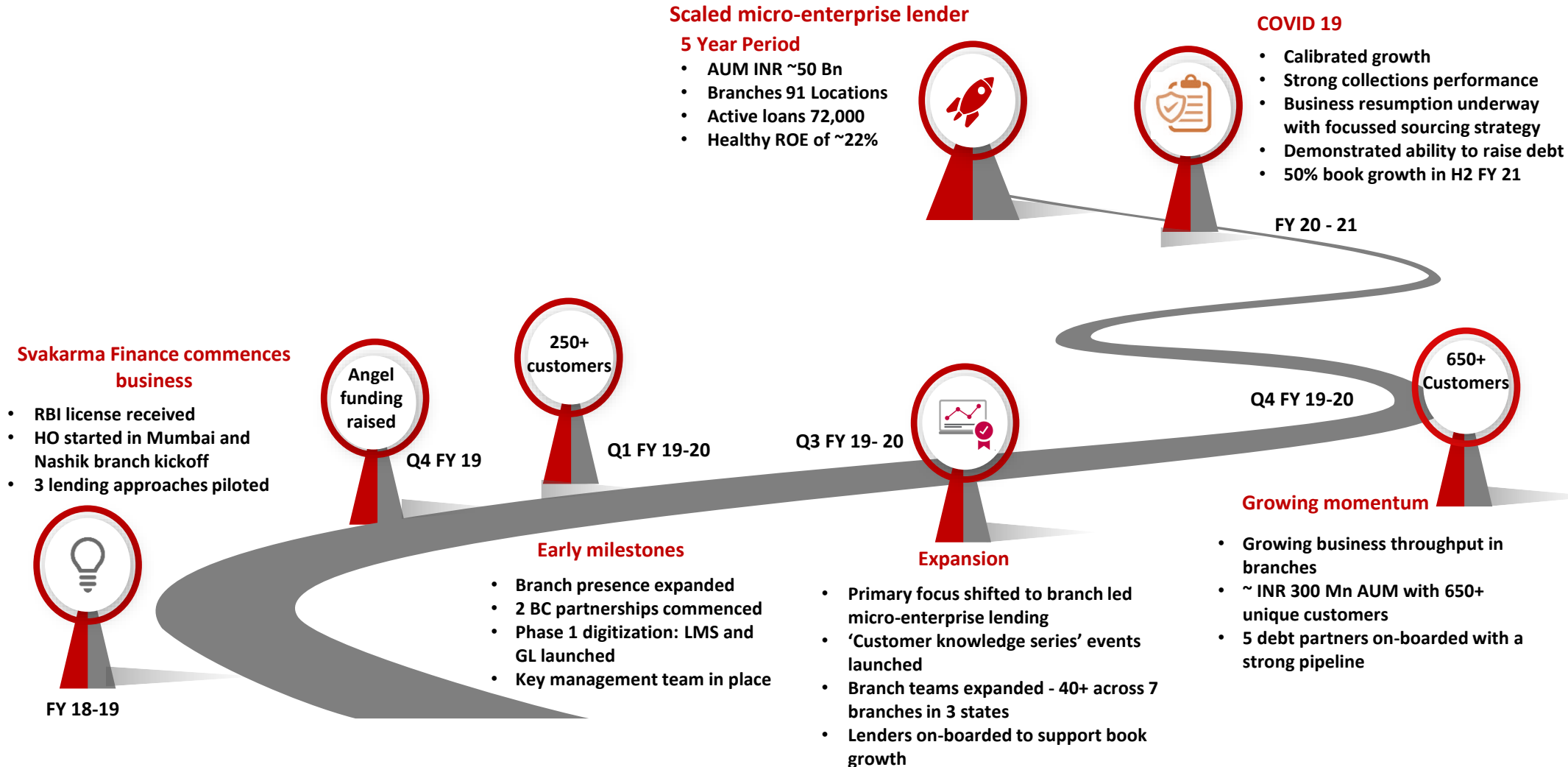
- **8+ years** of experience in Finance, Accounts, Audit and Statutory Compliance
- Previously she has worked with **Hinduja Global Solutions** (Senior Associate) – Finance and Accounts, also responsible for MIS reports and statutory compliance
- Chartered Accountant and MBA in Finance



**Sumeet Nigli**  
Head HR

- **16+ years** of experience across industries in ITES, Pharmaceuticals and NBFC space
- Previously he has worked with **Manappuram Finance** (Head HR) – Vehicle & Equip Fin Division and **Wockhardt** (Sr. Manager) – Corporate HR
- MBA – HR from Narsee Monjee Institute of Management Studies

# Svakarma Finance has built a strong foundation and is poised for growth...(1/2)

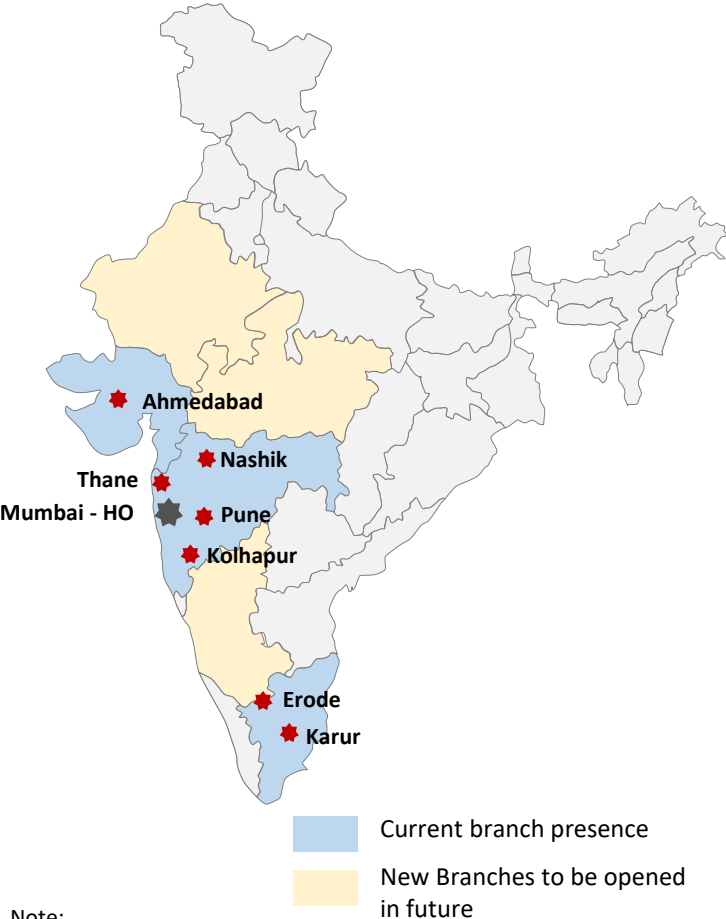




# Svakarma Finance has built a strong foundation and is poised for growth...(2/2)












## Geographical Footprint



Note:

- 1) All data as of Mar-21
- 2) NPA recognition to be done based on RBI norms and restructuring guidelines

## Key Metrics

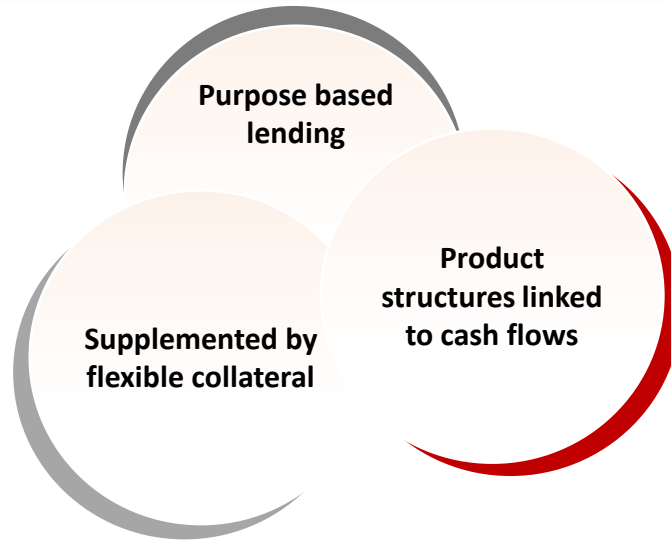
 <p><b>&gt; 250 Years</b> Founding &amp; Management Team's Experience</p>	 <p><b>INR ~700 Mn</b> Cumulative Disbursements</p>	 <p><b>1,121</b> Active Loans</p>
 <p><b>40%</b> CAR</p>	 <p><b>INR ~440 Mn</b> Portfolio Outstanding</p>	 <p><b>6.7%</b> GNPA</p>
 <p><b>3 States   7 Branches</b> Presence</p>	 <p><b>~INR 5 Lacs</b> Average Ticket Size</p>	 <p>Debt lines of <b>~INR 400 Mn</b> from <b>7</b> Lenders in place</p>

### COVID-19 Response and Business resumption

- Proactive customer engagement & agile response enabled strong collections performance
- Business resumed with revised sourcing strategy and close feedback loops from the ground



## Svakarma's lending approach – Key principles



### Primary customer profile:

- Micro-enterprises with revenues up to INR 50 Mn with emphasis on a cluster-based approach

### Product details:

- Business loans (working capital, capex)
- **Ticket Size:** INR 1-25 lacs (Core target: INR 4 to 8 lacs)
- **Tenor:** Up to 36 months
- **Flexible forms of security:** Mortgage, assigned LIC policies/ MF, FD lien, machinery etc.

## Focus on underserved micro-enterprises

### Estimated credit demand in states targeted by Svakarma



Target MSMEs

**22 Mn**

**~35%**



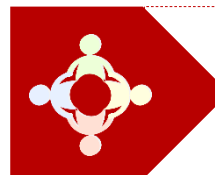
- **Technology as an enabler** driving efficiency and scale
- Aims to build a **digital delivery model** supporting physical branches – A **scalable 'phygital' model**
- **Optimise risk** through data driven approach
- Judicious investment in current and emerging technologies as business scales up
- **Micro services architecture** based technology platform
- Core integrated LOS, LMS, GL system and external API driven applications
- Ongoing and future investments in **CRM** and **Analytics** driven decision making

Phygital model : Strong multi channel sourcing. Mix of branch led and Online **through partners**



Endeavour is to have digitally enabled customer journey. Integrated loan processing platform

Flexibility in product offerings by enabling the business to design lending structures in response to the market needs, in the most efficient manner



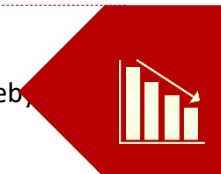
Modular and connected to partner ecosystems including sourcing and servicing partners

Leveraging the technology ecosystem in India using open API and micro services driven design

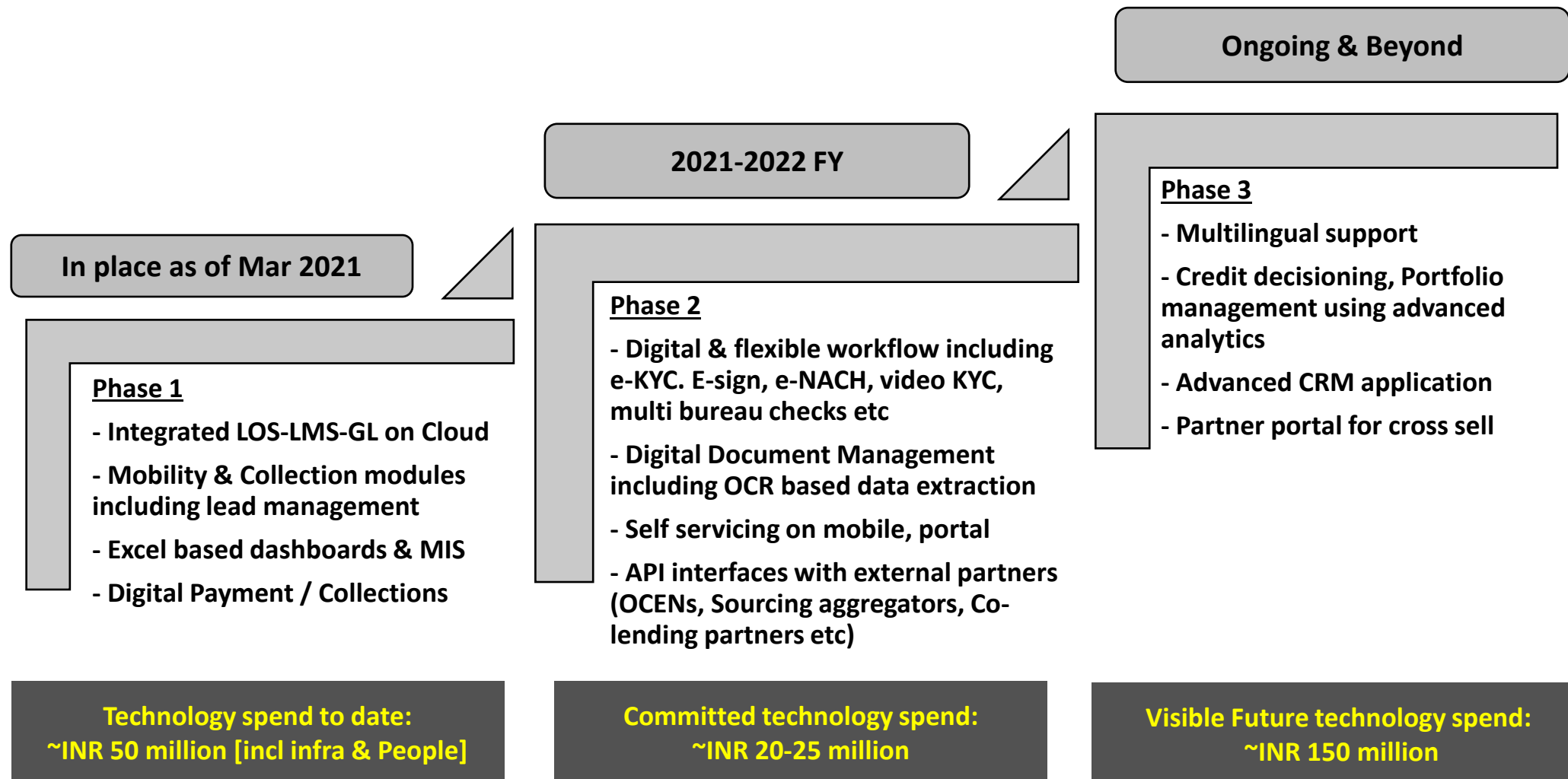


Focus on information security, audit trails, compliance with regulatory requirements, prompt reporting and compliant with regulatory standards

Optimize costs & efficiencies by facilitating straight through processing, thereby enabling scale



Self learning using Data Analytics with focus on improving sourcing efficiency, quality of credit decisioning and collections



# Creating positive impact

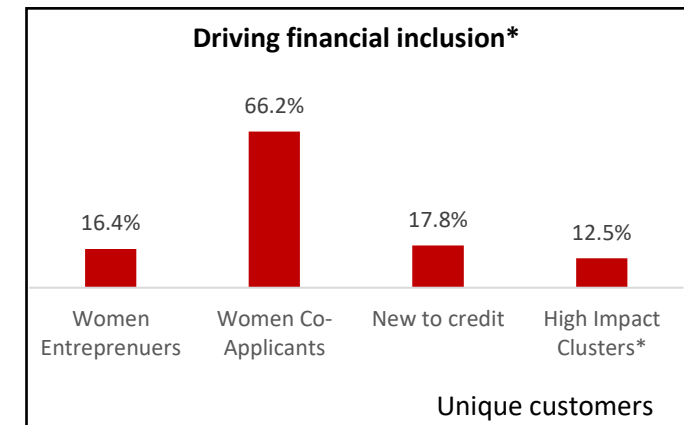
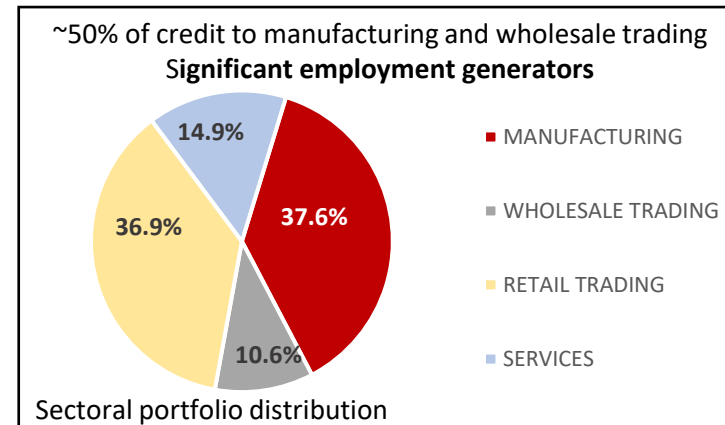
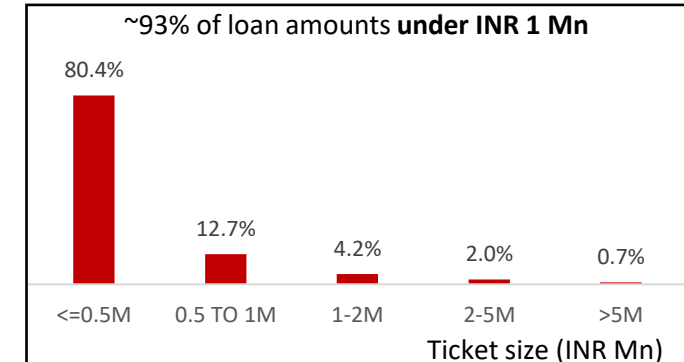
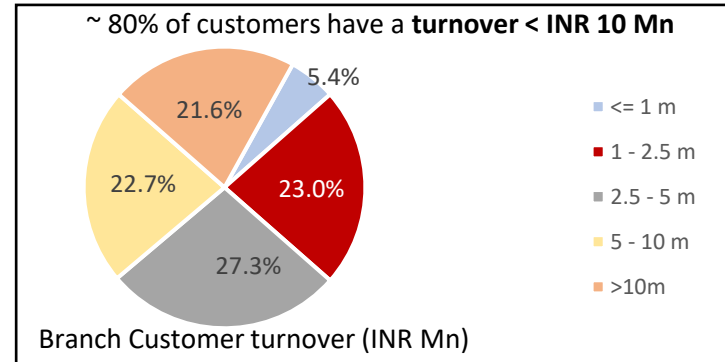


- MSME growth is limited due to **lack of sufficient access to capital, market linkages and mentoring**
- Svakarma aims to provide holistic solutions** to entrepreneurs through its **loan offerings and knowledge support through network partner**
- Svakarma creates impact by enabling:
  - Business growth**
  - Employment generation**
  - Improvement in standards of living**
- Svakarma designs **targeted lending programs for high impact clusters** \* such as women entrepreneurs, artisans, e-rickshaw drivers, chappal making and small farmers

## Collective Good Foundation Grant:

- Facilitating the transfer of INR 40 lakhs as grants to over 400 customers from USAID's COVID response package
- Given to customers with turnover up to INR 55 lakhs

## Micro-enterprises targeted by Svakarma



## Impact metrics framework

- Metrics include: Business turnover, no. of employees, investment in business assets, personal assets of the customer, improvement in standard of living



### Ms. Sangita Pandey – Vikas Engineering

- **Entrepreneur:** Single mother – 1<sup>st</sup> generation entrepreneur
- **Business:** CNC drilling machine
- **Purpose of loan:** Purchase of raw material
- **Loan:** INR 4L for 18 months



“...After 10 years working as an accountant I started this business to help secure my son’s future. Svakarma’s timely loan helped improve the business margins and volumes. I run the CNC machine myself when my employees are not around. I also have my own ladies’ garment business that I handle in the evenings. I am determined to provide my son a good life and I am confident Svakarma will continue to support my dreams...”

“...I built this business over ten years with an initial investment of INR 5,000. Today I supply to premier automobile manufacturers who often export my products. Svakarma’s loan has helped increase my sales by 25% and I have added 3 employees. The additional income has helped me shift my sons in the city school and college and fulfil my long time goal of adding a floor to my house...”

### Mr. Muthusudhar – Shree Bhagwati Polymer

- **Entrepreneur:** Chemical engineer turned entrepreneur
- **Business:** Plastics manufacture
- **Purpose of loan:** Investment in machinery
- **Loan:** INR 8L for 36 months



“...I always wanted to be an entrepreneur. I invested INR 1 lac of my savings into this business and now the total investment is over INR 50 lacs. Thanks to the pulveriser machine I funded through a Svakarma loan, I was able to add 2 big clients. My sales has increased from INR 15lacs per month to INR 25 lacs. I have added 13 new employees to handle the new business. Business margins have also improved and I availed a family health insurance policy to protect my family...”

### Mr. Satish Bhendawade – Bhagyashree Shell Core

- **Entrepreneur:** 12th graduate - Former technician turned entrepreneur
- **Business:** Shell core and cold box for auto parts
- **Purpose of loan:** Working capital
- **Loan:** INR 18L for 48 months





# Thank you

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