



# unitus<sup>®</sup>capital

DELIVERING CAPITAL, CHANGING LIVES

---



IPO Analysis of Lending Institutions

July 2024



## PURPOSE



- To understand the **stage and scale** at which lending institutions file for and proceed with an IPO
- To compare the **performance of the companies** from their listing dates to May 31<sup>st</sup> 2024 (*the cutoff date for this report*)

## METHODOLOGY



- Out of the **341 IPOs** over the past 10 years, **59** were in the **financial services sector**, of which **25** were **lending institutions** (excluding government-owned entities\*)
- We analyzed these **25 companies** across various parameters, categorizing them into subsectors - **HFCs, NBFCs, MFIs, SFBs, and Banks** - to present our findings

\*IREDA, PNB Housing Finance, IRFC & SBI Cards & Payment Services

HFCs – Housing Finance Companies, NBFCs – Non-Banking Financial Companies, MFIs – Microfinance Institutions, SFBs – Small Finance Banks

# Listing median metrics of lending institutions

## Median metrics



**Banks/SFB**

INR 14,400 Cr

**AUM**



**NBFC/HFC/MFI**

INR 5,400 Cr

INR 2,000 Cr

**Net Worth**

INR 1,700 Cr

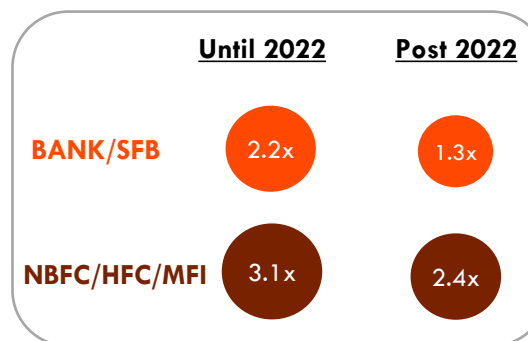
INR 300 Cr

**PAT**

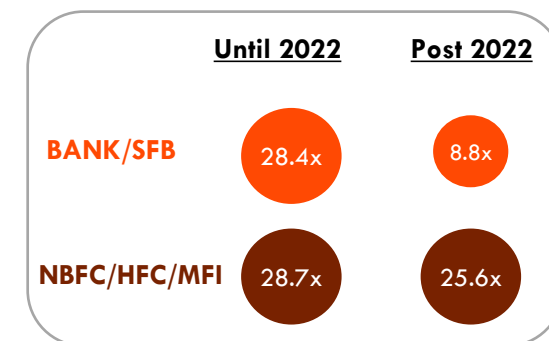
INR 200 Cr

## Multiples pre and post 2022

**P/B Multiple**



**TTM P/E Multiple**



**INR 5,200 – 5,300 Cr**  
Market Cap Listing



**INR 1,100 Cr**  
Funds Raised in IPOs



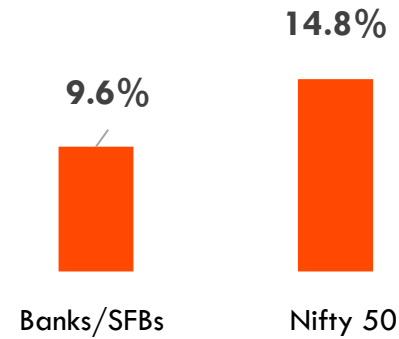
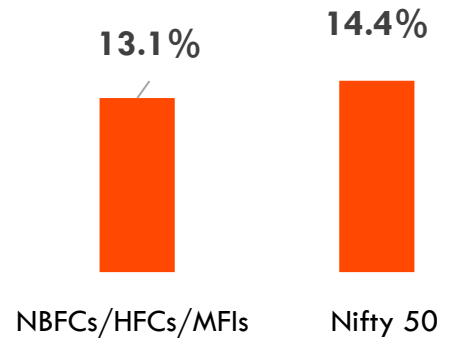
**17x**  
Subscription Level



**46%**  
Growth in Primary Capital  
From 54% until 2023 to 79% post 2023

# And the listing story

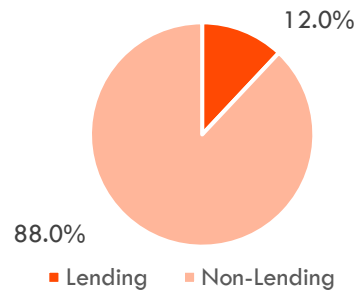
## Lending sector returns vs Nifty returns\*



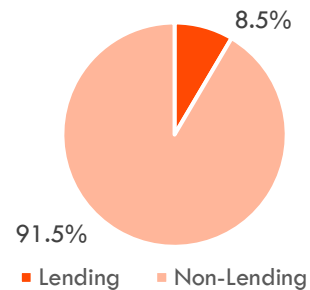
Post listing, **NBFCs/HFCs/MFIs** performed in line with market whereas **Banks/SFBs**, have underperformed

## Huge scope still for lending IPOs in future

Volume % of Lending Institutions in Nifty 500



















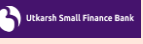








Volume % of Lending IPOs in the last decade








Currently, the share of pie of **lending IPOs** is **low** within **Nifty 500**, thus, there's **significant potential** for more companies to go public in the future

# Median listing ranges of various sub-segments

| Sub-Sector                 | Companies  | AUM (INR Cr) | AUM CAGR%* | NW (INR Cr) | PAT (INR Cr) | ROE % | P/AUM (x) | Post-Money P/B (x) | TTM P/E (x) |
|----------------------------|--|--------------|------------|-------------|--------------|-------|-----------|--------------------|-------------|
| Housing Finance Cos        |   <br>    | 4.5k-5.0k    | 50.0%      | 1.2k-1.4k   | 200-225      | 14.5% | 1.1x      | 3.3x               | 54.8x       |
| Non-Banking Finance Cos    |  <br>     | 5.5k-6.0k    | 23.6%      | 1.9k-2.1k   | 200-225      | 13.9% | 0.8x      | 2.5x               | 26.6x       |
| Micro Finance Institutions |      | 6.5k-7.0k    | 41.5%      | 1.6k-1.8k   | 225-250      | 18.0% | 0.8x      | 2.2x               | 18.9x       |
| Small Finance Banks        |    <br>    | 13.0k-15.0k  | 33.7%      | 1.9k-2.1k   | 300-325      | 17.7% | 0.3x      | 1.6x               | 16.1x       |
| Banks                      |     | 21.0k-24.0k  | 32.9%      | 2.8k-3.0k   | 275-300      | 11.2% | 0.4x      | 2.2x               | 28.4x       |

# Median current ranges of various sub-segments

| Sub-Sector                 | Companies   | AUM (INR Cr) | AUM CAGR%* | NW (INR Cr) | PAT (INR Cr) | ROE % | P/AUM (x) | P/B (x)# | TTM P/E (x)# |
|----------------------------|---|--------------|------------|-------------|--------------|-------|-----------|----------|--------------|
| Housing Finance Cos        |    | 9.0k-10.0k   | 27.2%      | 3.6k-3.8k   | 475-500      | 15.5% | 0.7x      | 3.4x     | 24.5x        |
| Non-Banking Finance Cos    |    | 9.0k-10.0k   | 30.8%      | 2.7k-2.9k   | 225-250      | 13.5% | 0.5x      | 2.7x     | 20.8x        |
| Micro Finance Institutions |    | 11.5k-12.5k  | 22.4%      | 3.1k-3.3k   | 500-525      | 19.9% | 0.4x      | 1.6x     | 10.0x        |
| Small Finance Banks        |   | 21.0k-24.0k  | 20.7%      | 3.1k-3.4k   | 575-600      | 17.2% | 0.3x      | 1.7x     | 10.3x        |
| Banks                      |  | 80.0k-90.0k  | 18.3%      | 14.0k-15.0k | 1.1k-1.3k    | 10.8% | 0.2x      | 1.4x     | 11.8x        |

# Price taken as of 31<sup>st</sup> May 2024, while the Net worth & PAT taken is as of FY24

\* AUM CAGR calculated basis AUM as at one quarter before listing to AUM as at FY24

# Sub-sector Analysis

## Stage and Scale

- HFCs have typically listed at a **median AUM** and **Net worth scale of INR 4,500-5,000 crore** and **1,200-1,400 crore** respectively
- The **median Pre-money P/B multiple** at the time of listing has been **3.8x-4.1x**
- Their issue size has generally been in the wide range of **INR 1,000-3,000 crore**, however the median stands around **INR 1,700**

## Listing Story

- **Affordable HFCs** have seen **better multiples** both at the **time of listing as well as in current times**
- While the sector has witnessed subdued listing gains, the **median subscription** level has remained robust at **26.7x**
- The **predominant portion** of the issue comprises **secondary shares**, accounting for over **60%**. This is primarily because many of these companies had received backing from **Private Equity/VC** funds seeking **partial exit** through the IPO
- Except for Aptus, all the companies have either matched or surpassed market performance



# Financial metrics of HFCs at the time of IPO Vs Current metrics

At the time of IPO - Figures in INR Crores

| Company Name                  | Listing Month | Issue Size   | Primary %  | Subscription (x) | Listing Gain % <sup>1</sup> | AUM          | AUM CAGR <sup>2</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | Pre-money PB (x) | Post-Money PB (x) | TTM PE (x)   |
|-------------------------------|---------------|--------------|------------|------------------|-----------------------------|--------------|-----------------------|--------------|------------|--------------|-------------|------------------|-------------------|--------------|
| Aavas Financiers              | Oct-18        | 1,734        | 21%        | 1.0x             | -6%                         | 4,759        | 79%                   | 1,374        | 117        | 11.8%        | 1.3x        | 4.4x             | 3.7x              | 54.8x        |
| Home First Finance Company    | Feb-21        | 1,154        | 23%        | 26.7x            | 2%                          | 3,941        | 63%                   | 1,092        | 81         | 8.1%         | 1.1x        | 3.9x             | 3.3x              | 55.7x        |
| Aptus Value Housing Finance   | Aug-21        | 2,780        | 18%        | 17.2x            | -2%                         | 4,068        | 50%                   | 1,979        | 267        | 14.5%        | 4.3x        | 8.6x             | 7.1x              | 65.5x        |
| India Shelter Housing Finance | Dec-23        | 1,200        | 67%        | 38.6x            | 10%                         | 5,181        | 41%                   | 1,375        | 201        | 15.9%        | 1.0x        | 3.3x             | 2.4x              | 26.3x        |
| Aadhar Housing Finance        | May-24        | 3,000        | 33%        | 26.8x            | 5%                          | 21,121       | 14%                   | 4,450        | 750        | 18.4%        | 0.6x        | 2.8x             | 2.5x              | 17.9x        |
| <b>Median Metrics</b>         |               | <b>1,734</b> | <b>23%</b> | <b>26.7x</b>     | <b>2%</b>                   | <b>4,759</b> | <b>50%</b>            | <b>1,375</b> | <b>201</b> | <b>14.5%</b> | <b>1.1x</b> | <b>3.9x</b>      | <b>3.3x</b>       | <b>54.8x</b> |

Current Metrics (FY2024) - Figures in INR Crores

| Company Name                  | Market Cap at IPO | Current Market Cap | Growth in Market Cap | Company CAGR % <sup>3</sup> | Nifty Return % | AUM          | AUM CAGR <sup>4</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | PB (x)      | PE (x)       |
|-------------------------------|-------------------|--------------------|----------------------|-----------------------------|----------------|--------------|-----------------------|--------------|------------|--------------|-------------|-------------|--------------|
| Aavas Financiers              | 6,420             | 12,868             | 100%                 | 13%                         | 15%            | 17,313       | 26%                   | 3,773        | 491        | 13.9%        | 0.7x        | 3.4x        | 26.2x        |
| Home First Finance Company    | 4,527             | 7,238              | 60%                  | 15%                         | 14%            | 9,698        | 30%                   | 2,122        | 306        | 15.5%        | 0.7x        | 3.4x        | 23.7x        |
| Aptus Value Housing Finance   | 17,494            | 15,009             | -14%                 | -5%                         | 10%            | 8,772        | 27%                   | 3,768        | 612        | 17.2%        | 1.7x        | 4.0x        | 24.5x        |
| India Shelter Housing Finance | 5,278             | 6,284              | 19%                  | 45%                         | 17%            | 6,084        | 27%                   | 2,299        | 248        | 14.0%        | 1.0x        | 2.7x        | 25.3x        |
| Aadhar Housing Finance        | 13,435            | 14,591             | 9%                   | NA                          | 40%            | 21,121       | NA                    | 4,450        | 750        | 18.4%        | 0.7x        | 3.3x        | 19.5x        |
| <b>Median Metrics</b>         | <b>10,183</b>     | <b>12,868</b>      | <b>19%</b>           | <b>14%</b>                  | <b>15%</b>     | <b>9,698</b> | <b>27%</b>            | <b>3,768</b> | <b>491</b> | <b>15.5%</b> | <b>0.7x</b> | <b>3.4x</b> | <b>24.5x</b> |

Sources – RHP Filing, Prospectus, Investor Presentation, NSE Website, Annual Report

AUM, NW & PAT taken 1 quarter before the listing date except for Aptus

<sup>1</sup> Calculated basis Issue Price and Closing Price of Listing Date

<sup>2</sup> Calculated 3 FYs before listing date to 1 FY before listing date

<sup>3</sup> Returns calculated basis change in issue price from the listing date to 31<sup>st</sup> May 2024

<sup>4</sup> Calculated from listing date to FY2024

## Stage and Scale

- NBFCs have typically listed at a **median AUM scale of INR 5,500-6,000 crore** whereas the net worth has been quite varied
- The **median Pre-money P/B multiple** at the time of listing has been **3.0x-3.2x**
- Their issue size has generally been in the range of **INR 1,000-1,200 crore**

## Listing Story

- **NBFCs** have seen **better multiples** both at the **time of listing as well today**
- The sector has experienced **varied listing gains** and **investor interest** at the time of IPO
- The **primary** and **secondary component** at the time of listing have almost been **equal**
- Post the listing, IndoStar and FedFina have significantly **underperformed compared to the market**

# Financial metrics of NBFCs at the time of IPO Vs Current metrics

At the time of IPO - Figures in INR Crores

| Company Name               | Listing Month | Issue Size   | Primary %  | Subscription (x) | Listing Gain % <sup>1</sup> | AUM          | AUM CAGR <sup>2</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | Pre-money PB (x) | Post-Money PB (x) | TTM PE (x)   |
|----------------------------|---------------|--------------|------------|------------------|-----------------------------|--------------|-----------------------|--------------|------------|--------------|-------------|------------------|-------------------|--------------|
| MAS Financial Services     | Oct-17        | 460          | 51%        | 128.4x           | 43%                         | 3,474        | 26%                   | 458          | 82         | 22.5%        | 0.7x        | 5.0x             | 3.6x              | 30.8x        |
| IndoStar Capital Finance   | May-18        | 1,844        | 38%        | 6.7x             | 2%                          | 6,207        | 24%                   | 2,137        | 224        | 11.1%        | 0.8x        | 2.1x             | 1.8x              | 23.2x        |
| Five Star Business Finance | Nov-22        | 1,593        | 0%         | 0.7x             | 3%                          | 5,732        | 14%                   | 4,008        | 520        | 13.9%        | 2.4x        | 3.4x             | 3.4x              | 26.6x        |
| SBFC Finance               | Aug-23        | 1,025        | 59%        | 74.1x            | 62%                         | 5,327        | -5%                   | 1,927        | 165        | 9.4%         | 1.1x        | 2.8x             | 2.4x              | 36.8x        |
| Fedbank Financial Services | Nov-23        | 1,092        | 55%        | 2.2x             | 0%                          | 10,030       | 37%                   | 1,496        | 202        | 14.7%        | 0.5x        | 3.1x             | 2.5x              | 25.6x        |
| <b>Median Metrics</b>      |               | <b>1,092</b> | <b>51%</b> | <b>6.7x</b>      | <b>3%</b>                   | <b>5,732</b> | <b>24%</b>            | <b>1,927</b> | <b>202</b> | <b>13.9%</b> | <b>0.8x</b> | <b>3.1x</b>      | <b>2.5x</b>       | <b>26.6x</b> |

Current Metrics (FY2024) - Figures in INR Crores

| Company Name               | Market Cap at IPO | Current Market Cap | Growth in Market Cap | Company CAGR % <sup>3</sup> | Nifty Return % | AUM          | AUM CAGR <sup>4</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | PB (x)      | PE (x)       |
|----------------------------|-------------------|--------------------|----------------------|-----------------------------|----------------|--------------|-----------------------|--------------|------------|--------------|-------------|-------------|--------------|
| MAS Financial Services     | 2,509             | 4,724              | 88%                  | 10%                         | 13%            | 10,126       | 17%                   | 1,769        | 248        | 15.1%        | 0.5x        | 2.7x        | 19.1x        |
| IndoStar Capital Finance   | 5,213             | 2,409              | -54%                 | -12%                        | 13%            | 8,763        | 6%                    | 3,235        | 116        | 3.7%         | 0.3x        | 0.7x        | 20.8x        |
| Five Star Business Finance | 13,811            | 22,124             | 60%                  | 36%                         | 15%            | 9,641        | 37%                   | 5,196        | 836        | 17.5%        | 2.3x        | 4.3x        | 26.5x        |
| SBFC Finance               | 6,066             | 8,736              | 44%                  | 59%                         | 20%            | 6,822        | 31%                   | 2,778        | 237        | 10.5%        | 1.3x        | 3.1x        | 36.9x        |
| Fedbank Financial Services | 5,166             | 4,415              | -15%                 | -27%                        | 25%            | 12,192       | 34%                   | 2,261        | 245        | 13.5%        | 0.4x        | 2.0x        | 18.0x        |
| <b>Median Metrics</b>      | <b>5,213</b>      | <b>4,724</b>       | <b>44%</b>           | <b>10%</b>                  | <b>15%</b>     | <b>9,641</b> | <b>31%</b>            | <b>2,778</b> | <b>245</b> | <b>13.5%</b> | <b>0.5x</b> | <b>2.7x</b> | <b>20.8x</b> |

Sources – RHP Filing, Prospectus, Investor Presentation, NSE Website, Annual Report

AUM, NW & PAT taken 1 quarter before the listing date

<sup>1</sup> Calculated basis Issue Price and Closing Price of Listing Date

<sup>2</sup> Calculated 3 FYs before listing date to 1 FY before listing date

<sup>3</sup> Returns calculated basis change in issue price from the listing date to 31<sup>st</sup> May 2024

<sup>4</sup> Calculated from listing date to FY2024

### Stage and Scale

- MFIs have typically listed at a **median AUM** and **Net worth scale** of **INR 6,500-7,000 crore** and **1,600-1,800 crore**, respectively. There is also an increase in the scale of AUM at which MFIs have listed over the years
- The **median Pre-money P/B multiple** at the time of listing has been **2.2x-2.5x**
- Their issue size has generally been in the range of **INR 1,000-1,200 crore**

### Listing Story

- MFIs have seen lower investor interest at the time of listing from a subscription perspective compared to all other sub-sectors with no listing gains
- The **primary** and **secondary component** at the time of listing have almost been **equal**
- CreditAccess Grameen and Fusion Micro Finance have **outperformed the market** post listing

# Financial metrics of MFIs at the time of IPO Vs Current metrics

At the time of IPO - Figures in INR Crores

| Company Name                | Listing Month | Issue Size   | Primary %  | Subscription (x) | Listing Gain % <sup>1</sup> | AUM          | AUM CAGR <sup>2</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | Pre-money PB (x) | Post-Money PB (x) | TTM PE (x)   |
|-----------------------------|---------------|--------------|------------|------------------|-----------------------------|--------------|-----------------------|--------------|------------|--------------|-------------|------------------|-------------------|--------------|
| CreditAccess Grameen        | Aug-18        | 1,131        | 56%        | 2.2x             | 0%                          | 5,468        | 46%                   | 1,533        | 183        | 16.9%        | 1.1x        | 3.5x             | 2.8x              | 33.1x        |
| Spandana Sphoorty Financial | Aug-19        | 1,202        | 33%        | 1.1x             | -1%                         | 4,437        | 61%                   | 1,890        | 312        | 19.0%        | 1.2x        | 2.7x             | 2.4x              | 17.6x        |
| Fusion Micro Finance        | Nov-22        | 1,104        | 54%        | 3.0x             | -12%                        | 8,047        | 37%                   | 1,514        | 184        | 13.0%        | 0.5x        | 2.1x             | 1.8x              | 20.1x        |
| Muthoot Microfin            | Dec-23        | 960          | 79%        | 12.3x            | -9%                         | 10,867       | 36%                   | 1,842        | 358        | 21.8%        | 0.5x        | 2.3x             | 1.9x              | 13.9x        |
| <b>Median Metrics</b>       |               | <b>1,118</b> | <b>55%</b> | <b>2.6x</b>      | <b>-5%</b>                  | <b>6,758</b> | <b>41%</b>            | <b>1,688</b> | <b>248</b> | <b>18.0%</b> | <b>0.8x</b> | <b>2.5x</b>      | <b>2.2x</b>       | <b>18.9x</b> |

Current Metrics (FY2024) - Figures in INR Crores

| Company Name                | Market Cap at IPO | Current Market Cap | Growth in Market Cap | Company CAGR % <sup>3</sup> | Nifty Return % | AUM           | AUM CAGR <sup>4</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | PB (x)      | PE (x)       |
|-----------------------------|-------------------|--------------------|----------------------|-----------------------------|----------------|---------------|-----------------------|--------------|------------|--------------|-------------|-------------|--------------|
| CreditAccess Grameen        | 6,050             | 20,879             | 245%                 | 24%                         | 12%            | 26,714        | 31%                   | 6,570        | 1,446      | 24.8%        | 0.8x        | 3.2x        | 14.4x        |
| Spandana Sphoorty Financial | 5,505             | 5,409              | -2%                  | 0%                          | 16%            | 11,973        | 21%                   | 3,645        | 501        | 14.0%        | 0.5x        | 1.5x        | 10.8x        |
| Fusion Micro Finance        | 3,703             | 4,617              | 25%                  | 15%                         | 14%            | 11,476        | 24%                   | 2,848        | 505        | 19.5%        | 0.4x        | 1.6x        | 9.1x         |
| Muthoot Microfin            | 4,961             | 3,708              | -25%                 | -47%                        | 12%            | 12,194        | 19%                   | 2,804        | 450        | 20.3%        | 0.3x        | 1.3x        | 8.2x         |
| <b>Median Metrics</b>       | <b>5,233</b>      | <b>5,013</b>       | <b>11%</b>           | <b>8%</b>                   | <b>13%</b>     | <b>12,084</b> | <b>22%</b>            | <b>3,247</b> | <b>503</b> | <b>19.9%</b> | <b>0.4x</b> | <b>1.6x</b> | <b>10.0x</b> |

Sources – RHP Filing, Prospectus, Investor Presentation, NSE Website, Annual Report

AUM, NW & PAT taken 1 quarter before the listing date except for Spandana

<sup>1</sup> Calculated basis Issue Price and Closing Price of Listing Date

<sup>2</sup> Calculated 3 FYs before listing date to 1 FY before listing date

<sup>3</sup> Returns calculated basis change in issue price from the listing date to 31<sup>st</sup> May 2024

<sup>4</sup> Calculated from listing date to FY2024

### Stage and Scale

- As per RBI guidelines, from the initial 10 SFB licenses, **8 got listed as per guideline** & out of the remaining 1 got acquired
- SFBs have typically listed at a median **AUM and Net worth scale of INR 13,000-15,000 crore and 1,800-2,100 crore** respectively
- The **median Pre-money P/B multiple** at the time of listing has been **1.8x-2.0x**
- Their issue size has generally been in the lower range of **INR 500-600 crore** due to many SFBs IPO's happening in a **very short period**

### Listing Story

- Overall SFBs have received **good subscriptions – 37x**, however that has not translated to significant listing gain
- SFBs are trading at similar level of P/BV multiple compared to at the time of IPO while the PE Multiples have gone down significantly

# Financial metrics of SFBs at the time of IPO Vs Current metrics

At the time of IPO - Figures in INR Crores

| Company Name                | Listing Month | Issue Size | Primary Subscription % | Subscription (x) | Listing Gain % <sup>1</sup> | AUM           | AUM CAGR <sup>2</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | Pre-money PB (x) | Post-Money PB (x) | TTM PE (x)   |
|-----------------------------|---------------|------------|------------------------|------------------|-----------------------------|---------------|-----------------------|--------------|------------|--------------|-------------|------------------|-------------------|--------------|
| AU Small Finance Bank       | Jul-17        | 1,913      | 0%                     | 53.6x            | 51%                         | 10,734        | 36%                   | 2,000        | 326        | 21.7%        | 0.9x        | 5.1x             | 5.1x              | 31.2x        |
| Ujjivan Small Finance Bank  | Dec-19        | 750        | 100%                   | 165.7x           | 51%                         | 12,863        | 32%                   | 1,994        | 296        | 15.9%        | 0.5x        | 2.8x             | 2.3x              | 21.6x        |
| Equitas Small Finance Bank  | Nov-20        | 518        | 54%                    | 2.0x             | 0%                          | 16,731        | 39%                   | 2,904        | 300        | 11.4%        | 0.2x        | 1.2x             | 1.2x              | 12.5x        |
| Suryoday Small Finance Bank | Mar-21        | 582        | 43%                    | 2.4x             | -9%                         | 3,782         | 47%                   | 1,191        | 39         | 3.5%         | 0.9x        | 2.5x             | 2.2x              | 82.2x        |
| Utkarsh Small Finance Bank  | Jul-23        | 500        | 100%                   | 110.8x           | 92%                         | 14,394        | 29%                   | 2,110        | 423        | 22.4%        | 0.2x        | 1.1x             | 1.0x              | 6.5x         |
| ESAF Small Finance Bank     | Nov-23        | 463        | 85%                    | 77.0x            | 15%                         | 17,490        | 39%                   | 1,979        | 409        | 23.0%        | 0.2x        | 1.4x             | 1.3x              | 7.6x         |
| Jana Small Finance Bank     | Feb-24        | 570        | 81%                    | 19.9x            | -11%                        | 23,610        | 25%                   | 2,719        | 429        | 19.4%        | 0.2x        | 1.4x             | 1.4x              | 10.1x        |
| Capital Small Finance Bank  | Feb-24        | 523        | 86%                    | 4.2x             | -7%                         | 5,718         | 21%                   | 743          | 107        | 16.1%        | 0.4x        | 2.2x             | 1.8x              | 19.7x        |
| <b>Median Metrics</b>       |               | <b>547</b> | <b>83%</b>             | <b>36.7x</b>     | <b>8%</b>                   | <b>13,629</b> | <b>36%</b>            | <b>1,997</b> | <b>313</b> | <b>17.7%</b> | <b>0.3x</b> | <b>1.8x</b>      | <b>1.6x</b>       | <b>16.1x</b> |

Current Metrics (FY2024) - Figures in INR Crores

| Company Name                | Market Cap at IPO | Current Market Cap | Growth in Market Cap | Company CAGR % <sup>3</sup> | Nifty Return % | AUM           | AUM CAGR <sup>4</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | PB (x)      | PE (x)       |
|-----------------------------|-------------------|--------------------|----------------------|-----------------------------|----------------|---------------|-----------------------|--------------|------------|--------------|-------------|-------------|--------------|
| AU Small Finance Bank       | 10,176            | 47,743             | 369%                 | 25%                         | 13%            | 82,175        | 33%                   | 12,560       | 1,592      | 13.5%        | 0.6x        | 3.8x        | 30.0x        |
| Ujjivan Small Finance Bank  | 6,394             | 9,630              | 51%                  | 10%                         | 15%            | 29,780        | 20%                   | 5,613        | 1,281      | 26.1%        | 0.3x        | 1.7x        | 7.5x         |
| Equitas Small Finance Bank  | 3,756             | 10,447             | 178%                 | 33%                         | 20%            | 34,337        | 22%                   | 5,969        | 799        | 14.4%        | 0.3x        | 1.8x        | 13.1x        |
| Suryoday Small Finance Bank | 3,237             | 1,988              | -39%                 | -14%                        | 15%            | 8,650         | 27%                   | 1,805        | 216        | 12.7%        | 0.2x        | 1.1x        | 9.2x         |
| Utkarsh Small Finance Bank  | 2,740             | 5,669              | 107%                 | 132%                        | 17%            | 18,299        | 30%                   | 2,973        | 498        | 20.0%        | 0.3x        | 1.9x        | 11.4x        |
| ESAF Small Finance Bank     | 3,089             | 2,728              | -12%                 | -20%                        | 31%            | 19,659        | 19%                   | 2,486        | 426        | 20.3%        | 0.1x        | 1.1x        | 6.4x         |
| Jana Small Finance Bank     | 4,330             | 6,108              | 41%                  | 223%                        | 11%            | 24,746        | 12%                   | 3,577        | 670        | 24.9%        | 0.2x        | 1.7x        | 9.1x         |
| Capital Small Finance Bank  | 2,108             | 1,479              | -30%                 | -70%                        | 11%            | 6,160         | 20%                   | 1,197        | 112        | 12.3%        | 0.2x        | 1.2x        | 13.3x        |
| <b>Median Metrics</b>       | <b>3,497</b>      | <b>5,889</b>       | <b>46%</b>           | <b>17%</b>                  | <b>15%</b>     | <b>22,203</b> | <b>21%</b>            | <b>3,275</b> | <b>584</b> | <b>17.2%</b> | <b>0.3x</b> | <b>1.7x</b> | <b>10.3x</b> |

Sources – RHP Filing, Prospectus, Investor Presentation, NSE Website, Annual Report

AUM, NW & PAT taken 1 quarter before the listing date except for AU SFB

<sup>1</sup> Calculated basis Issue Price and Closing Price of Listing Date

<sup>2</sup> Calculated 3 FYs before listing date to 1 FY before listing date

<sup>3</sup> Returns calculated basis change in issue price from the listing date to 31<sup>st</sup> May 2024

<sup>4</sup> Calculated from listing date to FY2024

## Stage and Scale

- Within the entire Lending Institutions - Banks have listed at significant higher size (in terms of AUM) compared to rest of sub-sector
- The **median Pre-money P/B multiple** at the time of listing has been **2.2x-2.5x**

## Listing Story

- The last Bank IPO came in 2019 of CSB Bank
- Current **median valuation multiples have halved since listing**, resulting in underperformance compared to the Nifty 50



# Financial metrics of Banks at the time of IPO Vs Current metrics

At the time of IPO - Figures in INR Crores

| Company Name          | Listing Month | Issue Size   | Primary %  | Subscription (x) | Listing Gain % <sup>1</sup> | AUM           | AUM CAGR <sup>2</sup> | NW           | PAT        | ROE %        | P/AUM (x)   | Pre-money PB (x) | Post-Money PB (x) | TTM PE (x)   |
|-----------------------|---------------|--------------|------------|------------------|-----------------------------|---------------|-----------------------|--------------|------------|--------------|-------------|------------------|-------------------|--------------|
| RBL Bank              | Aug-16        | 1,213        | 69%        | 69.6x            | 33%                         | 21,229        | 51%                   | 2,988        | 292        | 11.2%        | 0.4x        | 2.5x             | 2.2x              | 28.4x        |
| Bandhan Bank          | Mar-18        | 4,473        | 82%        | 14.6x            | 27%                         | 24,364        | NA                    | 5,404        | 1,280      | 26.9%        | 1.8x        | 7.6x             | 4.9x              | 35.0x        |
| CSB Bank              | Dec-19        | 410          | 6%         | 86.9x            | 41%                         | 11,403        | 15%                   | 1,536        | -105       | -8.8%        | 0.3x        | 2.2x             | 2.2x              | -32.2x       |
| <b>Median Metrics</b> |               | <b>1,213</b> | <b>69%</b> | <b>69.6x</b>     | <b>33%</b>                  | <b>21,229</b> | <b>33%</b>            | <b>2,988</b> | <b>292</b> | <b>11.2%</b> | <b>0.4x</b> | <b>2.5x</b>      | <b>2.2x</b>       | <b>28.4x</b> |

Current Metrics (FY2024) - Figures in INR Crores

| Company Name          | Market Cap at IPO | Current Market Cap | Growth in Market Cap | Company CAGR % <sup>3</sup> | Nifty Return % | AUM           | AUM CAGR <sup>4</sup> | NW            | PAT          | ROE %        | P/AUM (x)   | PB (x)      | PE (x)       |
|-----------------------|-------------------|--------------------|----------------------|-----------------------------|----------------|---------------|-----------------------|---------------|--------------|--------------|-------------|-------------|--------------|
| RBL Bank              | 8,321             | 14,907             | 79%                  | 8%                          | 13%            | 83,987        | 18%                   | 14,206        | 1,260        | 9.3%         | 0.2x        | 1.0x        | 11.8x        |
| Bandhan Bank          | 44,730            | 30,318             | -32%                 | -6%                         | 14%            | 1,24,720      | 29%                   | 21,610        | 2,230        | 10.8%        | 0.2x        | 1.4x        | 13.6x        |
| CSB Bank              | 3,382             | 5,734              | 70%                  | 12%                         | 15%            | 24,572        | 18%                   | 3,804         | 567          | 16.2%        | 0.2x        | 1.5x        | 10.1x        |
| <b>Median Metrics</b> | <b>8,321</b>      | <b>14,907</b>      | <b>70%</b>           | <b>8%</b>                   | <b>14%</b>     | <b>83,987</b> | <b>18%</b>            | <b>14,206</b> | <b>1,260</b> | <b>10.8%</b> | <b>0.2x</b> | <b>1.4x</b> | <b>11.8x</b> |

AUM, NW & PAT taken 1 quarter before the listing date except for RBL Bank

Sources – RHP Filing, Prospectus, Investor Presentation, NSE Website, Annual Report

<sup>1</sup> Calculated basis Issue Price and Closing Price of Listing Date

<sup>2</sup> Calculated 3 FYs before listing date to 1 FY before listing date

<sup>3</sup> Returns calculated basis change in issue price from the listing date to 31<sup>st</sup> May 2024

<sup>4</sup> Calculated from listing date to FY2024

**THANK YOU**