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DELIVERING CAPITAL, CHANGING LIVES

Investor Returns from Leading Financial Services Companies

March 2024





Purpose

The purpose of the report is to illustrate that the select leading companies (*Universe*) in the financial services sector have delivered strong returns



Data*

Data analyzed covers the investor exits in the last 15 years from the top tier companies in their respective sub sectors within the financial services space



Conclusion

Investing in financial services has yielded strong returns with a median IRR of **38%** over a **5.7 years** median holding period Vs Nifty 50 with **13% IRR** over the last 15 years

*All publicly available data analysed as of Dec'23
Source: Private circle, Tracxn, Company filings, Credit rating reports

Financial Services has delivered attractive returns to the investors



12

Companies

*Includes MFI, Fintech, SME,
Housing, Vehicle Finance*



5.3

years

*Median holding period
(Pre-IPO)*



44%

IRR*

*Median IRR
(Pre-IPO)*



58*

Exits

*Over multiple rounds
for companies*



5.7

years

*Median holding period
(Total)*



38%

IRR*

*Median IRR
(Total)*

Universe includes both public and private companies

LISTED

1 Aavas Financiers



2 Aptus Value Housing



3 AU Small Finance Bank



4 CreditAccess Grameen



5 Five Star Business Finance



6 Fusion Microfinance



7 HomeFirst Finance



8 MAS Financial



UNLISTED

9 Kogta Financial



10 SK Finance



11 Veritas Finance









12 Fibe



We looked at KrazyBee, Suyoday SFB, Utkarsh SFB, Equitas SFB and some other names but couldn't get the full information due to the holding co structure or unavailability of data. IPOs that have happened after Sept'23 have been excluded from analysis

FS has delivered strong returns for each sub-sector, stage and against the market

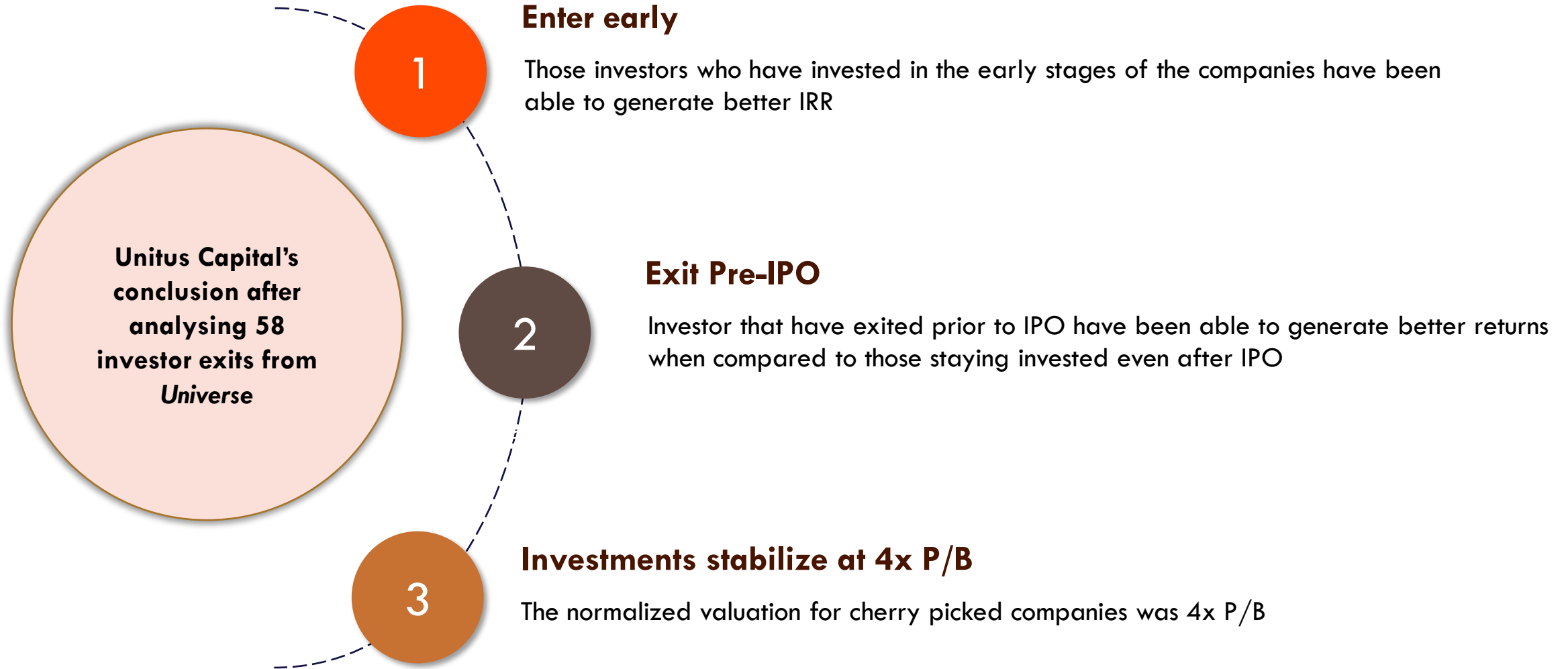
Sub-Sector	Companies	Median IRR	Holding Period (yr)
Small Finance Bank		57%	7.1
Fintech		43%	5.3
Vehicle Financing		40%	5.4
Housing Financing		40%	6.8
MSME Financing		33%	5.4
Micro Finance		25%	5.4

Stage wise return of Universe*	
Entry Stage	Exit at Pre-IPO
Seed	70%
Series A	50%
Series B	41%
Series C	78%
Series D	50%
Series E	24%

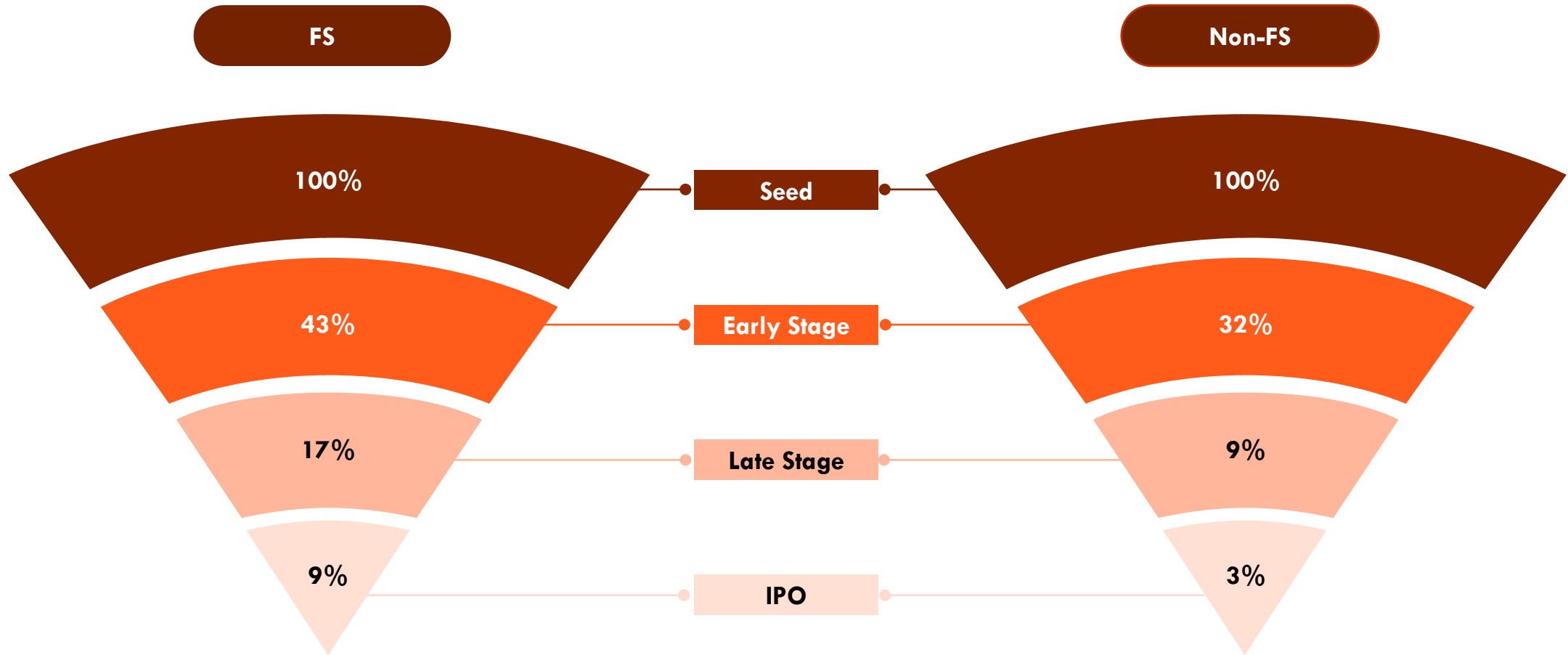
CAGR comparison of Universe Vs Public markets

Time Period	Median IRR of Universe	Nifty 50 IRR	Nifty FS IRR
2008-13	36%	15%	-
2013-18	43%	10%	18%
2018-23	30%	14%	14%

Median IRR of Universe for a particular time period is calculated basis the date of first investment by investors



Financial sector has had more success in terms of companies going public



Data shows % of companies that have reached from seed stage to IPO

Economic Growth

~38%
Household debt to GDP ratio in India compared to **48%** in other emerging economies

Positive correlation
Between higher credit growth and real GDP growth as per IMF

Increasing Demand

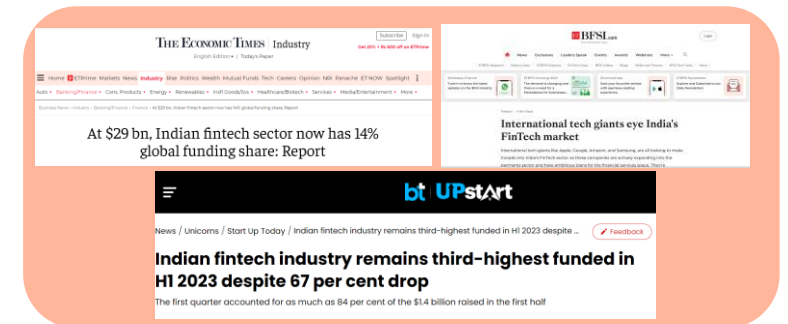
Despite the tremendous growth in financial services in the recent years, retail credit to GDP is at 14% in India compared to 30% in Brazil and 60% in China – leading to proliferation of more companies



Mature Regulator

RBI has been proactively introducing regulations, guidelines, innovation hubs and facilitating the building of digital infrastructure - providing stability to the future of the ecosystem

More Investments



Source: <https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1253>
India's Century: Sustainable and inclusive growth A FICCI-McKinsey multi-year forum

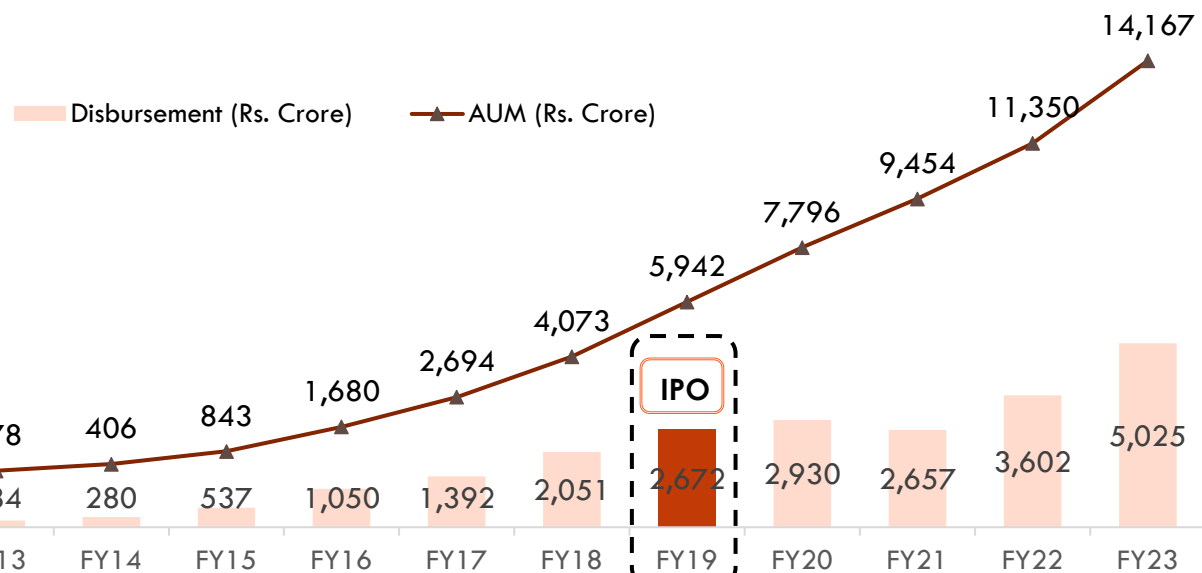
THANK YOU

Annexure

Scale & Returns

Branches

25 35 42 44 94 165 210 250 280 314 346



Promoter



Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	11.6%	11.2%	10.7%	10.4%	10.2%	10.2%
Total Income (%)	14.6%	14.2%	13.1%	12.8%	12.6%	12.6%
Net Interest Margin (%)	5.9%	6.1%	5.6%	5.1%	5.7%	5.6%
Opex (%)	4.9%	3.7%	3.4%	3.0%	3.4%	3.6%
Credit Cost (%)	0.1%	0.2%	0.2%	0.4%	0.2%	0.1%
RoA (%)	2.7%	3.5%	3.6%	3.3%	3.4%	3.4%
RoE (%)	10.3%	11.6%	12.7%	12.8%	13.6%	14.1%
Leverage (x)	2.3	2.0	2.6	2.6	2.8	3.0
Gross NPA (%)	0.5%	0.5%	0.5%	1.0%	1.0%	0.9%

Management Team



Sachinder Bhinder
MD & CEO



Ghanshyam Rawat
President & CFO

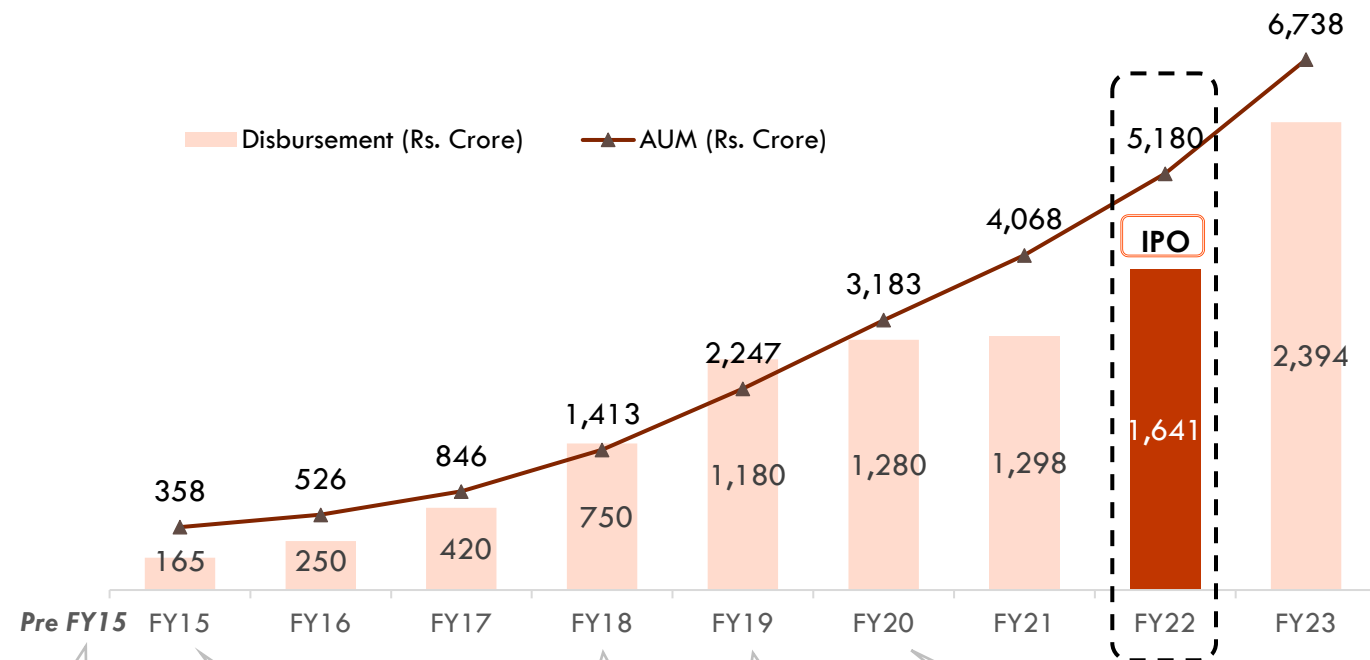
Aptus Value Housing

Scale & Returns

Branches

60 70 80 115 143 175 190 208 231

Disbursement (Rs. Crore) AUM (Rs. Crore)



Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	16.5%	16.3%	17.2%	16.8%	16.9%	17.3%
Total Income (%)	18.0%	18.5%	19.3%	18.2%	18.2%	18.9%
Net Interest Margin (%)	11.9%	10.2%	10.5%	11.1%	12.4%	12.7%
Opex (%)	4.3%	3.7%	3.3%	2.8%	2.5%	2.8%
Credit Cost (%)	0.1%	0.1%	0.1%	0.2%	0.7%	0.6%
RoA (%)	5.9%	6.1%	7.8%	7.4%	8.0%	8.4%
RoE (%)	12.1%	17.4%	17.5%	14.5%	15.1%	16.1%
Leverage (x)	1.4	2.3	1.2	1.3	0.9	1.1
Gross NPA (%)	0.5%	0.4%	0.7%	0.7%	1.2%	1.2%

Management Team



M. Anandam
Executive Chairman



P. Balaji
Managing Director

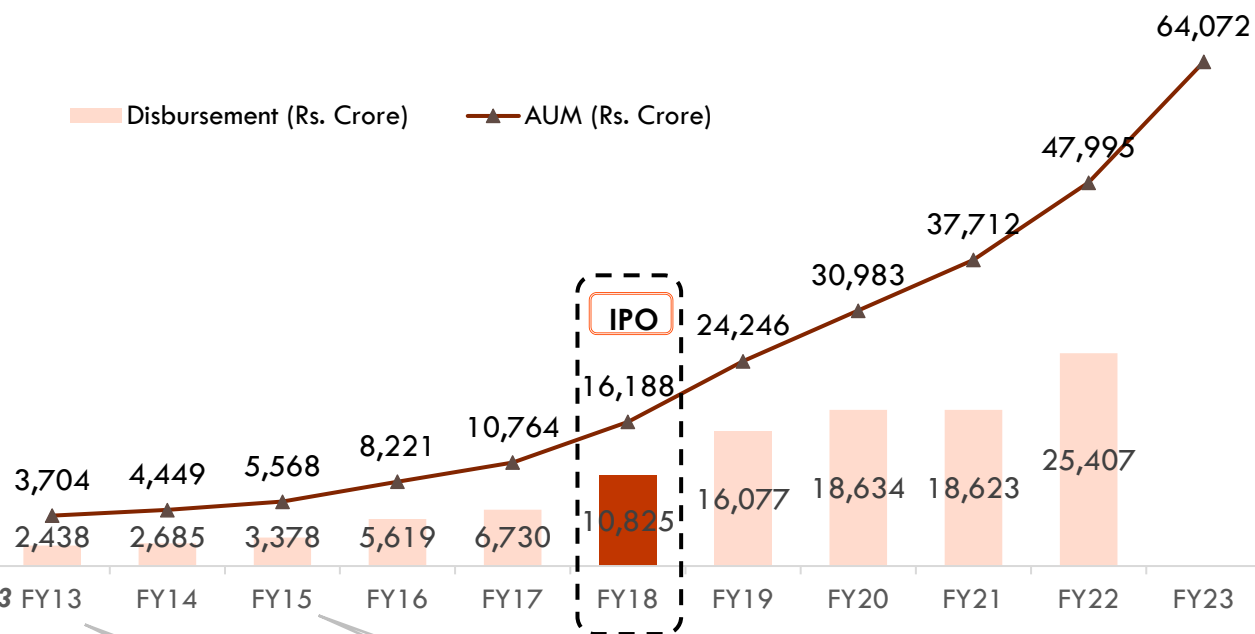
AU Small Finance Bank

Scale & Returns

Branches

177 220 231 291 301 474 558 647 744 919 1,027

Disbursement (Rs. Crore) AUM (Rs. Crore)



Seed, Series A, Series B



Series C



Series D

Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	12.2%	12.9%	13.3%	12.2%	12.0%	12.5%
Total Income (%)	16.0%	16.9%	18.1%	18.6%	16.1%	16.5%
Net Interest Margin (%)	6.0%	5.0%	4.7%	4.6%	5.7%	5.8%
Opex (%)	5.6%	5.4%	5.1%	4.8%	5.6%	6.1%
Credit Cost (%)	2.1%	1.7%	1.9%	2.8%	1.6%	1.1%
RoA (%)	2.2%	1.9%	2.2%	1.7%	2.6%	2.5%
RoE (%)	13.7%	14.0%	15.8%	11.3%	16.4%	15.4%
Leverage* (x)	8.3	10.3	9.6	8.2	9.2	8.2
Gross NPA (%)	2.0%	2.0%	1.7%	4.3%	2.0%	1.7%

*Leverage is calculated as Total Assets/Total Equity

Management Team



Sanjay Agarwal
MD & CEO

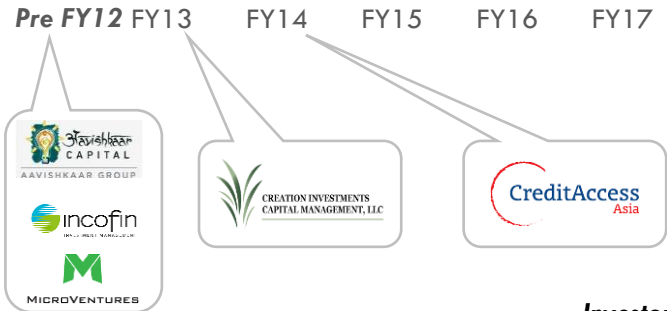
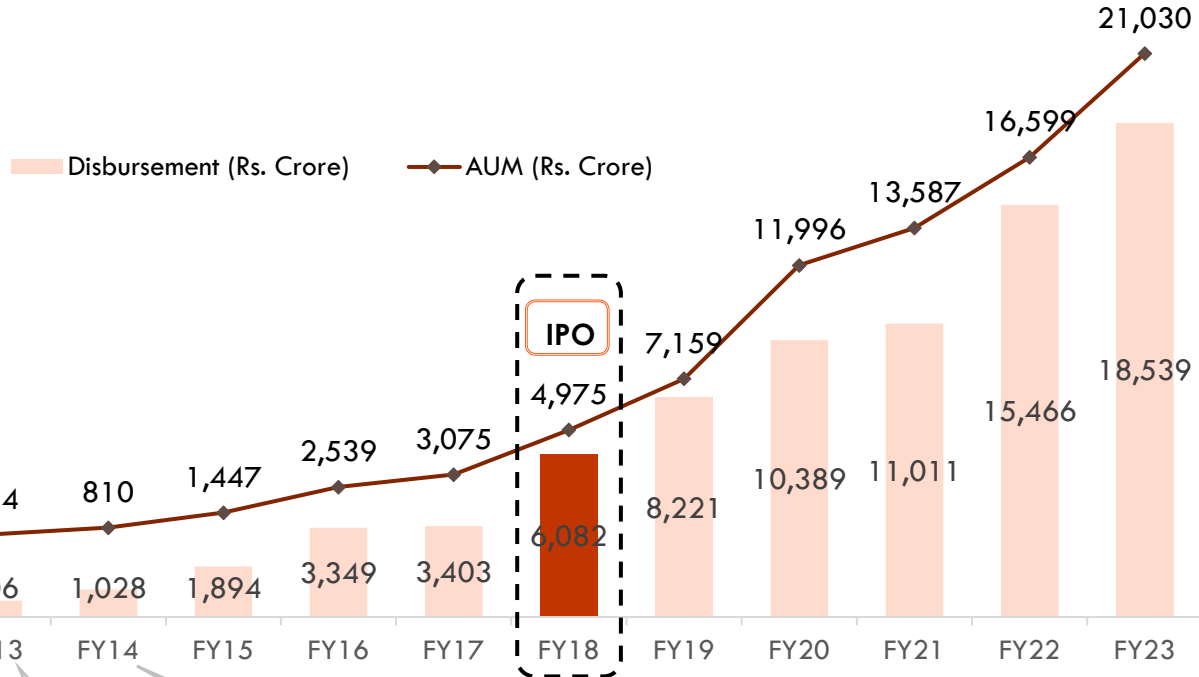


Uttam Tibrewal
Executive Director

Scale & Returns

Branches

161 176 238 298 393 516 670 1393 1424 1635 1786



Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	21.2%	20.0%	17.0%	17.7%	16.8%	17.4%
Total Income (%)	21.7%	21.2%	17.8%	19.3%	18.2%	18.9%
Net Interest Margin (%)	12.5%	13.2%	11.1%	10.5%	10.3%	11.0%
Opex (%)	5.0%	4.8%	4.5%	4.6%	4.6%	4.4%
Credit Cost (%)	2.6%	1.0%	2.0%	5.7%	3.6%	1.9%
RoA (%)	5.3%	5.3%	3.5%	1.0%	2.3%	4.4%
RoE (%)	20.7%	16.9%	12.9%	3.9%	8.8%	17.8%
Leverage (x)	2.5	2.1	3.3	2.8	3.1	3.2
Gross NPA (%)	0.8%	0.6%	1.5%	4.4%	3.1%	1.2%

Management Team



George Joseph
Chairman and Lead Independent
Director



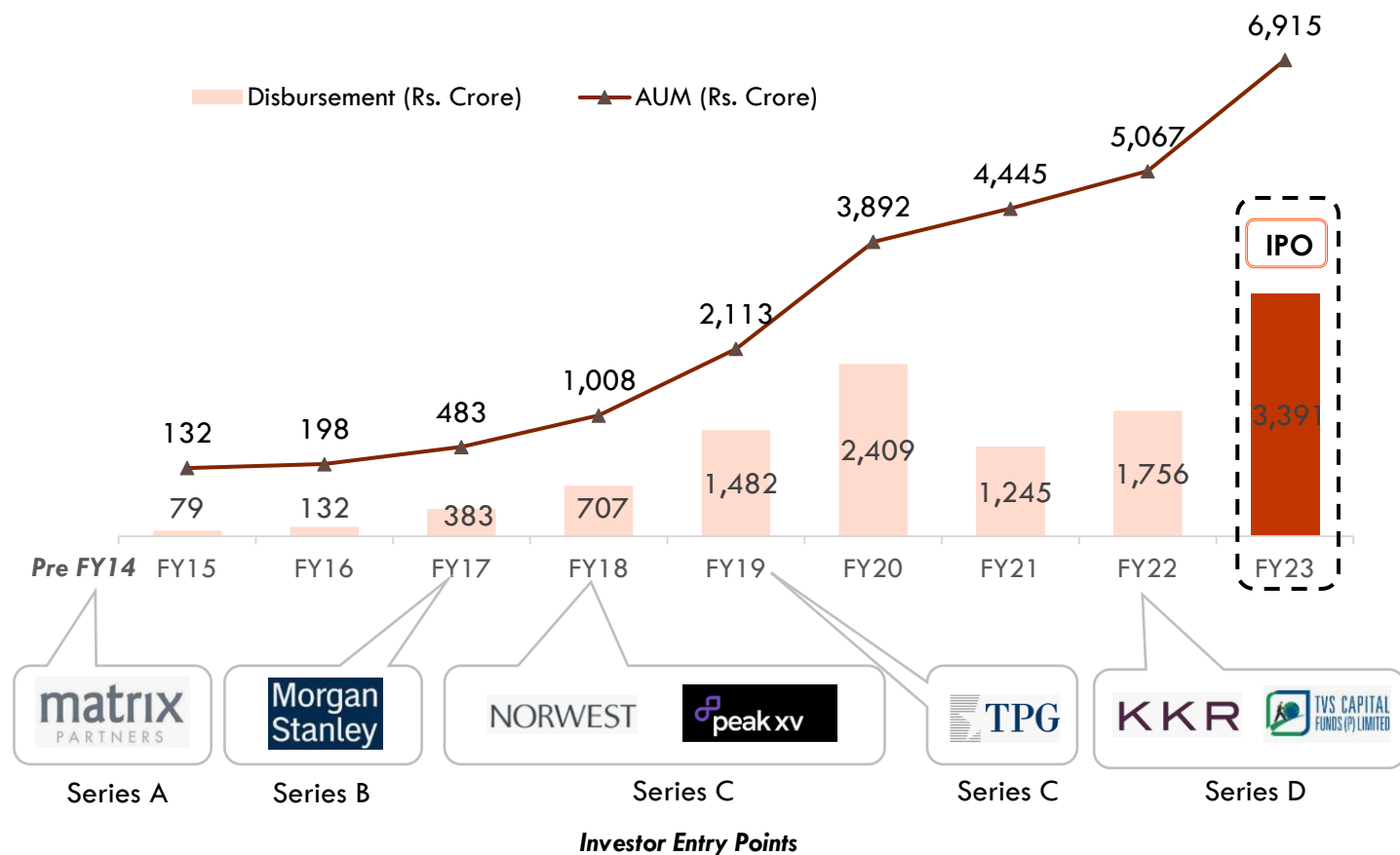
Udaya Kumar
MD & CEO

Scale & Returns

Branches

39 64 103 130 173 252 262 299 373

Disbursement (Rs. Crore) AUM (Rs. Crore)



Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	24.2%	24.1%	23.9%	23.9%	24.6%	24.4%
Total Income (%)	27.4%	26.2%	26.2%	25.2%	26.4%	25.5%
Net Interest Margin (%)	16.5%	19.2%	16.8%	16.1%	18.3%	20.0%
Opex (%)	8.1%	6.8%	5.7%	5.1%	6.4%	7.3%
Credit Cost (%)	1.2%	0.5%	1.6%	0.8%	1.0%	0.3%
RoA (%)	7.5%	10.1%	8.7%	8.6%	9.5%	10.1%
RoE (%)	13.7%	16.0%	15.8%	16.8%	15.0%	15.0%
Leverage (x)	0.9	0.7	1.2	1.5	0.7	1.0
Gross NPA (%)	1.4%	0.9%	1.4%	1.0%	1.1%	1.4%

Management Team



Lakshmipathy D
Chairman & MD



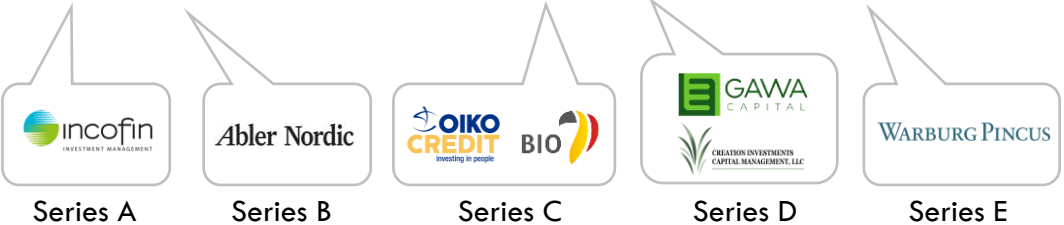
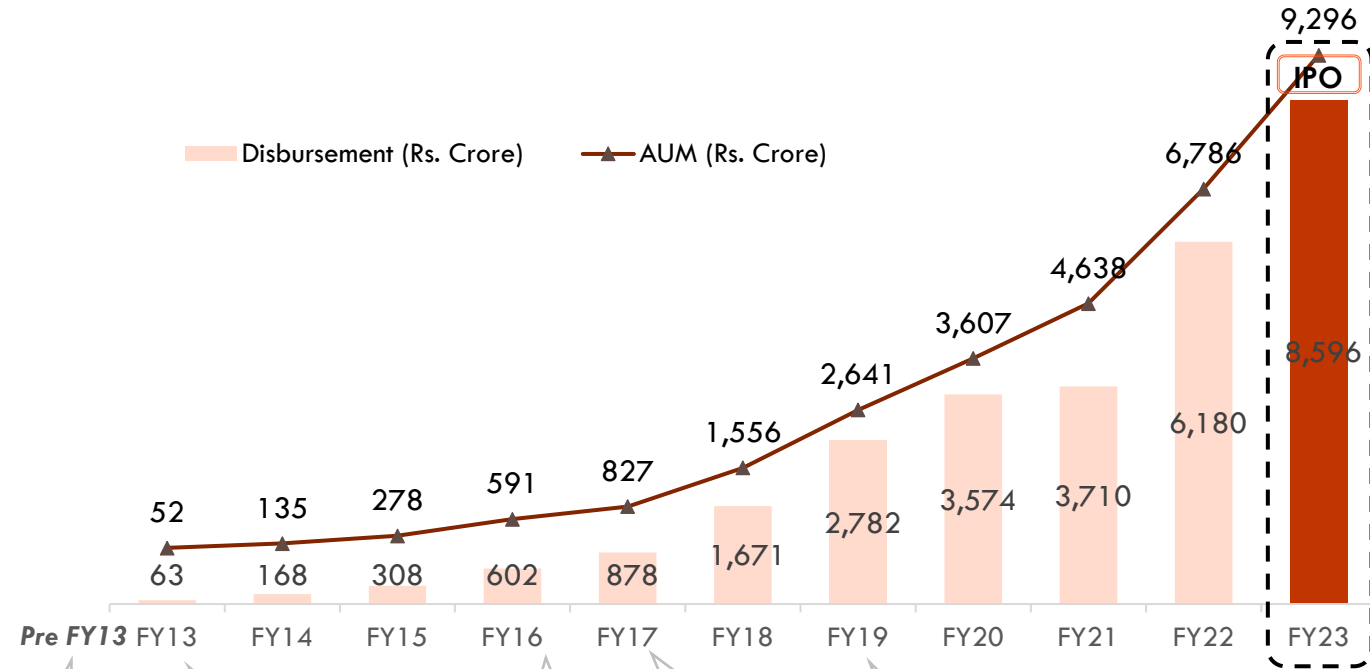
Rangarajan Krishnan
CEO

Scale & Returns

Branches

21 41 61 149 248 375 504 595 725 934 1086

Disbursement (Rs. Crore) AUM (Rs. Crore)



Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	19.7%	21.9%	20.8%	19.6%	18.6%	19.8%
Total Income (%)	22.4%	23.7%	23.4%	21.2%	21.0%	22.4%
Net Interest Margin (%)	8.5%	9.8%	10.0%	10.5%	10.0%	11.8%
Opex (%)	8.1%	7.3%	6.4%	5.3%	5.5%	5.5%
Credit Cost (%)	7.4%	1.0%	3.0%	5.4%	6.4%	2.5%
RoA (%)	-3.3%	2.4%	2.2%	1.1%	0.4%	4.8%
RoE (%)	-16.4%	11.5%	7.6%	3.6%	1.7%	21.2%
Leverage (x)	6.2	4.7	2.5	3.6	4.3	2.9
Gross NPA (%)	4.0%	1.5%	1.1%	5.5%	5.7%	3.5%

Management Team



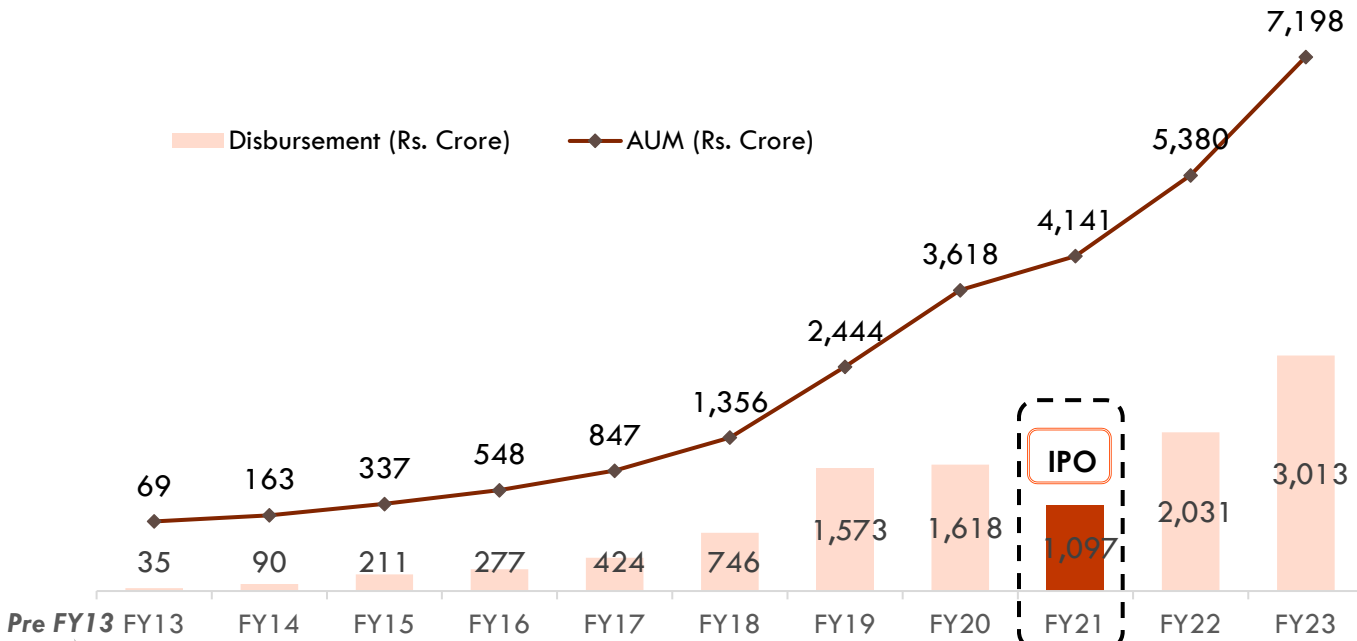
Devesh Sachdev
MD & CEO



Gaurav Maheshwari
CFO

Scale & Returns

Branches*



Series A



Series B



Series C

Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	11.6%	12.0%	11.3%	10.4%	10.0%	10.9%
Total Income (%)	13.3%	14.3%	13.8%	12.6%	12.1%	12.7%
Net Interest Margin (%)	5.9%	5.5%	5.0%	4.8%	5.5%	6.0%
Opex (%)	3.6%	3.8%	3.4%	2.6%	2.7%	2.8%
Credit Cost (%)	0.2%	0.4%	0.5%	0.8%	0.5%	0.3%
RoA (%)	2.3%	2.4%	2.6%	2.6%	3.9%	3.6%
RoE (%)	7.9%	10.7%	10.9%	8.7%	12.6%	13.5%
Leverage	2.6	3.7	2.7	2.2	2.2	2.7
Gross NPA (%)	0.6%	0.8%	1.0%	1.8%	2.3%	1.6%

Management Team



Jaithirth Rao
Founder

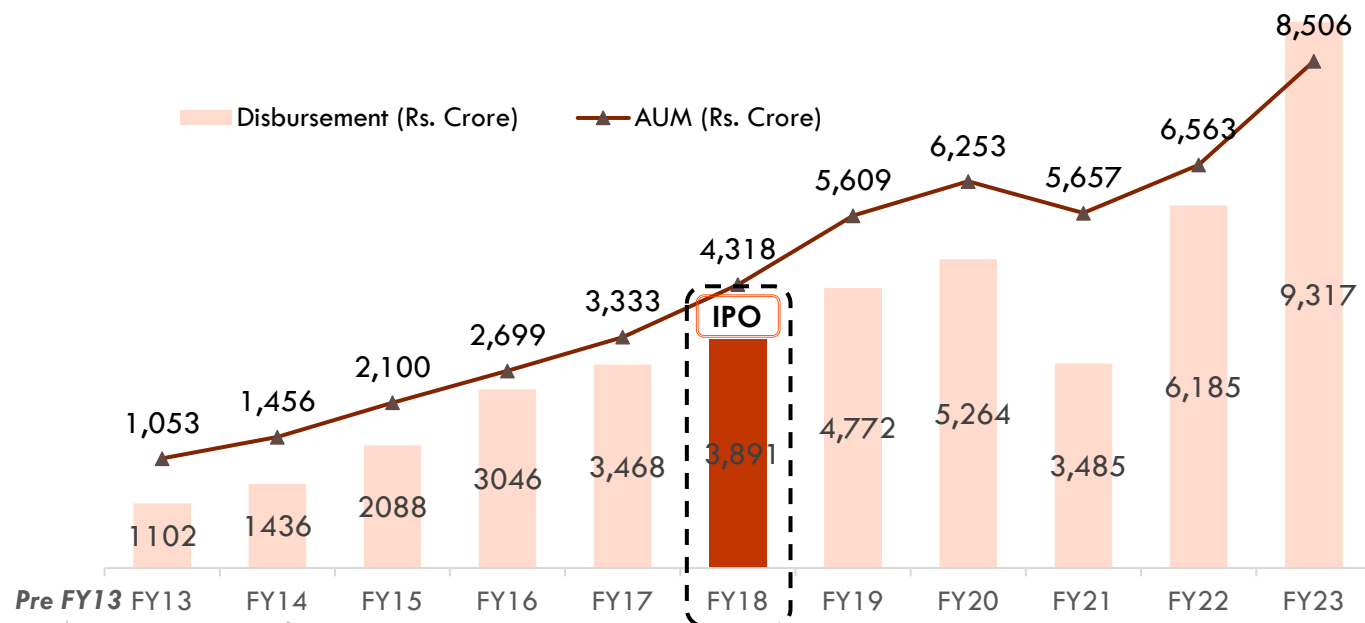


Manoj Viswanathan
Founder & CEO

Scale & Returns

Branches

77 78 105 99 125 149



FMO
Entrepreneurial
Development
Bank

Series B

KFW DEG

Series C

LOK CAPITAL

Secondary

Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	9.7%	9.6%	9.5%	7.9%	8.9%	9.7%
Total Income (%)	12.5%	12.2%	12.0%	10.5%	11.3%	13.1%
Net Interest Margin (%)	6.2%	6.1%	5.5%	4.0%	4.2%	4.0%
Opex (%)	2.1%	1.8%	1.7%	1.1%	1.6%	2.2%
Credit Cost (%)	1.1%	1.1%	1.4%	1.4%	0.6%	0.7%
RoA (%)	2.7%	3.1%	2.8%	2.4%	2.6%	2.7%
RoE (%)	21.4%	18.4%	17.7%	12.8%	12.4%	14.1%
Leverage (x)	1.8	2.6	2.8	2.8	3.2	4.0
Gross NPA (%)	1.1%	1.3%	1.4%	1.5%	2.1%	2.0%

Management Team



Kamlesh Gandhi
Chairman & MD

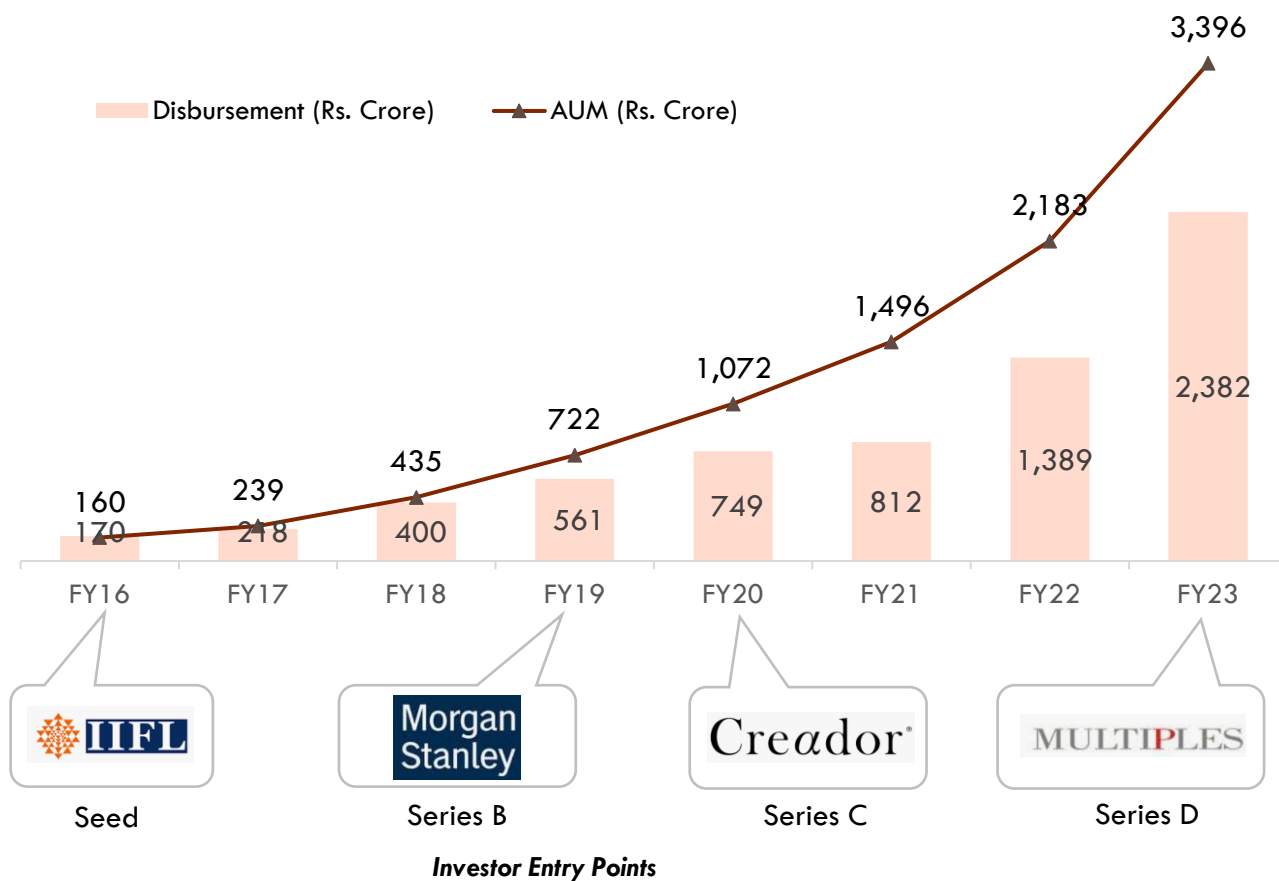


Darshana Pandya
Director & CEO

Scale & Returns

Branches

37 47 59 89 116 143 179 202



Ratio Analysis

Metrics	FY19	FY20	FY21	FY22	FY23
Yield (%)	16.0%	16.6%	16.4%	15.4%	14.5%
Total Income (%)	18.9%	18.9%	19.1%	19.6%	18.7%
Net Interest Margin (%)	7.4%	9.4%	10.5%	8.0%	8.1%
Opex (%)	6.1%	6.6%	5.9%	6.9%	6.6%
Credit Cost (%)	1.8%	0.9%	2.3%	1.0%	1.2%
RoA (%)	1.4%	2.8%	3.5%	2.8%	3.1%
RoE (%)	5.8%	6.4%	7.9%	8.4%	9.6%
Leverage (x)	2.4	1.2	2.1	2.9	2.3
Gross NPA (%)	3.0%	3.2%	3.4%	3.6%	3.1%

Management Team



Arun Kogta
MD & CEO



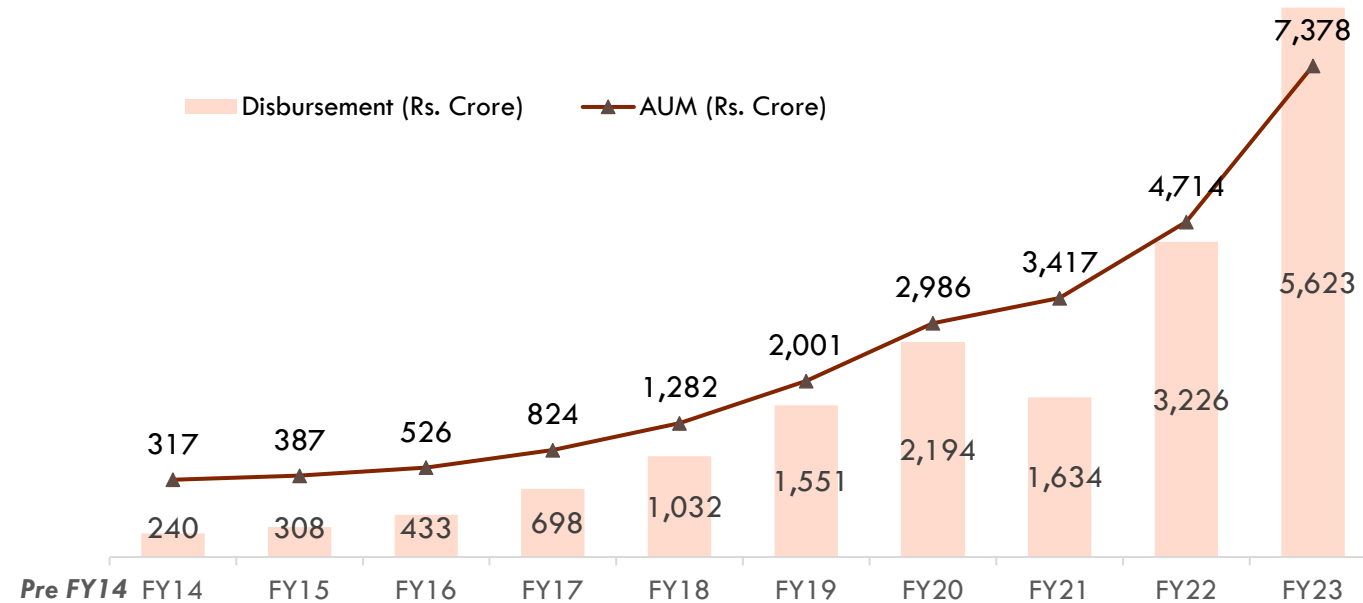
Varun Kogta
Whole Time Director & CFO

Scale & Returns

Branches

66 102 196 207 238 262 325 345 423 447

Disbursement (Rs. Crore) AUM (Rs. Crore)



Series A

Series B

Series C

Series D

Investor Entry Points

BANYANTREE
Investment Group

NORWEST

evolence
India

Baring Private
Equity Asia

TPG

IIIF

MITIMCo

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	18.7%	21.9%	20.9%	19.3%	17.7%	18.1%
Total Income (%)	21.6%	23.2%	23.3%	21.3%	20.2%	21.7%
Net Interest Margin (%)	10.6%	13.8%	12.1%	10.2%	9.3%	9.2%
Opex (%)	7.9%	6.3%	6.2%	5.3%	6.9%	6.4%
Credit Cost (%)	2.1%	2.7%	3.6%	2.9%	0.4%	1.5%
RoA (%)	2.1%	3.9%	3.1%	2.8%	3.5%	3.7%
RoE (%)	15.0%	16.5%	10.9%	9.8%	11.1%	13.0%
Leverage (x)	4.4	2.7	2.9	3.3	2.8	3.8
Gross NPA (%)	NA	4.2%	4.0%	4.0%	2.8%	1.9%

Management Team



Rajendra Kumar Setia
MD & CEO



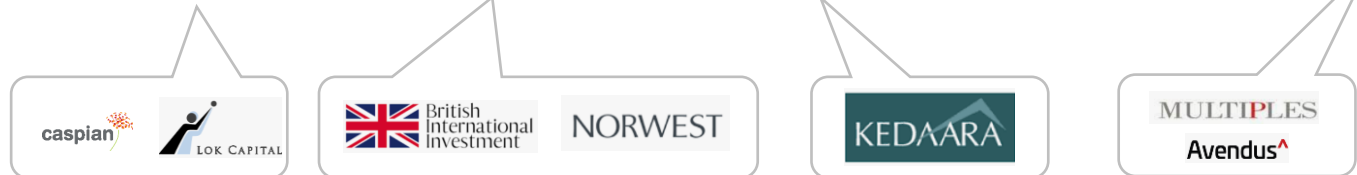
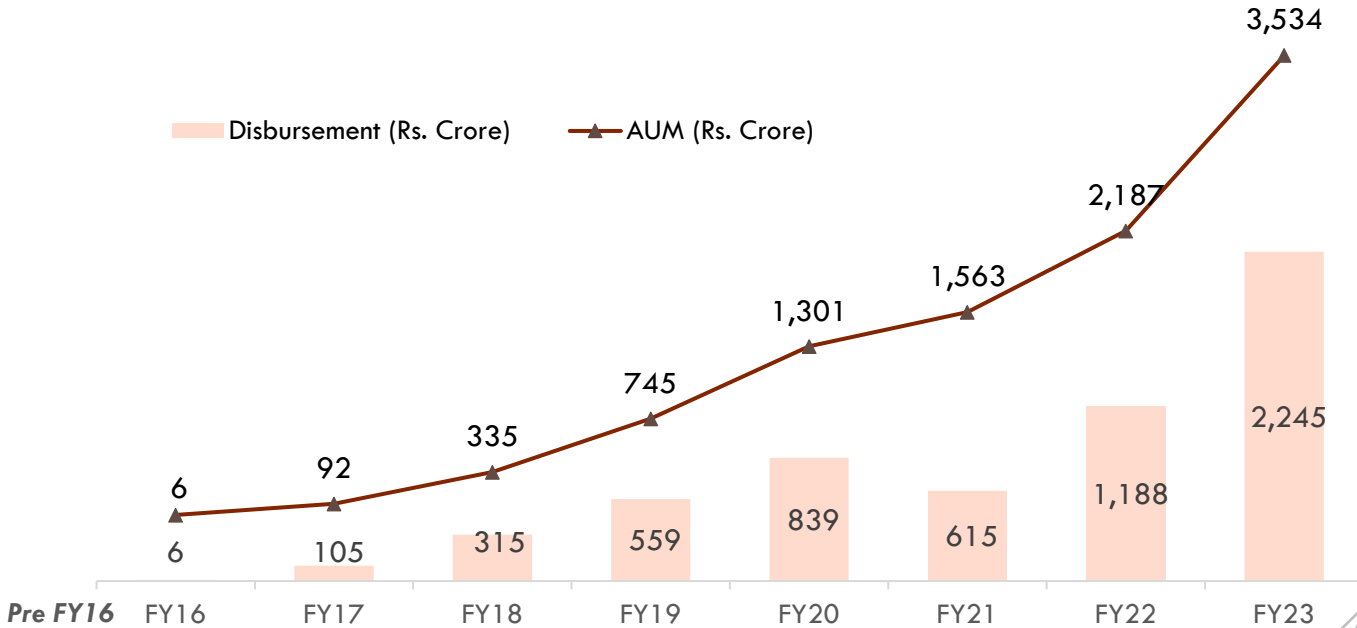
Atul Arora
CFO

Scale & Returns

Branches

17 43 72 147 202 204 229 287

Disbursement (Rs. Crore) AUM (Rs. Crore)



Investor Entry Points

Ratio Analysis

Metrics	FY18	FY19	FY20	FY21	FY22	FY23
Yield (%)	21.4%	23.0%	24.6%	22.9%	21.8%	22.2%
Total Income (%)	25.7%	26.1%	26.9%	25.3%	23.7%	23.8%
Net Interest Margin (%)	13.0%	16.0%	14.5%	14.7%	15.3%	16.5%
Opex (%)	14.3%	12.5%	10.8%	8.3%	8.2%	8.2%
Credit Cost (%)	1.6%	0.8%	1.5%	2.8%	3.2%	1.6%
RoA (%)	2.8%	3.2%	3.3%	4.3%	4.0%	6.2%
RoE (%)	6.0%	5.7%	5.3%	7.3%	6.6%	11.8%
Leverage (x)	1.8	1.3	1.2	1.4	0.8	1.5
Gross NPA (%)	0.7%	0.9%	1.9%	2.7%	3.9%	2.2%

Management Team



D Arulmany
MD & CEO



J Prakash Rayen
Executive Director & COO