



unitus[®]capital

DELIVERING CAPITAL.
CHANGING LIVES.

*A tech-focused, impact-first
investment bank*

UC Exit Report

2023





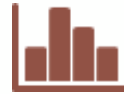
Purpose

Unitus Capital understands that investors are in the business of exits. Since our inception, we have helped investors **deploy ~\$4 Bn of capital** and helped them **realize ~\$ 500 Mn of exit proceeds** as well. Through this report we **demonstrate** that in the exits (including for promoters) facilitated by UC **financial gain** and **social impact** are **complimentary** rather than being a **trade-off**



Approach

Multi-dimensional approach for financial returns, nature of investors, modes of exit, investment horizon, and social impact



Data

Data analyzed include amounts invested and exit proceeds of deals from UC's inception (2008) till Mar 31, 2023



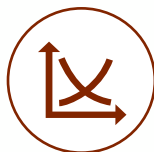
Key Points

While facilitating an exit we look at the key aspects that a company should be aware of



Impact investing has yielded strong returns with median **IRR** of **43%*** and **Cash on Cash** return of **4.4x*** on the back of robust business growth and strong social returns

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Macro Exit Scenario

- Exit markets are much more **vibrant** today, and we anticipate **exits worth \$12 - 15 Bn** in the next **2 years**.
- **New classes of investors** looking at secondaries.
- Financial services and technology have **traditionally** led exits till now. However, we feel that the **climate** sector will be responsible for a **significant** proportion of exits in the future.
- We expect secondaries to often have a **5% - 20% discount** to the primary round.



Exit Preparation

- Promoters, stakeholders, and senior management need to prepare better ahead of an exit as **relationship, trust, and faith** in the board room gets **tested** at the time of exit.
- Promoters need to ensure that **all current and future** shareholders are on the same page.
- The exit preparation is based on the **type of exit** contemplated (financial/ strategic/ control).



UC's work till now

- UC has facilitated **53 exits** for **30 unique companies** with the following key aspects:
 - ✓ ~\$500 Mn worth of exits provided
 - ✓ 43%* Median IRR
 - ✓ 4.4x* cash on cash return
- On majority of the deals that UC has advised, the secondary to primary **discount** has been **below 10%**.

*In INR including promoters exit



\$3.8 B+

Capital raised

Across Equity and Debt



150+

Clients

Worked on multiple rounds per client



#1 Investment Bank

Private Equity by VCCircle, 2022



\$967 Mn

Deal pipeline

Across Equity and Debt



450+

Investor network

PE, VC, Impact Funds, banks, others*

35 IB Professionals

Premium Valuations

Focus Sectors

200 years+ cumulative experience across marquee banks, funds, investment banks, Big4

Morgan Stanley, Goldman Sachs, World Bank, Credit Suisse, Citigroup, HSBC, EY, Deloitte, KPMG, SBI, RBL Bank, SIDBI, Elevar, TVS Capital, Rabo Bank, ICRA, IDBI, CRISIL, Bank of Baroda

4x AUM

FinTech

40x Revenue

E-Mobility

5.4x P/B

MSME Lender

28x Revenue

ConsumerTech/ImpactTech



Tech

FinTech, AgriTech, EdTech, HealthTech, and Impact-Tech



Climate

Renewable Energy, Electric Mobility, Circular Economy, Waste Recycling and Cleantech



Financial Services

MFI, MSME, Housing, Agri, Vehicle, SFB

^ Number as of Feb-23

*DFIs, Sovereign Wealth Funds, Hedge Funds



25

of Live Equity Deals



26

of Live Debt Deals



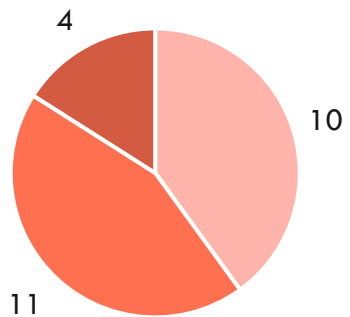
\$675Mn+
Amount of equity
funding in the process



\$292Mn+
Amount of debt funding
in the process

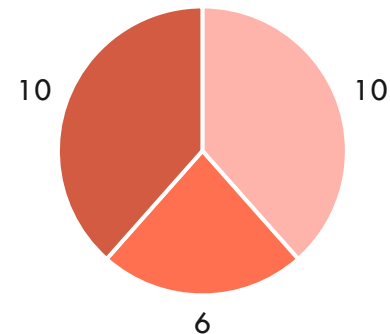
SECTOR-WISE NUMBER OF LIVE DEALS

EQUITY



■ FI ■ Tech ■ Climate

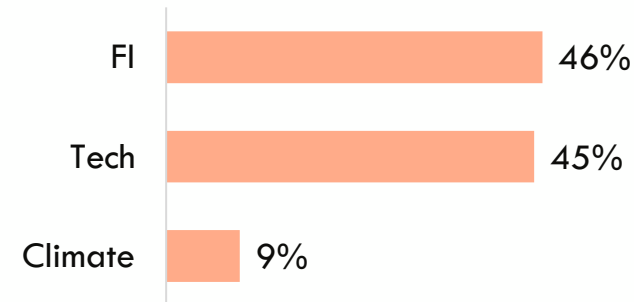
DEBT



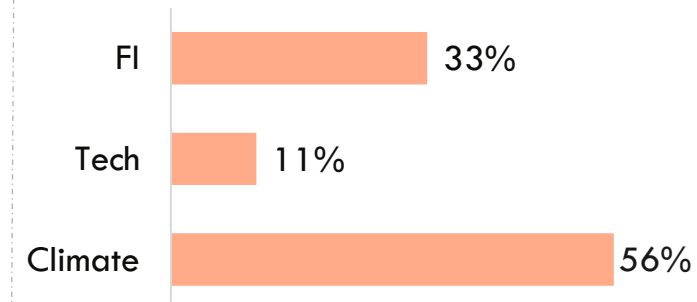
■ FI ■ Tech ■ Climate

SECTOR-WISE AMT. BEING RAISED

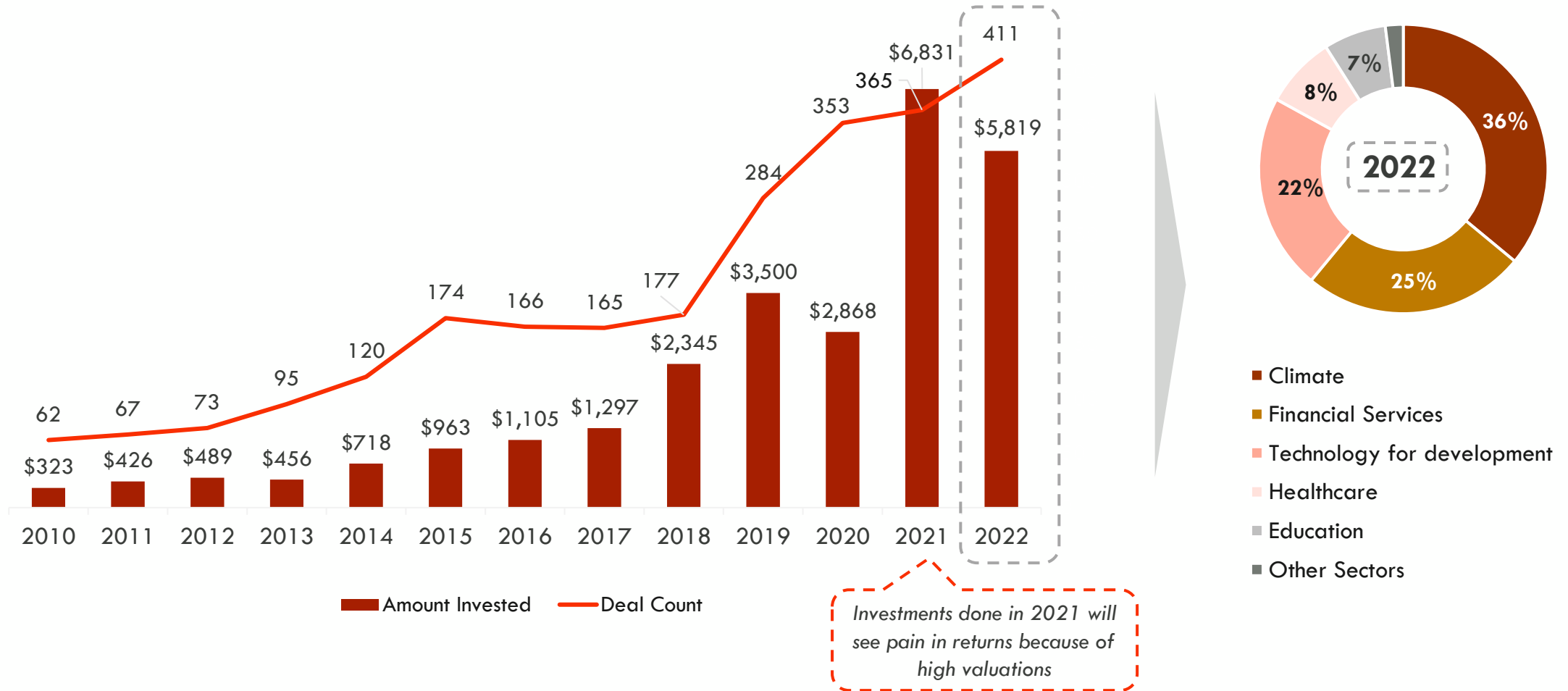
EQUITY



DEBT

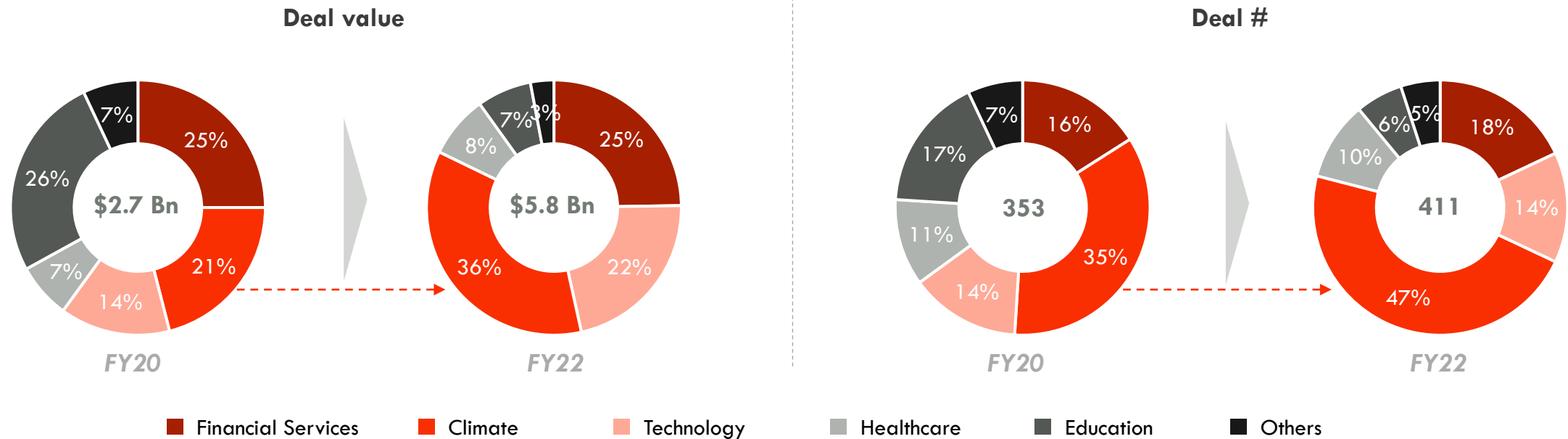


Annual Impact Investment Over Past Decade (\$ Mn)



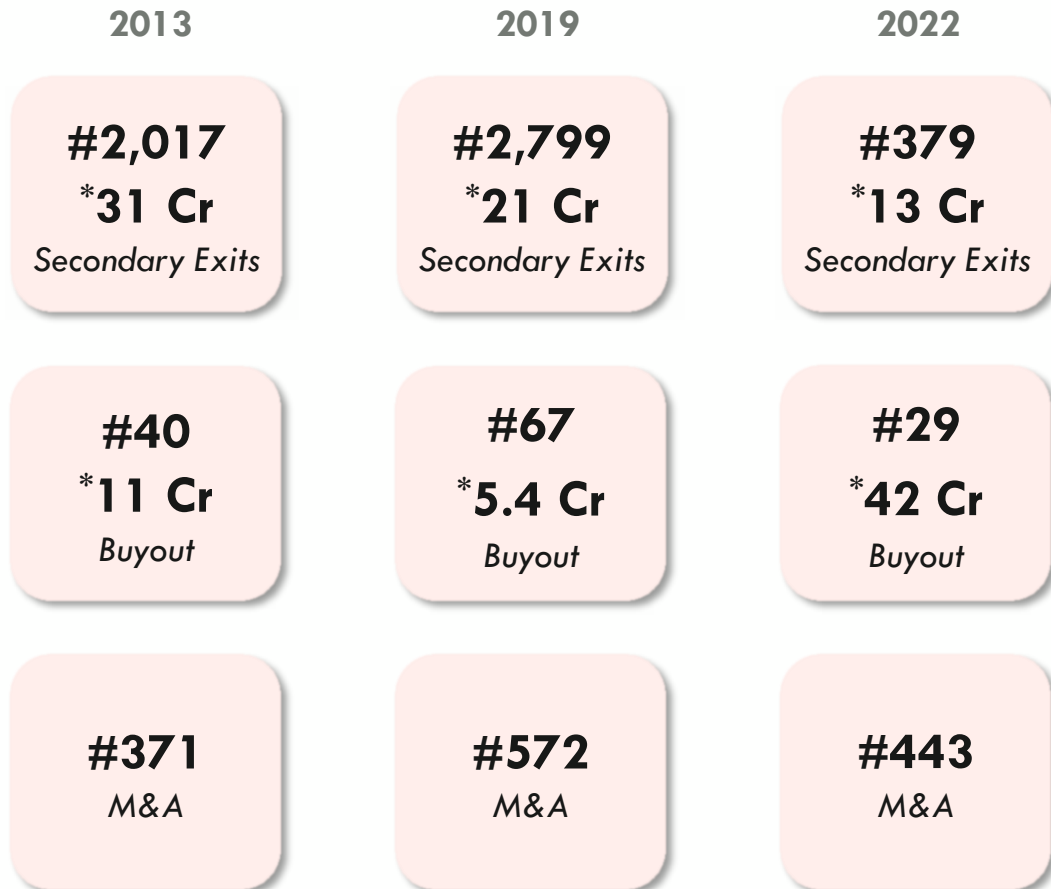
\$27.1 Billion deployed in 2,512 social enterprises deals while growing at a CAGR of ~28% since 2010

The commencement of India's G-20 presidency provided impetus to the emerging climate dialogue, innovation and business models in India and across the globe and strengthened the roots for India as a global climate leader. In spite of a slowdown in economic activity, climate-tech continued to attract significant investments, as a confluence of smart capital, conducive policy, discerning consumers, and cost-effective technology brought the sector to the forefront.



Exits were dominated by financial services and tech sectors till now but we expect climate sector to contribute much more in the coming years

Exit trends



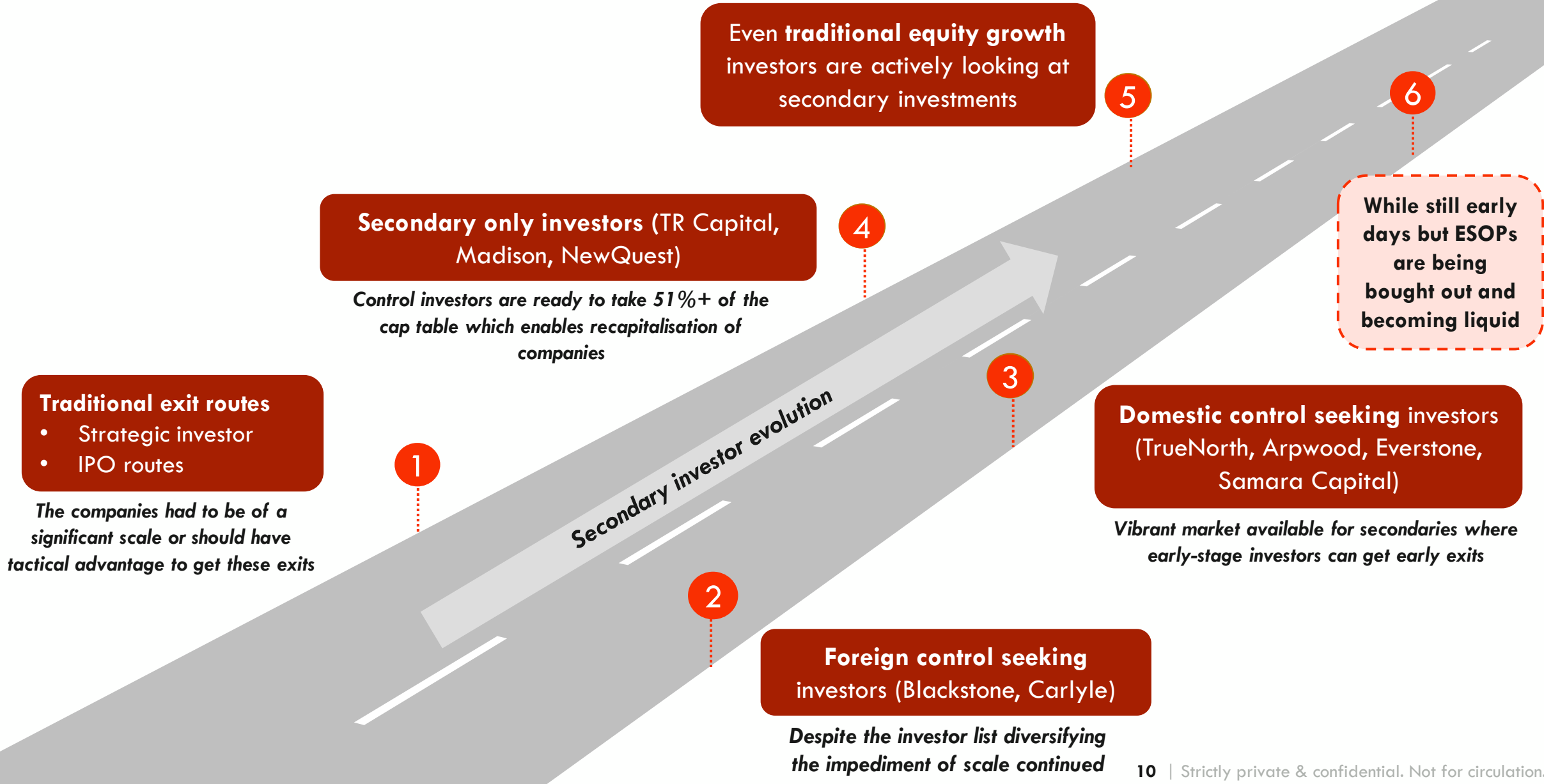
Secondaries peaked in 2019 and then dropped due to COVID and market correction

Key deals



No of Deals Industries covered include Technology, Healthcare, Internet, Energy, Financial Services, Agriculture, Education, Insurance, Banking, Logistics & Transportation
 *Median Values

All fig in INR



Unitus Capital has been working actively with promoters and investors providing 53 exits in the last 15 years



\$465+ Mn

Worth of Secondary Deals[#]

Across Sectors



53

Exits

Over multiple rounds for clients



30

Companies

Agri Business, Education, Healthcare, Fin Services



43%

IRR^{*}

Returns (including to promoters)



4.4x

Cash on cash^{*}

Including to promoters



4.6 yrs

Median Investment period

Including to promoters

*Median INR Values
USD to INR @ Rs.80

FINANCIAL SERVICES









TECH



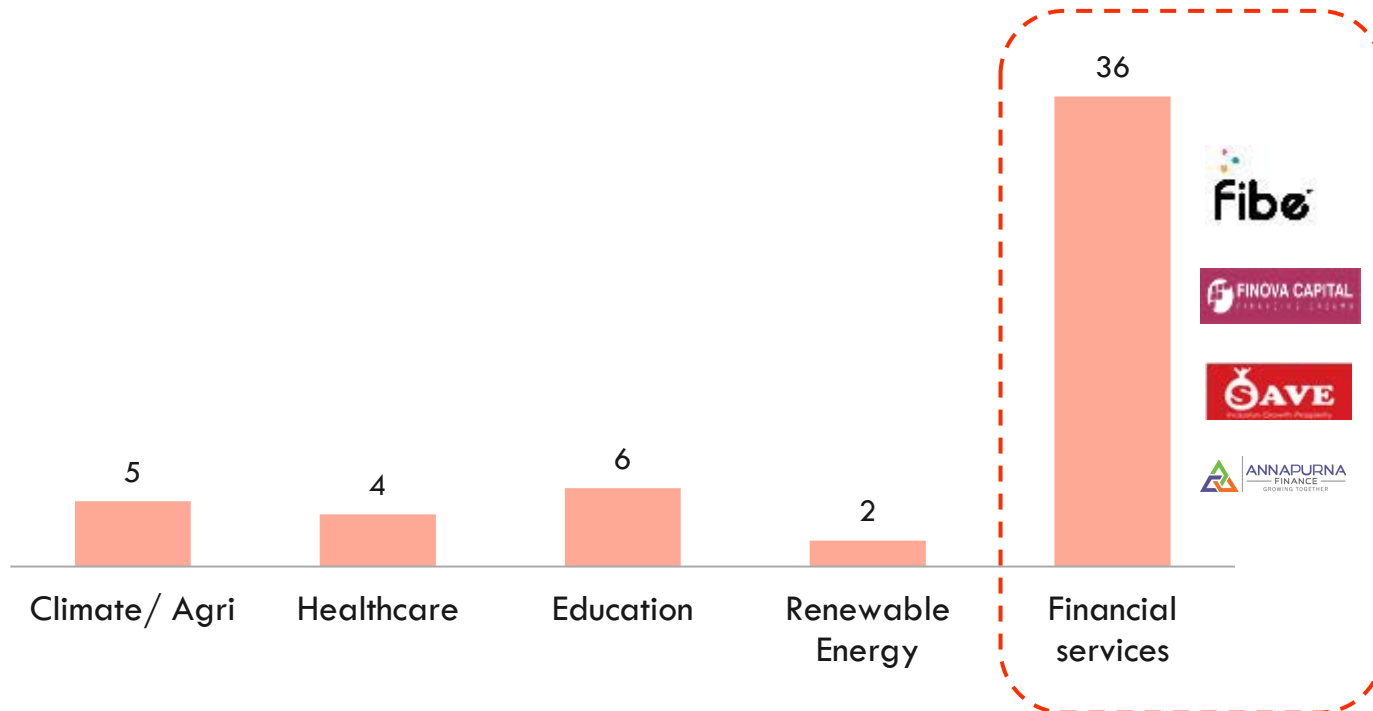
CLIMATE



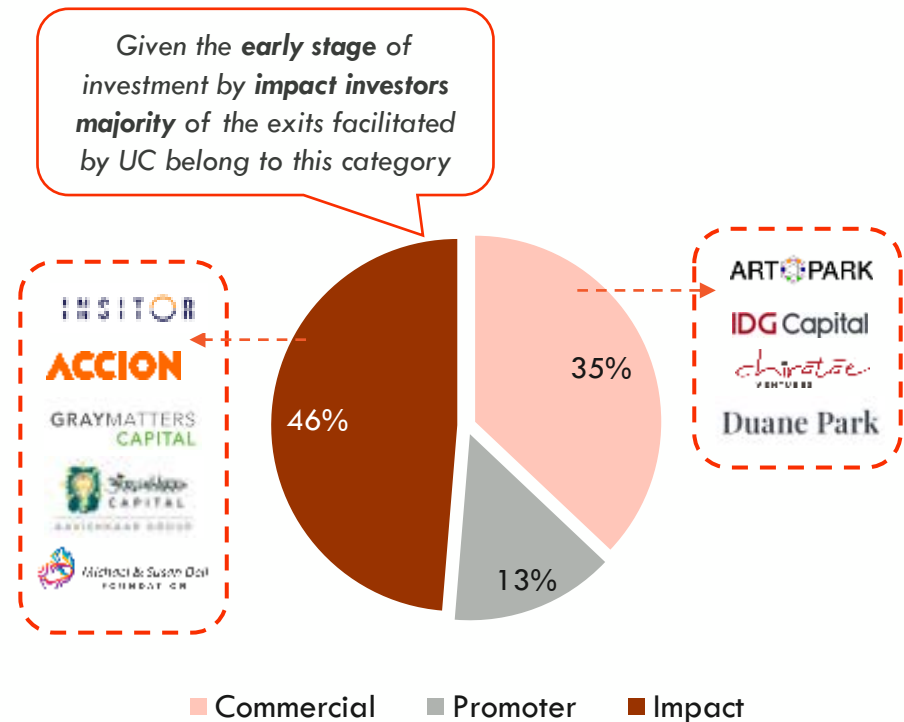
Company	Investor	Month of Transaction
VILCART باصطلاح	Angels	Jan-23
ezetap	Angels + Promoters + Berggruen Holdings + SOCIAL GAMES + HELION VENTURES	Aug-22
fibe	chiratae VENTURES + IDG Capital	Aug-22
testbook	Angels + Promoters + matrix PARTNERS + IRON PILLAR + S. CHAND	Sept-22
Battery Smart	Angels	April-22
FINOVA CAPITAL FINANCE BY DESIGN	Angels + Promoters	Feb-22
UMMEED HOUSING FINANCE	Angels + Promoters + LOK CAPITAL + Duane Park	Sept-21, Oct-21
SAVE PROGRESS THROUGH PROSPERITY	Promoters	Jul-20
AVIOM India Housing Finance Pvt. Ltd.	INSITOR PARTNERS	Mar-20

Company	Investor	Month of Transaction
	ARTOPARK	Mar-20
		Jan-19
	ACCION	Dec-18
		Nov-18
		Jul-18
	Promoters	Dec-17
	Promoters	Apr-17

Exits by Sector

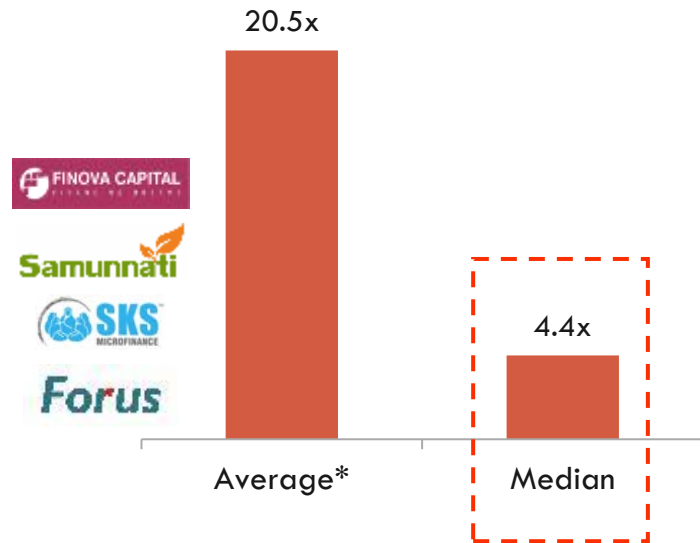


Exits by Investor Type

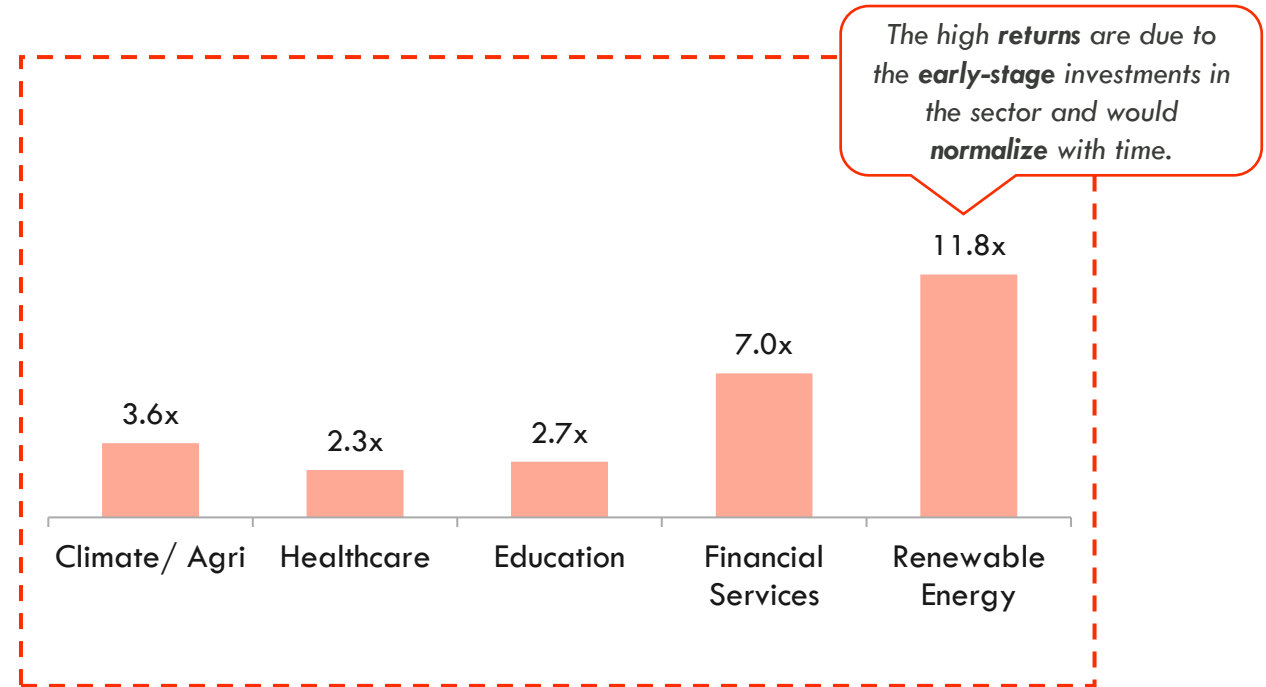


Financial sector is the most mature within the impact space thus it accounts for the most secondaries done

Returns (including to promoters)



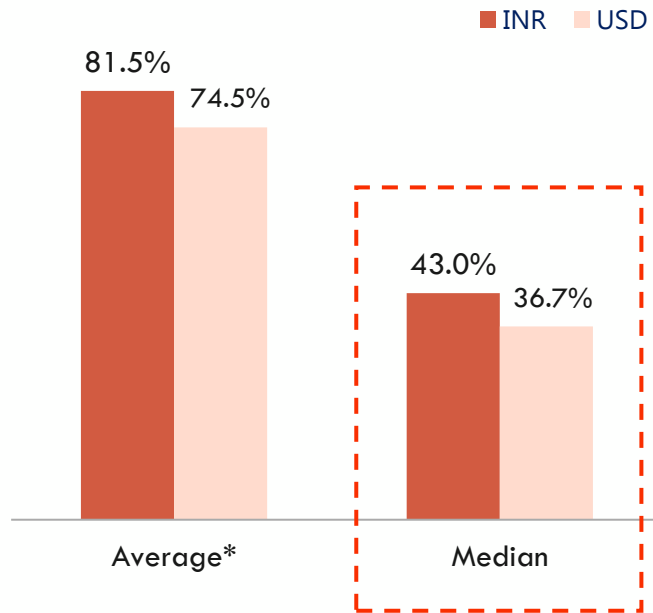
Sector-Wise Returns: Median



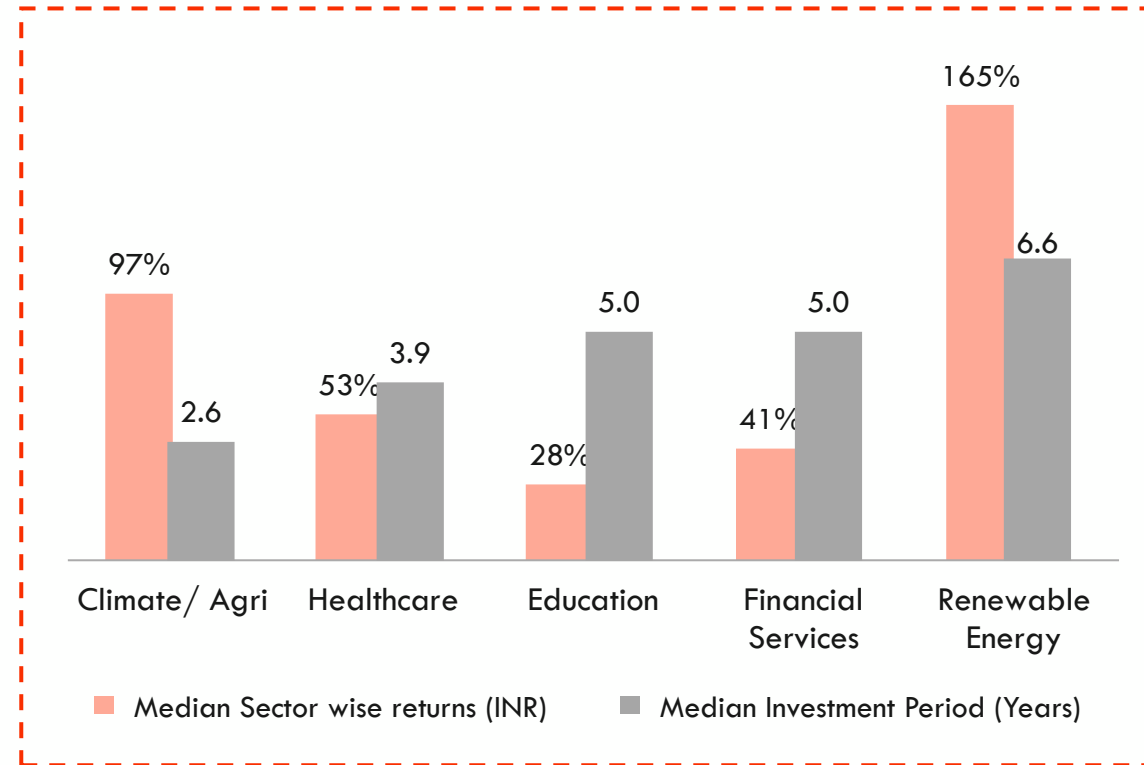
All returns are in INR terms

*Average exit multiple and IRR includes outliers

Returns (including to promoters)



Sector-Wise Returns: Median (INR)



While exits in Financial Services have been at a higher exit multiple over other segments, the IRR was lower due to a comparatively longer investment period

*Average exit multiple and IRR includes outliers
 Median (USD) returns account for depreciation of INR since UC inception

REASONS



Cleaning up of the Cap table



Exit required by investor due to fund's life



Promoter wanted liquidity



More stake required by incoming investors

PROCESS

1

Commercial

- ✓ Quantifying the **Secondary discount** to primary
- ✓ **Time horizon** for exit as per investor type
- ✓ **Timing the market** for the exit is very **difficult**
- ✓ **Stakeholder consensus** on operating metrics at the time of exit
- ✓ Fund structure **constraints**
- ✓ **Strategic sale** implications on existing shareholders.

2

Workforce

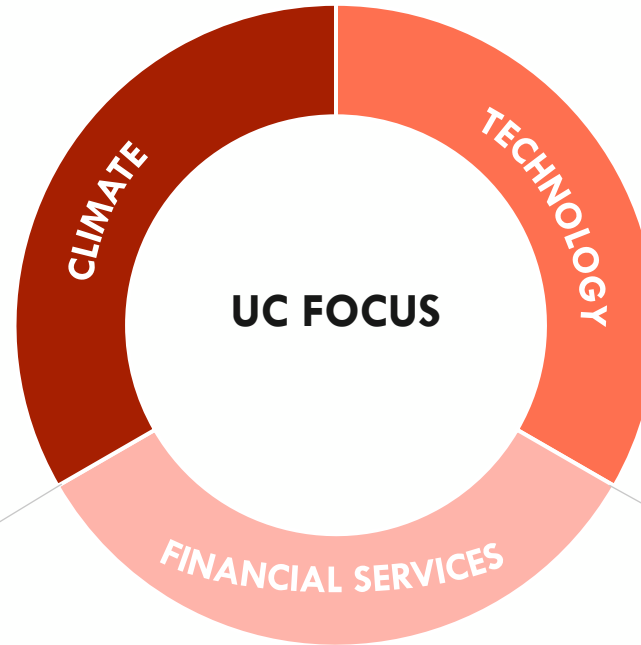
- ✓ Future of **key management personnel** and **senior management** post exit
- ✓ **Promoter(s)** exit impact on team
- ✓ Buy in of senior management team for a strategic exit and its implications on their benefit.
- ✓ Hiring **external consultants** to manage employee communication.

3

Legal & Regulatory

- ✓ **Agreement** of all stakeholders on exit time horizon
- ✓ **Investor rights** – Anti-dilution, Liquidation Preference, Indemnity, and Timing of Drag.
- ✓ Statutory and regulatory **approvals**
- ✓ Factoring in **time** in for regulatory and lender **approvals**.
- ✓ Other important aspects like **jurisdiction** and **taxation**

- Growing environmental concerns have paved the way for climate tech startups.
- It is expected that in the coming years, climate tech will emerge as the biggest disruptor and the early-stage ventures will attract investments for climate innovation.
- Already Climate Tech sector emerged as the most vibrant sector in Impact investing in India with highest number of ~80 deals.



- We expect the acceleration of spread of connected devices/ IoT, introduction of 5G networks/ Web 3.0, expansion of SaaS as well as rapid evolution of drone technology.
- Consequently, there might be a lot of experimentation of business models and a strong investor interest in picking companies early.

- Financial services remains the strongest sector in terms of deal flow having total capital deployed of \$1.84 Bn across 68 deals.
- We expect, rapid expansion of public financial infrastructure such as UPI, ONDC, OCEN, CBDCs and RBI focus on fintech sector innovations.
- Thus, technology will play a critical role in expanding financial services and maturing of business models of the new age players.

Thank You

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Affordable Housing Loan Financier

1

Company expanded into new geographies

2

157x

Growth in Home Units

3

8x

Growth in AUM

East India Based MFI

1

Company grew and expanded its product portfolio

2

10x

Growth in Business

3

Launched non-MFI loan product

A Business Correspondant

1

Company widened its reach and ventured into new businesses

2

30

States covered

3

Started lending business (NBFC and MFI)

IoT enabled Battery as a Service

1

Company expanded into new geographies

2

7x

Growth in Battery stations

3

11x

Growth in Partners



Chaitanya

Over 2 rounds
\$590 Mn



Mandated for large buy-side mandate



\$170 Mn
 Acquired by




Over 5 rounds
\$147 Mn




Over 4 rounds
\$125 Mn




\$112 Mn




Over 2 rounds
\$132 Mn




Over 3 rounds
\$105 Mn




Over 2 rounds
\$51 Mn




\$41 Mn




Over 4 rounds
\$44 Mn





Over 5 rounds
\$285 Mn



Over 4 rounds
\$58 Mn



Over 9 rounds
\$33 Mn



Over 6 rounds
\$23 Mn



Over 3 rounds
\$21 Mn



\$20 Mn



\$15 Mn



Over 2 rounds
\$13 Mn

