



KEERTANA FINSERV PRIVATE LIMITED



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a.) Gold

b.) MSME

a.) Gold

b.) MSME

a.) Board

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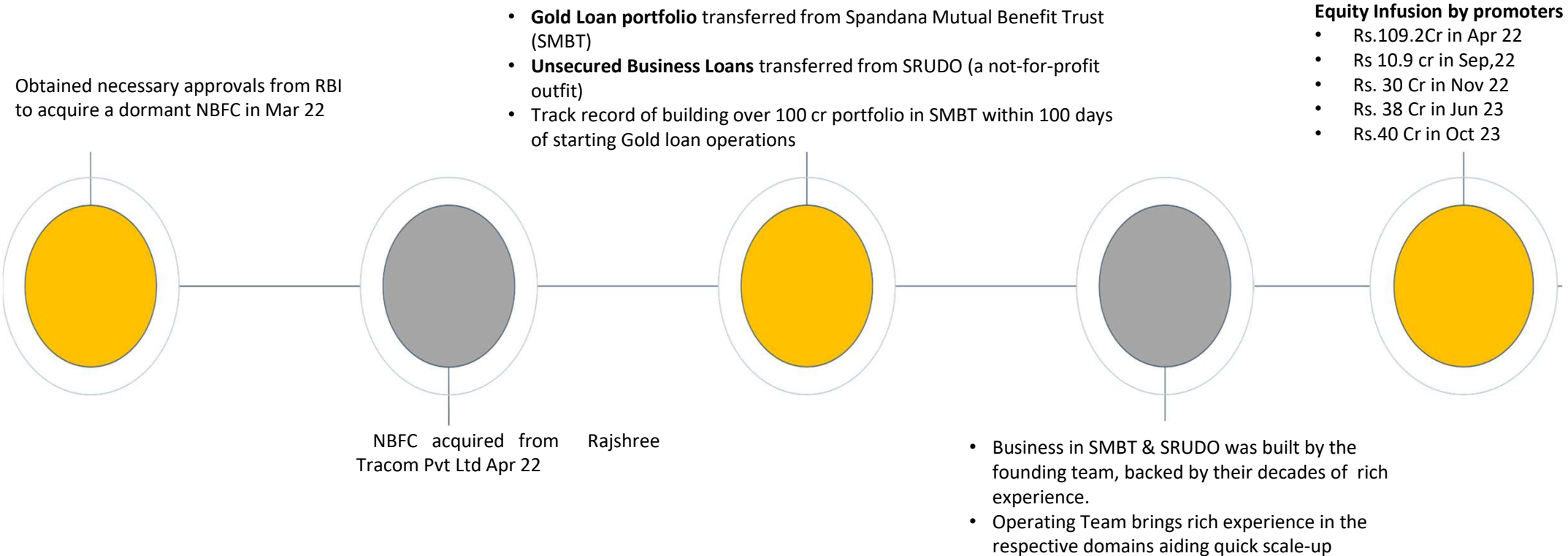


01

ABOUT US

GENESIS & VISION

Vision is to be the most preferred financial services provider to the un/underserved segments with products and services ranging over a wide spectrum of their requirements, leveraging cutting edge technology & agility in product/service delivery



Well capitalized from day1, with Rs 230 Cr equity from the promoter Ms. Padmaja Reddy, Friends and Family

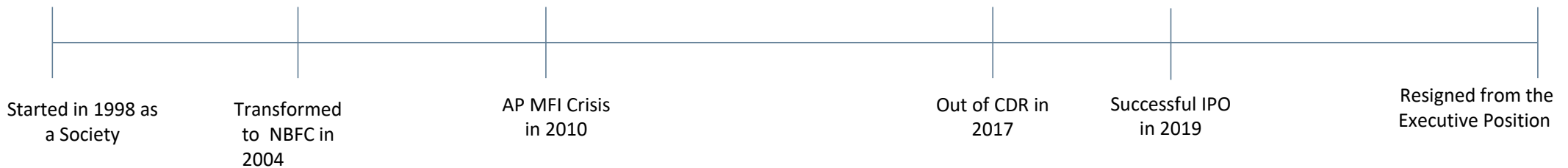
FOUNDER'S TRACK RECORD

Demonstrated competence in building Spandana Sphoorty Financial Limited and scaling it to the Industry Best!

Spandana grew to the largest Micro Finance Institution in India and sixth largest across globe and was the most profitable MFI across South Asia.

Grew the book by eight times in three and half years post CDR exit.

Spandana is the only Micro Finance Institution in Andhra Pradesh to pay back the total debt to all the lenders and exit CDR (Corporate Debt Restructuring)



- Ms. Padmaja Reddy is an Industry veteran and enjoys highest credibility with the lenders. During her stint as MD, she raised over Rs.25,000 Crore from various Public Sector and Private Sector banks
- She won over 22+ Awards and Accolades from various organization & media houses of International Repute
- Under her leadership, the company received over 15+ prestigious recognitions for its impactful work in the Microfinance & Impact sector

- Apart from Microfinance, the Founding team along with Ms. Padmaja have built diverse portfolio of financial products under different group companies.
 - Consumer Lending portfolio under Abhiram-Over Rs 500 cr
 - Secured Lending/LAP under Criss Financial Services (Subsidiary of SSFL)-Over Rs 200 cr
- Founding team of SSFL has moved on to Keertana, and possess a cumulative experience of over 100 years



02

SECTORAL FOCUS
GOLD LOANS

PORTFOLIO TRANSFER (SMBT & SRUDO)

In order to accelerate the growth and augment the capital well, Board has decided to acquire Gold Loan Portfolio from SMBT(Spandana Mutual Benefit Trust) and 'M'SME Business from SRUDO (Spandana Urban and Rural Development Organization) up on representation from the Trustees and Governing Boards of the respective organizations.

Business Transfer Agreement is executed for Slump Sale of entire business which included transfer of portfolio, employees, branches, assets and liabilities in to. The Transfer was made basis a fair valuation/ consideration ascertained by an independent auditor and carried out post conducting the Due Diligence of respective Businesses.

Towards enabling business continuity, growth and compliance with metrics attributable to NBFC, Keertana has infused Rs 230 cr capital from the promoters.

Parameters	SMBT	SRUDO
Branches	96	4
Portfolio (Rs in Crs.)	191	14
Staff	328	19
Gold in possession (In Kgs)	588	NA
Property value in possession (LAP Loans)	NA	48,25,000
No of loans	27,314	4,748
Fixed Assets	NA**	2,46,421
Consideration Paid	1,98,98,73,288	14,47,78,488

** Branches fixed assets are purchased at book value, which is outside the BTA

Operational Highlights		
Indicator	Apr-22	Dec-23
States (#)	3	6
Districts (#)	33	39
Branches (#)	136	304
Operating Branches	83	249
Active Borrowers (#)	21,742	1,75,942
Active Loans (#)	36,151	2,56,731
Employees (#)	438	1,539
Loan Officer(LO) (#)	245	1,149
AUM (Rs. Cr)	245.44	1,204.25
No of Loans disbursed - Current Month	37,527	54,215
Loan Disbursed - Current Month	92.33	288.39
No of Loans Disbursed - Cumulative	74,621	6,09,541
Value of Loan Disb - Cumulative	500.90	3,667.17
Borrowers per LO (#)	88.74	153.13
Borrowers per branch (#)	261.95	706.59
AUM per branch (Rs. Cr)	1.80	4.84
AUM per LO (Rs. Cr)	1.00	1.05
AUM per Employee (Rs. Cr)	0.56	0.78

Key Financial Metrics	
Netwoth (INR Crs)	299.61
CRAR	26.76%
Debt to Equity Ratio	4.07

GOLD LOAN INDUSTRY- OVERVIEW

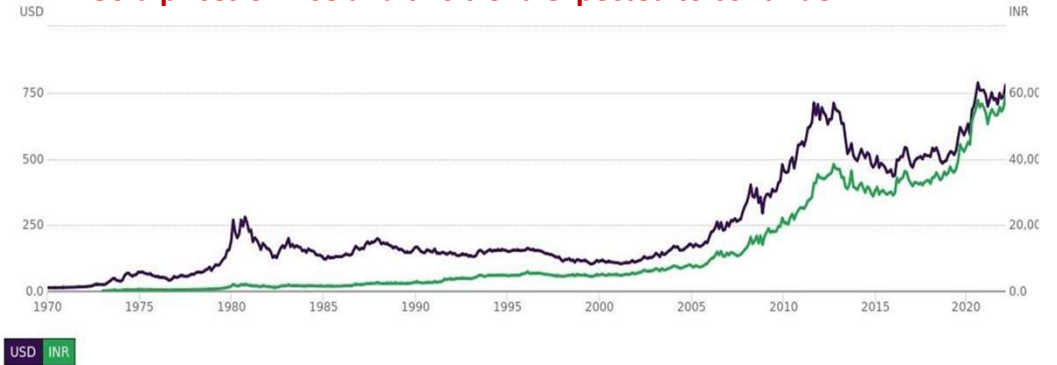
Gold remains a strong Asset Class for Indians

- India accounted for ~23% of world's gold demand between 2009-18 and is the largest holder in the world with over 25,000 tones.
- Rural communities account for ~65% of the total gold demand in the country.
- Indians considered Gold synonymous to financial security, social status and cultural legacy.
- Gold has traditionally been a liquid asset and universally accepted commodity that has seen its value appreciate over the decades.

Gold Loans as a source of credit gaining popularity

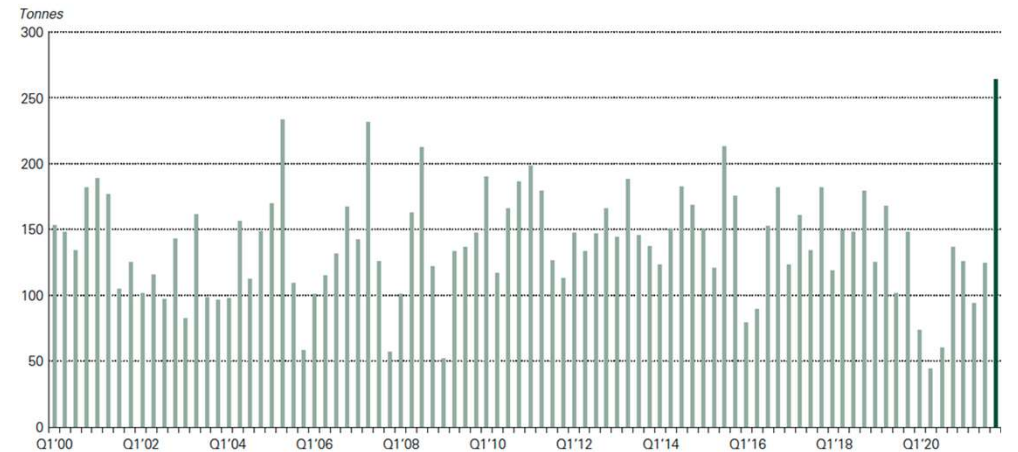
- The gold loan market in India was valued at ~INR 2.92lakh cr in 2019 and is expected to reach ~INR 6.2 Lakh cr by 2025, a CAGR of ~12.75% during the 2020-2025 period.
- The total gold loans outstanding in the organized sector in 2019 are estimated at 5.5 per cent of the total household gold holdings in India, indicating low market penetration.
- Market is dominated by informal money lenders with over ~65% market share while the organized market is mere ~35%
- With NBFCs/Banks/Fintech increasing their geographic scope and market penetration, a shift to organized players is noted.
- Various new-age fintech companies and traditional players have started to offer innovative products such as online gold loans catering to the young and urbane population-discovering a newer customer segment.
- Easy access to unsecured credit by NBFC/Fintechs and MFIs have potential to offset the need for pledging gold, but with disruptive practices, quicker processing and competitive pricing, the growth story for gold loans is expected to be intact

Gold prices on rise and this trend expected to continue



Release of pent-up demand in India led to a quarterly record for jewellery in Q4

Quarterly Indian jewellery demand*



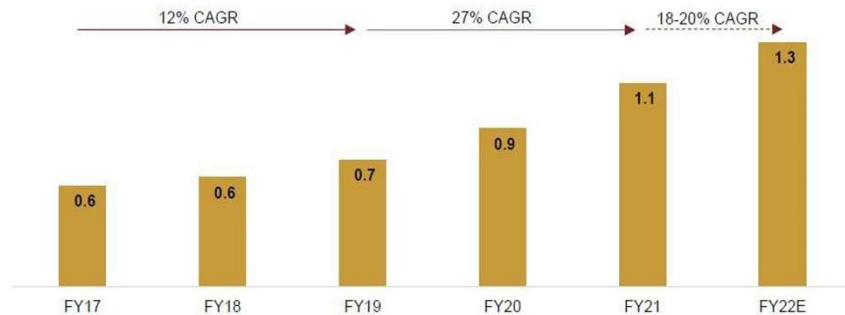
*Data to 31 December 2021. Quarterly demand data begins Q1 2000.
Source: Metals Focus, Refinitiv GFMS, World Gold Council

GOLD LOAN INDUSTRY- KEY TRENDS

(contd...)

Growth to be driven by unlocking new geographies, digital enablement thus discovering newer customer segments

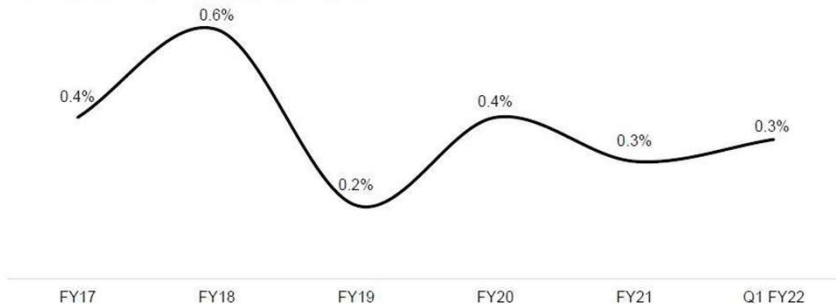
Chart 1: Assets of gold loan NBFCs rising steadily (Rs lakh crore)



Source: CRISIL Ratings estimates based on a representative set of gold loan NBFCs

75% LTV (Loan to Value) and short term tenor (~58%* loans in 1-3 months avg tenor), emotional value attached to the ornaments, aiding better credit quality

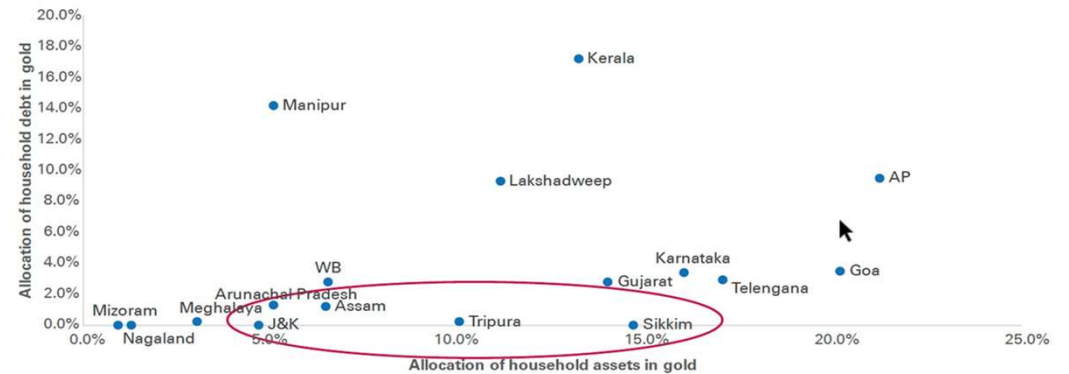
Chart 2: Credit cost well within historical range



Source: CRISIL Ratings estimates based on a representative set of gold loan NBFCs

Key Future Trends in Gold Loans

- Shift from Physical Gold branches to Phygital & Digital
 - Phygital entails use of tech & process improvements in disbursement & collections
 - Digital entails a paradigm shift- Digital sourcing, Valuation @ the doorstep, Instant KYC and Application process, Gold Storage@ central vaults, security using RFID tags, return in 2hrs post closure.
- Unlocking the potential of less penetrated markets
 The following graphic illustrates the allocation of household assets in gold against the allocation of household debt in gold.



- Shift of Gold NBFCs in to other competitive products (MSME, Microfinance etc...) leveraging the branch, people and tech infrastructure

* For top two gold companies for past three years, source: KPMG Report

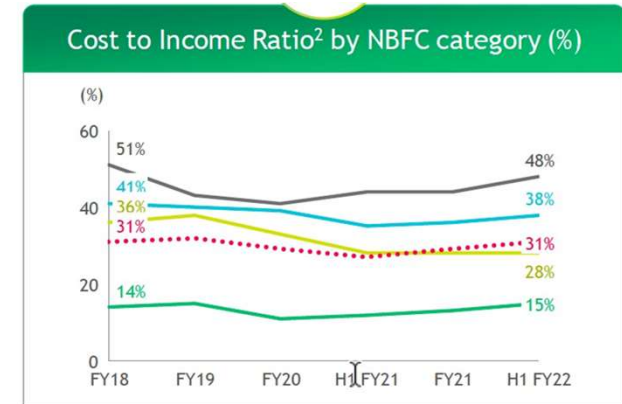
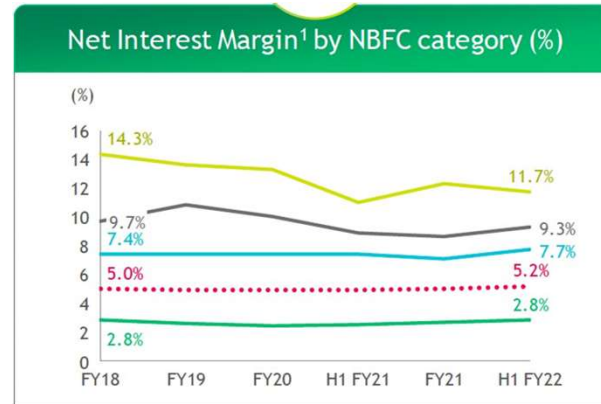
GOLD LOAN INDUSTRY- KEY TRENDS

(contd...)

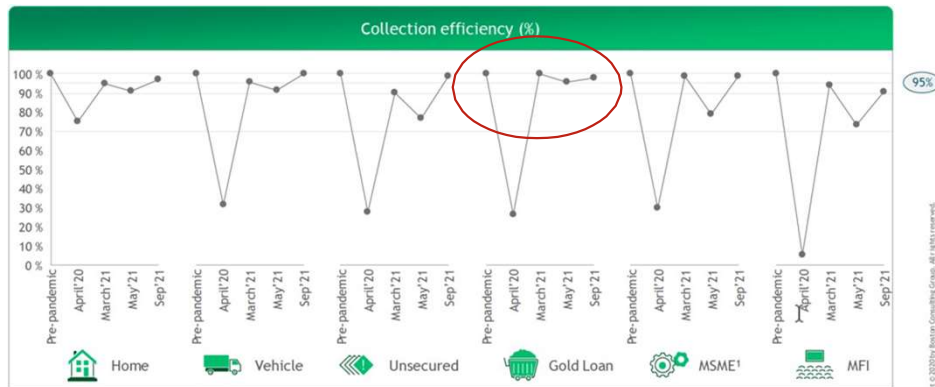
Gold delivers best ROA with lowest risk amongst other asset classes

Particulars ¹	UoM	HFCs		Diversified		Gold Loan		MFIs		Industry	
		H1 FY22	H1 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21
Net Interest Margin	(%)	2.8	2.6	7.7	8.0	11.7	12.8	9.3	10.9	5.2	5.2
Fee + Other Income	(%)	0.6	0.7	1.3	1.2	0.2	0.5	1.3	1.5	0.9	0.9
Operating expenses	(%)	0.5	0.4	3.4	3.2	3.3	3.7	5	5.4	1.9	1.7
Pre-Provision Profit ²	(%)	2.9	2.9	5.6	6.0	8.6	9.6	5.5	6.9	4.2	4.4
Credit costs	(%)	0.7	0.6	3.5	3.7	0.3	0.3	4.8	4.5	1.9	1.8
Tax	(%)	0.5	0.4	0.5	0.6	2.1	2.4	0.2	0.6	0.5	0.6
Other Expenses ³	(%)	0.0	0.0	0.3	0.1	0	0	0	0	0.1	0.1
Return on Assets	(%)	1.7	1.8	1.3	1.6	6.2	6.9	0.5	1.7	1.7	2.0

NIM and Cost to Income best amongst other Asset Classes



Collection Efficiency for Gold quickly bounced back in comparison to other asset classes



Gold as an Asset Class in India outperforms other asset classes & has bright growth prospects with downside risks being minimal

¹. Include loans against property and unsecured business loans
Source: CRISIL Ratings



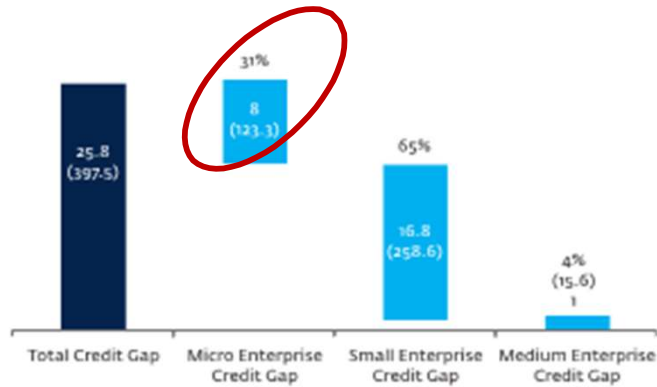


02

SECTORAL FOCUS
MICRO ENTERPRISES

'M'SME INDUSTRY- OVERVIEW

Credit Gap by Size of Enterprise- 2017 (INR trillion)*



*Figure in brackets is in USD INR

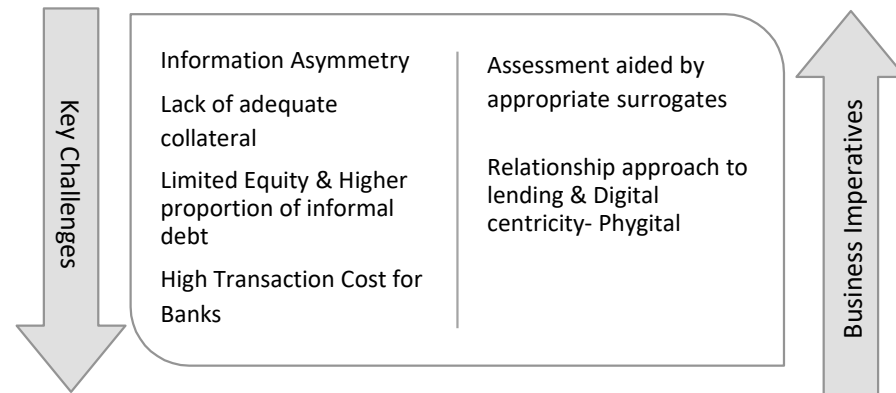
Source: IBCG-Intelligence/Analysis, Primary Research

Note: Classification based on earlier definition of MSMEs

Eco-system Enablers

- Huge market potential
- Enabling eco-system changes, a big positive
 - Increased digital footprint aided by
 - Internet penetration - ~45% in 2021, as against mere 4% in 2007
 - Mobile connections- ~79% of the population
 - UPI, Aadhaar stack
 - GSTN
 - Revised MSME definition & increased insistence on Udyam Registration- An attempt towards formalization
 - Legitimacy to highly informal street vendors- PMSVanidhi
 - Appreciable changes in CGTMSE schemes
- Increased Investor support- Evidenced from PE funds in to Fintechs/NBFCs

Challenges & Business Imperatives



Key Players & differentiating

factors Banks

- Offer largely **secured and high-ticket-size** loans to medium enterprises|
- *Differentiation*: Fund availability, **competitive interest rates** and long-standing relationships

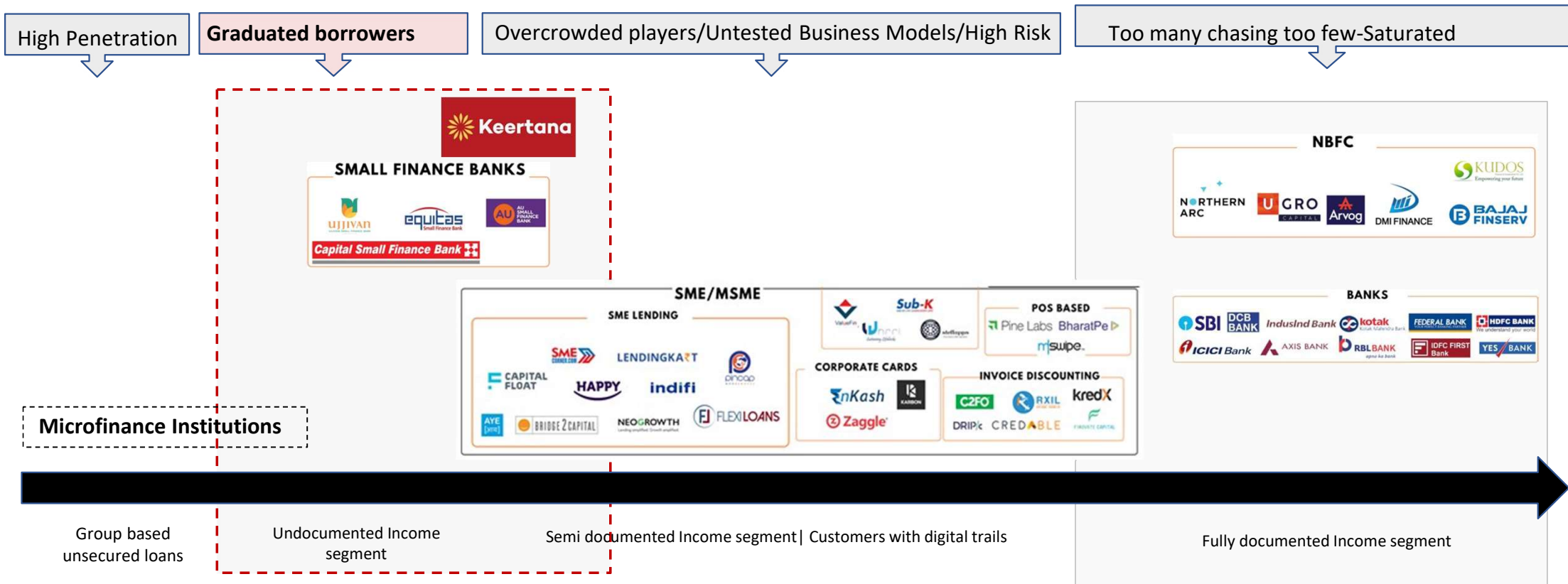
NBFCs

- Focus more on smaller enterprises than banks; New Age NBFCs targeting emerging micro and small enterprises
- *Differentiation*: **Faster turnaround time** and less documentation compared with banks

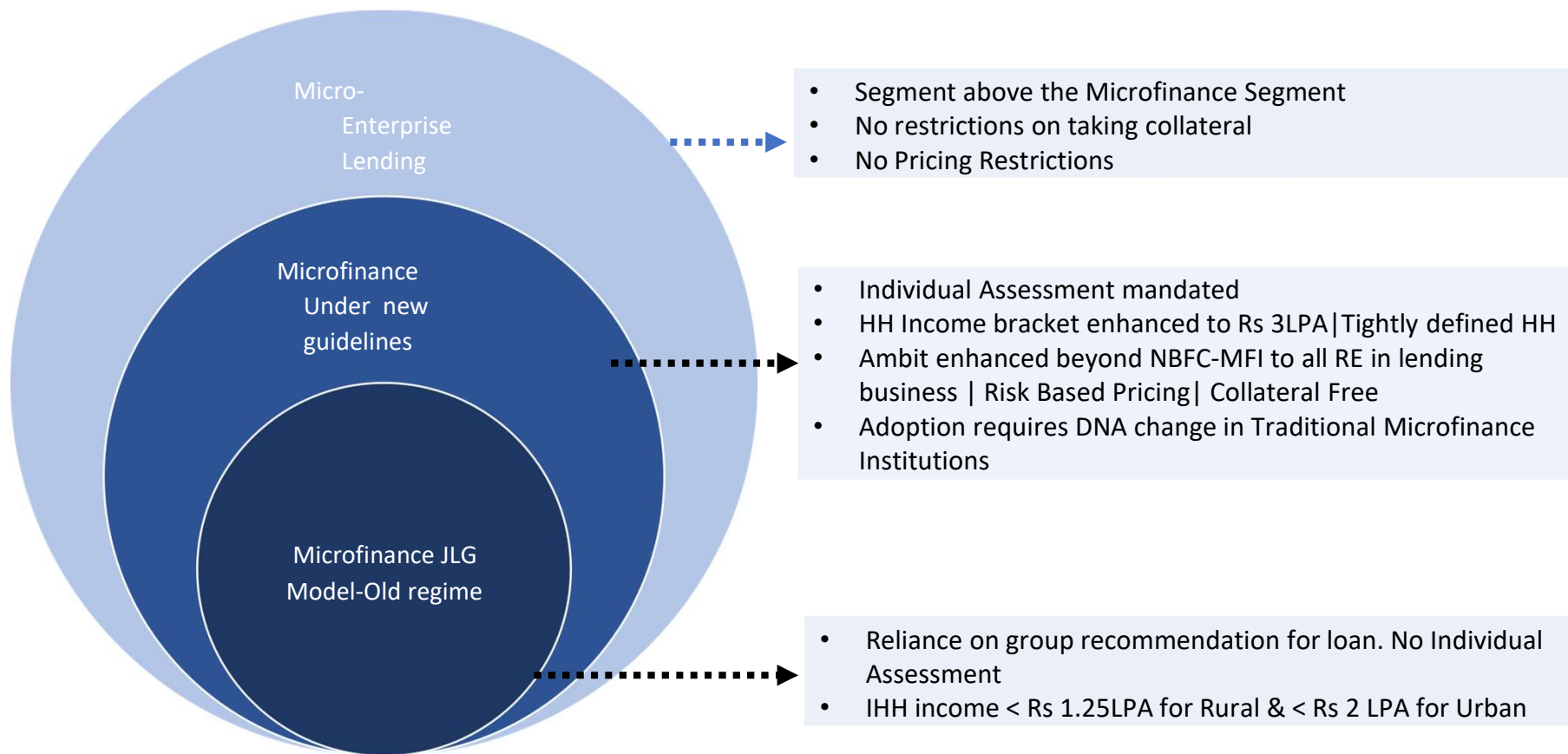
Fintech

- Focus on **unsecured short-term capital** to MSMEs with smaller ticket sizes
- Greater risk appetite and **non-traditional credit risk assessment methods** allow lending to underserved segments
- *Differentiation*: Extremely fast turnaround times and **lesser documentation** compared to NBFCs; provide **higher flexibility in terms of loan tenure** and repayment methods

'M'SME INDUSTRY - MARKET PLAYERS



CHANGING PARADIGM OF MICRO-ENTERPRISE LENDING



Keertana is a blend of revised Microfinance Asset Class and beyond

*Color Thickness indicates the level of market saturation

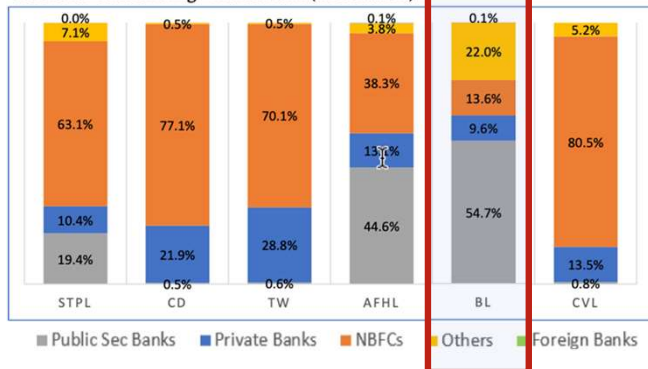
MASS MARKET BUSINESS LOANS (<5 L)- PERFORMANCE SNAPSHOT

Mar-21

BL	
Portfolio Outstanding (₹ K Cr)	93.1
Y-o-Y Growth %	15.3%
2-Year Growth %	32.5%
Active Loans (Lakh)	108.80
Y-o-Y Growth %	34.2%
2-Year Growth %	13.1%
Volume Delinquency 31-180%	6.9%
Value Delinquency 31-180%	7.6%
Originations Value FY21 (₹ Crore)	32,856
Originations Volume FY21 (Lakh)	50.2
Average Ticket Size in FY21 (₹ K)	65.5
Y-o-Y Growth %	-55%
2-Year Growth %	-44.2%

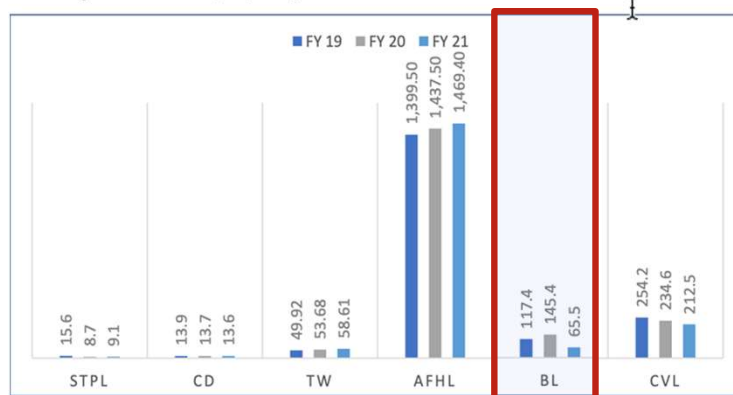
- Size of total lending market in India as of Mar'21 is at ₹ 156.9 Lakh crores. Retail and Commercial lending each contribute 49% to total lending in India while Microfinance contributes 2%.
- Business loans (Loans to Professionals, Business Loan General, Business Loan Unsecured, Business Loan Priority Sector Small Business, Mudra Loan) comprises of 5.49 Lakh cr O/s as on Mar-21 against the total Retail loans book of Rs 77.5 L cr.
- Within the Business Loan category, < 5Lakh ticket size portfolio which Keertana targets (Avg ticket size) comprise of Rs 93K cr. Table adjacent reflects the performance of this segment.
- This segment constitutes ~91% of the Business Loan segment in volume, but ~25% in value.

Portfolio Outstanding - Lender Mix (as of Mar'21)



- Public sector Banks lead the space followed by others (Coop Banks/RRBs). Could be largely accounted for Mudra loans
- NBFCs outsizes Pvt sector Banks
- Rural constitute 55% of loan accounts, but mere 40% in value, signifying tremendous growth potential

Average Ticket Size (₹ K) FY19-FY21 - Overall



- Average Ticket size for FY21 appears lower due to impact of Covid-19 and disbursements of low value emergency credit lines (~83% originations < Rs 1Lakh ticket size)

Value Delinquency Trends (PAR 31-180%) - Overall



- Delinquency though lower than other asset classes like STPL, VCL and TW, its still signifies heightened risk
- As on Mar-21, PAR (31-180) for Pvt Sector stands at 13.9%, NBFCs at 8.6% and PSBs at 6%

While Micro-Enterprise lending is fraught with risks, the players that stick to fundamental credit principles (Capacity, Capital, Collateral, Conditions and Character) are bound to succeed. Keertana embeds such principles in its business model

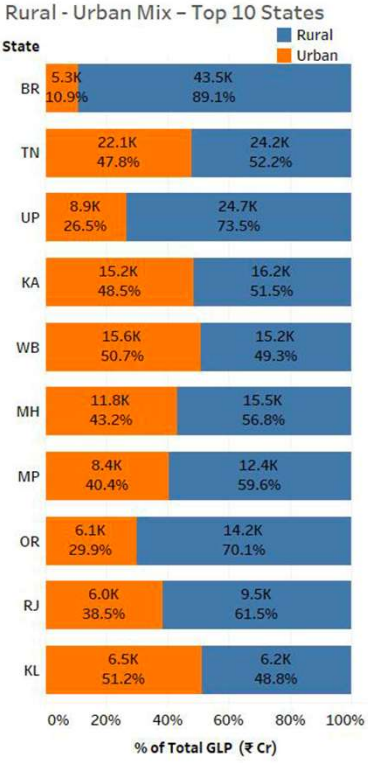
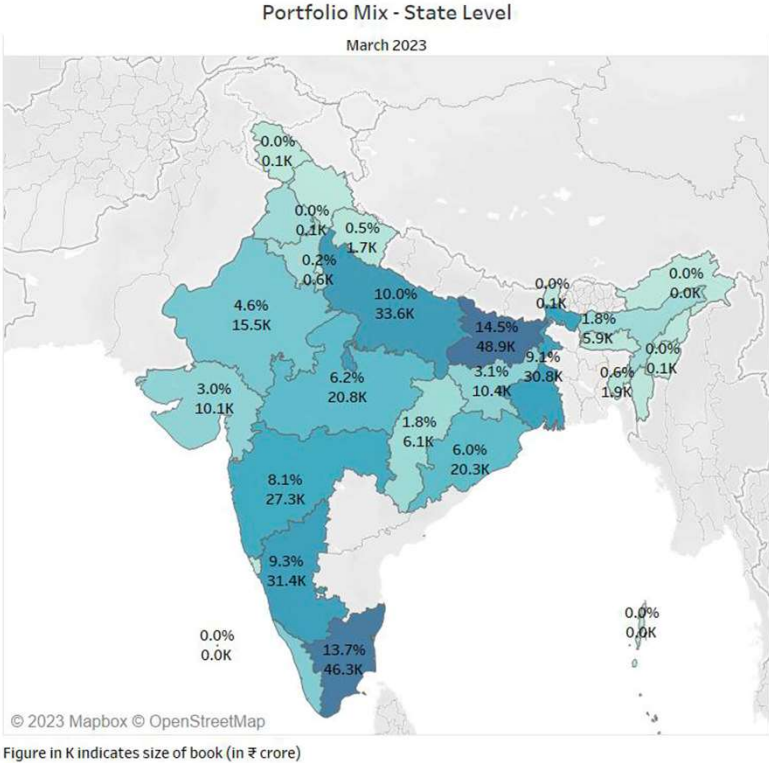
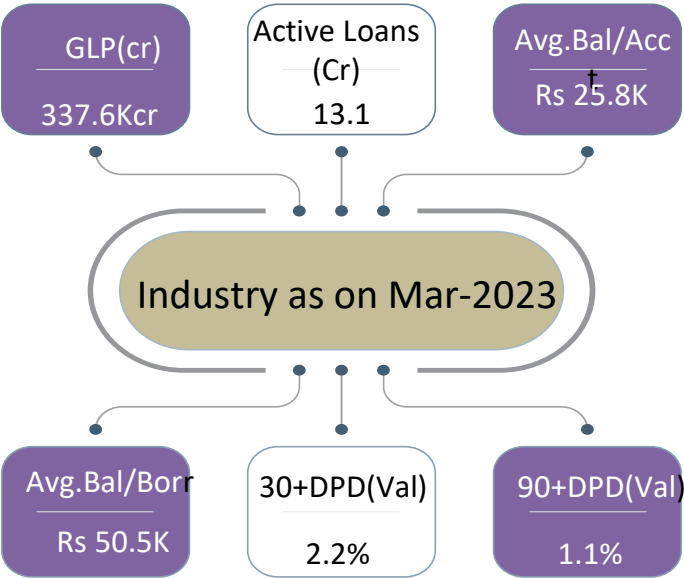


02

SECTORAL FOCUS
GROUP LOANS

MICROFINANCE INDUSTRY- OVERVIEW

Snapshot Overview



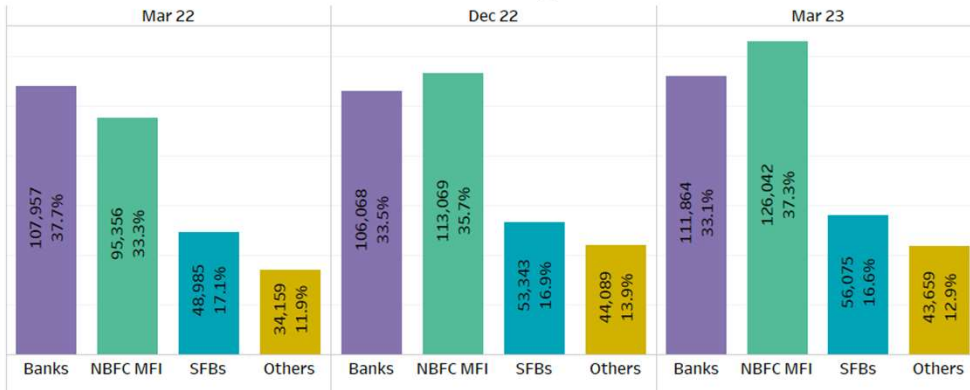
- Top 10 states constitute 85.2% of the GLP as of Mar' 23
- Bihar is the Top state in terms of GLP, and it surpassed Tamil Nadu which was No.1 in FY22
- Microfinance sector dominated by Eastern region (32.7%) followed by Southern (27.0%) as of Mar' 23
- AP and Telangana is still a white spot and with recent High Court Judgement, slowly there is traction for business resumption



KEY PORTFOLIO TRENDS

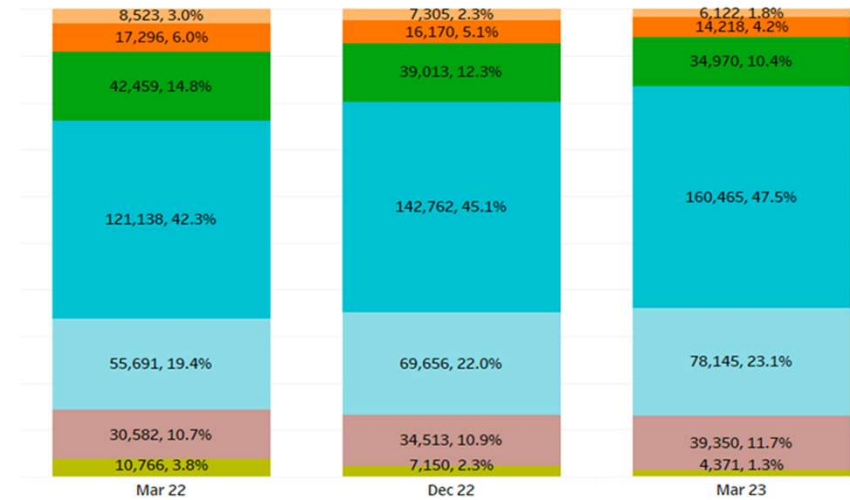
NBFCs gradually dominating the market share with 37.3%

Portfolio- Lender Type Mix



Industry moving to higher ticket loans

Portfolio - Ticket Size Mix



The first figure indicates the book size in ₹ crore, second figure (%) indicates the market share by ticket size.

Legend: <=15K (orange), 15K-25K (red), 25K-30K (green), 30K-50K (cyan), 50K-75K (light blue), 75K-1L (pink), 1L+ (yellow)

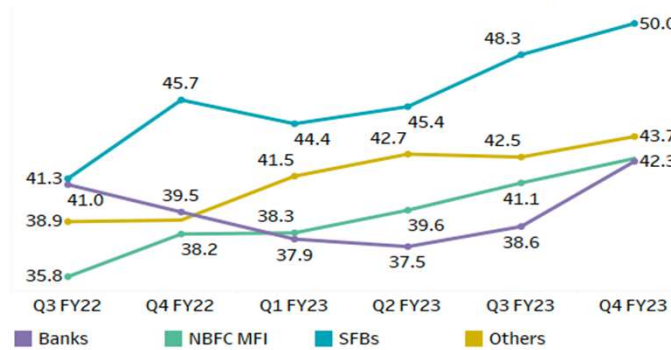
Ticket Size	<=15K	15K-25K	25K-30K	30K-50K	50K-75K	75K-1L	1L+	Total
Q-o-Q GLP Growth	-16.20%	-12.10%	-10.40%	12.40%	12.20%	14.00%	-38.90%	6.70%
Y-o-Y GLP Growth	-28.20%	-17.80%	-17.60%	32.50%	40.30%	28.70%	-59.40%	17.90%

- Portfolio of ticket size 50K, 75K witnessed Y o Y growth of 40.3% and Q o Q growth of 12.2% as of Mar'23
- Share of portfolio of higher ticket sized loans 50 K increased from 33.9% in Mar' 23 to 36.1% in Mar' 23
- As of Mar'23 loans of ticket size 30K, 50K have the maximum share by value and volume at 47.5% and 45.4% respectively

Lender Type	Banks	NBFC MFI	SFBs	Others	Total
Q-o-Q GLP Growth	5.5%	11.5%	5.1%	-1.0%	6.7%
Y-o-Y GLP Growth	3.6%	32.2%	14.5%	27.8%	17.9%

SFBs average ticket size above the rest

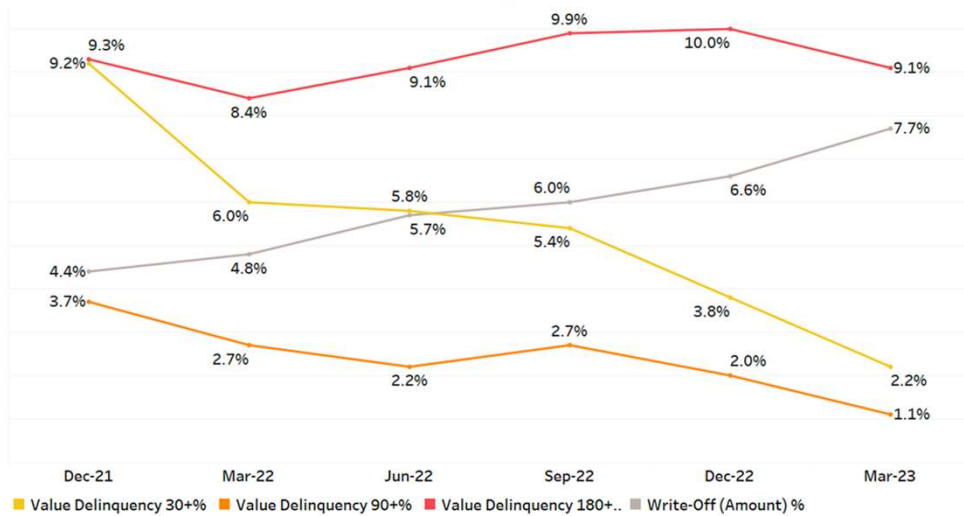
Average Ticket Size (₹K) by Lender Type



- Average ticket size for Banks grew by 9.4% SFBs by 3.6% and NBFC MFIs by 2.9% from Q3 FY23 to Q4 FY23
- Average ticket size is highest for SFBs at 50K among all Lender Type in Q4 FY23

PORTFOLIO QUALITY TRENDS

Delinquency Trends

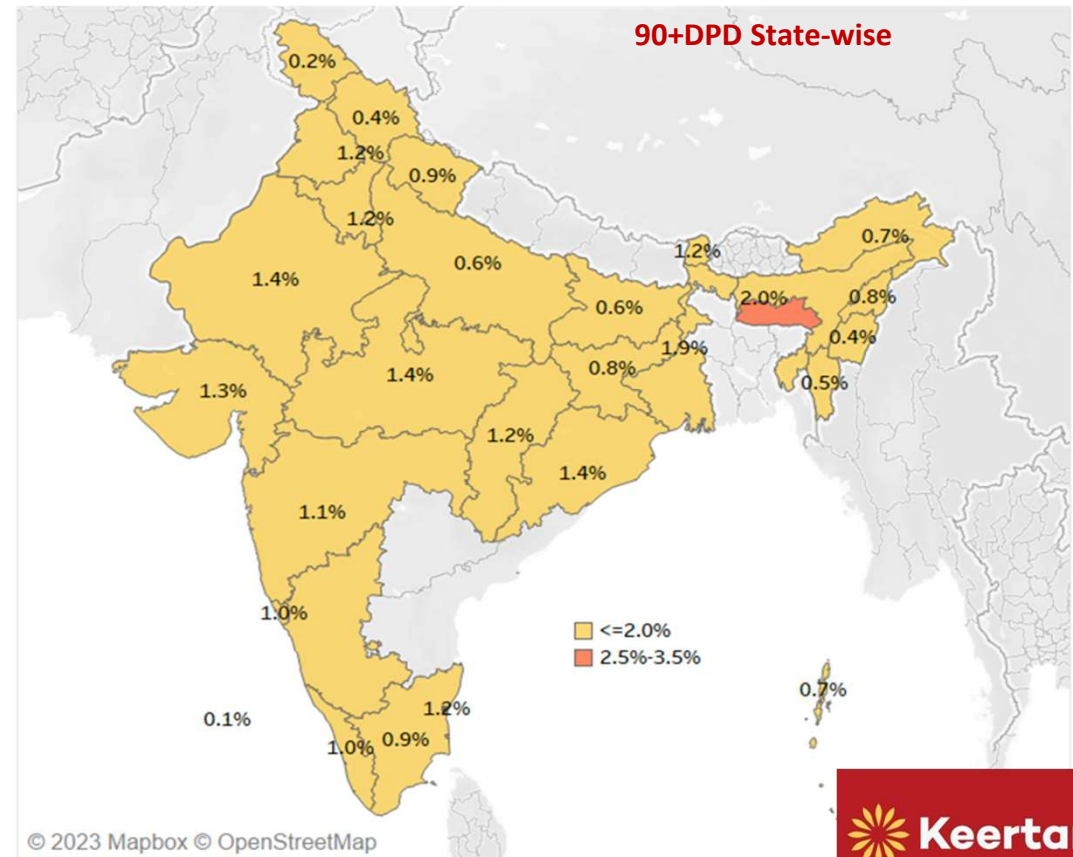


	5 Best Performing Lenders	5 Worst Performing Lenders	Industry
Cumulative GLP (₹Cr)	53,046	60,704	3,37,640
Value Delinquency 30+%	0.30%	4.70%	2.20%
Value Delinquency 90+%	0.20%	2.00%	1.10%
Value Delinquency 180+%	5.40%	9.60%	9.10%

- Maharashtra, West Bengal, Madhya Pradesh and Orissa have highest PAR 180 DPD
- Write-offs increased from 6.6% as of Dec' 22 to 7.7% as of Mar' 23

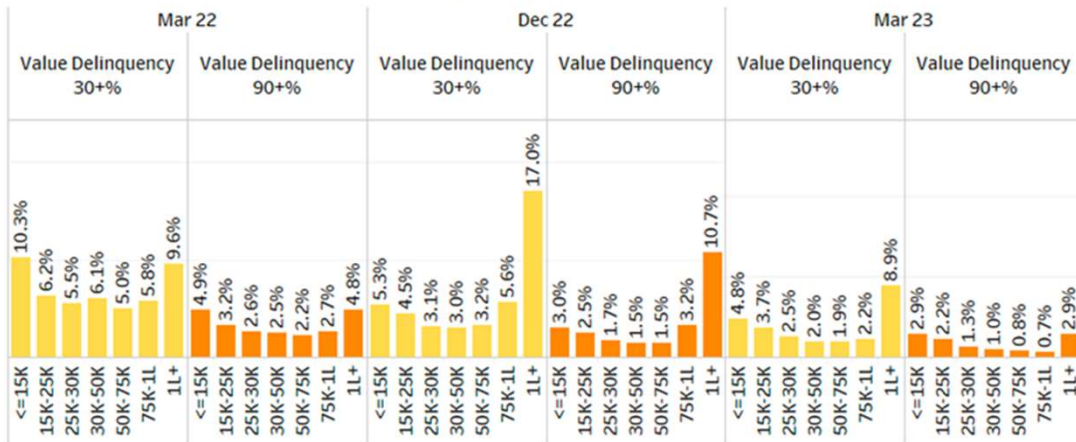
Note: The analysis is limited to top 30 MFI institutions with a market share of 87.9% as of Mar'23. Performance is based on PAR 30+ DPD performance as of Mar'23 (SOURCE:CRIF MICROLEND MAR'23)

- Top 10 states have a combined PAR 90 DPD of 1.0% as of Mar' 23 improved from 1.9% as of Dec' 22 PAR 90 DPD as of Mar' 23 witnessed Y o Y decline for all top 10 states
- Among top 10 states, West Bengal witnessed highest decline in PAR 90 DPD from 4.8% in Dec' 22 to 1.9% in Mar' 23
- Among top 10 states, Tamil Nadu, Uttar Pradesh, Bihar and Karnataka have lower PAR 90 DPD than overall industry 1.0% as of Mar' 23



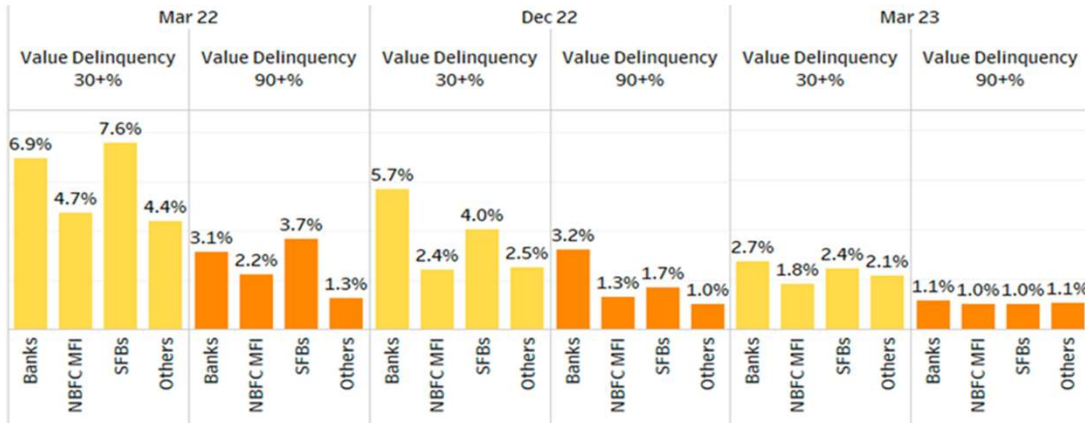
PORTFOLIO QUALITY TRENDS

Delinquency by Ticket Size



- PAR 30 DPD improved for all ticket sizes in Mar'23 compared to Dec' 22 and Mar' 22
- PAR 90 DPD improved for all ticket sizes in Mar' 23 compared to Dec' 22 and Mar' 22
- <=Rs 15K and >Rs 1 Lakh have shown incidences of higher delinquency
- PAR 30, 90 DPD improved for all lender types in Mar' 23 compared to Dec' 22 and Mar' 22

Delinquency by Lender Type



Delinquency Trends - Top 10 States



Among top 10 states, Bihar, Tamil Nadu, Uttar Pradesh and Karnataka have lower PAR 30 DPD than overall industry 2.2% as of Mar' 23

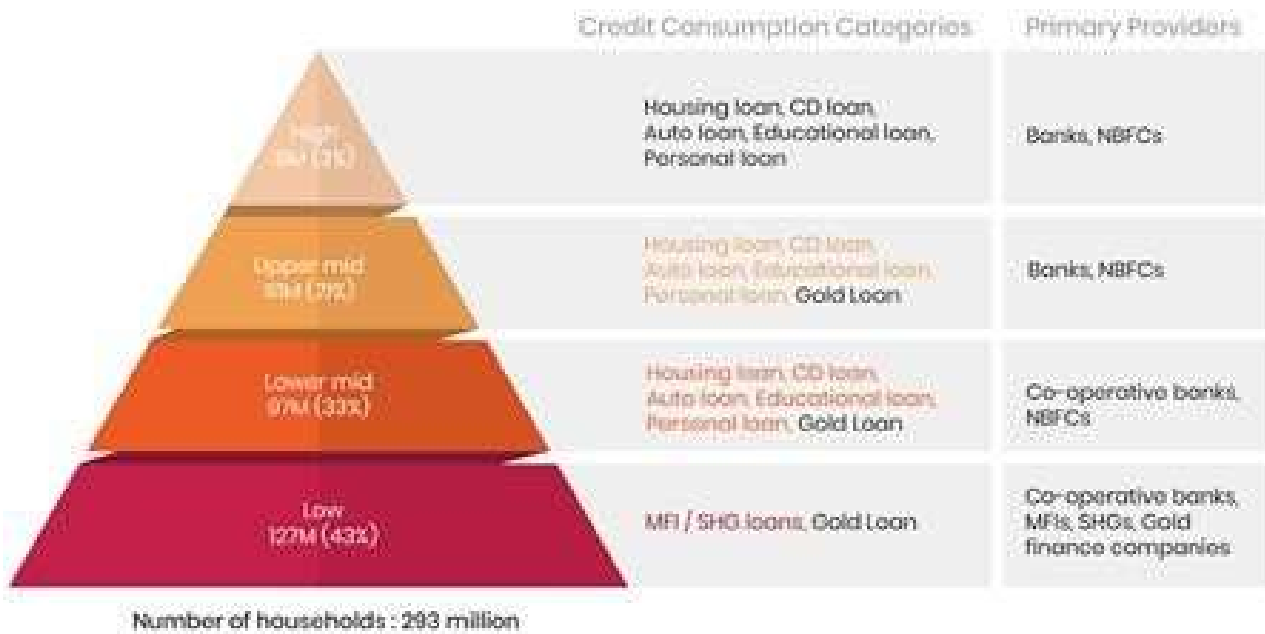


03

**PRODUCT &
BUSINESS MODEL
GOLD LOANS**

GOLD LOAN PRODUCT

TARGET SEGMENT



PRODUCT SPECIFICATIONS



Household income per annum prices by income segment – low <USD4000 (<INR2.5 Lakh), Lower middle – USD4000 to USD8500 (INR2.5 lakh to INR5.5 lakh), upper-middle USE8500 to USD40000 (INR5.5 lakh to INR27.5 lakh), high> USD40000 (INR27.5 lakh)

GOLD LOAN PRODUCT

PRODUCTS SNAPSHOT

Min Ticket Size	Rs.1,000
Max Ticket Size	Rs.50L
Loan Tenor (Months)	3 to 12
Interest rate	11.5% to 26% per annum
Processing Fees	Nil
LTV	68% to 75%
Pre-closure/ Part Payment Charges	Nil
Insurance	Free insurance for pledged gold ornaments

- Wide choices to customer, interest rate linked to loan ticket size, LTV, Tenor and Frequency.
- Experienced team with over 8 years average domain experience
- Focus on Tier 2 and Tier 3 Towns, Mandal Headquarters and large revenue villages, which are not crowded by multiple players. In most locations, Keertana happens to be the only or second lender
- Localized approach to marketing campaigns- Local TV Ads, Promotional campaigns

లోను వివరాలు

ఇంటి లాన్లో
3.3% వే గుర్తింపు పొందండి
బంధన: కేరతనాలో ఇచ్చేదిగా తీసుకోండి

ఈ లాన్కు వడ్డీ రేటు
1. వేల రూపాయల కంటే తక్కువగా ఉంటే
వడ్డీ రేటు 11.5% ఉంటుంది
2. వేల రూపాయల కంటే ఎక్కువగా ఉంటే
వడ్డీ రేటు 26% ఉంటుంది

కేరతనాలో కేరతనాలో ఇచ్చేదిగా తీసుకోండి
కేరతనాలో కేరతనాలో ఇచ్చేదిగా తీసుకోండి
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కేరతనాలో కేరతనాలో ఇచ్చేదిగా తీసుకోండి

కీర్తన గోల్డ్ లోన్

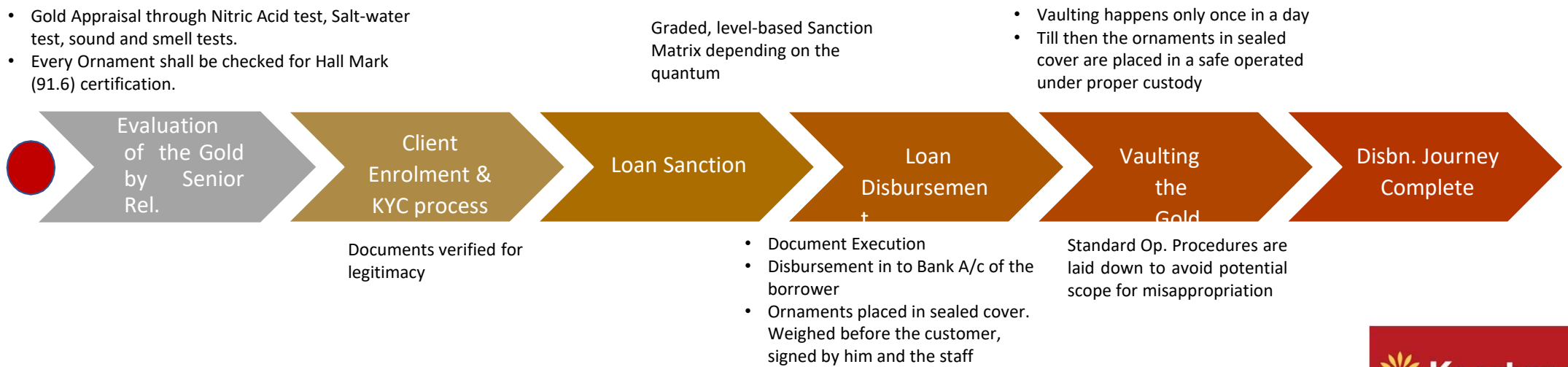
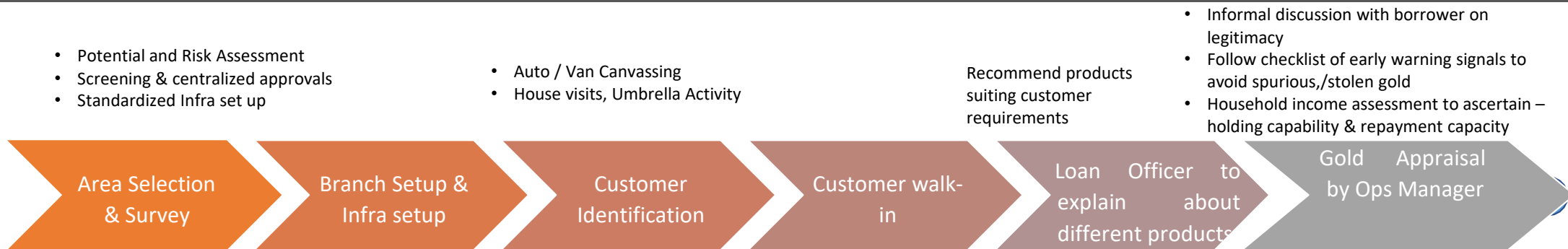
**బంగారు రుణాలు
ఇక టెన్షన్ లేకుండా**

1 సంవత్సరం వరకు గరిష్ట చెల్లింపు కాలం
రూ.100 కి 30 రోజులకు రూ. 0.99/- సైసలు
వడ్డీ తో మొదలు మరియు రోజువారీ వడ్డీ
చెల్లింపు సదుపాయం కూడా కలదు.

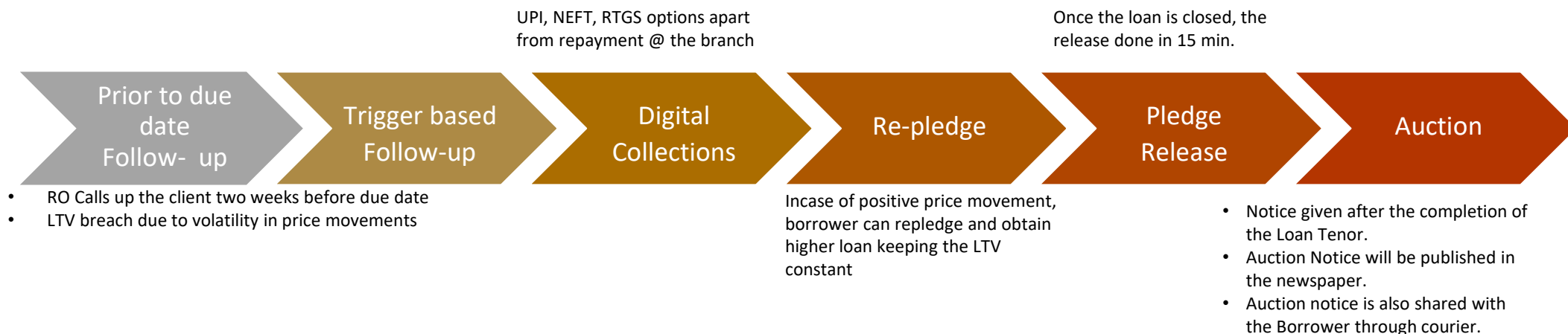
ఎల్లప్పుడూ కష్టమర్ల శ్రేయస్సునే కోరుకునే
మీ కీర్తన గోల్డ్ లోన్స్ ...!
మీ సమృద్ధి మీ మా ప్రాధాన్యం...!

మరిన్ని వివరాలకు మీ దగ్గరలో గల ప్రాంతంను సంబంధించి లేదా సంప్రదించండి

BUSINESS MODEL- JOURNEY



LOAN RECOVERY JOURNEY & AUCTION



Check and Controls

- Thorough due-diligence on the field staff prior to recruitment
- Well laid out process controls pertaining to access to vault and safe.
- Strong IT and MIS systems to provide reports for prompt follow-up with the clients

Security Standards

- Branches are fully compliant with the security standards specified for Gold Loan Branches by various regulators;
- Each Branch has a strong room and has a vault (BB Class Godrej Locker) to store the Gold; Locker Room is under 24 hours surveillance of CC Camera;
- Vault has security alarm system and further protected by Strong Door and Iron mesh;
- Each Branch has a Currency counter and detector and a certified Weighing scale.
- Each Branch has two Security Guards working in two shifts.
- Centralized monitoring of CC TV Footage of all Branches.

Supervision & Monitoring

- One Auditor for every Cluster (every 8 branches is one Cluster)
- Well established HR structure
 - Each Branch to have 1 Ops Manager and Ops Executive and 1 SM and 3 to 4 Loan Officers
 - Ops Manager to do Assaying
 - Ops Managers and Sales Managers to report to Cluster Manager
 - 3-4 CMS to report to AVP



03

**PRODUCTS &
BUSINESS MODEL
'M'SME LOANS**

'M'SME LOAN PRODUCT

Pursuant to the potential of the sector, Keertana initially shall be focusing in a segment that is Microfinance under new scheme of regulation & beyond. Towards this, following types of Business Loans are offered from Keertana

- a) Unsecured Business Loan- Individual
- b) Loan Against Property- Secured Loan

Parameter	Unsecured Business Loan & Personal Loan	Loan Against Property
Product Variants	Business Loans and Personal Loans	LAP
Ticket Sizes	Maximum of Rs 2 Lakhs	Maximum of Rs 25 Lakhs
Repayment Tenor	Maximum of 2 years, Monthly repayment	Maximum of 7 years, Monthly repayment
Interest Rate	29%	22% to 24%
Processing Fee	2%	2%
Client Screening Criteria	<ul style="list-style-type: none"> • 18-58 years Age Women Preferred • Own House • Min. two earning members / two sources of income in the family • Net surplus of min 5K per month • Transacting Bank Account • Clean credit track record of min 2 cycles from Banks/FI preferred 	<ul style="list-style-type: none"> • 18-55 years Age Women Preferred • Own House • Min. two earning members / two sources of income in the family • Net Surplus min Rs.12K per month • Transacting Bank Account • Residential / Commercial Property to pledge
Collateral	No Collateral PDCs and NACH Mandate	Loan against fully constructed, freehold residential and commercial properties for: Business Needs; Marriage, medical expenses and other personal needs. LTV<70%
Appraisal	<ul style="list-style-type: none"> • Physical House/Business Place Visit • Cash flow assessment CB Check • Reference checks • Tiered credit underwriting • Centralized Credit Decisioning 	<ul style="list-style-type: none"> • Physical House/Business Place Visit • Cash flow assessment CB Check • Reference checks • Legal valuation of the Collateral • Tiered credit underwriting & Centralized cross-check



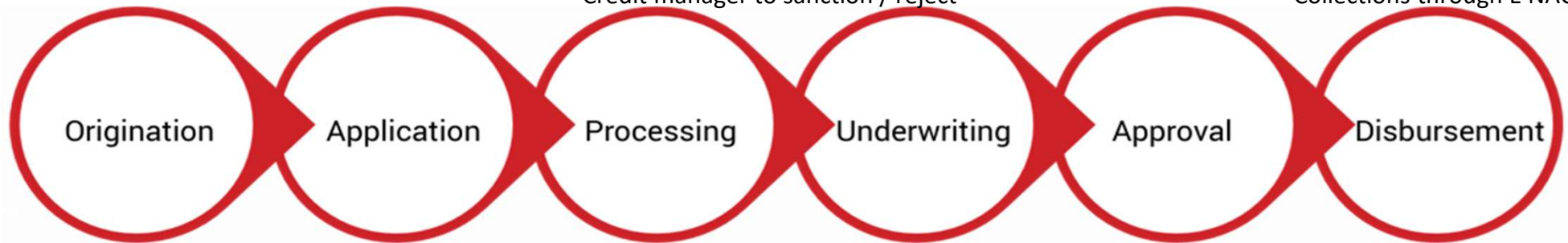
BUSINESS MODEL- JOURNEY

Unsecured Business Loans

- Word of mouth
- Local Advertisement
- Digital sourcing-WIP
- CO (Credit Officer) sources the loan
- Client Enrolment form
- Loan Application
- KYC
- Own house proof

- BM appraises the loan| Higher order appraisal for bigger ticket loans
- Does reference checks from neighbors
- Centralized Data entry at Head Office
- Credit Bureau check is triggered
- credit Analyst will do a detailed appraisal including refcheck with neighbours/ Suppliers/ employers and family members
- Credit Analyst will present te case to Credit Manager and Credit manager to sanction / reject

- Borrower & Co-Borrower are called physically to Branch;
- Clear communication on terms and conditions;
- Execution of Loan Documents;
- Loan Disbursed to bank Account
- Collections through E NACH



Loan Against Property

- Word of mouth
- Local Advertisement
- Digital sourcing-WIP
- CO (Credit Officer) sources the loan
- Last six months Bank statement
- Property papers & Encumbrance Certificate

- Legal Title verification of the property
- Conservative approach in property valuation – benchmarked to Government rates

- Mortgage creation at the local Sub Registrar's Office prior to disbursement

Collection Process is all through NACH & BBPS. Physical effort is only by exception. Centralized call centre/prior push notifications aid borrowers in keeping track of the due date



GROUP LOANS - BUSINESS MODEL

Market identification
and distribution

Loan lifecycle

Clearly defined strategy and robust process to enter new geographies



Identification of
states and districts
within states

- Continuous evaluation of new geographies to ensure strong growth momentum and further diversification
- **100% rural focus; Branches are opened only in Mandal Headquarters**
- Robust process of identifying new geographies through **Mandal level market survey** and data analysis of external databases to check competition, experience of peers etc.
- Field visit of potential areas and meet competition to understand area specific issues



Criteria of opening
branches

- First order analysis focuses on **population and number of households** in the mandal
- Look to ensure that the **Keertana branch is within a 30km radius** of the potential borrower pool
- **Infrastructure requirements, law and order situation** and experience of other lending institutes are also taken into account
- Target to **on-board 2,500 borrowers within a year and 3,000-3,500 borrowers within 2 years**
- **Borrower diversity ensured even at branch level** – in religion, community and occupation
- Not more than 2 MFIS operating from the location



Village-level survey
and projection
meetings

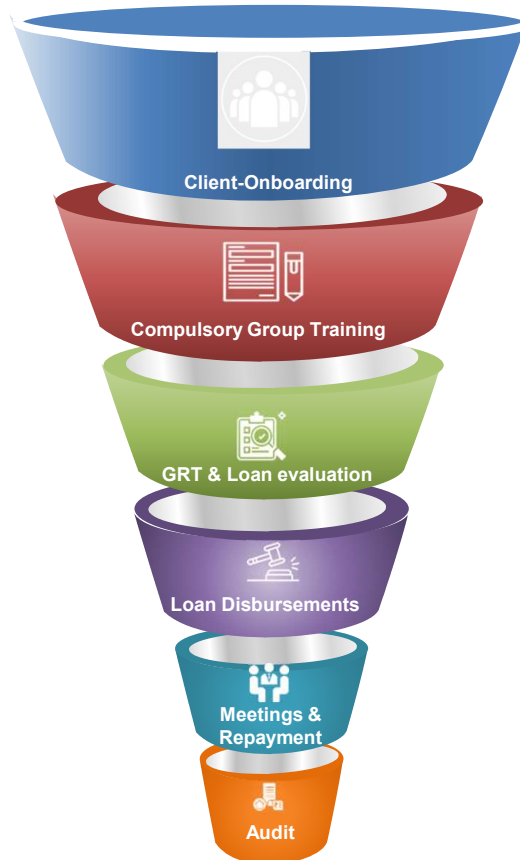
Branch Manager conducts detailed survey on sample villages to assess the following:

- **Population**, population density and **number of households**
- **Accessibility of the village** throughout the year
- **Major occupations** in the village / Migration trends
- **Experience of other lending** institutions in the area with respect to **asset quality**
- After branch approval, **Village level meetings are held** where prospective borrowers are informed about the **policies, products and processes**
- **Pre-decided script delivered by branch manager** with Keertana's value proposition

GROUP LOANS- BUSINESS MODEL

Market identification
and distribution

Loan lifecycle



1 A group of 6 to 10 members is formed. KYC documents and own house proof are collected. Credit Bureau Check done and the Loan is sanctioned / rejected instantly.

2 Clients are trained on the product features, Loan Disbursement process, Group Guarantee, Centre Meetings and collections.

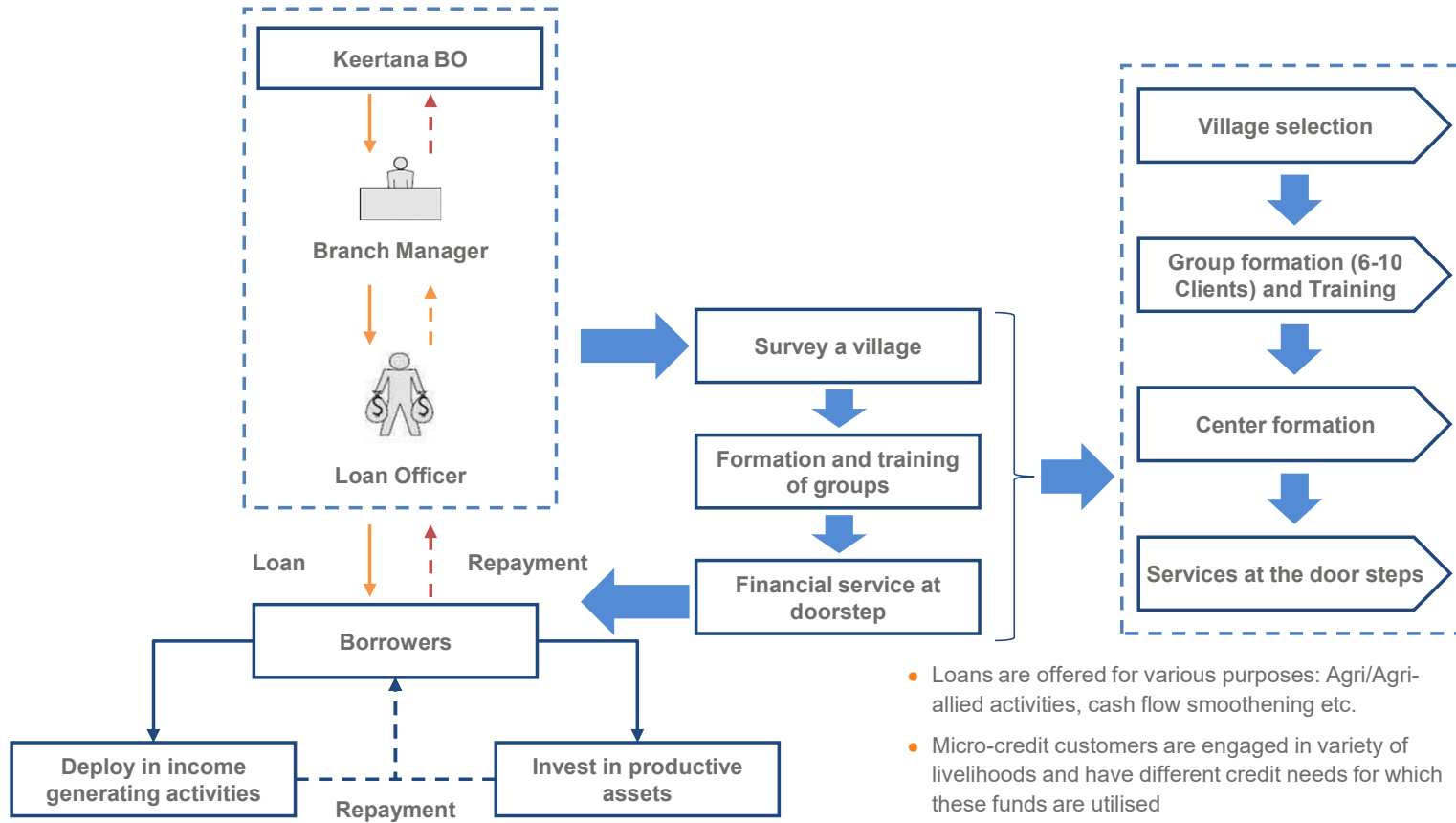
3 Household Cashflow Assessment and Loan Sanction

- 4
- Clients along with Spouses come to Branch to execute Loan documents
 - BM once again explain the Terms and Conditions
 - Loan amount is disbursed directly into the Borrowers bank account

5 Centre meetings and Collections

6 Process Audit and Supervision of the Branches | Regular Portfolio Monitoring

MICROFINANCE- BUSINESS MODEL



- Loans are offered for various purposes: Agri/Agri-allied activities, cash flow smoothening etc.
- Micro-credit customers are engaged in variety of livelihoods and have different credit needs for which these funds are utilised



04

PORTFOLIO & FINANCIALS AN OVERVIEW

Portfolio cuts shown for FY21 and 22 pertains to
SMBT & SRUDO prior to Business Transfer

KEY BUSINESS UPDATES- GOLD as on 31 Dec' 23

Operational Highlights

Operational Highlights - Gold Loans					
Indicator	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
States (#)	4	4	4	4	4
Districts (#)	29	30	30	30	30
Branches (#)	143	145	145	149	169
Operating Branches	142	141	142	141	141
Active Borrowers (#)	32,804	33,640	34,742	35,787	37,145
Active Loans (#)	91,877	96,021	1,02,260	1,06,135	1,11,501
Employees (#)	756	721	790	822	859
Loan Officer (LO) (#)	530	516	557	586	611
AUM (Rs. Cr)	411.23	422.59	447.78	487.04	531.80
Current Month Disb Loans	27,495	32,525	32,575	41,965	39,694
Current Month Disb Amount (Rs. Cr)	123.45	167.17	157.07	245.58	209.16
Total No of Disb Loans	3,11,407	3,43,932	3,76,507	4,18,472	4,58,166
Total Disb Amount (Rs. Cr)	2,082.63	2,249.80	2,406.87	2,652.44	2,861.61
Borrowers per Branch (#)	231.01	238.58	244.66	253.81	263.44
Borrowers per LO	61.89	65.19	62.37	61.07	60.79
AUM per operating branch (Rs. Cr)	2.90	3.00	3.15	3.45	3.77
AUM per LO (Rs. Cr)	0.78	0.82	0.80	0.83	0.87
AUM per Employee (Rs. Cr)	0.54	0.59	0.57	0.59	0.62

Tenure wise Outstanding

SN	Tenure	No of Loans	Outstanding Principal
1	1	169	1.56
2	2	23,956	105.22
3	3	47,257	249.41
4	4	3,332	11.89
5	6	17,354	55.54
6	7	10,381	22.91
7	8	6,581	40.04
8	9	1,332	38.65
9	10	860	2.96
10	12	288	3.62
	Total	1,11,510	531.80

Ticket wise Outstanding

SN	Ticket Size	No of Loans	Outstanding Principal
1	Upto 50000	83,213	113.05
2	50001-100000	13,049	94.99
3	100001-150000	6,731	81.53
4	150001-200000	3,807	65.15
5	>200000	4,710	177.07
	Total	1,11,510	531.80

Loan Utilization

Category	No of Loans	Outstanding Principal
Agri and Allied	35,992	179.85
Consumption and Expenses	65,073	293.30
Education	6,027	29.32
House Construction/Purchase/Renno	3,774	25.25
Manufacturing	480	2.91
Trading	164	1.17
Total	1,11,510	531.80

Top 5 Branches

SN	State Name	District Name	Branch Name	No of Loans	Outstanding Principal
1	ANDHRA PRADESH	Anantapur	Guntakal_KL	1,745	11.89
2	ANDHRA PRADESH	Palnadu	Vinukonda_KL	2,391	9.95
3	ANDHRA PRADESH	Sri Sathya Sai	Hindupur_KL	1,692	8.08
4	ANDHRA PRADESH	Srikakulam	Palasa_KL	907	7.62
5	ANDHRA PRADESH	Kadapa	Kadapa_KL	1,068	7.59

Sector wise Outstanding

SN	Sector	No of Loans	Outstanding Principal
1	Rural	94,919	439.58
2	Urban	16,591	92.22
	Total	1,11,510	531.80

Amount in INR

Gold loans in Rural are borrowed for Agriculture, PSL Asset for Banks

Portfolio Quality is impeccable with zero delinquency

Weighted Avg Int. Rate at ~23%

Rural and Semi-urban shall remain in focus



KEY BUSINESS UPDATES-MSME as on 31 Dec' 23

Operational Highlights

Operational Highlights						
Indicator	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
States (#)	4	4	4	5	5	5
Districts (#)	24	24	24	24	22	22
Operating Branches (#)	40	40	40	40	40	40
Villages (#)	2,821	3,014	3,142	3,267	3,379	3,447
MSME Groups (#)	2,828	3,022	3,151	3,283	3,403	3,567
No of Members (#)	10,083	11,212	11,935	12,610	13,273	13,625
Active Borrowers (#)	9,946	10,090	10,700	12,304	12,895	13,152
Active Loans (#)	9,952	10,092	10,705	12,314	12,904	13,167
Employees (#)	251	260	290	269	254	271
Loan Officer (LO) (#)	199	214	222	206	190	172
AUM (Rs. Cr)	122.64	127.54	130.00	133.51	139.77	144.73
Current Month Disb Loans	888	1,145	741	683	677	373
Current Month Disb Amount (Rs. Cr)	9.22	9.21	7.20	7.73	11.66	10.85
Total No of Disb Loans	34,591	35,736	36,477	37,160	37,837	38,210
Total Disb Amount (Rs. Cr)	236.49	245.70	252.90	260.63	272.29	283.14
Borrowers per Branch (#)	249	252	268	308	323	329
Borrowers per CA	50	47	48	60	68	77
AUM per branch (Rs. Cr)	3.07	3.19	3.25	3.34	3.49	3.62
AUM per CA (Rs. Cr)	0.62	0.60	0.59	0.65	0.74	0.84
AUM per Employee (Rs. Cr)	0.49	0.49	0.45	0.50	0.55	0.53

Ticket Wise Portfolio

SN	Ticket Size wise	Total Portfolio	Current	>90 Days	90+ PAR%
1	1. Upto 20 K	0.24	0.24	-	0.00%
2	2. 20 K-40 K	0.17	0.17	-	0.00%
3	3. 40 K-60 K	6.93	6.93	-	0.00%
4	4. 60 K-80 K	10.06	10.06	-	0.00%
5	5. 80 K-100 K	11.50	11.50	-	0.00%
6	6.>100 K	115.83	115.80	0.03	0.03%
	Total	144.73	144.70	0.03	0.02%

Product wise portfolio

SN	Product Name	Total Portfolio	Current	>90 Days	90+ PAR%
1	MSME - Business Loans	80.80	80.77	0.03	0.04%
2	MSME - LAP Loans	61.45	61.45	-	0.00%
3	Consumer Loans	2.16	2.16	-	0.00%
4	MSME - Home Loans	0.32	0.32	-	0.00%
	Total	144.73	144.70	0.03	0.02%

Sector wise portfolio

SN	Sector Type	Total Portfolio	Current	>90 Days	90+ PAR%
1	Rural	143.55	143.52	0.03	0.02%
2	Urban	1.18	1.18	-	0.00%
	Total	144.73	144.70	0.03	0.02%

Amount in INR

Unsecured Business Loans are <7% of total portfolio

Rural shall remain in focus

Business Viability & Profitability is intact & portfolio quality is impeccable

Business Model Economics - Unsecured Loans	%
Yield on portfolio	30%
Financial Cost Ratio	12%
Operating Cost Ratio	6%
Credit Cost	0.5%
Pre-Tax RoA	10.80%
Post-Tax RoA	8.1%

Business Model Loans Against Property	%
Yield on portfolio	28%
Financial Cost Ratio	12%
Operating Cost Ratio	4%
Credit Cost	0.5%
Pre-Tax RoA	7.8%
Post-Tax RoA	5.85%

KEY BUSINESS UPDATES-GROUP LOANS as on 31 Dec' 23

Amount in INR

Operational Highlights

Operational Highlights						
Indicator	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
States (#)	3	3	4	4	4	4
Districts (#)	13	14	20	20	20	23
Operating Branches (#)	40	47	53	59	60	68
Villages (#)	2,313	2,722	3,314	3,711	4,101	4,714
JLG Groups (#)	8,979	10,716	12,985	15,058	16,806	18,504
No of Members (#)	62,212	74,315	90,560	1,04,109	1,16,184	1,28,479
Active Borrowers (#)	60,128	72,104	88,193	1,01,527	1,13,426	1,25,509
Active Loans (#)	60,696	72,582	88,771	1,05,009	1,18,382	1,32,058
Employees (#)	274	313	339	346	366	399
Loan Officer (LO) (#)	220	249	269	269	285	294
AUM (Rs. Cr)	266.82	311.49	371.29	428.92	478.36	527.70
Current Month Disb Loans	9,704	10,776	11,401	15,418	13,703	14,148
Current Month Disb Amount (Rs. Cr)	48.02	54.15	71.78	69.25	65.90	68.38
Total No of Disb Loans	76,092	86,868	98,269	1,13,687	1,27,390	1,41,538
Total Disb Amount (Rs. Cr)	407.73	461.87	533.65	602.91	668.80	737.18
Borrowers per Branch (#)	1,503	1,534	1,664	1,721	1,890	1,846
Borrowers per CA	273	290	328	377	398	427
AUM per branch (Rs. Cr)	6.67	6.63	7.01	7.27	7.97	7.76
AUM per CA (Rs. Cr)	1.21	1.25	1.38	1.59	1.68	1.79
AUM per Employee (Rs. Cr)	0.97	1.00	1.10	1.24	1.31	1.32

Ticket Wise Portfolio

SN	Ticket Size wise	Total Portfolio	Current	>90 Days	90+ PAR%
1	1. Upto 20 K	1.77	1.77	-	0.00%
2	2. 20 K-40 K	19.27	19.27	-	0.00%
3	3. 40 K-60 K	499.64	499.58	0.02	0.00%
4	4. 60 K-80 K	6.94	6.93	0.01	0.08%
5	5. 80 K-100 K	0.05	0.04	0.01	11.27%
6	6. >100 K	0.01	-	0.01	100.00%
	Total	527.69	527.60	0.04	0.01%

Product wise portfolio

SN	Product Name	Total Portfolio	Current	>90 Days	90+ PAR%
1	Group Loans	527.69	527.60	0.04	0.01%
	Total	527.69	527.60	0.04	0.01%

Sector wise portfolio

SN	Sector Type	Total Portfolio	Current	>90 Days	90+ PAR%
1	Rural	526.79	526.70	0.04	0.01%
2	Urban	0.90	0.90	-	0.00%
	Total	527.69	527.60	0.04	0.01%

Rural shall remain in focus

Business Viability & Profitability is intact & portfolio quality is impeccable

Business Model	%
Group Loans	
Yield on portfolio	29%
Financial Cost Ratio	11.9%
Operating Cost Ratio	6%
Credit Cost	0.5%
Pre-Tax RoA	13.0%
Post-Tax RoA	9.72%

Financials (Break even in the very first month of starting the business.....)

Statement of Profit & Loss as of Dec'23

Particulars	Q3FY24	Q2FY24	Q1FY24	FY23	FY22
Income					
Interest income on loans	181.12	104.83	47.42	94.07	0.33
Other Income	4.94	2.83	0.69	1.18	0.00
Total income	186.07	107.66	48.11	95.25	0.33
Expenditure					
Finance Cost	82.44	46.27	20.12	36.94	-
Salaries	23.33	14.33	6.71	18.97	0.08
Other Opex	7.83	6.09	3.04	7.59	-
Depreciation	4.41	2.87	0.72	1.85	0.01
Provisioning	5.20	2.84	1.35	0.97	-
Total Expenditure	123.21	72.39	31.94	66.32	0.09
PBT	62.85	35.27	16.17	28.94	0.24
Tax	9.63	6.70	4.40	7.52	0.05
PAT	53.22	28.57	11.77	21.41	0.19

Balance Sheet as of Dec'23

Particulars	Q3FY24	Q2FY24	Q1FY24	FY23	FY22
ASSETS					
Cash and cash equivalents	189.46	33.23	49.45	43.26	0.87
Fixed Assets	19.38	19.45	18.39	16.62	0.00
Investments	99.76	72.77	10.21	-	-
Loans & Advances	1,209.40	942.94	762.37	610.25	1.95
Other current assets	37.83	26.05	30.67	23.64	-
Total	1,555.83	1,094.44	871.09	693.76	2.82
Liabilities					
Net worth	299.61	234.08	224.06	174.29	2.74
Borrowings	1,221.28	831.78	625.01	507.30	-
Other current Liabilities	34.93	28.58	22.01	12.16	0.09
Total	1,555.83	1,094.44	871.09	693.76	2.82

- Raised Rs.1660 Cr Borrowings in 21 months from 34 lenders.

Credit Ratings

Rating Instrument	Rating Agency	Rating/Grading
Banking Facility	ICRA	BBB(Stable)
	CRISIL	BBB(Stable)
Non convertible Debentures	ICRA	BBB(Stable)
	CRISIL	BBB(Stable)
Pass Through Certificates	CRISIL	A+ (Stable)



05

BUSINESS PLAN

Projections (revenue of Rs.95Cr in the first year and thereafter doubling every year.....)

Profit and Loss Statement

Rs. Crs

Particulars/Month	FY22	FY23	FY24	FY25
	Audited	Audited	Projected	Projected
Interest	0.33	94.07	252.9	501.6
Processing Fee	0.00	1.18	19.6	32.6
TOTAL INCOME	0.33	95.25	272.5	534.2
Finance Cost	-	36.94	119.4	229.0
Operating Cost	0.08	26.56	57.7	96.2
Depreciation	0.01	1.85	3.0	5.0
TOTAL EXPENDITURE	0.09	65.34	180.12	330.20
Pre - Provision Profit	0.24	29.91	92.40	203.99
Provisions	-	0.97	12.0	40.0
Profit Before Tax	0.24	28.94	80.40	163.99
Excess of income over expenditure				
Tax	0.05	7.52	20.10	41.00
PAT	0.19	21.41	60.30	123.0

Balance Sheet

Rs. Crs

Particulars	FY22	FY23	FY24	FY25
	Audited	Audited	Projected	Projected
LIABILITIES				
Net Worth	2.7	174.29	334.59	557.59
Borrowings	0.1	507.30	1,187.74	1,979.57
Loan Loss reserve	-	6.38	12.98	52.98
Provisions	-	5.78	23.75	36.32
TOTAL	2.8	693.76	1,559.06	2,626.45
ASSETS				
Net Fixed Assets	0.0	16.62	17.74	29.57
Loan Portfolio	2.0	609.14	1,500.62	2,500.00
Cash	0.9	43.26	15.95	72.13
Other Assets	-	24.75	24.75	24.75
TOTAL	2.8	693.76	1,559.06	2,626.45

Particulars	FY23	Q3FY24	FY24	FY25
No of Branches	186	249	276	400
Borrowers (Nos)	66,437	1,75,942	2,00,000	4,00,000
No of Employees	1,038	1,539	1,560	3,200

Particulars	FY23	Q3FY24	FY24	FY25
Loan Disbursement (INR Crs)	1,325	3,609	2,700	4,400
Borrowings (INR Crs)	624	1,209	1187	1979
Equity (INR Crs)	175	300	325	510



06

CORPORATE GOVERNANCE

BOARD OF Directors – Three out of Five are independent Directors and have decades of experience in BFSI



Mr. Raghu Venkata Harish – Director

Founder & Managing Director of SaGgraha Management Services Private Limited, a company acting as Business Correspondent with various Banks/Financial Institutions. A seasoned professional with over 25 years of experience in Financial Services Industry & Banking with stints in Fincare & ICICI Bank before founding SaGgraha. He is also serving on the board of Microfinance Institutions Network of India (MFIN), an SRO appointed by RBI, as a Director. He is B.Sc. Agriculture, PGDBM and EGMP from IIM – Bangalore



Mr. Vara Prasad Chaganti – Director

Founder & Managing Director, S.Trace Agri Business Solutions Pvt Limited. Banking and Financial Services Professional with over ~17 years of experience. Last served as Vice President & Business Lead, Inclusive Banking at IndusInd Bank. He has experience in Microfinance, Livelihoods, Corporate Banking and Financial Inclusion from his stints in BASIX, ICICI Bank, ABN AMRO/RBS apart from IndusInd Bank. He is an MBA from Indian Institute of Rural Management (Jaipur)



Ms. Padmaja Reddy – MD & CEO:

Padmaja is the Promoter, Founder and Director of Spandana. She has an overall experience of 24 years in the ‘social development’ and ‘microfinance’ industry. She founded ‘Spandana’ in 1998 and promoted the Company in 2003. Under her able leadership, the company has witnessed immense growth and scaled new heights. She holds a master’s degree in Business Administration and has pursued trainings on Microfinance from Naropa University, Durham University Business School and Harvard Business School.



Mr. Vijaya Sivarami Reddy Vendidandi - Director

Mr. Vijaya Sivarami Reddy was part of the founding team of Spandana, the second largest microfinance institution in India till November, 2021. He has been associated with Spandana, since its inception and played crucial role in setting up the operations of the company in its initial stages. He was in-fact the branch manager of Spandana’s very first branch in Guntur town of Andhra Pradesh. He later served as a regional manager and was involved in various operational roles over the years. He holds a Master’s Degree in English Literature. Before working with Spandana, he worked as a lecturer and assumed administrative roles with educational institutions for close to 10 years.



Mr. Mahesh S. Payannavar

Director Mr. Mahesh is a senior Banker with diverse experience in the field of banking and financial services sector at leadership roles. He was a Business Head at IDFC First Bank with primary focus on Corporate NBFC loans, securitization, risk management, compliance and structuring transactions. He has multi decade experience at senior positions in Private Equity Funding, Treasury, Fixed Income, Capital Markets and Corporate Finance. He is a strategic thinker with analytical bend and has proven track record of building profitable businesses.

MANAGEMENT



Ms. Padmaja Reddy – MD & CEO: Padmaja is the Promoter, Founder and Director of Spandana. She has an overall experience of 24 years in the ‘social development’ and ‘microfinance’ industry. She founded ‘Spandana’ in 1998 and promoted the Company in 2003. Under her able leadership, the company has witnessed immense growth and scaled new heights. She holds a master’s degree in Business Administration and has pursued trainings on Microfinance from Naropa University, Durham University Business School and Harvard Business School.



Prakash Bhawnani – CFO: Prakash Bhawnani, a seasoned finance professional with over 14 years of expertise, has made significant contributions across esteemed organizations. His impactful journey encompasses key roles at ICICI Bank, Union Bank, Reliance Industries, Home Credit, and India Shelter Finance Corporation Ltd, where he excelled in leading Treasury and Financial Planning functions. With a dynamic academic background, Prakash holds a Chartered Financial Analyst (CFA) designation from CFAI, USA, and is a Company Secretary (CS) and CAIIB. He earned his MBA from ICFAI Bangalore, complemented by an MS in Finance. Furthermore, Prakash stands as an esteemed alumnus of IIM Calcutta's leadership program for CFOs.

Prakash Bhawnani's wealth of experience coupled with his comprehensive academic qualifications positions him as a distinguished professional ready to bring strategic financial acumen to Keertana as a CFO.



Ms. Komal Ratlani – Company Secretary : Ms. Komal Ratlani is an experienced and highly skilled Company Secretary with expertise in corporate governance, legal compliance, and regulatory affairs. She has a comprehensive understanding of corporate laws and regulations and plays a crucial role in ensuring the company's adherence to statutory obligations. With excellent communication and organizational skills, she efficiently manages board meetings, maintains company records, and facilitates effective communication between the board of directors and shareholders. Her commitment to upholding ethical practices and promoting transparency contributes to the company's strong corporate governance framework.

MANAGEMENT



Mr. Rudrapati Skylab- Vice president (Group Loans) Mr. Skylab is a seasoned professional with nearly two decades of expertise in the MFI segment. He has a clear understanding of setting up branches and managing operations in Telangana and Andhra Pradesh. He is previously associated with Spandana Sphoorty Financial Limited. He has successfully tackled various issues during the 2010 crisis. He holds a bachelor's degree in Bsc from Acharya Nagarjuna University – Krishna District.

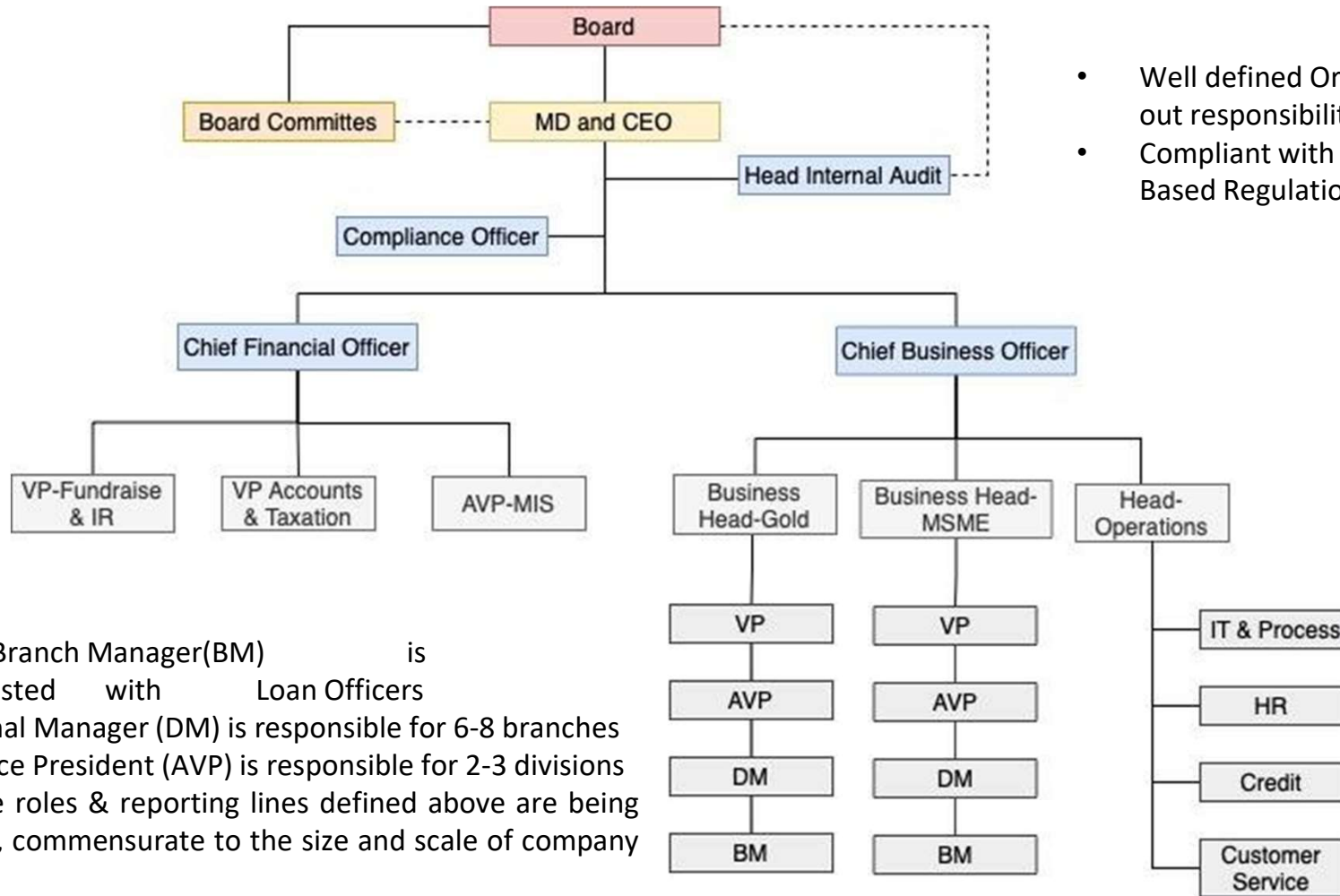


Dinesh Singareni-Vice President : Mr. Dinesh is skilled Finance professional with 18 years of rich experience and was previously Associated with Spandana sphoorty Financial Ltd as Associate vice President. He has worked in different states and roles with expertise in setting up operations, and has worked during 2010 crisis in MFI segment. He holds strong command around Andhra Pradesh and Telangana, He holds a bachelor's Degree in economics From Anna University and hails from Vijayawada, Andhrapradesh.



Mr. Siva Reddy – AVP Operations : Mr. Siva Reddy worked with IndusInd and Axis Bank providing CMS solutions to Corporate clients. He has vast experience in providing API Integration, BBPS, Payment through link etc.,

ORGANOGRAM



- Well defined Organogram with clearly laid out responsibilities
- Compliant with the guidelines on Scale Based Regulation

- Branch has Branch Manager(BM) is assisted with Loan Officers
- One Divisional Manager (DM) is responsible for 6-8 branches
- One Asst. Vice President (AVP) is responsible for 2-3 divisions
- Some of the roles & reporting lines defined above are being put in place, commensurate to the size and scale of company operations

പിൻറെണസ്
ഫിനേസ്
ഇനനേസ
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finS
ഫിനേസ് ഫിനേസ്
ഈനേസ് ഫിനേസ്
ഫിനേസ്



TECHNOLOGY

Technology (Business supported by cutting edge technology and agile processes and systems)

GLMS & finS : In-house Developed ERP Application



Smart and User friendly Desktop & Web enabled ERP system



Highly Capable and robust infrastructure to carry out millions of transactions



Automated reports for analysis and planning business activities in a matter of clicks



Control mechanism to limit transactions beyond allowed limits with real time reconciliation



Algorithm that restrict errors and fraud



A Complete IT solution catering to all functions

Efficiency

- ✓ Enables real-time paper-less processing of all loans, providing our borrowers with industry-leading TATs
- ✓ System / process design also leads to more efficiency for branch staff – enabling us to have a lower operating cost
- ✓ For examples, no data entry is done at branches KYC docs are all scanned, and then processed by the system + a central data team

Data & Analytics

- ✓ System provides real-time borrower-level information (not just group level), which enables sophisticated data analytics to be used.
- ✓ Real time Dashboards for timely decisioning

Control

- ✓ Disbursements and collections plans entirely system-controlled – removing risk of errors / frauds in field
- ✓ Enables corporate tactical decisions to be transmitted to the field instantly



08

RISK MANAGEMENT

RISK MANAGEMENT

The company understands key areas that might pose significant threat to the health of the business operations and the company. To address this, multi-tiered risks Management measures are put in place. Risks are broadly classified as **Operational, Credit, Market and Residual**

Main Risk Category	Key Areas of Concern	Key Mitigation Measures
Operational Risk	Theft, Burglary	Secured lockers, Safe rooms, Joint custody for safe operations
		24x7 CCTV surveillance, Advanced and high end security systems supported by advanced IT
		Gold ornaments are segregated Account wise, and are subject to Internal Audit & External Audit
		History of verification of each pledge to be maintained in the system
		Insurance against Burglary, Fire and Transit risks
	Well-scrutinized premises for legally valid title, security concerns in the area	
	Inefficiencies resulting in slackening of controls, thus resulting in frauds/misappropriations	Proper and periodically reviewed systems and procedures ensuring uniformity in process, reduction in errors, well-built internal controls and enhance overall efficiency System driven control mechanisms developed to help analyse root cause of a lapse/error
Staff-level collusion resulting in acceptance of spurious gold, misuse of cash etc..	a.) Strong Internal Audit and Controls b.) Internal Auditor visiting a Branch twice a week (surprise checks) c.) Surprise checks by DMs and AVPs (Line Management) d.) Physical verification of cash by the Supervisory team and IA Team; e.) Tiered sanction powers, corresponding with grade/seniority and track record	
Business Continuity resulting from disruptions	Well drafted and vetted Business Continuity Plan in place ensuring conducting critical business operations during unexpected disruptions, including, but not limited to IT system and Disaster Recovery Plan	
Weak performing branches building riskier business	Risk Gradation of Branches- based on various factors (Financial, Business related, recovery, auction accounts, history of spurious pledges, customer concentration, competence of staff, audit irregularities and many other such important parameters)	

RISK MANAGEMENT

(Cont.)

Main Risk Category	Key Areas of Concern	Key Mitigation Measures
Credit Risk	Diminution of collateral value	Well drafted and meticulously implemented loan and auction policies. LTVs system monitored & any shortfall beyond a threshold shall trigger a margin call & lack of response leads to auction
	Credit Risk arising out of incompetent/in-experienced branch staff, resulting in over valuing collateral	Regular and Effective training to staff from time to time. In the process to facilitate training needs of growing staff count, prepare a battery of gold appraisal experts
	Over-lending to a borrower- Has implication on serviceability & also a trigger for AML	Unique Customer Identification to help track multiple loan accounts, this keeping a tab on borrower level exposures. Alarming trends shall be reported under AML guidelines
	Certain segments of borrowers pose greater credit risk	Risk Gradation of borrowers- Restriction on certain category of borrowers such as gold smiths, jewellers. Categorization of borrowers based on their track record enabling rightful selection & avoidance.
	Improper Loan Documentation might weaken the case resulting in credit losses	Strict KYC policies and system generated documentation, Multiple levels of scrutiny asides audit helps mitigate this risk
Market Risk	Price and Interest Rate Risk. Volatility might pose risk to the company's financial health	Market volatilities are monitored daily and necessary IT systems built to raise an early warning signals. Macro Economic environment & appropriate LTVs are factored in to product offerings
	Liquidity & Maturity mismatch resulting in financial stress	Short term lending, and long term borrowing - provides positive ALM and cushion in case of adverse market condition affecting short term liquidity in the market
		Diversified Funding sources avoids reliance on few Banks/FI
		Efficient Cash Management systems in place, avoiding excess cash blockage at the branches
	Robust collection & recovery processes- ensures a healthy portfolio build up	
Residual Risks	IT Risk	Secured system of access control, efficient password management, access to data on need to know basis, Anti-virus, periodic IT and systems Audit. Use of only authorised and licensed software
	Regulatory & Compliance Risks	Policy review mechanisms by the Board on evolving regulatory changes, helps mitigate compliance misses
	Reputation Risk	Instituting a strong risk management framework including fraud prevention, and creating a culture of increasing risk awareness across organization
		Enforcing fundamental guiding principles- Commitment, Integrity, Transparency and a culture of innovation
	Institutionalising customer service excellence and significant weightage in employee performance	

