



# INDIAN FINTECH JOURNEY

From Evolution To Mega Public Listings

 BEAMS FINTECH FUND  
Grow With  VentureCatalysts

 JM FINANCIAL

# Foreword



## SAGAR AGARWAL

*Co-Founder and  
Managing Partner*

BEAMS FINTECH FUND

The Indian Fintech landscape has undergone a remarkable transformation over the past decade, emerging as a global leader in innovation, inclusion, and growth. India's Fintech sector stands at a pivotal moment in its journey, having emerged as the world's third-largest Fintech market, trailing only the United States and China with 26 Unicorns and 120 potential Soonicorns boasting a combined market cap of ~\$120Bn+. This journey, fueled by technological advancements, regulatory reforms, and the entrepreneurial spirit of 10,000+ startups, has redefined the delivery of financial services across the nation, propelling India toward a presence-less, paperless, and cashless economy. As we stand on the cusp of the next wave of Fintech growth having raised \$31Bn+ by 1400+ Companies, it is imperative to reflect on the milestones achieved, understand the current dynamics, and identify the opportunities that lie ahead on their road to public listing. The sector has come of age over the last 15 years, presenting an opportunity for 65+ companies to go public over the next seven years, positioning India as one of the largest listed Fintech markets globally.

India's Fintech ecosystem has thrived on a strong and supportive infrastructure, including a large middle class, young & working population, fast-growing digital adoption, widespread mobile penetration, and some of the cheapest data rates in the world. The enabling regulatory environment, combined with world-leading digital infrastructure laid by NPCI such as Aadhaar, UPI, OCEN and ONDC has accelerated the growth and penetration of Fintech across the country. Structural reforms such as GST, RERA, and capital market initiatives have further bolstered this growth.

Looking ahead, the future of India's Fintech sector is even more promising. We expect to see continued advancements, particularly with the widespread adoption of Artificial Intelligence across the industry. Positive dialogue between regulators and Fintech companies is on the rise, while the transition of experienced bankers into Fintech is helping stabilize and refine the sector's strategic thinking. As banks increasingly collaborate with Fintechs, and as Fintechs secure necessary licenses, the industry is becoming more robust in terms of compliance. Key areas such as Payments, Lending, Insurance, Wealth, Neo Banks, and Financial Infrastructure are all poised to benefit from the ongoing digitization of the country and the financialization of spending, investing, and saving. We anticipate that India will have 150 Fintech Unicorns with a combined market cap of \$0.5Tn over the next seven years, establishing itself as a global leader in financial innovation.

Particular attention should be given to the companies that have successfully navigated humbling times to become publicly listed entities. Their stories offer valuable insights into the preparation required for an IPO, the hurdles encountered, and the strategies employed to succeed in a highly competitive environment. The performance of the 25+ companies that have gone public over the past 15 years is a testament to the strength and resilience of India's Fintech ecosystem and its capacity for sustained growth.

Looking forward, public markets are increasingly seen as a vital platform for entrepreneurs to continue their innovation journeys post-listing. Markets have rewarded high-growth and high-performing companies regardless of their scale, and there is a growing acceptance of their business models. We believe that the Indian Fintech sector will play a pivotal role in India's journey towards a \$7Tn GDP while achieving over \$1.5Tn in Lending & Wealth AUM and \$200Billion in revenues by 2030.

We hope this report serves as a valuable resource for stakeholders across the ecosystem—entrepreneurs, investors, policymakers, and academics alike. By understanding the past and present, we can better navigate the future and contribute to building a more inclusive, resilient, and innovative financial system for all.





## ABHISHEK BHAGAT

*Managing Director  
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JM FINANCIAL

India, with a long-standing tradition of banking and financial services, has witnessed a remarkable transformation over the past decade and emerged as a global fintech powerhouse. The country now boasts 26 fintech unicorns, a vibrant ecosystem of 10,000+ registered Fintechs, and a supportive environment fostered by innovative founders, progressive regulators and optimistic private as well as public market investors.

The unprecedented surge in fintech adoption in India can be attributed to a confluence of factors: a growing digital economy, a young and upwardly mobile tech-savvy population, and supportive regulatory policies. Regulators such as the RBI, SEBI, and IRDAI have been instrumental in accelerating this growth by providing clear guidelines and protections for investors, consumers and ecosystem participants alike.

The first part of this report delves into the intricate tapestry of India's fintech ecosystem, exploring its evolution, key drivers, and the diverse factors that have shaped its growth. The latter part forays into the sectoral landscape covering the unicorns, soonicorns and other notable players in the industry to examine the funding and overarching trends, emerging business models and technologies that are revolutionizing financial services. Additionally, the report elucidates the performance of the listed Fintech universe and shows how companies have created value in the longer term. We believe that the Fintech ecosystem is further maturing and could become a source of a number of large, successful IPOs in the next 6-7 years.

In our endeavor to pre-empt the next big listing story amongst the companies covered, we have distilled our learnings over the years as India's leading investment bank and devised a comprehensive framework for assessing the IPO-ability of these companies and based on our analysis, listed potential IPO candidates. We conducted a thorough analysis of the critical factors that contribute to a successful IPO, including but not limited to the strategic positioning of the business, the optimal sizing and structuring of the IPO, the transparency of financial and operational disclosures, and the significance of robust governance practices. We have additionally fleshed out in-depth case studies of some of the successful listed fintech companies, with an aim to glean valuable insights into their strategic approaches and their subsequent market outcomes.

We trust that this report will provide you with a comprehensive understanding of India's fintech revolution and its transformative potential. Embark with us on this exploration of the future of finance in the world's largest democracy.

It gives me great satisfaction to present this report to you and we hope that this provides you with a comprehensive overview of the Indian Fintech ecosystem.

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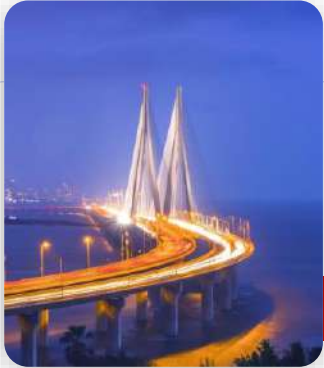
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**Fintech story continues–  
May the force be with you**



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**Fintech comes of age**

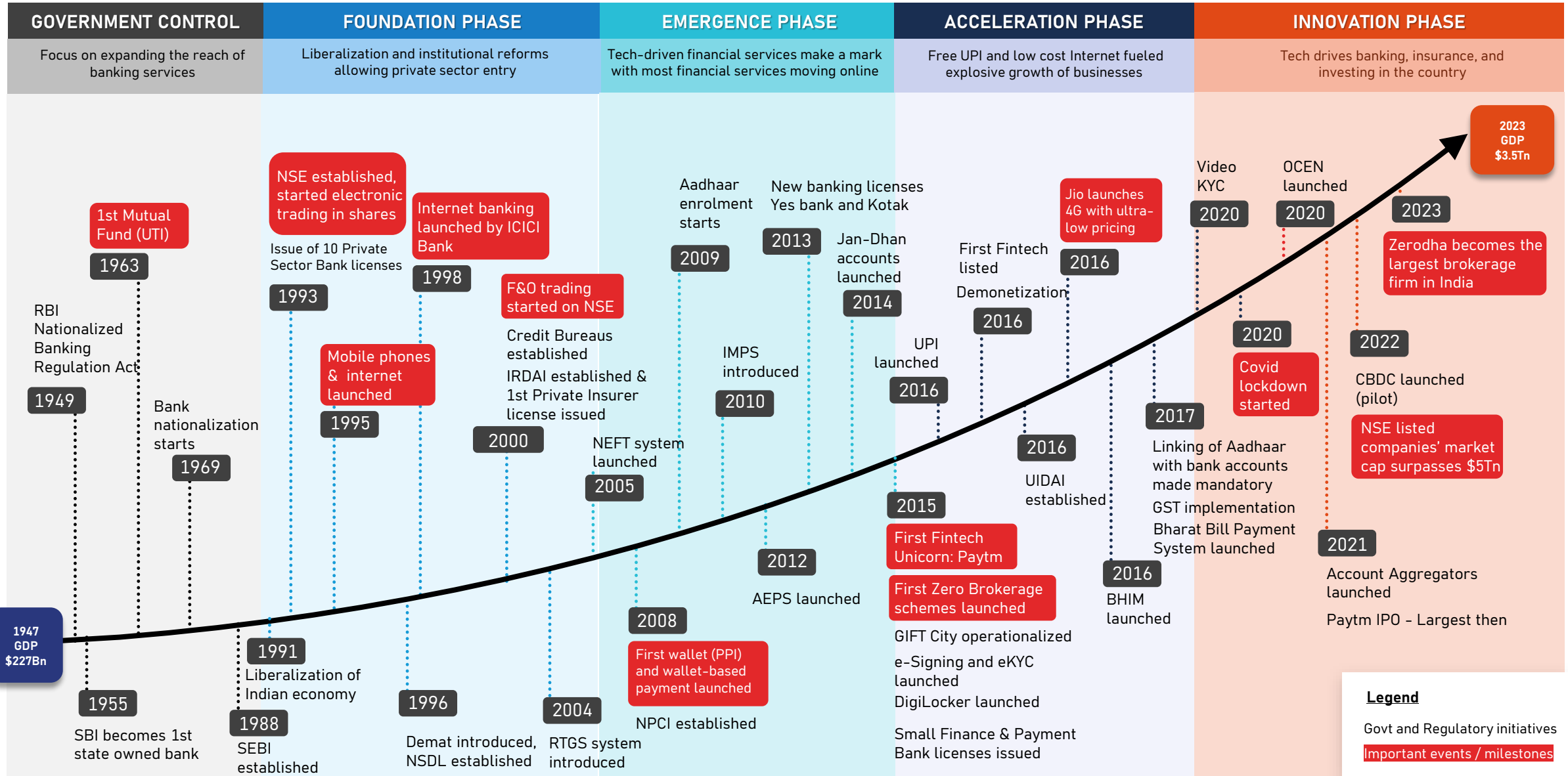


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**Key elements for  
a successful IPO**

# Foundation and evolution of the Indian Fintech industry



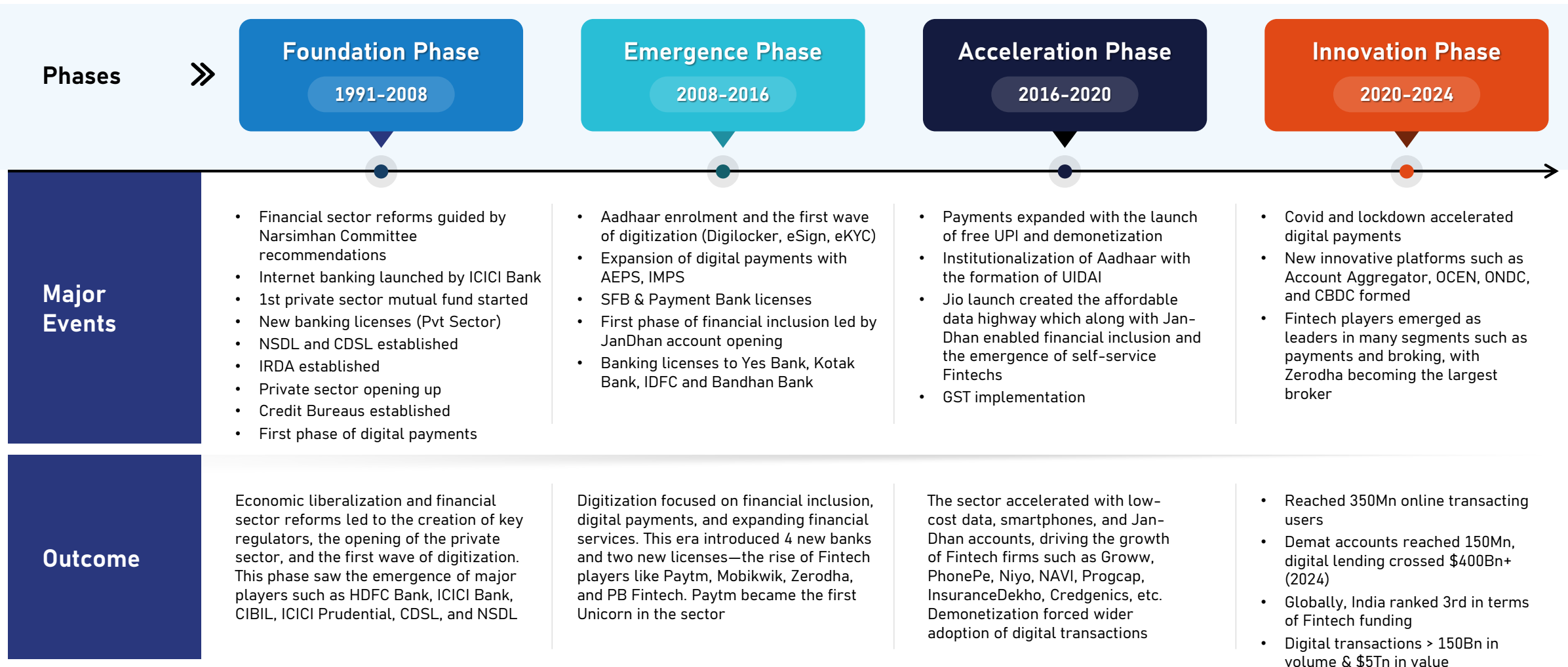
Source: Beams Internal Analysis

**Legend**

- Govt and Regulatory initiatives
- Important events / milestones

# Post liberalization, Fintech grew in multiple phases, currently entering the maturity stage

Sector evolved with the growth of the country and contributing ~0.5% of the GDP by gross value added





# Factors fueling the Fintech revolution

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- Country with 65% young population & 1/3rd rich & affluent class
- 50%+ smartphone penetration & >800Mn internet users
- Rising consumer awareness with >45% of internet users engaging in commerce
- Digital public infrastructure creating an enabling environment
- Government policy support enabling digitization at pace
- Accelerated by COVID

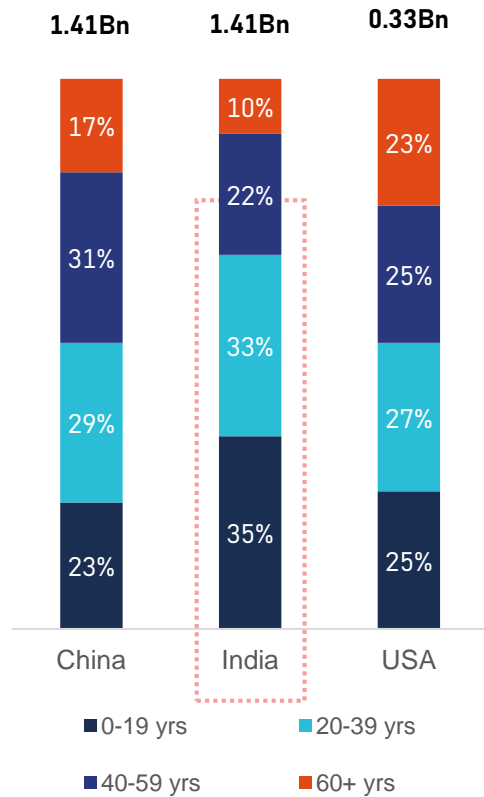
Key Takeaways



# Young and increasingly urban workforce

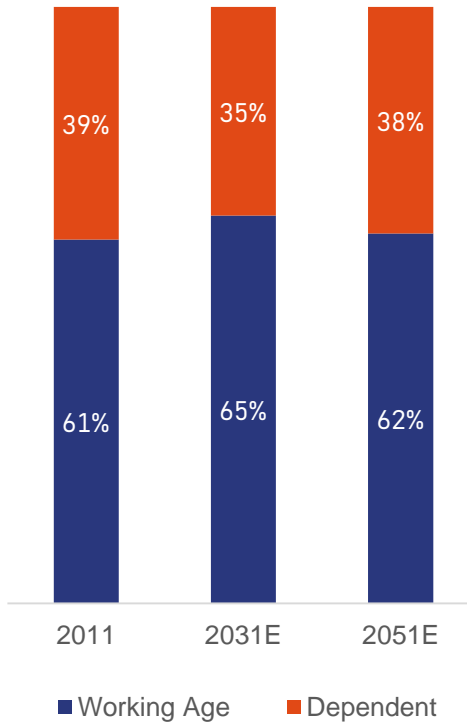
India has been the youngest major economy...

Population split by age group

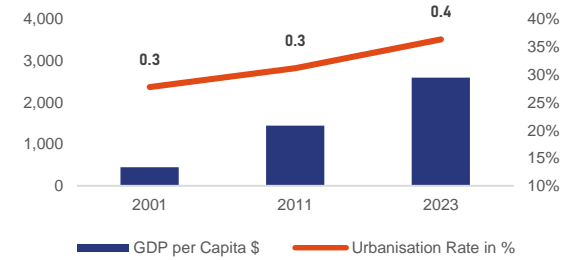


... with a large working age population

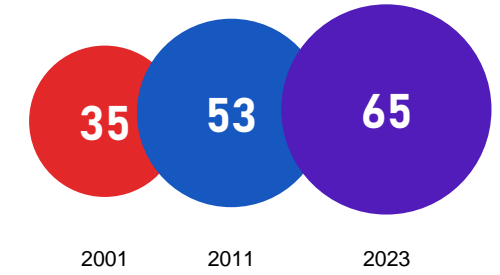
Dependent & working age population



Urbanisation has been increasing at a rapid pace with GDP per capita crossing \$2,800

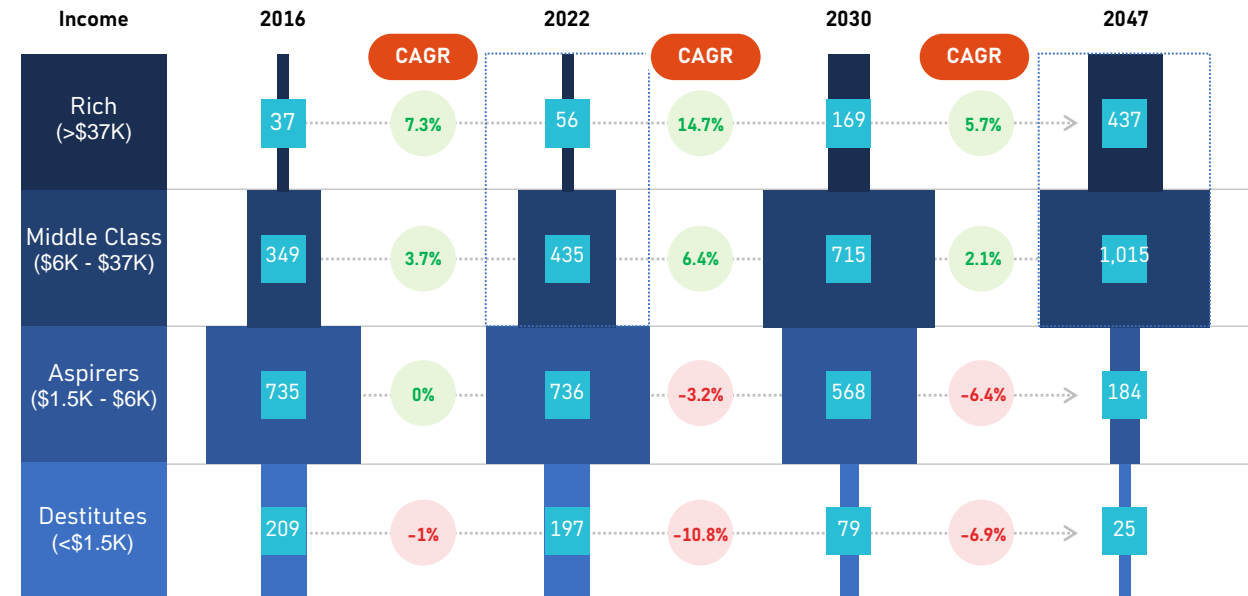


No of cities with 1Mn+ population



Share of middle class & beyond has increased to 1/3<sup>rd</sup> of the population, annual income >\$6,000

Rural middle-class affordability > urban middle class

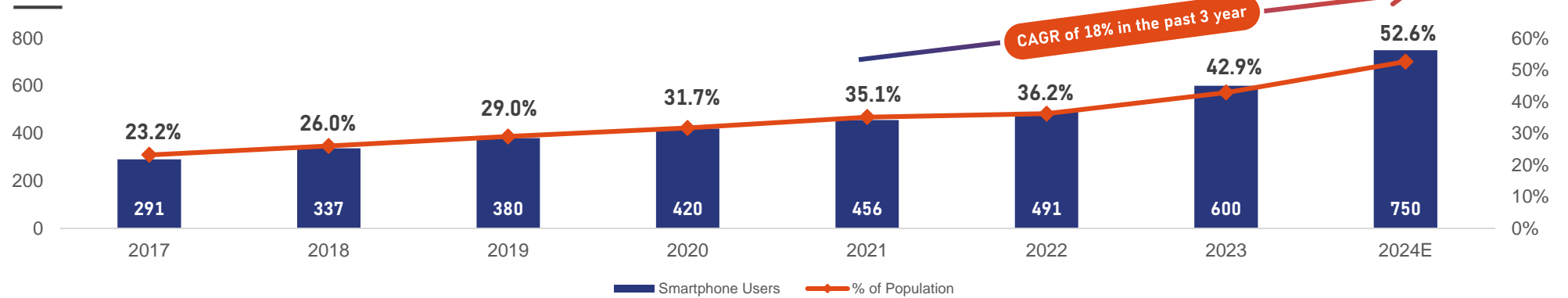


Source: World Bank,

# Leapfrogging to a smartphone economy

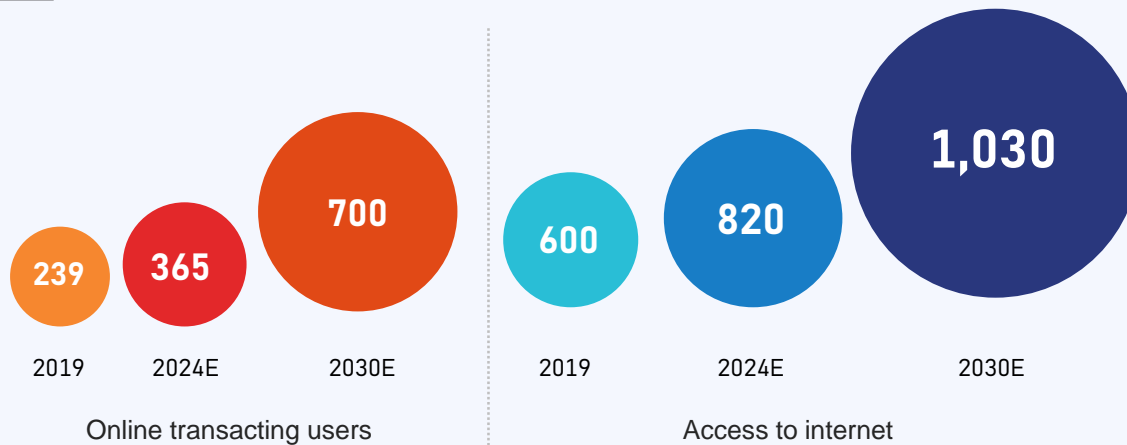
Smartphone penetration in India surpassed 50% in 2024, becoming the world's second-largest user base, with a 2.5x growth in the last 7 years

Smartphone in every pocket

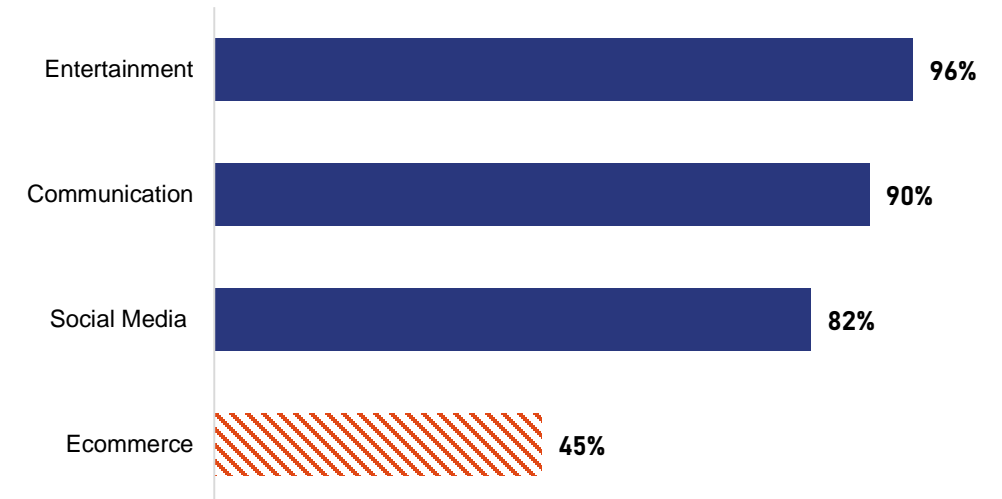


Leading to a wider adoption of internet & digitally transacting users in India

Wider access to internet (Mn)

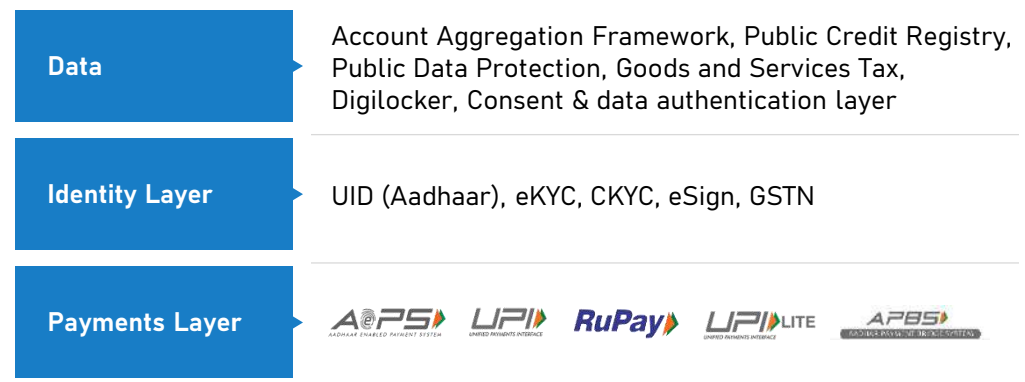


45% percent of average internet users engaging in some kind of online transaction



# Digital public infrastructure and regulatory environment enabling the growth of Fintech

Digital Public Infrastructure (DPI) integrated identity, payments, and data layers to enable secure, paperless, cashless, and presenceless transactions across India



Fintechs leveraged DPI to reduce the cost of on-boarding customers and acquire new customers

DPIs	How startups leverage it	Few examples
Aadhaar, eKYC India	Used for onboarding (Faster KYC)	Groww, slice, Jio, ZERODHA, Niyo
UPI	Building consumer apps aboard the protocol	Paytm, PhonePe, Google Pay, Niyo
DigiLocker	Grant access to documents for verification	CRED, ZERODHA, InsuranceDekho
ONDC	Building consumer apps aboard ONDC Protocol	namma yatri, magicpin
Sahamati	Playing the account aggregator role or lending using AA Framework	FINVU, Emoney, LENDINGKART, PROGCAP



## Key Sample Reforms

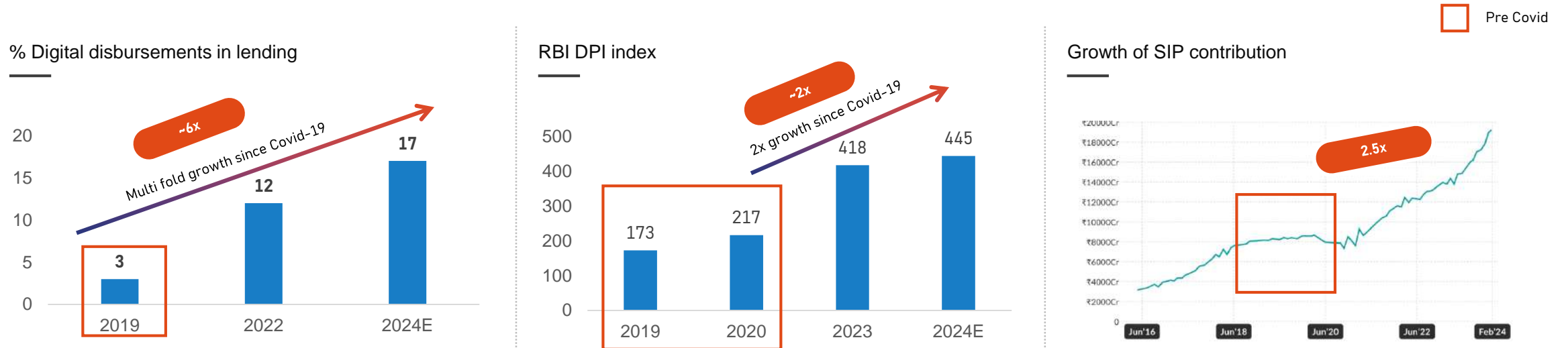
<p><b>Guidelines for Digital Banking, PA-PG Licensing, Digital Lending, &amp; KYC</b></p> <p>Initiatives to facilitate digital banking and lending, regulate payments, and enhance security while preventing fraud</p>	<p><b>T+1 Settlement Cycle</b></p> <p>Introduced to improve the efficiency of trading in public markets through quicker remittances and easy trading</p>	<p><b>e-Insurance issuance</b> No product pre-approval required</p> <p>Enables digital issuance and storage of insurance policies, providing a single view of all a customer's policies. Insurance companies can launch new products without seeking pre-approval from IRDAI</p>	<p><b>e-NPS &amp; National Pension System (NPS)</b></p> <p>An online platform for subscription &amp; account management. A voluntary, defined contribution retirement savings scheme that enables systematic savings during a subscriber's working life launched</p>	<p><b>Listing &amp; Trading REITs</b> Regulatory Sandbox Framework</p> <p>IFSC permitted REITs to list and trade on a stock exchange in GIFT City. A framework for testing innovative financial products, services, and business models</p>
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# Covid induced acceleration in Fintech adoption has continued

“According to the Economic Survey FY23, India’s adoption rate of financial technology was 87%, significantly higher than the global average of 64.1%.”

Fintechs are accelerating financial inclusion, democratizing access, and spurring personalization of products and customer journeys



Presently, there are a billion searches everyday, of which 15% searches are by new user segments, across categories and segments

From 2019 till present

**+90%**

Increase in search interest in digital loans

**+45%**

Increase in search interest in how to invest and best stocks

**+44%**

Increase in search interest in health insurance for family

**+38%**

Increase in search interest in online forex and digital payments

# Fintech in numbers – 26 Unicorns and 87 Soonicorns

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- Fastest growing sector, 3rd largest market in the world
- Most attractive sector for investments, 2nd most funded sector
- Payments & lending continue to acquire the top spot in funding with an 85% share
- Digital retail payments crossed \$7Tn in 2024
- Digital lending touched \$350Bn in annual disbursements
- Financialization of savings witnessing exponential growth
- 20% of all SaaS revenues comprise BFSI SaaS companies

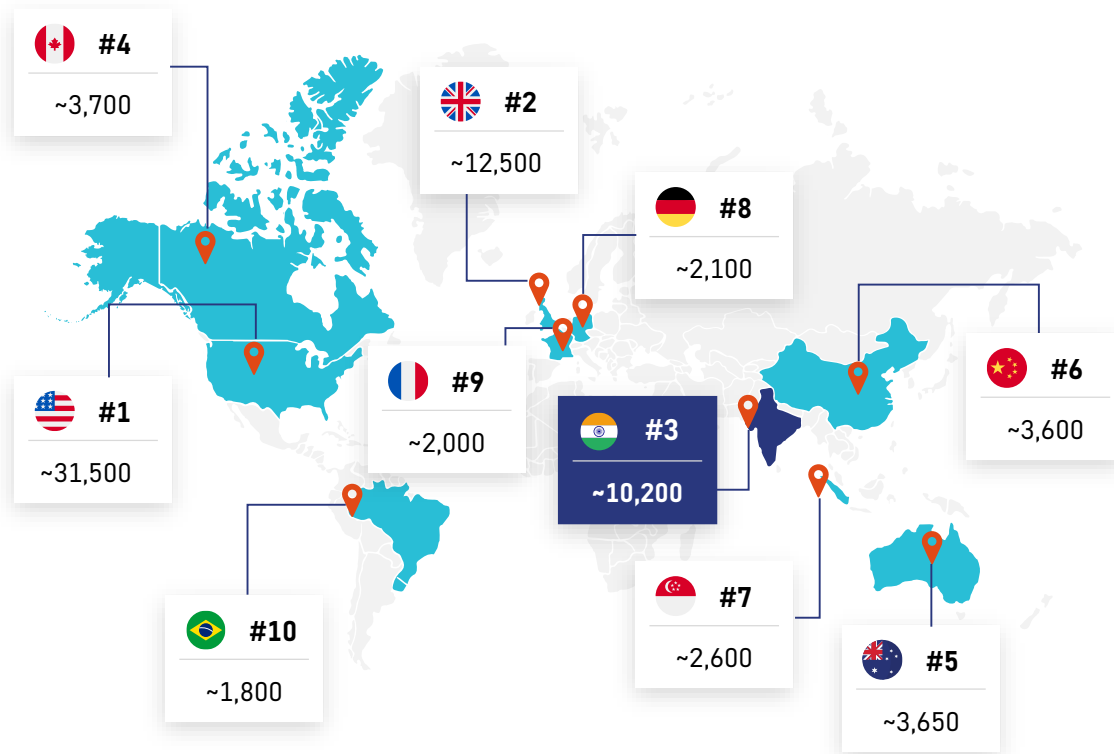
Key Takeaways



# India is home to 26 Fintech Unicorns including one Decacorn with a combined market value of \$90Bn

India has the 3rd highest number of registered Fintechs globally

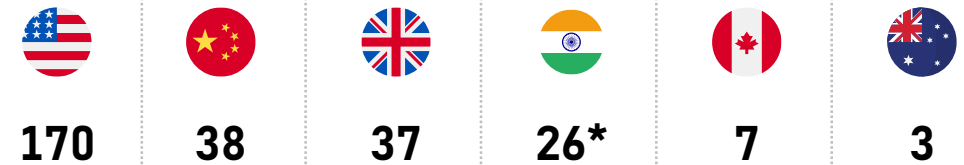
Registered Fintechs globally



The number of registered Fintech startups has grown ~5x in the past 3 years from 2,100 in 2021 to 10,200 in 2024

India currently stands #4 in terms of number of Fintech Unicorns

Number of Fintech Unicorns



2024	
1 Decacorn <sup>1</sup> \$12Bn Valuation	25 Unicorns <sup>2</sup> \$78Bn Combined valuation
87 Soonicorns <sup>3</sup> \$25Bn Combined valuation	37 Minicorns <sup>4</sup> \$3Bn Combined valuation

The Indian Fintech industry currently has a combined valuation ~\$125Bn

Combined revenues of all Fintech companies was estimated to be \$20Bn as of FY23

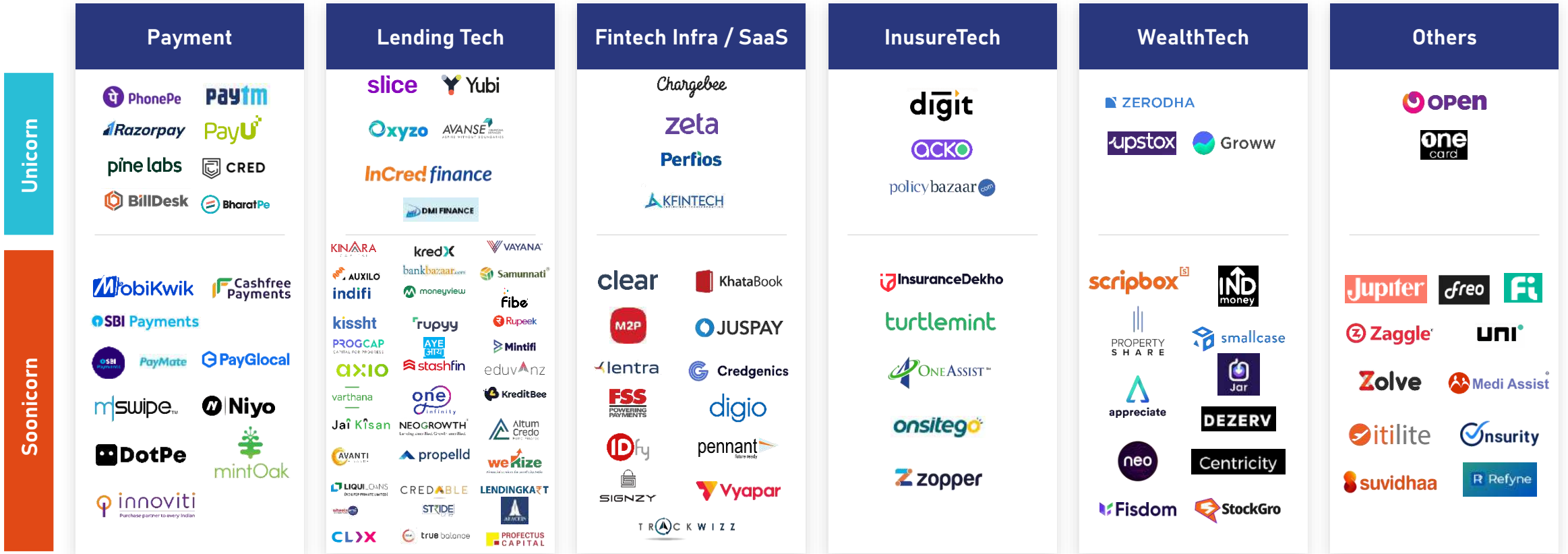
Payments & Lending have occupied the largest share in revenues and funding, with a combined share of 85% in capital raised

Source: Ministry of Finance, Tracxn, State of the Fintech Union 2023 BCG

Note: 1) Valuation of \$10Bn or higher 2) Valuation \$1Bn or higher but less than \$10Bn 3) Company that has the potential to turn into a Unicorn in the next 3 years (Valuation \$100Mn or higher but less than \$1Bn), 4) Company that can turn into Unicorns in the next 4-6 years (Valuation \$60Mn or higher but less than \$100Mn), \*Including the decacorn



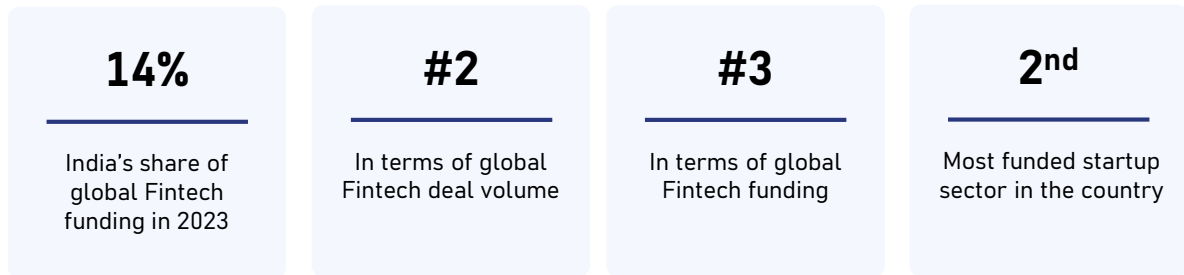
# Snapshots of Unicorns and Soonicorns in the Fintech ecosystem



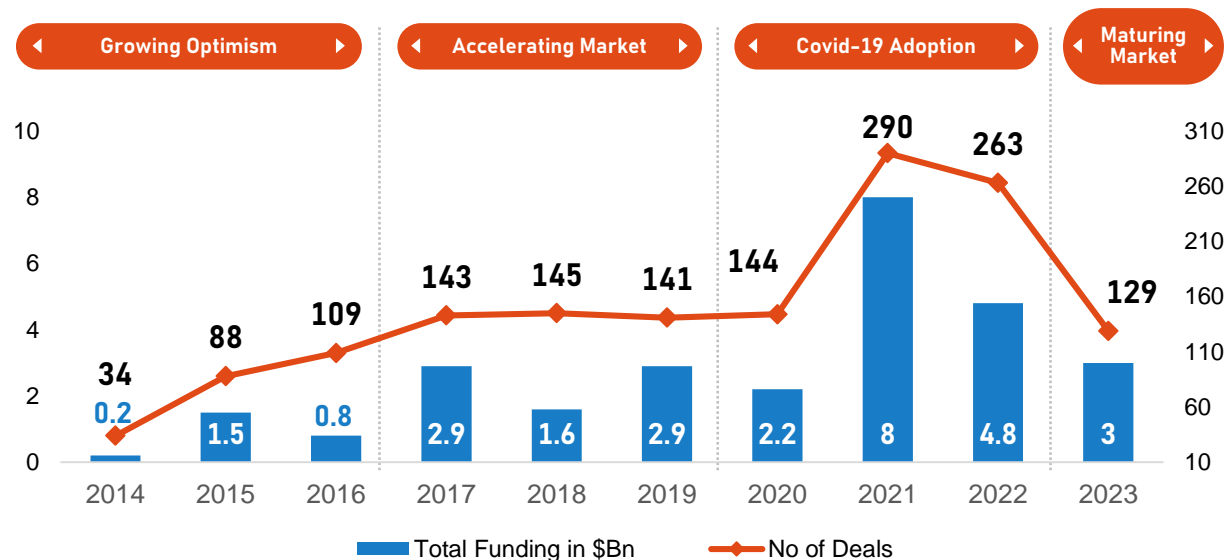
Source: Tracxn, Beams & JM Analysis  
 Note: Sector classification of the companies is based on their core businesses  
 Note: 1. Unicorn - Valuation \$1Bn or higher (Includes Listed Players) 2. Company that has the potential to turn into a Unicorn in the next 3 years (Valuation \$100Mn or higher but less than \$1Bn)

# India is one of the most attractive Fintech funding destinations in the world

## Indian Fintech Market in numbers

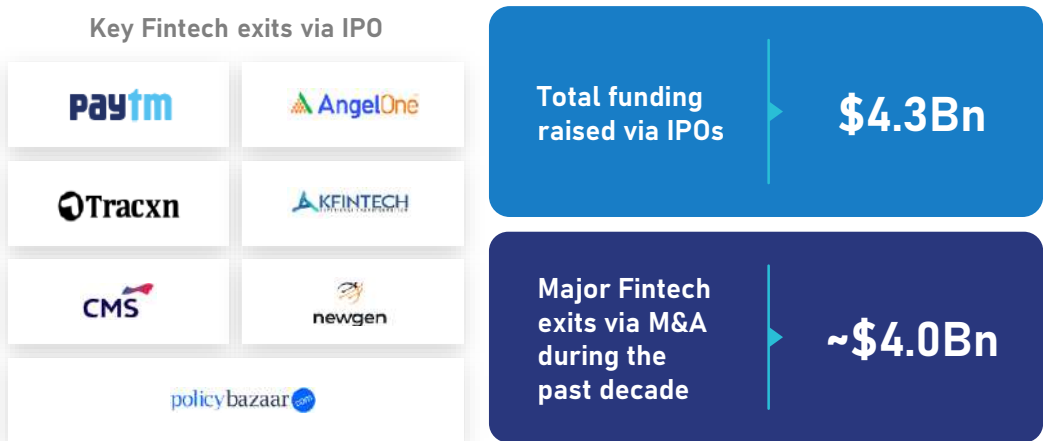


Between 2014 & 2023, Fintech startups have **cumulatively raised \$28Bn+** in **1,486 deals**



Source: Invest India, Tracxn, Beams Internal Analysis

The Fintech sector has given significant exits via sizeable IPOs and M&As, 20 Fintech IPOs in the past 2 decades in India



Fintech is one of the few tech sectors in India with over \$4Bn in M&As in the past decade. We anticipate more M&As as Fintech and non-Fintech Unicorns seek to expand and diversify



# Payments and lending captured the lion's share of funding in India

	Key business models	Total companies <sup>1</sup>	Total funding raised <sup>2</sup>	Growth stage companies (incl. Listed) <sup>3</sup>
Payments	Merchant payments, Wallets and consumer payments, POS solutions, Bill payments, Cross-border payments, B2B Payments, Escrow Solutions	140	\$11.8Bn	27
Digital lending	Business lending, Consumer lending, P2P lending, Education finance, BNPL, Vehicle finance, Healthcare financing, Agri-finance, Gold, Insurance premium financing, Housing	356	\$9.8Bn	76
Fintech Infra / SaaS	Lending, Insurance, Finance/Accounting, Banking, Invoicing, CRM, Identity / Authentication, Payments, Wealth, Fraud / Cyber Security, Risk management, Data analytics, Tax	408	\$3.3Bn	33
InsurTech	Distribution, Claims' processing, Risk management / Analytics, Warranty solutions, Insurance Repository, API Infrastructure, Manufacturing	199	\$2.5Bn	15
WealthTech	Trading & Investment platforms, Advisory & Research, Alternative investments, PFM, Wealth management, Fixed income, Gold	165	\$2.5Bn	17
Other Fintech	Credit cards, Digital / Neo-banks, BC and Agent Solutions, Expense management, Benefits administration, Corporate cards	124	\$1.7Bn	15

Source: Tracxn, JM Analysis

Note: 1. For the purpose of our analysis we have considered only operational companies listed on Tracxn. Our dataset consists of 1,392 companies.

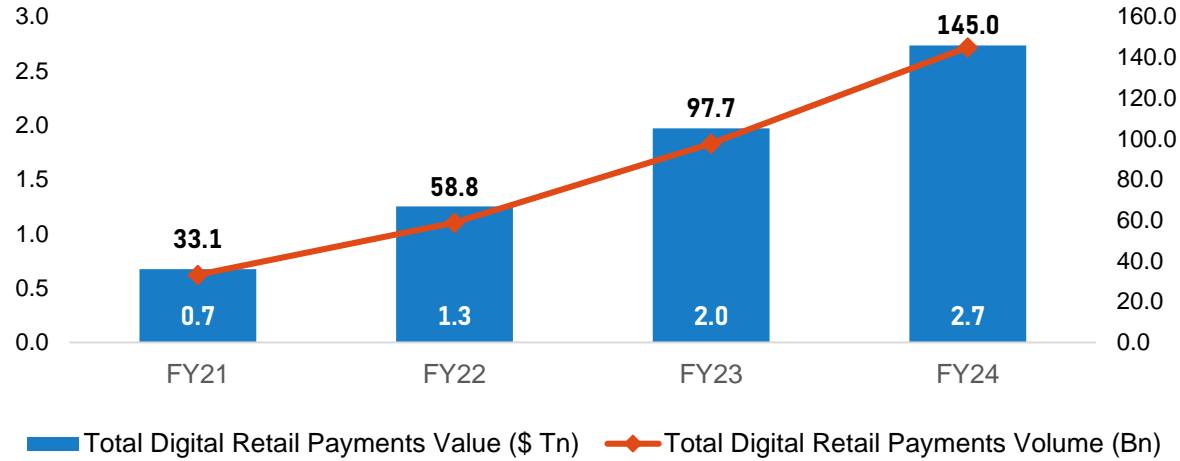
2. Total funding raised also includes the funding raised by the companies that have either been acquired or have become non-operational

3. Companies at Series B and beyond, including listed companies



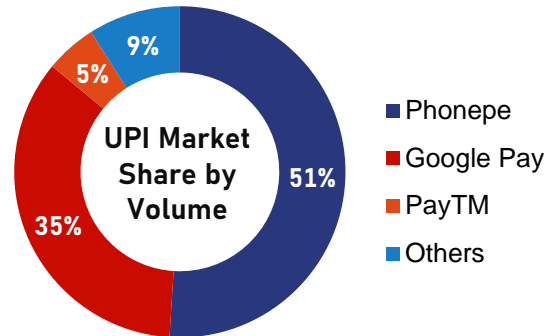
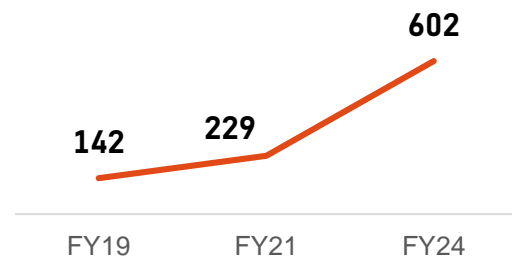
# Digital payments has been the biggest beneficiary of the Fintech revolution

India has witnessed meteoric growth in retail digital transactions\* both in terms of value and volume

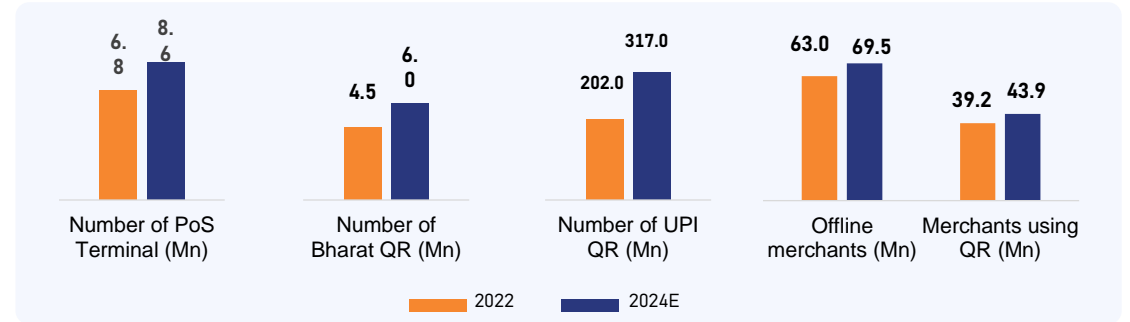


UPI is the fastest-growing and most preferred payment method, holding an 80% market share

Banks live on UPI



With rising digital payments, Indian merchants are also adopting infrastructure for accepting payments across form factors

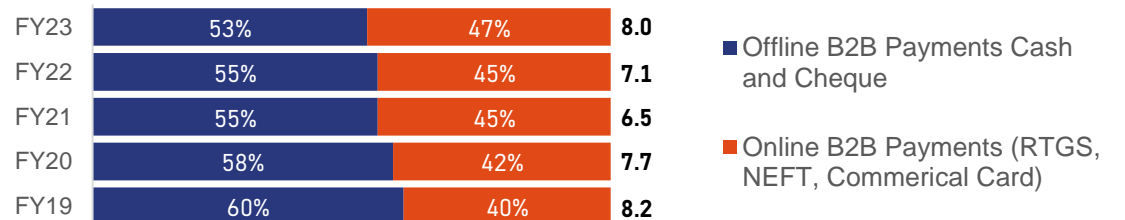


Various payment acceptance methods:



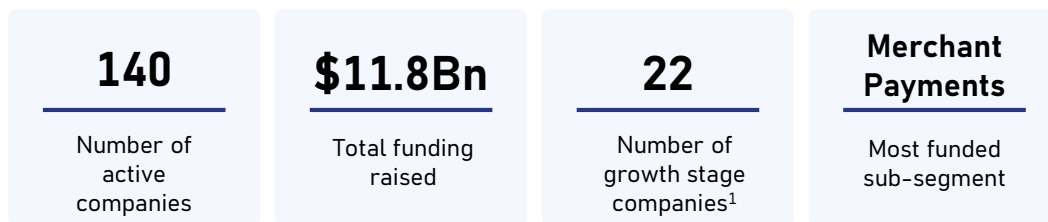
B2B payment growth has been promising in India, with the share of online B2B payments rising steadily

TPV in \$Tn

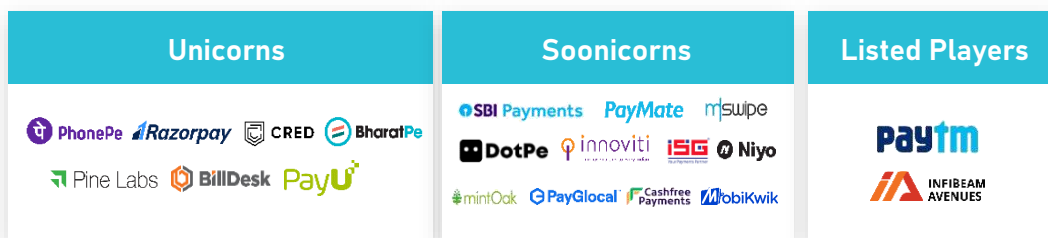


Source: RBI, NPCI, Kearney, Redseer estimates  
\*Includes UPI, Credit Cards, Debit Cards, Prepaid Instruments and NETC

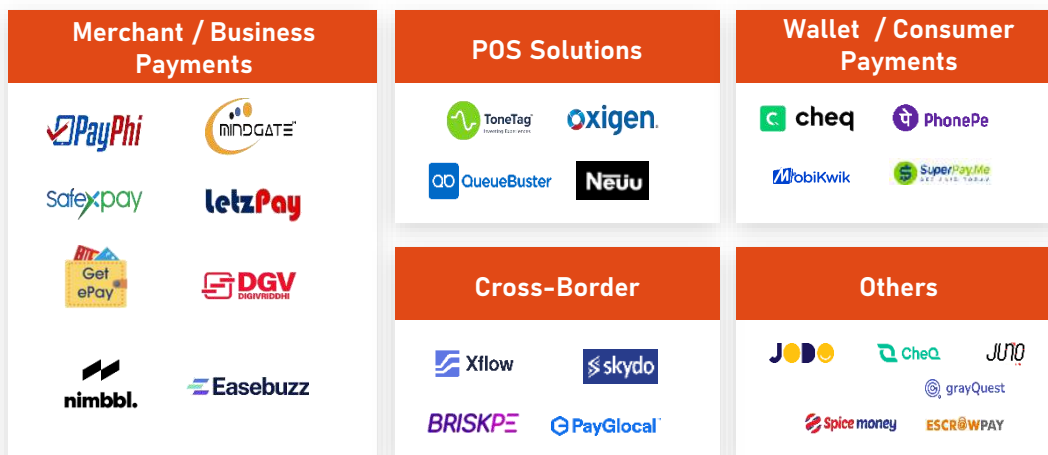
# Payments Landscape



## Sector landscape



## Illustrative Sub-Sector Landscape



## Key Insights

### Funding insight

- Payments sector received **\$11.8Bn** in funding to-date with **Merchant-focused** payment players being the most funded
- Shift in funding from payment gateway / POS / customer acquisition (wallet) business models to niche areas such as cross-border payments

### Key trends

- Sector has seen a strong trend of consolidation with larger, more mature payment players adding tech capabilities through tuck-in acquisitions
- Further consolidation amongst larger players may also play out given distress caused due to new regulatory changes and related embargos

### Regulatory landscape

- Regulatory initiatives such as NEFT / RTGS<sup>2</sup> for non-banks, instantaneous business payments, PA/PG<sup>3</sup> licensing, '0' MDR<sup>4</sup>, and RBI-controlled sandboxes for testing out business models, are leading to further growth and development in the payments space

### Emerging business models

- Continued strong growth in the digital payment ecosystem, albeit with some tapering in debit cards and wallet payments
- Upcoming business models include payments based on rewards, chat, calls, sounds, as well as solutions around escrow, and specific use cases such as fee payments. Credit on UPI should help payments industry significantly

Source: Tracxn, JM Analysis

Note: 1. Companies at Series B and beyond, excludes public listed companies

2. NEFT – National Electronics Fund Transfer; RTGS – Real Time Gross Settlement;

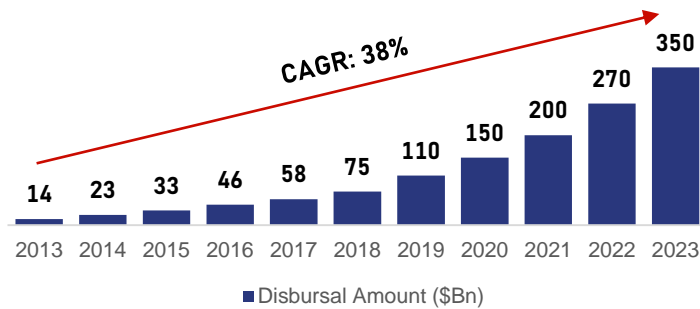
3. RBI mandated licensing requirement for operating as Payment Aggregator (PA) and Payment Gateway (PG)

4. Merchant Discount Rates

# Digital lending has emerged as the most scalable sector within Fintech

01 Digital lending in India has grown 25x in the past 10 years

Growth of Digital Lending in India



#3

In Digital lending adoption globally

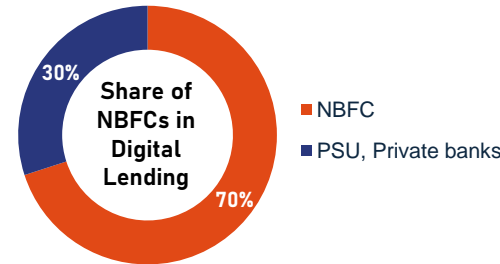
10Cr+

Digital loans disbursed in FY'24

\$1.3Tn

Digital loans to date by digital lending apps

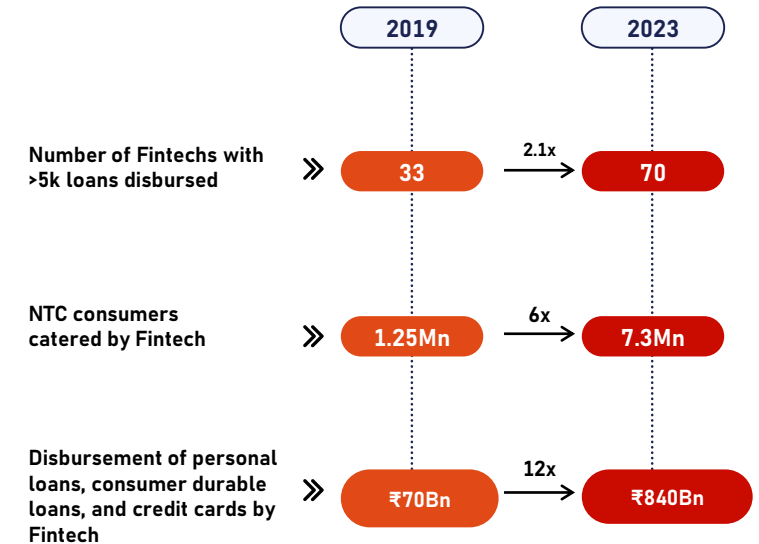
02 Emerging platforms with NBFC licenses gain market share from traditional banks



New-age NBFCs provide convenient solutions, attracting a growing number of borrowers

Rapid turnaround times (<60mins)	Flexible ticket sizes (₹5K to ₹500K)
Comprehensive digital data for credit	Faster repeat approvals
Multiple lending options (BPNL, short- and long-term loans)	

03 The rise of digital lending is enabling financial inclusion for NTC consumers and expanding access to personal loans, consumer durable loans & credit cards



While Consumer lending currently leads in terms of the value of disbursements, there is significant headroom for MSME lending

MSMEs

64Mn

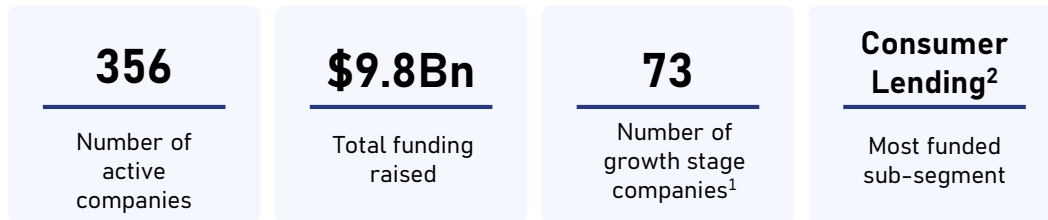
~8Mn

Digitally Mature MSMEs

There are a large number of scaled-up B2B lenders that are growing rapidly to cater to these MSMEs. MSMEs contribute 30% to India's GDP and present a market opportunity of \$819Bn. A substantial credit gap of \$530Bn underscores the need for innovative lending solutions



# Digital lending Landscape



## Sector landscape



## Illustrative Sub-Sector Landscape



## Key Insights

### Funding insight

- Digital lending received **\$9.8Bn** in funding with **Consumer and Business Lending** together garnering 80% of fund flows
- Sector also boasts the largest number of late-stage companies demonstrating relative maturity of lending within Fintech

### Key trends

- Lending expected to remain the largest Fintech segment as players pivot to 'balance sheet' plays in response to DLG<sup>3</sup>
- Effectively leverage demand for quick access to credit with focus on UX; Service higher share of new to-credit (NTC) customers
- Strong tailwinds given the structural credit gap across consumers and businesses and buoyed by enabling DPI<sup>4</sup> and GOI initiatives

### Regulatory landscape

- Regulatory clarity provided by the Digital Lending Guidelines and subsequent regulations lends significant credibility to operators in the digital lending ecosystem

### Emerging business models

- Emergence of niche vertical focused digital lending plays with education, agri and gold financiers together garnering >\$1Bn in funding
- Other verticals gaining traction include vehicle financiers, digital mortgage lenders, P2P lenders and agri loans

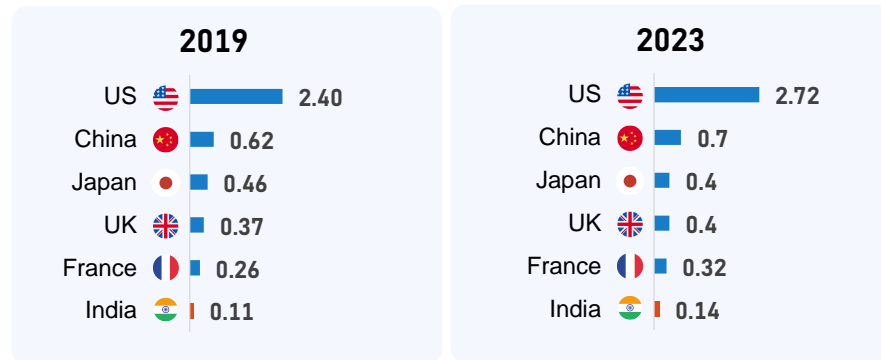
Source: Tracxn, JM Analysis

Note: 1. Companies at Series B and beyond, excludes public listed companies; 2. Consumer lending includes BNPL players; 3. Default Loss Guarantee; 4. Digital Public Infrastructure include UPI, Use of Aadhar, PAN and GSTIN, Account Aggregator (AA) Framework, Open Credit Enablement Network (OCEN), Trade Receivables electronic Discounting System (TReDS), and Open Network for Digital Commerce (ONDC) 5. Illustrative names; for full list refer to the snapshot of unicorns and soonicorns slide

# InsurTech transforming the growing insurance industry in India

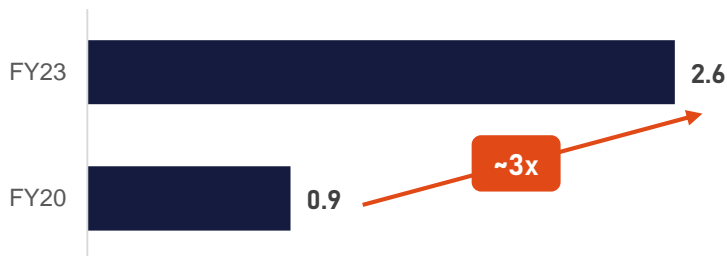
India has doubled its share in global Insurance GWP from 1% to 2%

Total Insurance GWP, \$Tn



GWP generated through digital channels has tripled in the past 3 years

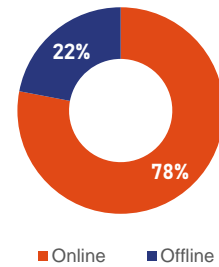
Digital Insurance Sales (\$Bn)



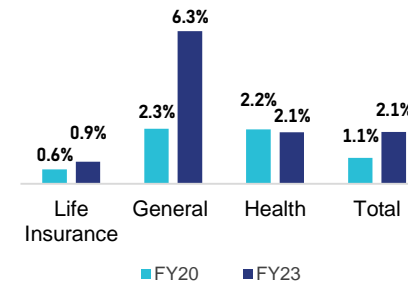
Source: PwC Report, IRDAI handbook

While 78% of insurance inquiries are made online, only about 2% of sales occur online

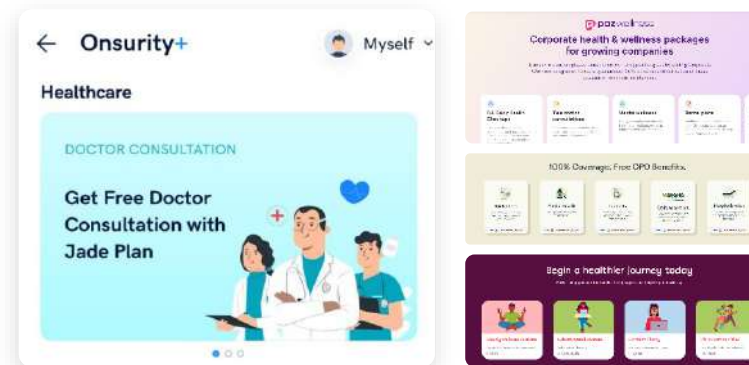
Preferred insurance discovery channels in India



Digital Insurance Sales



Insurers and InsurTechs are expanding into value added services such as OPD and wellness



Plum includes employee wellness and consultations in group health insurance

IRDAI initiatives have been key drivers of InsurTech in India

## Bima Sugam (2024)

Centralizing insurance policies, reducing paperwork, and lowering premiums by cutting out brokers

## Composite Insurer License (2024)

Licenses will allow insurers to undertake multiple insurance types

## Bima Vahak (2023)

Enhances access by using Bima Vahaks to distribute insurance products

## New Insurer Licenses (2023)

The IRDAI is looking to fast-track 20 new insurer licenses

## Insurance Laws Bill (2023)

Allows varying minimum capital based on insurance classes, which helps micro and agri-insurance players

# InsurTech Landscape

<b>199</b> Number of active companies	<b>\$2.5 Bn</b> Total funding raised	<b>13</b> Number of growth stage companies <sup>1</sup>	<b>Distribution</b> Most funded business model
--	---	--	---

## Sector landscape

Unicorns	Soonicorns	Listed Players

## Illustrative Sub-Sector Landscape

Distribution	Claim Processing	Others

## Key Insights

### Funding insight

- With an insurance penetration at ~4% of the GDP and fast-growing insurance market, distribution-focused InsurTechs have claimed a significant share of the total funding in the sector at over \$1.4Bn

### Key trends

- Due to the success of home grown digital-first insurers like Acko and Digit, many distribution-focused InsurTechs are seeking new licenses from IRDAI to become insurers by leveraging data for underwriting
- Greater demand for bite-sized, tailored insurance products enhances the need for nimble tech for underwriting and claims' management, giving a fillip to InsurTechs

### Regulatory landscape

- Government initiatives are estimated to greatly enhance the penetration of Insurance in India, with a stated goal of 'Insurance for All by 2047'

### Emerging business models

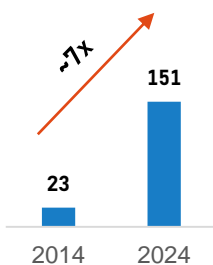
- Emerging business models include Insurance-as-a-service (IaaS), Pay As You Go, and InsureTechs focused on improving the efficiency of the insurance value chain (policy administrators, underwriting engines, and claims processing) and value-added services

Source: Tracxn, JM Analysis  
Note: 1. Companies at Series B and beyond, excludes public listed companies

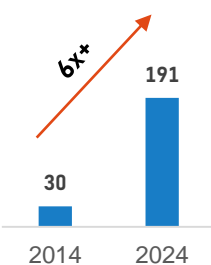
# With Fintech revolution, India is witnessing increasing financialization of savings

## 01 India is witnessing increasing financialization of savings

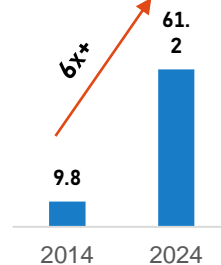
Demat accounts  
In India (#Mn)



Mutual fund folios  
in India (#Mn)



Mutual fund  
AUM (₹Tn)

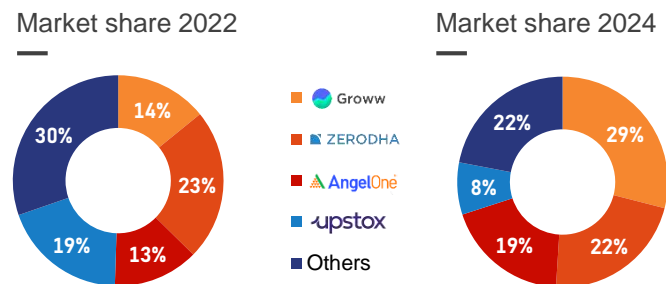


## 04 Wealth Tech platforms benefitted significantly from the financialization of savings with significant growth in AUM

Company	smallcase	scripbox	DEZERV	Fisdrom	Centricity
AUM (₹Bn)	220	180	80	64	32

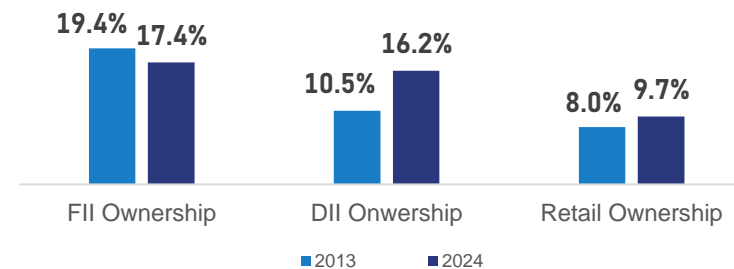
## 02 New age brokers have been large contributors in this journey

~63% of the brokerage market share is contributed by top 4 new age brokers



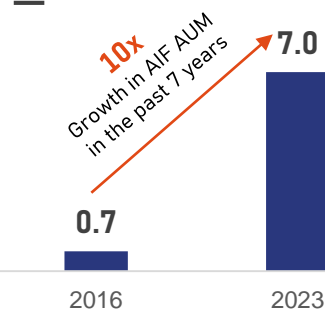
## 03 FII ownership of NSE-listed stocks is at a decadal low and DII ownership is at record highs powered by retail participation

The share of retail investors also reached an all-time high of 9.7% in 2024



## 05 With increasing awareness, demand for alternative investments has increased from domestic investors in India

Indian AIF AUM (₹Tn)



A decade ago, most AIF capital came from overseas investors, but **today, 80-90% of funds are raised from domestic investors**

## 06 There has been innovation in the product offerings in the wealth space; giving accessibility of complex products to common people

### B2B focused businesses

Description	Company
Platforms for financial advisors	Flintso, ARTHA
Share issuance process automation	RuleZero, MY STARTUP EQUITY, EquityList
Algo trading	Streak, algobulls
Alternative asset enabler	KRISTAL, ASQI

### B2C focused businesses

Description	Company
Tailored financial solutions to the informal sector	kaleidofin
Social trading platform	StockGro, TradingRoom
Automated, Micro Investing platform	Siply
Fractional investment model for retail investors to own	tyke, GRIP, Strato



# WealthTech Landscape

<b>167</b> Number of active companies	<b>\$2.5Bn</b> Total funding raised	<b>18</b> Number of growth stage companies <sup>1</sup>	<b>Trading / Investment Platforms</b> Most funded sub-segment
--	--	--	--

## Sector landscape

Unicorns	Soonicorns	Listed Players

## Illustrative Sub-Sector Landscape

Trading / Investment Platform	Wealth Management

## Key Insights

### Funding insight

- Trading and investment platforms amassed ~2/3rd of the total funding in the WealthTech space; All the five Unicorns in the sector are trading and investment platforms
- Increased interest in alternative investment platforms

### Key trends

- Proliferation of capital markets has greatly enhanced the participation of Indian masses in asset classes that were considered risky
- Growth in tech-led offerings in the high-touch wealth space; Platforms offering investments in fractional real estate, NFT-based assets, unlisted companies, green assets and offshore assets are also growing

### Regulatory landscape

- Focus on deepening of bond markets has led to emergence of fixed income focused players, offering both investment grade and high yield investment avenues
- Account Aggregator framework is also likely to enhance ease of use and access to financial investments

### Emerging business models

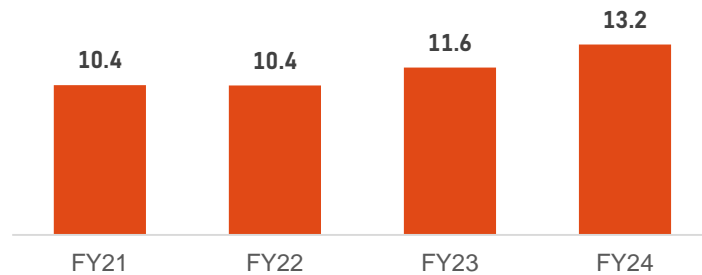
- Full stack platforms offering wealth advisory, asset management, lending, mortgage, capital market solutions are gaining significance
- Distribution only platforms growing with recurring revenues
- Increasing interest in platforms offering seamless global equity investments

Source: Tracxn, JM Analysis  
Note: 1. . Companies at Series B and beyond, excludes public listed companies

# Fintech infrastructure & BFSI SaaS – foundation of modern financial services ecosystem

BFSI institutions have introduced a plethora of new initiatives that are empowered by technology

IT Spend by Banks & Investment Services companies in India (USD Bn)



AI is also boosting the growth of BFSI SaaS and Infra in the country



Growth Drivers



IT BFSI & SaaS companies are trying to build vertical plays to add more differentiation and value add

Application Infra: Lending - Infra, APIs, Analytics & Data



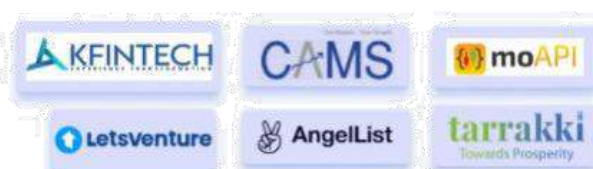
BankTech & BaaS



Identity, KYC and Fraud Management



Capital Markets, Investments & Wealth:



# Fintech Infrastructure / SaaS Landscape

<b>408</b> Number of active companies	<b>\$3.3Bn</b> Total funding raised	<b>26</b> Number of growth stage companies <sup>1</sup>	<b>Lending-related</b> Most funded business model
--	--	--	--

## Sector landscape

Unicorns	Soonicorns	Listed Players

## Illustrative Sub-Sector Landscape

Payments	Authentication
Lending	Others

## Key Insights

### Funding insight

- This report considers a wider definition of Fintech Infrastructure / SaaS to include players building solutions for specific Fintech sub-segments as well
- This is therefore the largest segment under consideration, with solutions relating to lending being the most funded, having raised >\$800Mn

### Key trends

- Solutions around Banking, CRM, finance/accounting, payments and authentication have become commoditized, having together raised ~\$2Bn
- Many Fintech infrastructure companies are focusing on the insurance sector, albeit in early stages. An increasing number of players are trying build in India for the world

### Regulatory landscape

- Keeping up with the pace of regulatory changes is a significant challenge for Fintech infrastructure providers as the clients they serve fall under the purview of multiple regulators such as RBI, IRDAI, and SEBI

### Emerging business models

- With deeper regulatory oversight on the Fintech sector in general, we see a proliferation of business models around fraud/cybersecurity, risk management & analytics, integrated information platforms, document management & smart contracts, etc. as emerging infrastructure /SaaS players

Source: Tracxn, JM Analysis

Note: 1. Companies at Series B and beyond, excludes public listed companies; 2. Consumer lending includes BNPL players; 3. Default Loss Guarantee; 4. Digital Public Infrastructure include UPI, Use of Aadhar, PAN and GSTIN, Account Aggregator (AA) Framework, Open Credit Enablement Network (OCEN), Trade Receivables electronic Discounting System (TReDS), and Open Network for Digital Commerce (ONDC)

# Other Fintechs

<b>124</b> Number of active companies	<b>\$1.7Bn</b> Total funding raised	<b>11</b> Number of growth stage companies <sup>1</sup>	<b>Digital / Neobanks</b> Most funded business model
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## Sector landscape

Unicorns	Soonicorns	Listed Players

## Illustrative Sub-Sector Landscape

Neobanks & Credit Cards	Benefits/ Expense Management	BC / Agent Solutions

## Key Insights

<b>Funding insight</b>	<ul style="list-style-type: none"> <li>Comprises of Neobanks, distribution-led business models, benefits/expense management and loyalty and rewards solution providers</li> <li>Digital / Neobanks have collectively raised &gt;\$625Mn; the largest share of funding in the segment</li> <li>Credit card focused distribution/partnership entities are also a growing segment with funding ~\$475Mn</li> </ul>
<b>Key trends</b>	<ul style="list-style-type: none"> <li>Early success of Digital / Neobank models have compelled the traditional commercial banks to also create offerings that are digital-only e.g. 811 by Kotak, Yono by SBI and Indie by IndusInd</li> </ul>
<b>Regulatory landscape</b>	<ul style="list-style-type: none"> <li>The Digital Personal Data Protection Act, 2023 has had an outsized impact on players focused on distribution-only models, whether distributing credit cards or other banking products through neo-bank channels</li> <li>Most neo-banks are contemplating various licensed offerings to better navigate the current regulatory environment</li> </ul>
<b>Emerging business models</b>	<ul style="list-style-type: none"> <li>Cross border banking, MF distribution and Credit on UPI are other emerging models</li> </ul>

Source: Tracxn, JM Analysis  
Note: 1. Companies at Series B and beyond, excludes public listed companies

# Humbling times for the Fintech sector

---

- Greater regulatory scrutiny leading to increased compliance & licensing requirements
- Leading to funding decline across stages, segments exacerbated by global funding winter
- Good, bad, and ugly all painted with the same brush in valuation decline

Key Takeaways





# As the Fintech sector gained prominence, it attracted regulatory attention and proactive measures

Consumer protectionism has been a key focus area for Indian Regulators:



RBI plugged regulatory gaps to ensure complete adherence to the license in true spirit



RBI increased focus on IT infra, compliance and security amidst the global increase in cyber threats, data hacks, outages and ransomware attacks



RBI focused on curbing exponential growth of unlicensed players & capital entering or leaving the country

## What is RBI's latest move to increase risk weight for lending about? | Explained

The Reserve Bank of India (RBI) on Thursday issued regulatory measures to banks and NBFCs to increase risk weights associated with consumer credit and bank credit by an additional 35 percentage points.

Updated - November 29, 2022 10:38 am IST | Published - November 24, 2022 04:08 pm IST

## How does RBI's cash disbursement limit affect gold loan customers and businesses?

RBI's directive on cash disbursement limits for gold loans aims to improve transparency and accountability in the sector. Transition to non-cash disbursements may pose challenges initially but fosters a more secure lending environment.

## RBI Bars HDFC Bank From Issuing New Credit Cards Due To Outages

HDFC Bank's digital business launches and sourcing of new credit card customers has been temporarily halted by the RBI

By - Mohammed Kudrati | 13 Dec 2020 3:56 PM • 2 mins read

## RBI warns of unregistered forex trading cos, lists 34

TNN / Sep 8, 2022, 04:00 IST

## RBI's stricter KYC rules may slow merchant onboarding 90%: experts

## Reserve Bank of India bans Amex, Diners from selling new cards from May 1

ET Bureau - Last Updated: Apr 28, 2021, 9:55:00 PM IST

## RBI asks Razorpay, Cashfree to hold off onboarding new merchants

Pine Labs, Stripe, and others could face these routine restrictions too as part of their compliance process for the PA/PG licence, a source tells YourStory. Pine Labs and Stripe haven't received those notices, they said.

## Govt blocks 232 betting, loan apps linked to China, other countries

By Aashvini Arjani, ETtech - Last Updated: Feb-06, 2023, 02:55:00 PM IST

## RBI penalises CSB Bank, Union Bank of India, others for norms violation

A penalty of Rs 1.86 crore has been imposed on CSB Bank for non-compliance with certain directions issued by the RBI

## RBI action on Kotak Mahindra Bank: What the restrictions mean for customers

Finding deficiency in the bank's IT infra, the RBI restricted Kotak Mahindra Bank from issuing new credit cards and acquiring customers online. Here's what it means for new and existing customers

The Reserve Bank of India (RBI) on April 24 barred Kotak Mahindra Bank from issuing fresh credit cards and onboarding new customers through online and mobile banking channels over "serious shortcomings" in the bank's information technology (IT) infrastructure.

## RBI's latest recommendations to regulate payment aggregators in offline spaces | Explained

The Reserve Bank of India (RBI) has floated two consultation papers seeking enhanced regulation of payment aggregators carrying out face-to-face transactions. It also seeks to strengthen the ecosystem's safety.



## BANKING MANTRA

Insights | Information | Investment | Lifestyle

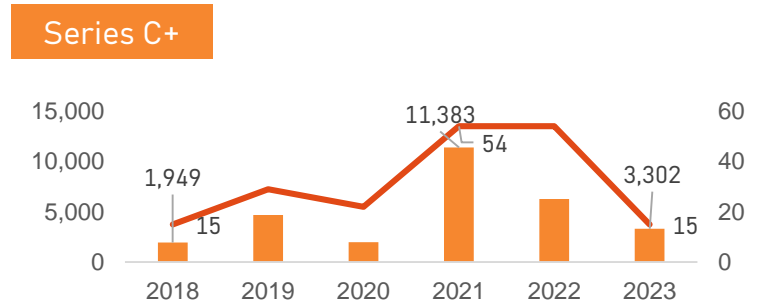
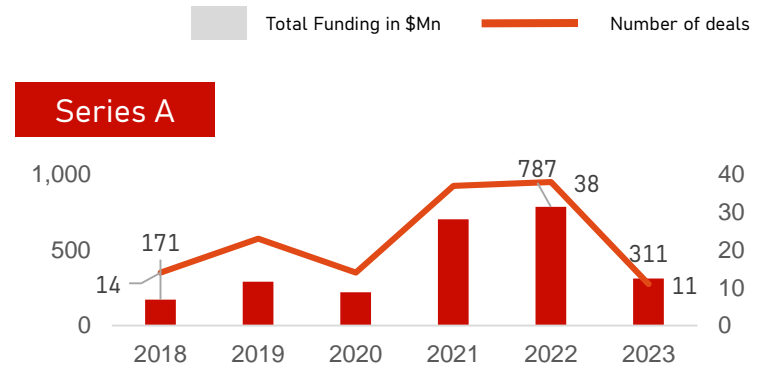
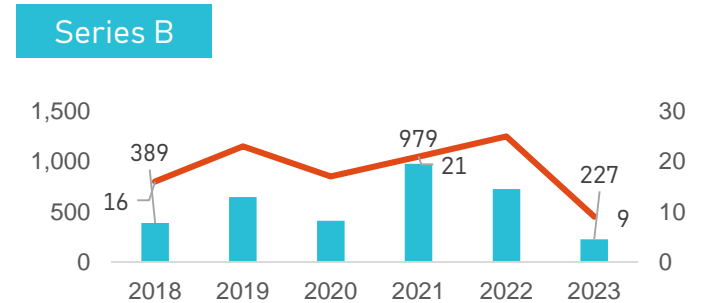
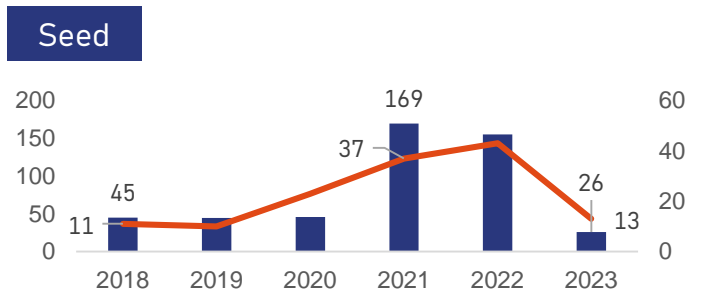
All Recent Trends in Banking Savings Investment Loans & Borrowings Digital FinT

Economic Scenario Pehchaan Con Shareholder's Corner BarodaINSTA SmartTrade

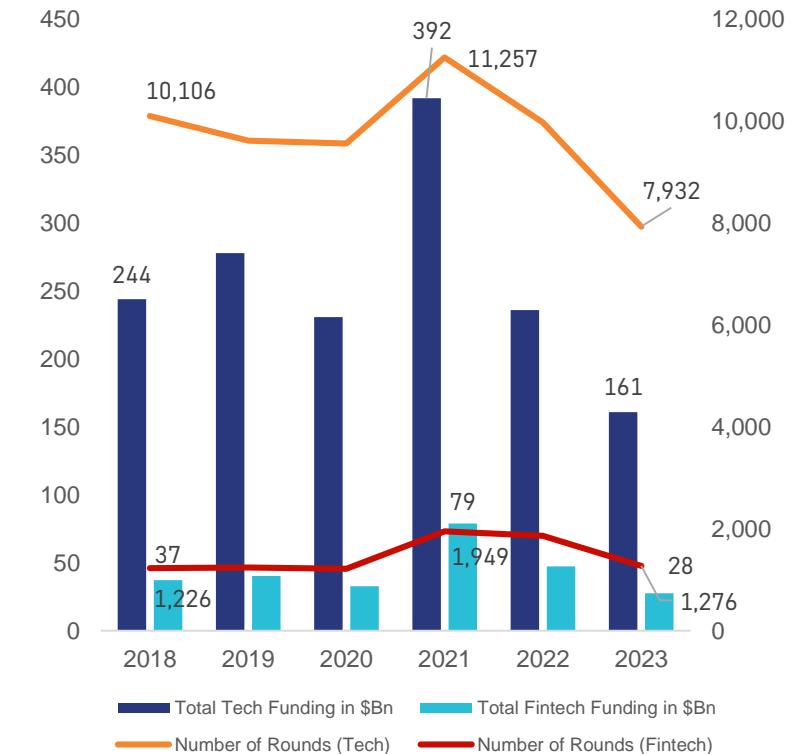
Owing to the rampant malpractice in the digital lending space, the Reserve Bank of India mandated digital loans to be credited directly to the borrower's bank account. A third-party inclusion will not be acceptable. Along with this norm, the RBI regulations suggest, that the charges to the Lending Service Providers (LPS) should be paid by the digital lending entities and not the borrowers.

# Leading to a decline in Fintech funding across stages and segments...

## Funding trends in India across stages



## Fintech funding in the US across all stages



The decline in tech funding has been a global phenomenon, not unique to India

Funding for Fintech surged globally during and after Covid-19, driven by increased demand for digital financial services

However, the funding failed to sustain momentum in the last 2 years primarily as Fintech performance fell short of investor expectations

Investors adopted a more cautious approach with an increasing focus on profitability over growth at all costs

The funding winter was experienced across stages and various sub segments of Fintech

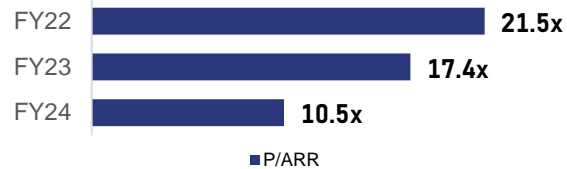
In India, the failure of prominent tech startups soured sentiment across the entire tech industry

Even United States, the world's leading tech market, witnessed a decline in funding for both technology and Fintech sectors in the aftermath of the 2021 market corrections

# ... and significant correction in valuation across categories

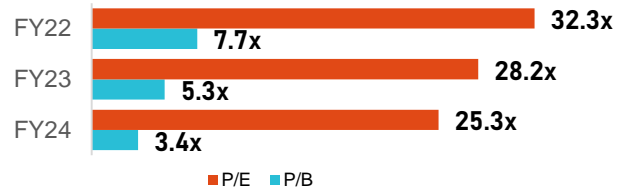
Good, Bad and Ugly all were painted with the same brush...

## Payments



- Stricter licensing requirements coupled with increased scrutiny from regulators, leading to compliance challenges & higher compliance costs
- Intensifying competition in the payments space, particularly in UPI and payment gateways with many well-funded players
- The zero interchange fee and mandate for interoperability between payment systems increased operational complexities and reduced revenue possibilities

## Lending



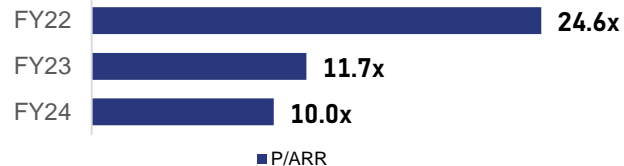
- NBFCs also face increased regulatory oversight and licensing requirements
- Threat of increase in NPAs & cost of debt as RBI mandated higher risk weightages for many categories where Fintech lenders are very active
- Negative media around Chinese and other unregulated loan apps

## InsurTech



- Digital insurance companies could not grow as expected and remained marginal players
- InsurTechs faced higher customer acquisition costs impacting their ability to turn profitable
- Largest insurance distributor in the country could turn profitable only recently

## Wealth Management



- Wealth tech has been difficult to scale being a low margin business except for broking (supported by volumes)
- Intense competition from established players as well as newer Fintechs, greater regulatory scrutiny & adverse media coverage soured investor sentiments

## BFSI SaaS/Infra



- SaaS businesses followed global valuation benchmarks (reduced from double digits revenue multiples in 2020-21 to 5-7x range), although Indian companies enjoyed a premium
- Only a few companies have been able to scale up in this sector and that too with acquisitions.
- Further, many startups planned and attempted global expansion with very limited success

# Strategic thinking by Fintech players

---

- Increasing engagement & positive dialogue between Fintechs, Regulators & Government
- Strategic moves by FinTechs with the acquisition of licenses & regulated entities
- Seasoned banker hiring to bring stability, long-term value creation & compliance

Key Takeaways

# There has been an increasing positive focus on the Fintech sector by RBI & Ministry of Finance

1

## RBI's & MoF's Progressive Regulations have strengthened the sector

### RBI releases finalized framework for SROs in FinTech

Self-Regulatory Organizations would stabilize and build trust in the Fintech market by setting standards, protecting interests, and promoting responsible behavior

### RBI Innovation Hub to set up a Fintech Repository

Fintechs will regularly update details like activities, products, technology, and finances in a repository, helping regulators and stakeholders better understand the FinTech ecosystem

### RBI launches PRAVAAH

The PRAVAAH portal is a secure, centralized platform for individuals and entities to request authorizations, licenses, or regulatory approvals from the RBI

### ULI – Unified Lending Interface

ULI is expected to cater to large unmet demand for credit across various sectors, particularly for agricultural and MSME borrowers by digitizing access to the customer's financial and non-financial data

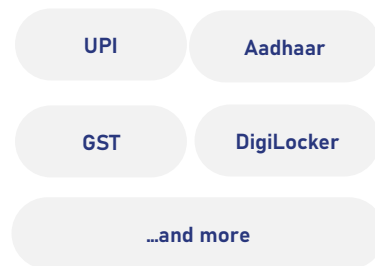
### RBI launches Retail Direct mobile app

The Retail Direct Mobile App allows retail investors to easily buy and sell government securities (G-Secs) directly from their smartphones

2

## DPI 1.0 laid the foundations of a strong Fintech ecosystem, DPI 2.0 to drive the next wave of growth

### DPI 1.0



DPI 1.0 (Aadhaar, UPI, etc.) transformed India's financial landscape, driving innovation and inclusion.

The **10,000 UPI transactions per second** demonstrate this impact

### DPI 2.0



DPI 2.0 (ONDC, CBDC, Health Stack, Agri Stack etc.) will drive the next wave of innovation across sectors.

3

## UPI boosted RuPay as customers adopted it for credit card offers, reward points, and 45-50 days of interest-free credit

Jun-22

RBI allowed RuPay credit cards to link with UPI, making it the only UPI-linked card network

Mar-24

RBI directed card issuers to offer multiple network options and banned exclusive deals, benefiting the RuPay card network

NPCI announced interchange fees on UPI credit card transactions, with exemptions for small merchants. RuPay credit card transactions over ₹2,000 on UPI to incur 2% fee, but customers aren't charged

From September 1, 2024, RuPay credit cardholders will earn the same rewards for UPI and other transactions as other credit cards, per NPCI's new directive

Oct-23

Aug-24

**750Mn**

RuPay debit and credit cards are now in circulation

**10KCr+**

Monthly RuPay credit card spending (Dec-23)

**5KCr+**

Monthly RuPay credit card spending through UPI (Dec-23)

**1,100+**

Banks issue RuPay Cards in India

**16+**

Banks are live with RuPay credit card on UPI facility

**6%**

Market share of RuPay of the overall domestic credit card spends (Dec-23)



# Fintechs have evolved to be strategic – acquiring or merging with regulated entities

1

Leading industry figures are transitioning from traditional financial institutions to Fintech, bringing more stability and a structured approach to growth

2

As Fintechs have scaled up, they are now considering acquiring licenses, non-banking financial companies (NBFCs), and/or banks

3

Large banks have recognized the value of technology-driven businesses and have invested in Fintech companies through minority or majority stakes

## Notable People Movements

**Former State Bank of India chief Rajnish Kumar joins BharatPe as chairman**

He will be involved in defining the company's short-term and long-term strategies, and will also work closely with the other Board Members and CXOs.

**Policybazaar for Business Onboards Insurance Industry Veteran Ajit Kumar to its Advisory Board**

**Razorpay forms advisory board, ropes in former RBI deputy governor as chairperson**

NS Vishwanathan, former deputy governor of the Reserve Bank of India is appointed as the chairperson of the board. The board will help contribute to the development of Razorpay's payment infrastructure and help engage with key institutions and stakeholders.

**slice Appoints Former RBI Executive Director and Ex MD-SBI in Key Leadership Roles**

Eugene Karthak and S Vishwanathan join slice's parent company Garagepreneurs Internet Private Limited (GIPL) as Independent Director, and Advisor respectively Bengaluru, Karnataka, India (NewsVoir) slice, India's leading consumer payments and lending company has announced the strategic appointment.

## Acquisition of Banks by Fintechs

**In evolving phase, Fintechs becoming NBFCs, banks becoming combo of three: Shachindra Nath**

Slice gets CCI's clearance to merge with North-East Small Finance Bank

9/11/2021 Updated At: 12:20K 16X2001PM457

SHARE COMMENT LIKE DISLIKE

THIS STORY IS FROM JUNE 19, 2021

**Centrum Finance-Bharat Pe set to acquire PMC Bank**

TNN / Updated: Jun 19, 2021, 13:29 IST

SHARE COMMENT LIKE DISLIKE FOLLOWING

**BharatPe acquires NBFC Trillion Loans**

BharatPe, which acquired a 51% stake in the Mumbai-based NBFC, said it has also infused a substantial amount of investment into Trillion Loans to enable its loan book to grow

## Acquisition of Fintechs by Banks

**Axis Bank buys FreeCharge from Snapdeal for Rs385 crore**

The FreeCharge acquisition from Snapdeal gives Axis Bank to the mobile wallet's 54 million customers, fintech setup and human resources

**ICICI Bank to buy over 9% stake in fintech startup Thillais Analytical Solutions**

9/11/2021 Updated At: 14:10 2021 09:01:00 PM4177

SHARE COMMENT LIKE DISLIKE

**Kotak Securities to acquire wealth management platform FundExpert**

Updated - September 09, 2022 at 07:40 PM | September 9

FundExpert offers affordable and digital solutions to IFAs, MF distributors who currently manage portfolios worth ₹15,000 cr

**PAG-Backed Nuvama Wealth Acquires Wealthtech Startup Pickright**

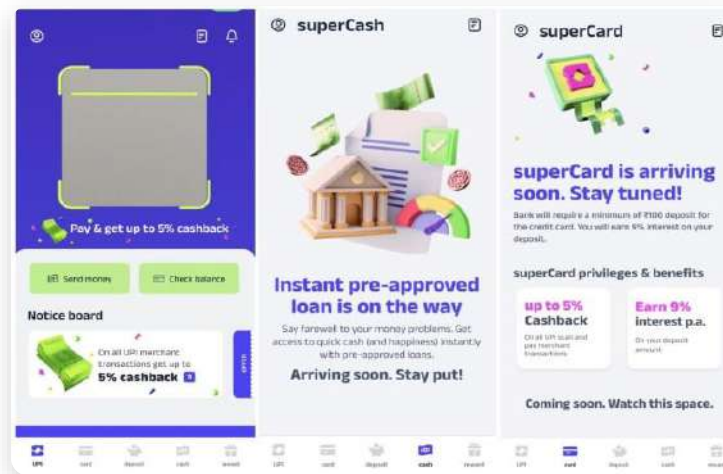
23 MAR 23 | By Jyoti Kulkarni

# Large banks & tech cos becoming tech-fin in their approach

Amazon continues to increase its stake in the Fintech Lender, Axio



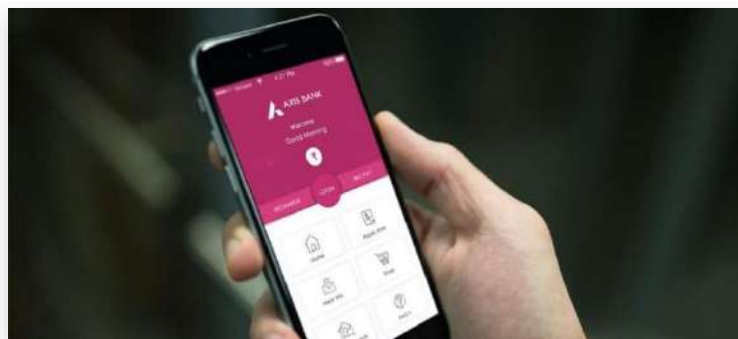
Flipkart rolled out its own UPI app 'Super.Money' to re-enter Fintech space



Truck aggregator & logistics company focussing on FastTag, payments



Axis bank offering fully digital bank with no human assistance through its (app) "Axis Open",



Jio aims to revolutionize finance in India with advanced tech & personalized products



**Tata capital launched next-gen API financial solutions**

Tata Neu  
Co-branded credit cards | BNPL (Tata Pay Later) |  
Digital gold investments | Personal loans

Non-Fintech companies are advancing towards their Fintech ambitions by acquiring Payment Aggregator licenses, NBFCs, Broking licenses to offer financial services & products to consumers & businesses

# Fintech story continues – May the force be with you

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- India to have 150 Fintech Unicorns with a combined value of ~\$0.5Tn & \$200Bn in revenues
- AI to be the lead enabler for future growth
- Digital payments dominance to continue with ~\$11Tn+ in UPI payments by 2030
- Digital lending to be the biggest contributor & value creator with >\$1.3Tn in AUM
- Insurance digitization accelerates with newer products, platforms & regulatory support
- Cross-border payments, travel banking, EV & solar financing to be sunrise opportunities

Key Takeaways

# India remains an underpenetrated market; AI to be the leading enabler for future growth

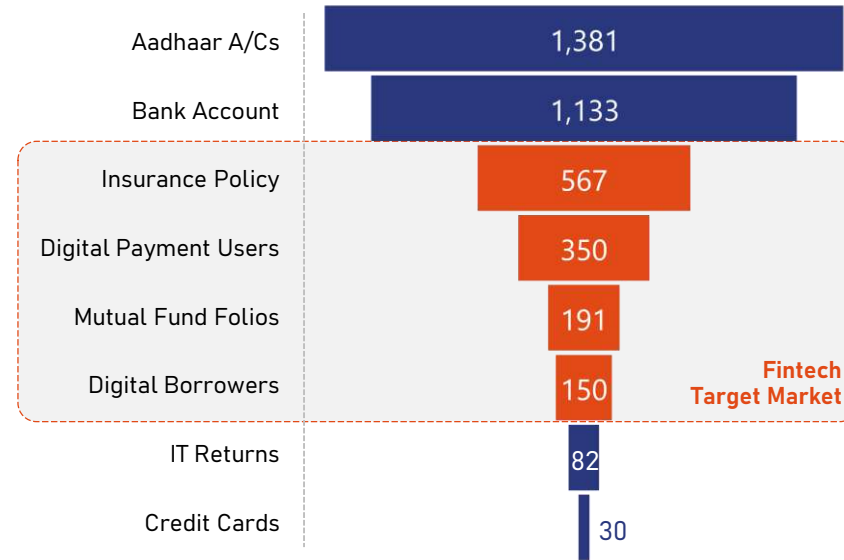
Despite all the progress, India remains an underpenetrated market

Penetration as a % of GDP

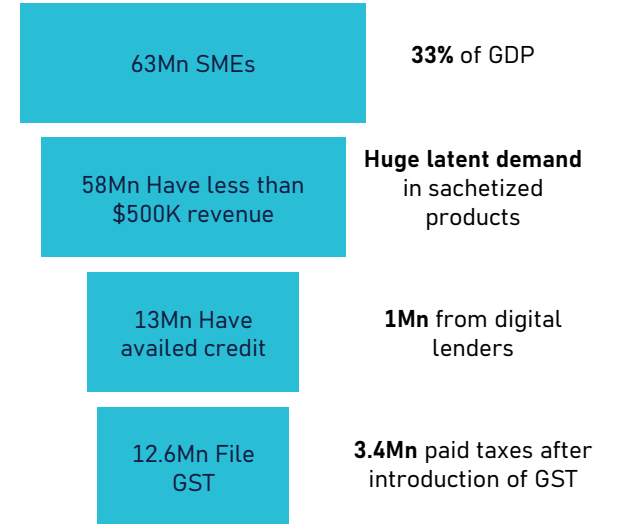
	India	USA	Global
Mutual Fund	15%	80%	74%
Wealth Management	6%	60%	15%
Insurance	4%	12%	6.5%
Retail Lending	14%	121%	15%
Credit Card (% of Population)	3%	74%	22%

## Opportunity remains large

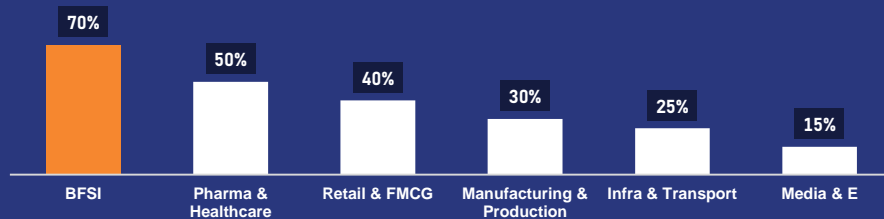
India financial pyramid (Mn)



B2B financial pyramid



## BFSI leads in AI adoption – FY24



## AI can help accelerate penetration



Fraud detection



Product credit risk



Automate process



Personalisation



Improve collection efficiency



Portfolio creation

## Possible areas where AI can be adopted



# Rising consumption, penetration & AI will lead to 150 Unicorns & \$200Bn in Fintech revenue by 2030

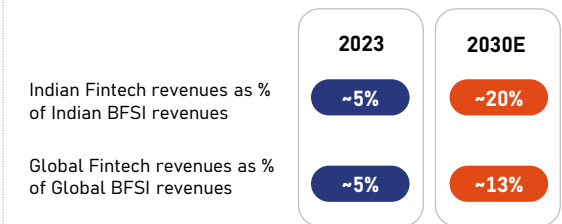
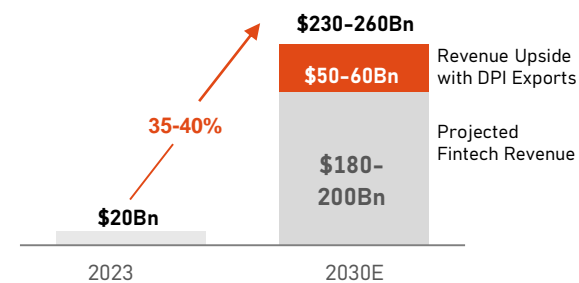
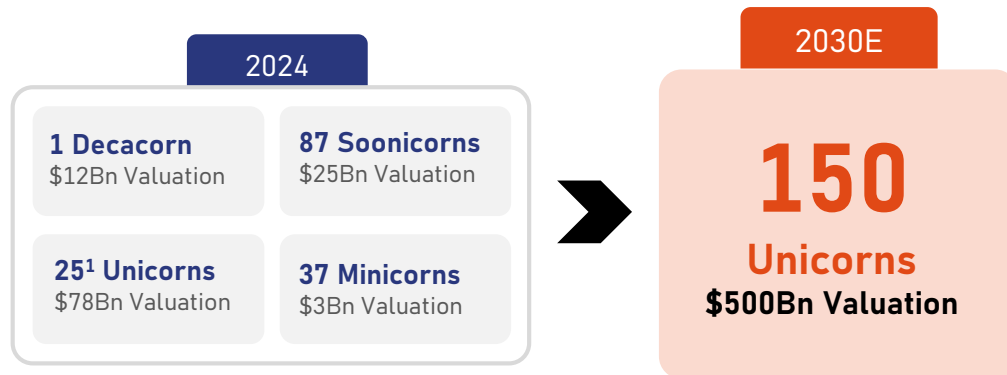
India is estimated to have 150 Fintech Unicorns by 2030 with a combined valuation of \$500Bn

Indian Fintechs will have a combined revenue of \$200Bn by 2030

Share of Indian Fintechs in BFSI Revenue is estimated to increase to ~20% by 2030

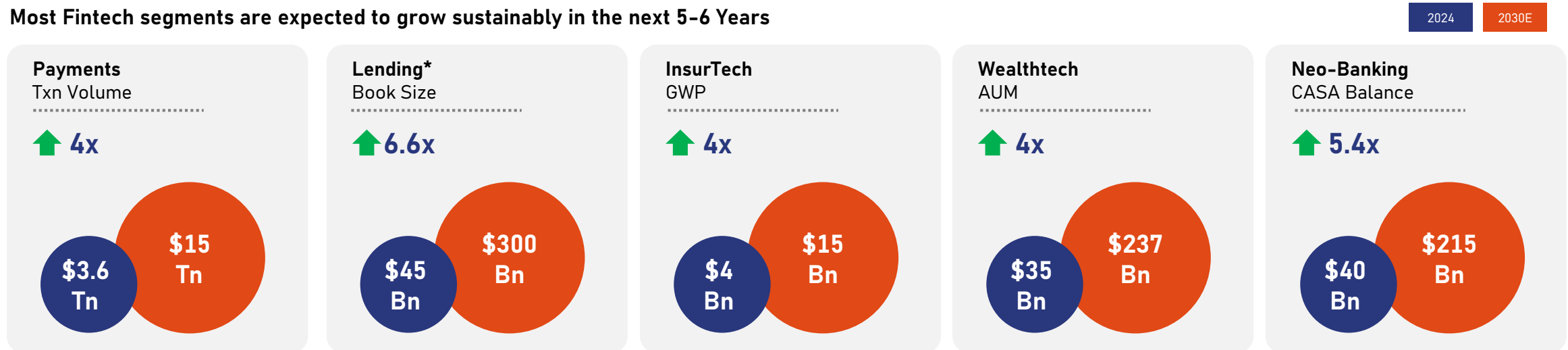
India Fintech revenue projection

Share of Fintech revenues in total BFSI revenues



Total BFSI revenue in 2023 stood at ~\$370Bn, expected to grow at ~15% CAGR between 2023-2030E

Most Fintech segments are expected to grow sustainably in the next 5-6 Years

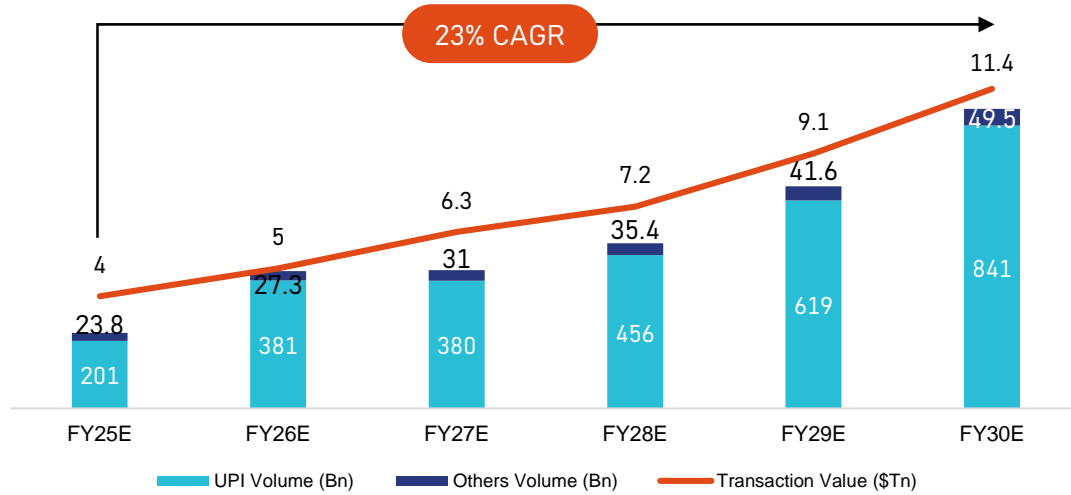


Source: EY, Beams Internal Analysis, Dezerv, Edelweiss  
\*Off-book+on-book  
1. Excludes the decacorn



# Payments to lead with new platforms & newer opportunities

The payments industry is expected to process \$11Tn\* digitally by 2030 powered by UPI



Fully licensed payment aggregators increased from 12 in Feb 2024 to 27 as of July 2024

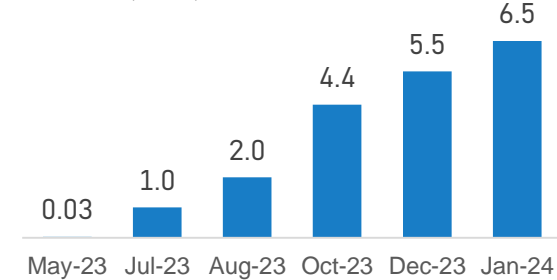


## Drivers for platform growth

- Banks opting for their PGs
- Growth of ONDC to drive the need for customized PA/PG/PaaS solutions
- New guidelines on PA–Cross border is expected to attract players, facilitating cross-border payments for small and mid-sized businesses and driving demand for the OPGSP platform
- With the growing digitization of enterprise payments, solutions for collections and reconciliation gained prominence

ONDC's goal is to enable every seller to access all payment tools. This opportunity is visible with apps such as Namma Yatri, which charge a flat daily fee

Number of transactions on ONDC (In Mn)



## Prominent Players in the ecosystem

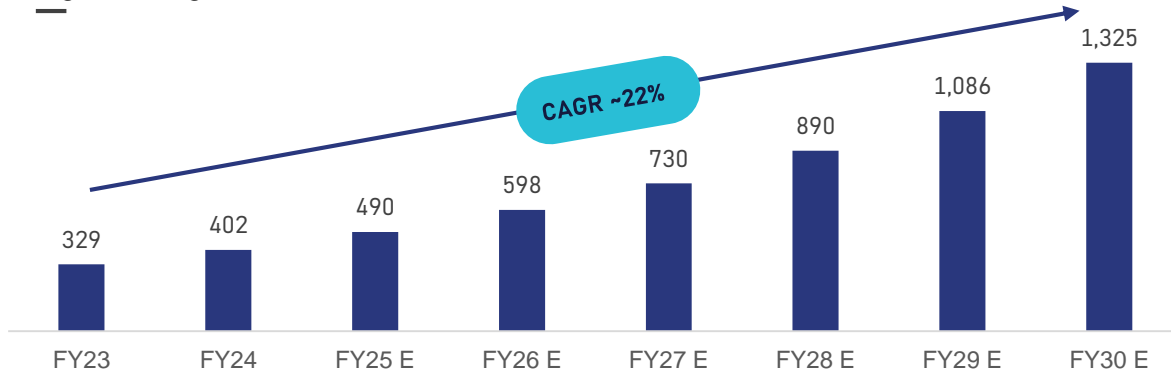


Source: The Indian Payments Handbook - PwC India, The Painted Stork, Economic Times  
\*Includes UPI, Credit Cards, Debit Cards, Prepaid Instruments and NETC

# Digital lending to be the biggest value creator amongst Fintechs

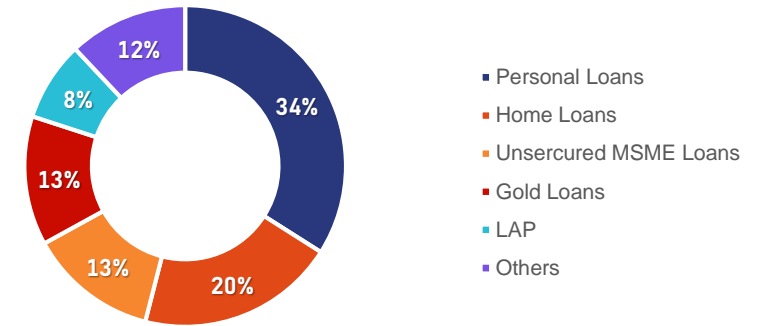
Digital lending revenue will comprise **60%** of overall Fintech revenue by **2030**

Digital lending AUM in \$Bn

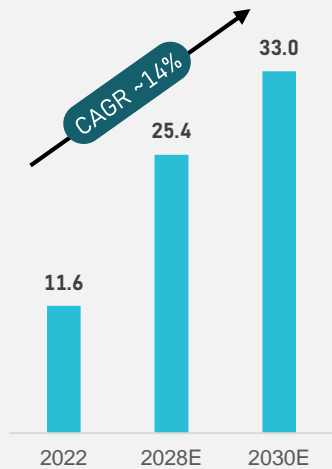


Co-lending AUM of NBFCs nears ₹1Tn (~1% of total NBFC AUM), estimated to cross 10% of AUM by 2030

Share of co-lending AUM (as of Q3FY24)



Buy Now Pay Later (BNPL) Gross Merchandise Value, \$Bn

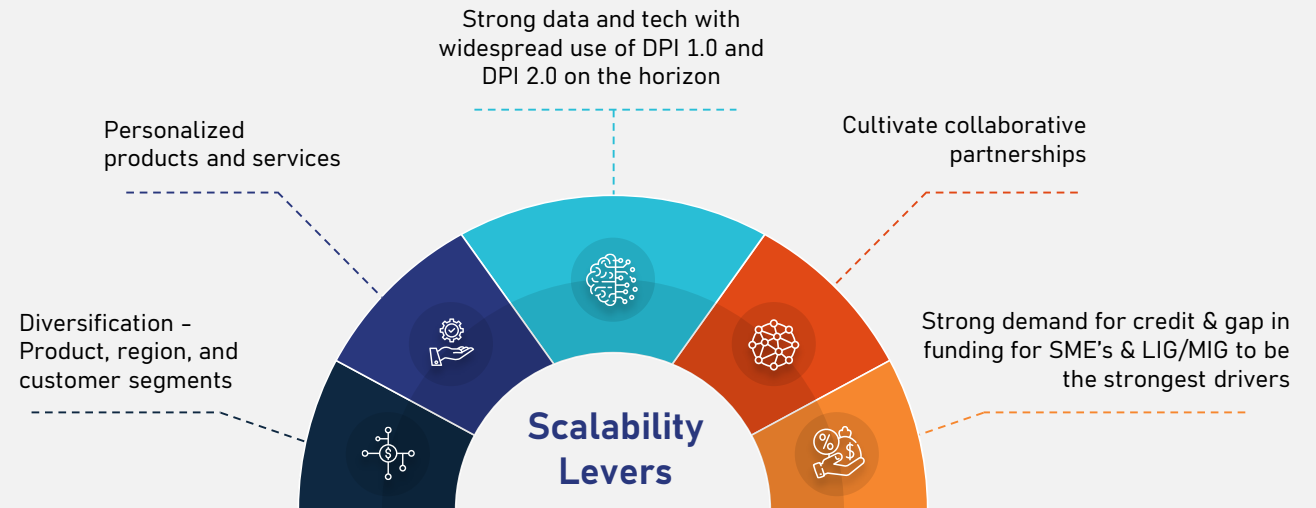


AA, Digi Locker, AI & personalization to enhance several options such as BNPL and Pay in 3/6/9 months instant loans

Leading banks are forging partnerships with digital consumer lenders

B2B unsecured lending is gaining traction to cater to MSMEs

Commerce platforms are embedding supply chain financing solutions

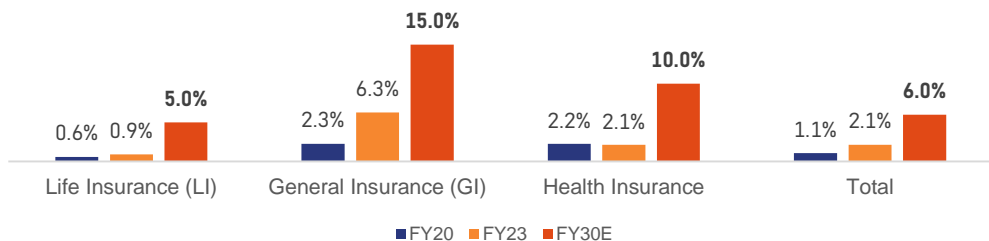


Source: Inc42 - State of Indian Fintech, The Hindu Business Line, EY

# Digitally purchased insurance to see multifold growth as penetration increases

## Digital premium is estimated to reach \$18Bn by 2030

Digital Insurance sales as a %age of total Premium



GI to grow faster than LI, estimated to reach ~50% of total premium in the country

## Factors driving digital penetration

- Simplified comprehension, comparison, and 24\*7 access
- User-friendly web and mobile interface with paperless processes
- Digital policy issuance, servicing & claims processing
- Competitive rates and discounts
- Unified KYC integrated with DigiLocker
- Dynamic pricing and purchase recommendations
- Personalized experience using gamification
- Innovative payments and biometrics, or AI-led identity control

## Insurance growth will also be accelerated by supportive policies & innovative strategies from insurers & distributors

IRDAI: Working towards a future-ready insurance industry

Use and File (U&F) (Simplification of product filing procedure)	Surety Insurance	Insurtech initiatives (Bima Sugam, IRDAI Hackthon)
Limits on expenses of management	State Insurance Plan	SandBox Amendments
Risk based supervisory framework		

New-age insurers are working towards innovations in the insurance industry!

## Insurance as a Service (IaaS) and omnichannel distribution will power API-driven "Insurance in a box" for FIs and retailers

Owning customers' trust is key

**20%** Rise in customer satisfaction due to the use of digital modes of interaction

**47%** Insurance buyers use digital channels for decisions

Consumer businesses want to enable FinServ, like Insurance

**OLA** 20Mn+ Monthly trip cover policy sales by Ola

**\$16.5Bn+** GWP generated by Indian consumer businesses, making it fastest growing channel

# New age tech focused wealth managers to drive steep growth

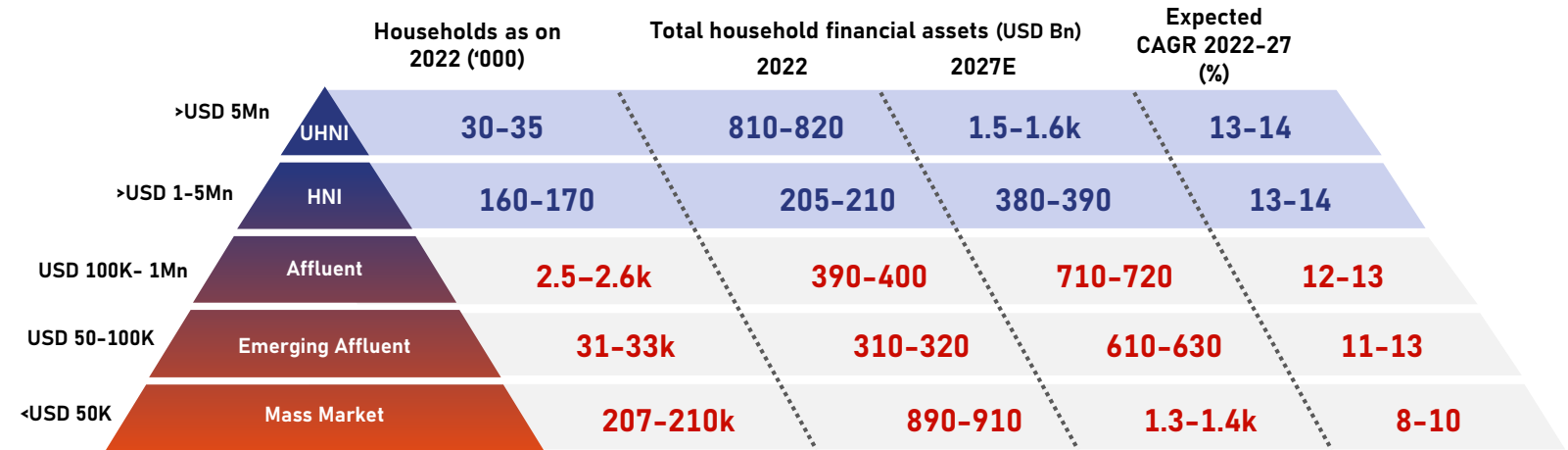
India's wealth management industry is estimated to grow 4x by 2030 on the back of UHNI, HNI and affluent class expansion

	2022	2027E
GDP	\$3.4 Tn	\$7.0 Tn
Stock of Wealth	\$5.0 Tn	\$10.0 Tn
Household Fin Assets	\$2.0 Tn	\$5.0 Tn
Advised Wealth*	\$250Bn	\$1Tn

## Other wealth creation opportunities

- Direct Stock Investments: Huge upside potential with only 2% of Indians investing in stocks compared to 55% in the US
- Digital Gold: Digital gold allows investors the same benefits of owning physical gold without the stress of authenticating its purity or worrying about its safety.
- Real Estate Investment Trust (REITs) offer retail investors an opportunity to diversify their portfolios with income-generating real estate assets
- Similar to REITs, Infrastructure Investment Trust (InvIT), which enables direct investment in infrastructure projects to earn a portion of the income as return
- Other Non Debt/Income generating assets like Leasing of assets.

UHNI and HNI wealth is expected to grow the fastest at a CAGR of 13-14% over the next 3 years

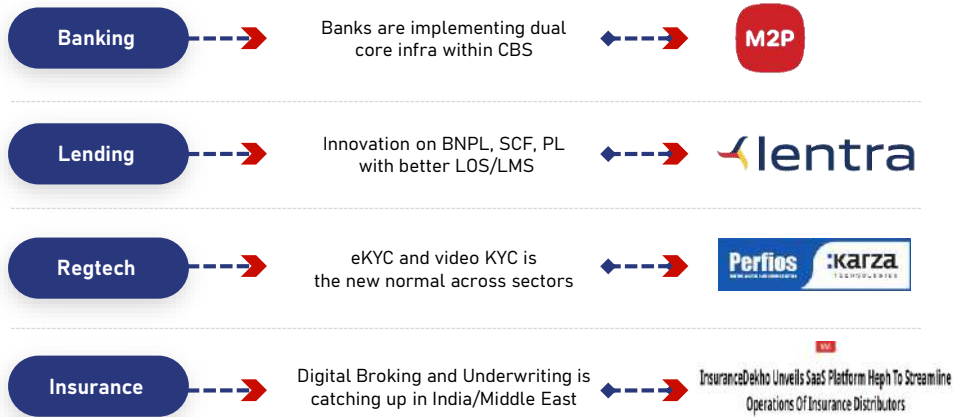


## Distribution will be key for all wealth managers in India

<b>Mutual Fund Dist.</b>	~\$469Bn Retail AUM in India MF (As on 2024; 60% of ~782 Bn)	~\$445Bn Retail AUM through Distributors (Direct + Regular; ~90% of AUM)	~\$2.5-3.5Bn Revenue Potential in 2030 at 12% YoY growth & ~0.3-0.4% Take Rate
<b>AIF and PMS</b>	\$100-135Bn Total India AIF AUM (2024)	~\$390Bn Total India PMS AUM (2024)	~\$20Bn Revenue Potential in 2030 at 14%YoY growth and 2% Take Rate
<b>Debt (inc P2P)</b>	~\$1,200Bn Total India Govt Bonds (2023)	~\$600Bn Total India Corporate Bonds (2023)	~\$1Bn Revenue Potential at \$1 Tn est. retail inflows (Take Rate ~1%)

# BFSI SaaS to witness exponential growth as innovation takes center stage in India

## Fintech infrastructure landscape is changing across themes



## BankingTech poses a large opportunity with \$5Bn+ revenue opportunity by 2030

India's banking and investment services firms were estimated to have spent \$11.3 billion on technology in 2023, according to latest available data from **Gartner**.

"We believe in today's world, systems cannot be down and you have to create online, real-time systems to match the capabilities," said Sumant Kathpalia, CEO at private lender **IndusInd Bank**, which currently spends about 8%-10% of cost-to-income on IT-related expenses.

### Growing products within BankingTech



## LendingTech has seen increased demand with potential for global sales

### Lending SAAS

Lending SaaS in India provides solutions for the lending sector, such as digital lending platforms, credit scoring, loan management, and collections. It is a growing market, worth USD 5.65 billion in 2022, and expected to grow at 27% CAGR till 2028. The growth factors are:

- Banks, NBFCs, and FinTechs opting for external solutions to save cost, time, enhance customer experience, and meet standards.

### Growing products within LendingTech



## Regulatory changes like DPDP, focus on cybersecurity is enabling growth of Regtech

Current legacy solutions used by banks are ill-fitted to meet the stringent requirements increasingly implemented by regulators all around the world. RegTech is a seamless way for banks to meet these requirements, without the need to overhaul their existing models entirely. RegTech is poised to be the future of facilitating compliance management and minimise regulatory risks.



### Growing products within RegTech



## Demand for byte size insurance and govt. initiatives are pushing SaaS implementation

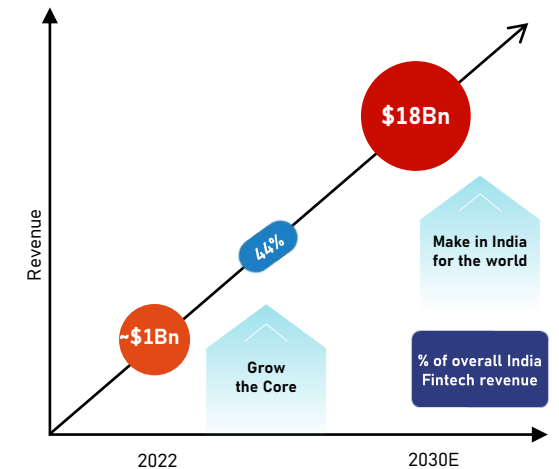
### Revolutionising the insurance sector: One SaaS solution at a time

The insurance industry in India has undergone a significant transformation in recent years with the widespread adoption of Software-as-a-Service (SaaS) solutions. Both general and life insurance companies have recognised the potential of SaaS in revolutionising their operations, improving customer experience, and driving growth. In this article, we will explore how SaaS has been embraced by the insurance sector in India, highlighting its impact on both general and life insurance providers.

### Growing products within InsurTech



## India BFSI SaaS revenue is expected to grow by 18x

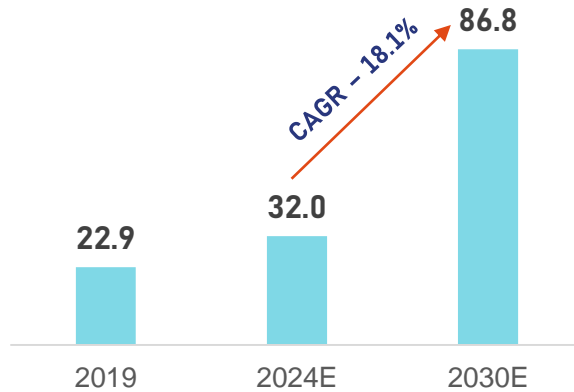




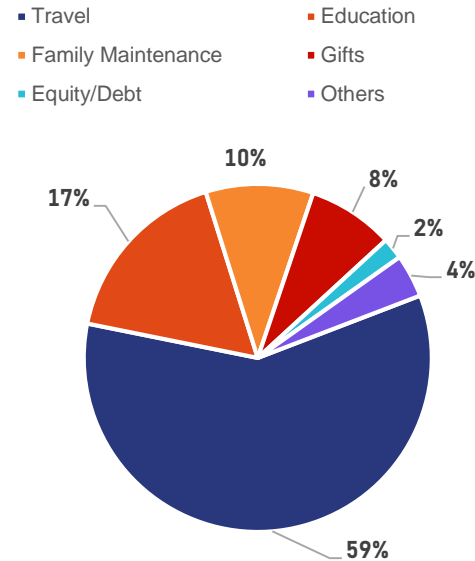
# Others – forex and cards to be a “big play”

Indians are likely to become the 4<sup>th</sup> largest spenders on foreign travel by 2030

India's Spend on overseas travel (\$Bn)

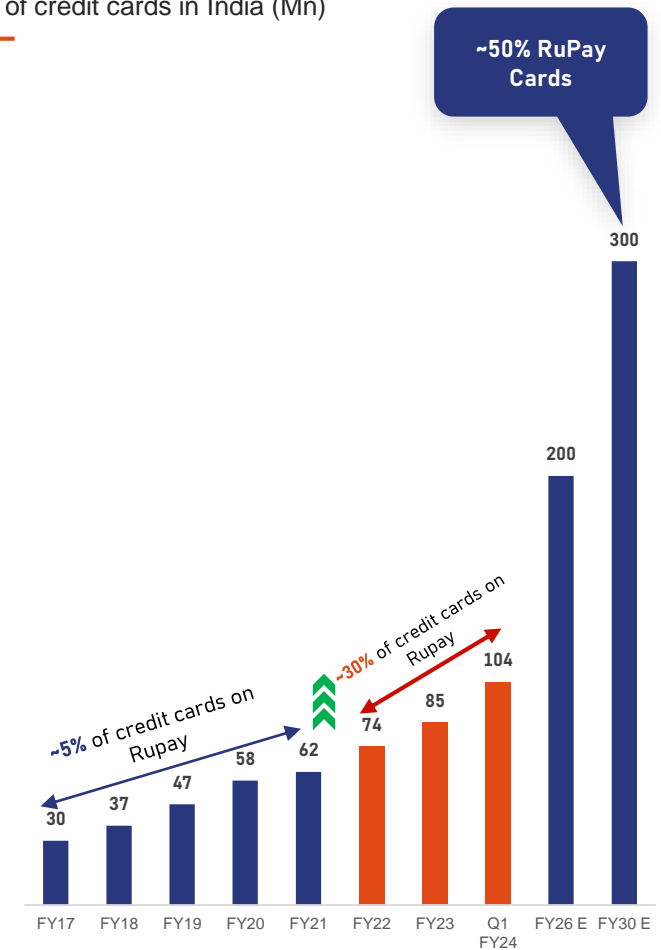


Leisure travel to be the biggest contributor to overseas spends followed by Education



Credit on UPI would be one of the biggest growth engines driving RuPay credit card adoption in future

# of credit cards in India (Mn)



**50Mn**

International Trips estimated by 2030E

**\$50Bn**

India Forex cards Market Size by 2030E

**Niyo**

**Jupiter**

**scapia**

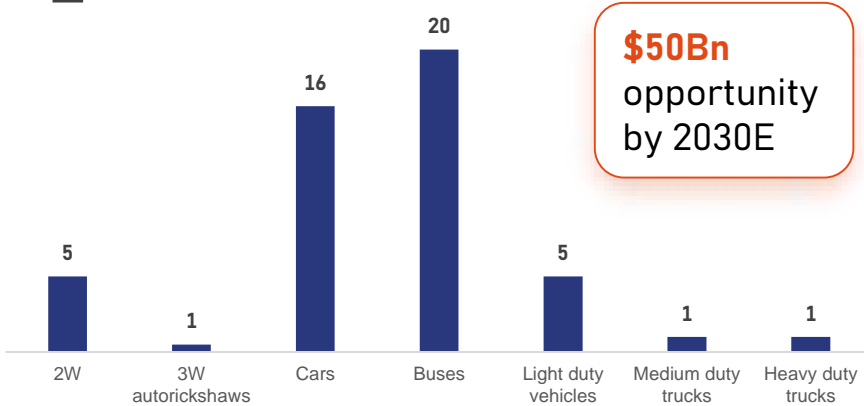
Key prominent players to benefit from the above trends.

# Sunrise themes (1/2)

**EV financing to take center stage as consumers & businesses gravitate to eco friendly options, Solar energy is poised for exponential growth creating opportunities for financing sustainable energy solutions**

**India has a sub 10% penetration in the EV market with significant headroom to grow**

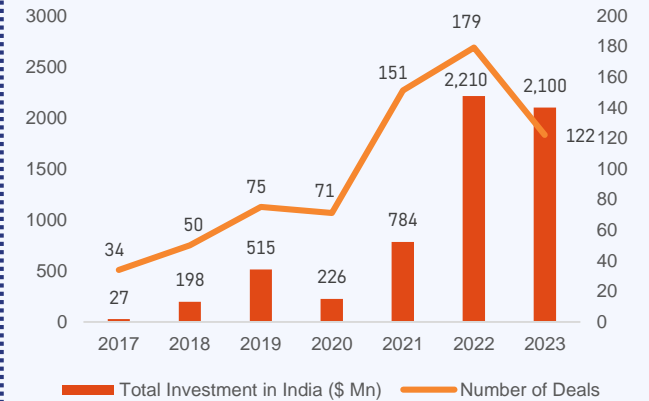
Estimated size of EV financing market in India (\$Bn)



EV penetration to increase with affordable financing solutions

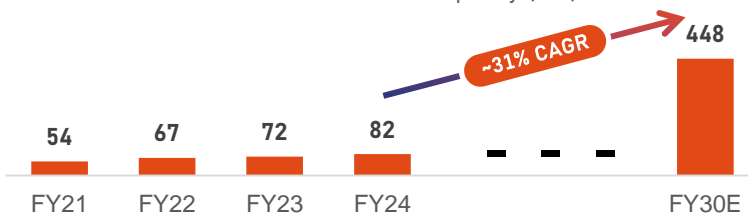
- Setting up of low-cost funds with risk-sharing mandates, green bonds and asset-backed securities, and prioritizing commercial EV loans for driver-owners with lending limits
- Restructuring products to link cash flows, enabling battery-vehicle decoupling for leasing/swapping models
- Improving affordability through interest subvention and tax benefits
- Establishing safety standards, performance certifications, and a circular economy framework
- Reducing resale risk by promoting a secondary market for used EVs through OEM buyback programs and purchase subsidies

YoY total funding in EV (\$Mn)



India's 14th National Electricity Plan (NEP) aims to increase the country's solar power capacity to 448 gigawatts (GW) by 2030, which would generate around 32% of India's energy from solar

Installed Solar Power Capacity (GW)



Major initiatives driving india's solar energy expansion and self-reliance initiatives

- ₹240Bn PLI plan offers financial incentives for domestic production of high-efficiency solar panels, to make India a manufacturing hub and reduce reliance on import
- PM Surya Ghar: Muft Bijli Yojana. This project, with an investment of over ₹750Bn, aims to light up 1 crore households by providing up to 300 units of free electricity every month

Other Growth Drivers for the Solar Sector as per CIBIL Consulting

Fiscal & regulatory incentives

Infrastructure support from government

Improving availability of finance at low cost

Favorable Technology

Foray of large established global players in the Indian solar industry








Sharp decline in module prices

Source: Crisil December 23 Ware Report. Economic Times, Invest India, Beams Internal Analysis, NITI Aayog, EVreporter

# Sunrise themes (2/2)

In July 2024, UPI processed over 14Bn transactions worth ₹20Tn, making up 86% of NPCI's total transaction volume. As UPI goes global, domestic platforms to follow suit



 <p><b>UK</b> To enhance cross-border payments using UPI IDs</p>	 <p><b>FRANCE</b> To allow UPI payments for students, tourists</p>	 <p><b>BHUTAN</b> BHIM UPI QR-based payments enabled</p>	 <p><b>NEPAL</b> P2P, P2M and cross-border payments made operational</p>
 <p><b>UAE</b> Cross-border UPI skills enabled</p>	 <p><b>SINGAPORE</b> PayNow Integrated with UPI for cross-border transactions</p>	 <p><b>MALAYSIA</b> To facilitate remittance to beneficiary banks in India via UPI</p>	

**Asian Countries**

UPI QR payments for countries like Malaysia, Thailand, Philippines, Vietnam, Cambodia, Hong Kong, Taiwan, South Korea and Japan

**European Countries**

Indian Payment channels to be enabled in Netherlands, Belgium, Luxembourg, and Switzerland

## RBI to expand distribution partnership for adoption and efficient usage of CBDC for targeted purposes

Programmable CBDC offers the central government an opportunity to disburse subsidies directly to the target sectors such as agriculture & healthcare. This ensures efficient tracking, transparency, accountability, with funds reaching intended beneficiaries without leakages

For effective CBDC distribution, RBI must partner with banks, payment companies, payment banks, digital banking units, & business correspondents to ensure seamless integration into financial systems & broad accessibility for consumers & businesses



## Intersection of Fintech and B2B commerce

- AgriTech + Fintech
- RetailTech + Fintech
- HealthTech + Fintech

And many more...

There is a golden opportunity for financing and lending in these fields with the potential to streamline and enhance operations



**\$200Bn**  
2030

### eB2B Commerce

Will reach 5% of overall B2B market by 2030

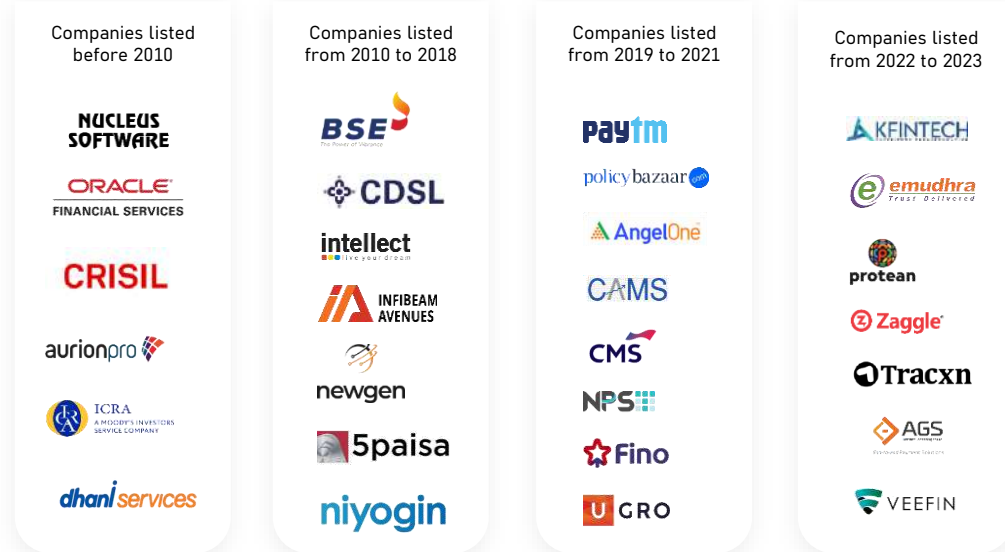
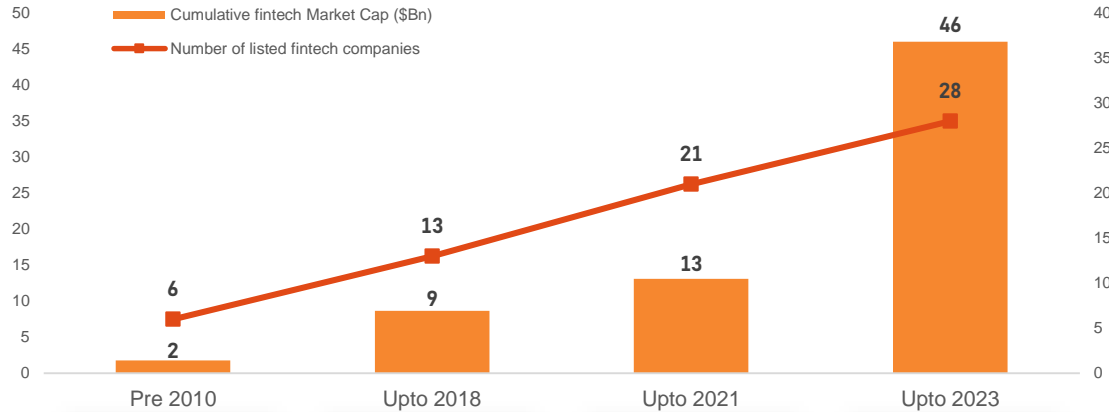
# Fintech comes of age

- Coming of age of the sector culminating in 28 successful Fintech IPOs
- Beams Listed Fintech Index outperformed Bank Nifty by 250% since 2019
- Markets welcomed all - companies with revenues as low as \$20 Mn to \$200 Mn
- B2C Companies exhibited larger scale (>\$200 Mn in revenues) at listing over B2B
- Markets fairly treated large-cap & mid-cap with similar valuations
- Financial performance & consistent communication -key factors driving share price movement
- PE companies stayed private for longer (>10 years) given capital availability & infusion at regular intervals

Key Takeaways

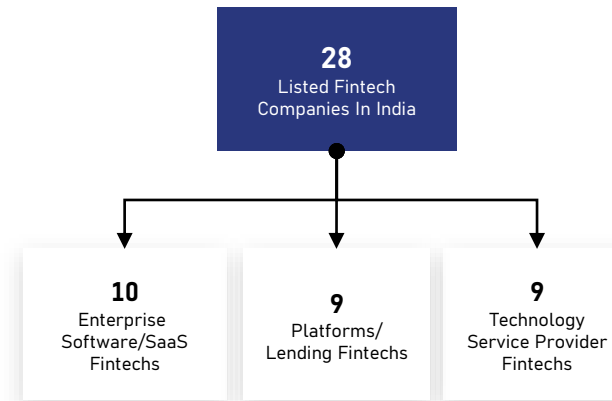
# Growth of the Fintech ecosystem has culminated into successful Fintech IPOs

India has seen 20 new Fintechs IPOs in the past 2 decades, with Fintech's market cap growing from \$2Bn in 2010 to \$46Bn by 2023

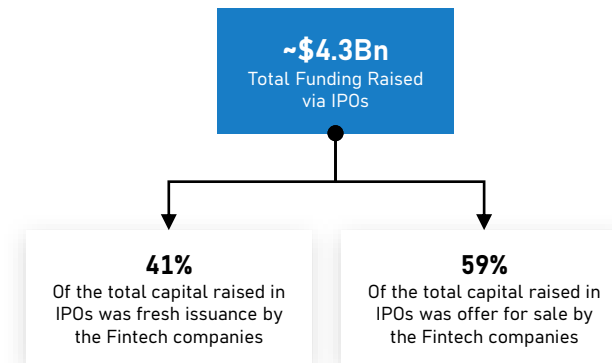


Source: Beams Internal Analysis

Multiple Fintech companies have filed for an IPO recently, while many have already entered the public markets



- There have been more Fintech listings in the last decade (19 listings) than the previous decade (9 listings), showcasing the momentum that Fintech companies have picked up in India
- Out of 28 companies mentioned, there were 20 IPOs after calendar year of 2000, 3 IPOs before 2000, 4 companies got listed via demergers and 1 got listed via acquisition

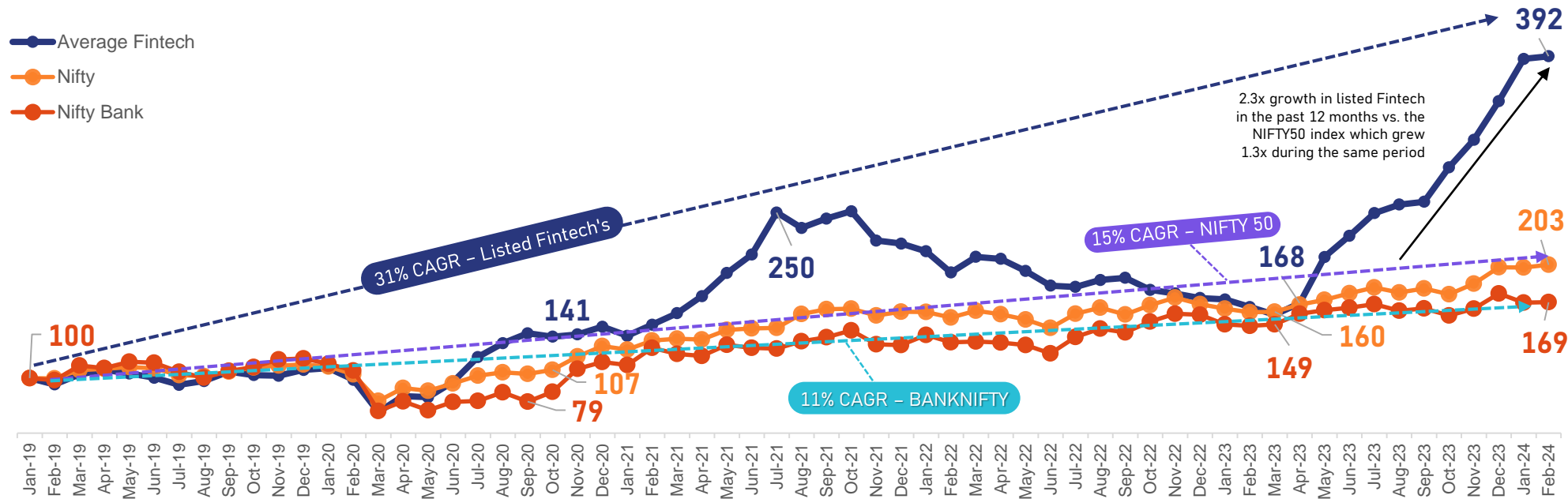


- New age companies - Paytm, Policy bazaar, Zaggle, Fino, Tracxn and Veefin cumulatively raised \$3Bn via IPO, ~70% of the total money raised by listed Fintech's, displaying growing acceptance from public market funds to invest in disruptive Fintech businesses in India



# Listed Fintechs have outperformed Nifty50 & BankNifty

## Listed Fintech Market Cap Growth vs Nifty50 & Bank Nifty (Indexed to 100)



**Top performers in the past year**

- AngelOne
- CDSL aurionpro
- BSE 5paisa
- newgen intellect
- UGRO NPS

Beams internal listed Fintech Index has exhibited strong performance over the past 5 years, demonstrating an **average market cap growth of 31% CAGR, outperforming Nifty50 and Bank Nifty which grew at 15% CAGR & 11% CAGR respectively over the same period**

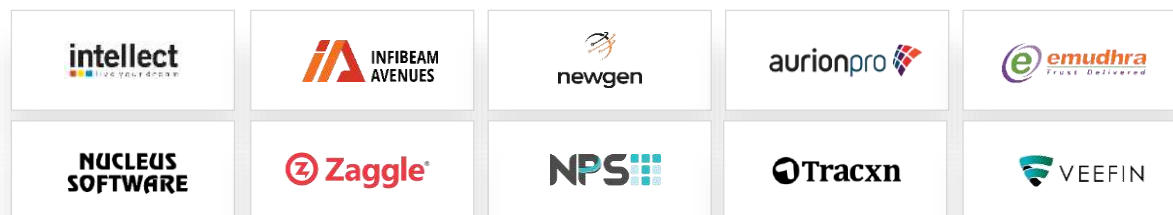
Listed Fintech market cap has grown by 100% over the last 1 year owing to new listings, significant liquidity in capital markets & stellar financial performance of the following companies: **Aurionpro (577%), Angel One (168%), CDSL (94%), BSE (308%), Newgen (289%), Intellect (148%), 5Paisa (111%), NPST (108%) and Ugro Capital (130%)**

This strongly signals market factoring in faster growth and ascribing more value to Fintech companies acting as a catalyst to the rest of the industry

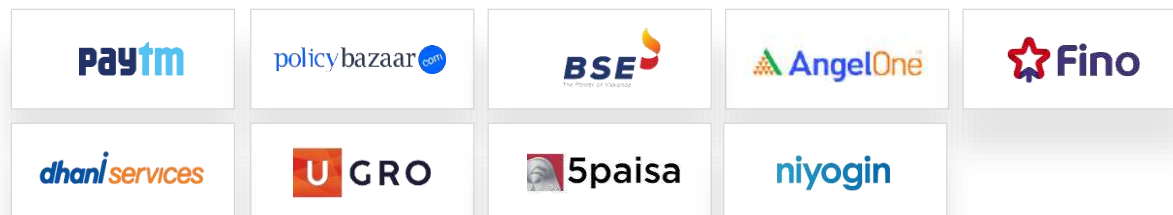
# Segment wise valuation & listing trends

## Listed Fintechs categorized by business model

### Enterprise Software/SaaS



### Platform/Lending



### Technology & Service providers (TSP)



Segment	Summary Stat	Time Taken to List	Revenue on Listing (₹Cr)	PAT on Listing (₹Cr)	Listing Gains	Market Cap on listing (₹Cr)	EV/Forward Revenue (x)	Subscription (x)	Market Cap Growth (Since Listing)
Enterprise Software/ SaaS (10)	Mean	11	155	12	15%	1,410	12.3x	7x	10%
	Median	9	44	4	4%	1,518	9.3x	5x	14%
Platform/Lending (09)	Mean	15	1,714	-153	5%	34,755	9.5x	15x	42%
	Median	13	957	20	-6%	5,083	7.5x	4x	30%
Technology Service Providers (09)	Mean	19	786	108	12%	3,706	6.5x	42x	250%
	Median	20	721	107	1%	3,525	6.6x	9x	31%

- On average, Technology Services companies with monopoly like businesses have stayed private longer, approximately 20 years to reach the stage of pursuing an IPO. Conversely, Enterprise Software & Platform companies approached public markets much earlier. **Overall, it is observed that Fintech companies have taken on an average 11-15 years to reach a mature phase and approach public markets**
- Markets have welcomed Enterprise software companies even at relatively modest revenues, while Platform/ Lending companies & TSPs have approached markets at \$80mn to \$100mn of revenues. **Notably, companies Platform/ Lending companies could successfully list despite the operating losses**
- Listing day performance has been mixed across categories of businesses. **However, Enterprise Software businesses performed better on listing day**
- Most of the IPOs were well oversubscribed exhibiting growing acceptance by public markets of various kinds of Fintech business models
- **IPO valuation multiples have been in the range of 7-10x forward revenues**

# Performance analysis of listed Fintechs: B2B vs B2C, Large cap vs Mid cap, PE backed vs non-PE backed

## B2B vs B2C

Category	Summary Stat	Time Taken to List (years)	Revenue on Listing (₹Cr)	PAT on Listing (₹Cr)	Listing Gains	Market Cap on listing (₹Cr)	EV/Forward Revenue on Listing	Oversubscription (x)	Market Cap Growth
B2B	Mean	15	461	64	15%	2,644	9.5x	25x	<b>116%</b>
	Median	13	307	38	4%	2,212	7.9x	9x	<b>28%</b>
B2C	Mean	16	1,984	-235	-2%	42,173	10.0x	6x	<b>45%</b>
	Median	14	1,980	-65	-8%	27,811	8.5x	3x	<b>18%</b>

- B2B companies being significantly profitable were able to list with modest revenues, while B2C companies required much larger scale at the time of listing
- \$3Bn-\$5Bn market cap is now a possible outcome for new-age B2C Fintech businesses

## Large Cap vs Mid Cap

Category	Summary Stat	Time Taken to List (years)	Revenue on Listing (₹Cr)	PAT on Listing (₹Cr)	Listing Gains	Market Cap on listing (₹Cr)	EV/Forward Revenue on Listing	Oversubscription (x)	Market Cap Growth (Since Listing)
LargeCap	Mean	16	1,130	-132	8%	23,921	9x	17x	<b>154%</b>
	Median	13	787	128	1%	5,428	7x	6x	<b>29%</b>
MidCap	Mean	14	523	95	14%	1,636	10x	6x	<b>67%</b>
	Median	13	89	19	4%	1,819	9x	4x	<b>27%</b>

- Regardless of the market cap at listing, most Fintech IPOs were well received with an average oversubscription of 6x
- Growth in market cap since listing was more correlated to the performance of the company than the size of the company

## PE Backed vs Non-PE Backed

Category	Summary Stat	Time Taken to List (years)	Revenue on Listing	PAT on Listing	Listing Gains	Market Cap on listing	EV/Forward Revenue on Listing	Oversubscription (x)	Market Cap Growth (Since Listing)
PE/Institutional Backed	Mean	17	950	0	8%	14,479	7.6x	7x	<b>124%</b>
	Median	14	683	69	1%	3,623	7.1x	5x	<b>27%</b>
Non-PE/Institutional backed	Mean	10	335	14	19%	1,381	14x	27x	<b>92%</b>
	Median	8	29	4	5%	1,609	10x	9x	<b>29%</b>

- Institutionally backed companies stayed private longer as they were well capitalized, compared to non institutionally backed companies
- Average growth in market cap since listing was better for institutionally backed companies given better preparedness of these companies to go public

Source: Beams Internal Analysis

List of listed Fintech companies considered for analysis in each segment

B2B - Oracle Financial Services, BSE, Crisil, CDSL, CAMS, Intellect Design, Infibeam Avenues, Newgen, Kfintech, Aurionpro, CMS, eMudhra, Protean, Nucleus Software, ICRA, Zagggle, NPST, Ugro, Tracxn, AGS, VeeFin, Niyogin  
B2C - Paytm, Policybazaar, Agnelone, Fino, Dhani, 5Paisa  
Large Cap (> INR 3,000 Crore Market Cap on listing) - Paytm, Policybazaar, CAMS, Kfintech, BSE, Protean, Intellect, Fino, CMS

Mid Cap (<INR 3,000 Crore Market Cap on listing) - CDSL, Angelone, Infibeam, Zagggle, eMudhra, AGS, Newgen, NPST, ICRA, Tracxn, VeeFin, Aurionpro  
PE/Institutional Backed - Paytm, Policybazaar, BSE, Angel One, CDSL, CAMS, Newgen, Kfintech, CMS, Protean, ICRA, Fino, Zagggle, Tracxn  
Non-PE/Institutional backed - Infobeam, Aurionpro, eMudhra, NPST, AGS, VeeFin  
\*Companies listed before 2000, Demerged or Acquired and therefore not considered in the (large cap/mid cap & PE/Non PE analysis)

# PE/VC returns in select Indian listed Fintechs

Company	PE/VC Investors	Round	Funding Round Date	Entry Valuation (\$Mn)	Valuation (\$Mn)*
policybazaar.com	intel. infoedge	Series A	Jun-11	22	6,488
	athera intel. infoedge	Series B	May-12	28	
	TIGERGLOBAL Ribbit Capital	Series C	Jun 14	101	
	PRIME INVEST TIGERGLOBAL Ribbit Capital MakeSense	Series D	Apr-15	202	
	chiratac TRUE NORTH IDG Capital athera TEMASEK TIGERGLOBAL PRIME INVEST	Series E	Oct-17	481	
	SoftBank	Series F	Apr-19	947	
	ALPHA WAVE	Series G	Feb-21	2,100	
paytm	svb Silicon Valley Bank ELEVATION	Series A	Mar-07	23	13,773
	intel. svb Silicon Valley Bank	Series B	Dec-08	97	
	SAPPHIRE VENTURES	Series C	Sep-11	253	
	ELEVATION Alibaba	Series D	Jan-15	672	
	citi ANT GROUP	Series E	Sep-15	2,400	
	MEDIATEK	Series F	Aug-16	4,800	
	SoftBank	Series G	May-17	6,900	
	BERKSHIRE HATHAWAY INC.	Series H	Aug-18	10,200	
Tracxn	ELEVATION Milliways BEENEXT	Series A	Apr-15	17	90
	VH VENTURE HIGHWAY DST GLOBAL 3ONE4 CAPITAL	Series A (extension)	Dec-15	35	
	ELEVATION PRIME	Series B	Jun-16	49	
	PRIME SEQUOIA Accel	Series C	Dec-17	80	
	KB Investment	Series C (extension)	Aug-19	84	
AngelOne	IFC	Series A	Dec-07	251	362
KFINTECH	GENERAL ATLANTIC	Series A	Nov-18	160	722
CMS	Blackstone	Series B	Dec-11	129	440
newgen	ASCENT CAPITAL chiratac	Series B	Dec-13	40	216

Fintech Investors earned median returns of ~4-5x\* on listing with an average holding period of 5-6 years

\*1. Notional returns calculated assuming if the investor would have exited their stake in IPO rather than their actual date of exit

2. Valuation is based on closing price of the listing date for each of the companies

# Assessing IPO-ability of a Company

Essential to consider factors from all perspectives to streamline the decision-making process

## Investors Perspective



### Size

Market Cap, Issue Size & Construct



### Timing

Momentum & Macros



### Investors

Domestic (vs) Foreign



### "PSPD"

Investors Key Criteria

## Industry Perspective



### Sub-Sector

Depth of Sector & Evolution



### Peer Set

Choosing the Right Peer Set



### Valuations

Comparison with Listed Peers  
OR First of its Kind



### Products & Services

Market penetration

## Company Perspective



### Scale

Revenue, Reach & Distribution



### Growth

Fast Growing & Increasing Market  
Share



### Profitability

Profitable or Near Profitable



### Investor Set

New Age Investor Participation



# Most likely IPO candidates in Fintech over the next 3-5 years

Payment	Lending Tech	Fintech Infra / SaaS	InsureTech	WealthTech	Others
PhonePe Pine Labs Razorpay PayU CRED BillDesk SBI Payments mSwipe Cashfree Payments Niyo BharatPe Easebuzz	bankbazaar STRIDE one VAYANA EPI MONEY indifi LENDINGKART fibe kredX kissht KreditBee Mintifi PROGCAP CREDABLE moneyview stashfin AVANSE Yubi Oxyzo rupyy LIQUILoans STRIDE one weRize InCred slice AYE [आय] FJ FLEXI LOANS	Perfios pennant M2P Chargebee zeta JUSPAY SIGNZY digio lentra Credgenics IDfy	onsitego zopper ONE ASSIST InsuranceDekho turtlemint ACKO	upstox scripbox smallcase Fisdom IND money Groww DEZERV raise Centricity StockGro	open one Zolve Jupiter freo

Source: JM Analysis, Beams Internal Analysis  
 Note: The above list is indicative and not exhaustive

# Key elements for A successful IPO

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01 | Develop a clear IPO strategy

02 | Clear positioning and differentiation

03 | Scale – what is the right size and the right dilution for IPO?

04 | Profitability and strength of underlying financial metrics

05 | Corporate structure and domicile

06 | Corporate governance

07 | Institutionalization & management team

08 | Operating as a public company

09 | Key considerations for an IPO from a compliance perspective

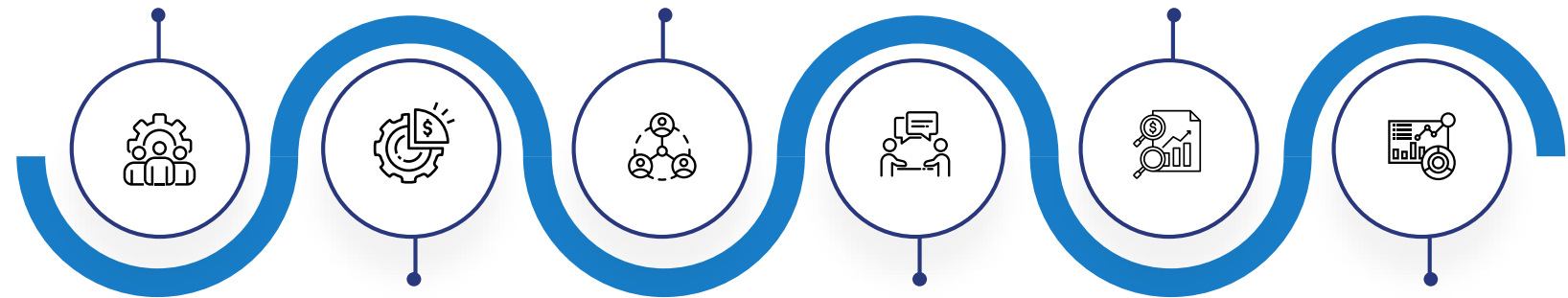
# 01 Develop a clear IPO strategy

A clear IPO strategy helps issuers unlock value and seize market opportunities

**IPO Team**  
Appoint the internal IPO team and initiate discussions with bankers and lawyers

**Aligning with stakeholders**  
In-depth discussions on tasks and timelines with various internal and external stakeholders

**Due Diligence**  
Well-managed virtual data room with up-to-date company data to ensure seamless due diligence process



**Equity Story**  
Start early on the equity story and fine-tune the business plan with IPO in mind

**External Advisors**  
Appointing an experienced lead banker early is key to shaping the equity story, valuing the business, and attracting investors

**Data Readiness**  
Data preparation based on anticipated disclosure requirements to ensure that IPO process is on track

## Key Insights



Start early, 12-18 months ahead of the planned listing



Work on your story and business plan with IPO in mind



Appoint the lead merchant bank first



Unclear timelines and communication to the internal task force



Losing sight of long-lead items



Failing to engage early with all stakeholders

## Look out for

# 02 Clear positioning and differentiation

**Clear positioning and benchmarking against peers is crucial for attracting the right investors, especially for new-age business models**

- Clearly communicate the business model, strengths, market position, and future prospects
- Precisely positioning against competitors to highlight key strengths and growth potential
- Early investor engagement enhances understanding of the business
- A strong growth story, backed by solid financials and clear positioning, sets valuation benchmarks.



- Engage early with investors, communicate clear goals, seek feedback, and align the business plan with the equity story
- Establish long-term relationships and demonstrate consistent progress
- Clear positioning and differentiation make a company a top investor choice during market upturns.
- Consistent engagement through active IR activities keeps the company top of mind

## Key Insights



Engage with public market investors early in the IPO journey



Communicate the strengths and financial growth of your business



Follow up with updates; Public market investors like consistency



Inconsistency between financial profile and equity story



Lack of clarity in communicating business model/positioning



Not at the forefront of investors' thoughts

## Look out for

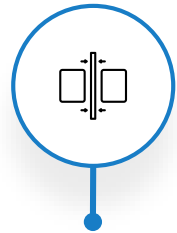
# 03 Scale – what is the right size and the right dilution for IPO?

When determining the right scale to list, remember that there is no 'One Size Fits All' solution



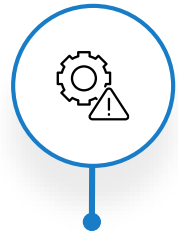
## Market Capitalization

- As a rule of thumb, a post-money market cap over \$500Mn attracts top domestic and foreign institutional investors



## Minimal Dilution Requirements

- Minimum dilution requirements from SEBI (10% to 25%<sup>1</sup> based on the Company's post issue share capital)



## Issue Proceeds and Structure

- Size the IPO to balance primary and secondary needs, and ensure proceeds align with SEBI regulations and stated goals



## Prototype build

- Large blocks of secondary shares being offered post-listing could create a price overhang; OFS portion in IPO requires careful planning



## Testing & Validation

- Large and Mid-cap<sup>2</sup> companies attract more analyst coverage, leading to increased institutional interest post-IPO
- Large IPOs frequently qualify for index inclusion, attracting passive investment and expanding the investor base

## Key Insights



Evaluate IPO size in conjunction with market timing for planned IPO



Fresh Issue + OFS v/s OFS Only



Identify allowable uses for fresh issue portion



Restrictions on use of proceeds for general corporate purposes



Market perception of OFS only IPOs



Visibility on post-listing sale plans of existing investors

## Look out for



# 04 Profitability and strength of underlying financial metrics

**Profitability or a clear path to profitability is key for investors; SEBI allows both profitable and loss-making companies to list**

## Why profitability matters?

- Profitability and stable margins are key for IPO success in mature industries with well-established peers
- Growth-stage companies gain investor trust with track record of recent profitability or a clear path to it

## Predictability and operating leverage

- Companies with steady operations can reliably convert revenue growth into profitability
- Analysts and investors value consistent profitability over sporadic high returns
- Tracking to a well-laid out business plan is crucial for those aiming to list

## Disclosure of financial metrics

- SEBI requires consistent disclosures from pre-IPO to DRHP, ensuring KPIs align with the growth story
- Financial benchmarking against listed peers is crucial for setting the 'Basis of Offer Price' in DRHP

## Impact of Operational Profitability

- Operationally loss-making companies classified under Rule 6(2) of ICDR<sup>(1)</sup> require higher QIB allocation during IPO

## Key Insights



Comparison against right peer set



Predictability of financials more important than absolutes



Identification of appropriate KPIs is a key consideration



Inconsistent trajectory of financial performance



Inadequate and inconsistent disclosures



Oversharing information via irrelevant KPIs

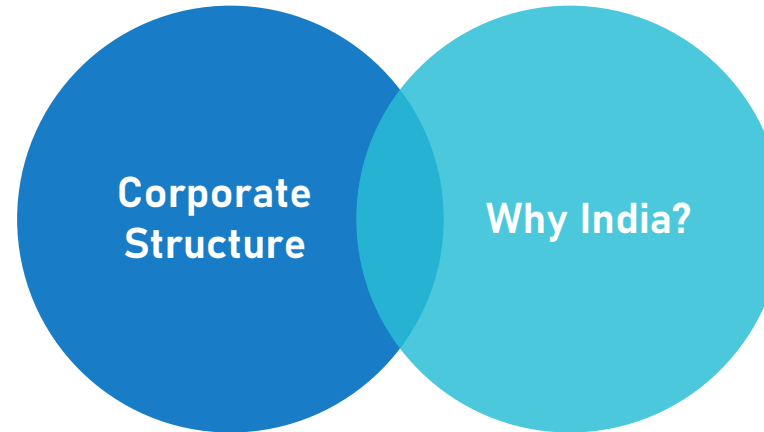
## Look out for

# 05 Corporate structure and domicile

Consider simplifying the corporate structure before planning an IPO

A simplified corporate structure clarifies ownership, eases IPO disclosures, streamlines investor exits, and aids value discovery

Consider impact of holding company discounts if listing a holding company with subsidiaries that are not wholly-owned



Mid-sized companies can achieve a relatively higher market capitalization in India

India's higher valuation multiples (~2.0x-3.0x) and robust domestic institutional investor demand make it a more attractive market for high-growth tech companies compared to developed markets

Domestic listings, especially in licensed sectors like Fintech, allow companies to leverage existing licenses, revenue, and brand recognition

## Key Insights



Clear and simple control structures are key



Consolidated view of cash flows aids in value discovery



Listing the entity with external investors eases the exit process



Complicated entity structures with multiple levels of cashflow leakage



Holding company discounts



Domicile of listed entity

## Look out for

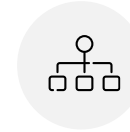
# 06 Corporate governance

Well-planned and timely induction of credible and independent Board members is a significant value enhancer in public markets



## Regulatory overhang

- A clean audit history is crucial, especially in financial services, as SEBI relies on regulatory opinions and expects pending matters resolved before DRHP filing
- Recent regulatory changes can affect investor sentiment and dampen IPO interest



## Board Structure

- Following SEBI guidelines on board composition and appointing independent directors early strengthens governance and adds credibility, making it a key marketing asset



## Committee Structure

- Establish and staff all mandatory committees (e.g., Nomination & Remuneration, Audit, Stakeholder Relationship) before filing
- Properly drafting and implementing policies, including ESOPs, speeds up the IPO process

### Key Insights



Never too early to bring on a prominent Board



Ensure Independent board members have a grasp of key matters



Ensure no pending regulatory issues



Time taken to identify and appoint credible Board members



Board members are qualified and experienced for their roles



Existing board positions may impact their effectiveness

### Look out for

# 07 Institutionalization

The key question to answer is “Is the company built to last?”



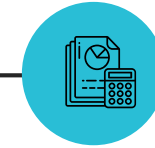
## Management Team

- Build a strong layer of key management personnel (KMPs) below the Board for professional competence. A solid senior management team (SMPs) supports succession planning
- A visionary founder shapes the company, a seasoned management team reduces 'Key Person Risk' and attracts investors



## Policies, Procedures and SOPs

- Clear demarcation of different departments with robust 'chain of command' also leads to significant robustness to decision making and communication within the organization
- Well defined internal policies and procedures to enhance internal controls
- Having well-documented SOPs provides for smooth functioning of various divisions



## Accounting & Financial Reporting

- Public companies face strict reporting deadlines. A robust accounting and financial planning team is indispensable for timely and accurate financial reporting

### Key Insights



Strong profile of KMPs



Succession planning through strong second layer of SMPs



Seamless, well-defined decision matrix



Key Person Risk



Inadequate internal controls



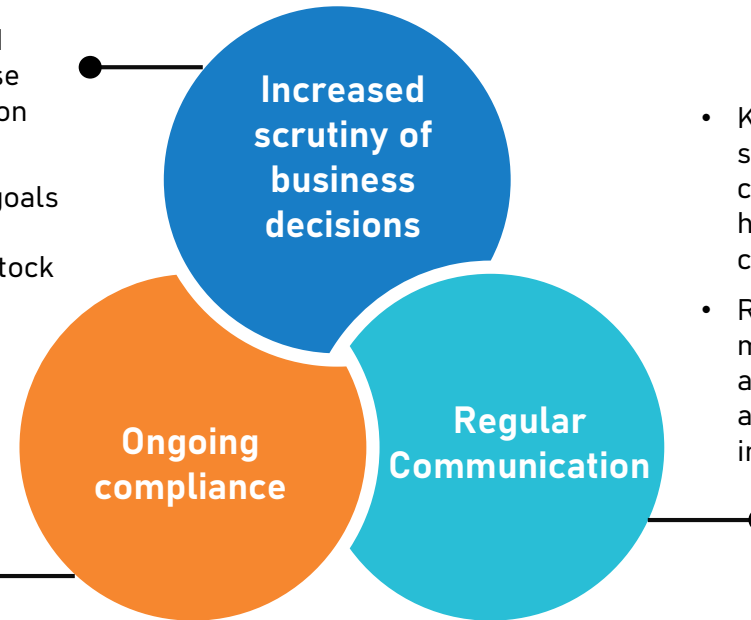
Failing to meet crucial compliance deadlines

### Look out for

# 08 Operating as a public company

**Delivering on the initiatives disclosed in the prospectus to sustain value creation and secondary market activity**

- Be prepared to field questions on business decisions by analysts and shareholders. It is imperative to use caution while delivering guidance on business in public forums
- Discipline around meeting stated goals and targets is key to sustaining secondary market interest in the stock
- Ensure on-going compliance with capital market regulations for a public company



- Keeping regulators and shareholders informed about key corporate developments is a hygiene expectation from a public company
- Recruit experienced IR team to manage corporate communications and relationships with sell-side analysts and current and future investors

## Key Insights



Disciplined public communication strategy



Give guidance, hit the guidance!



Maintain consistent communication with sell-side analysts and investors



Sharing sensitive business information in public forums



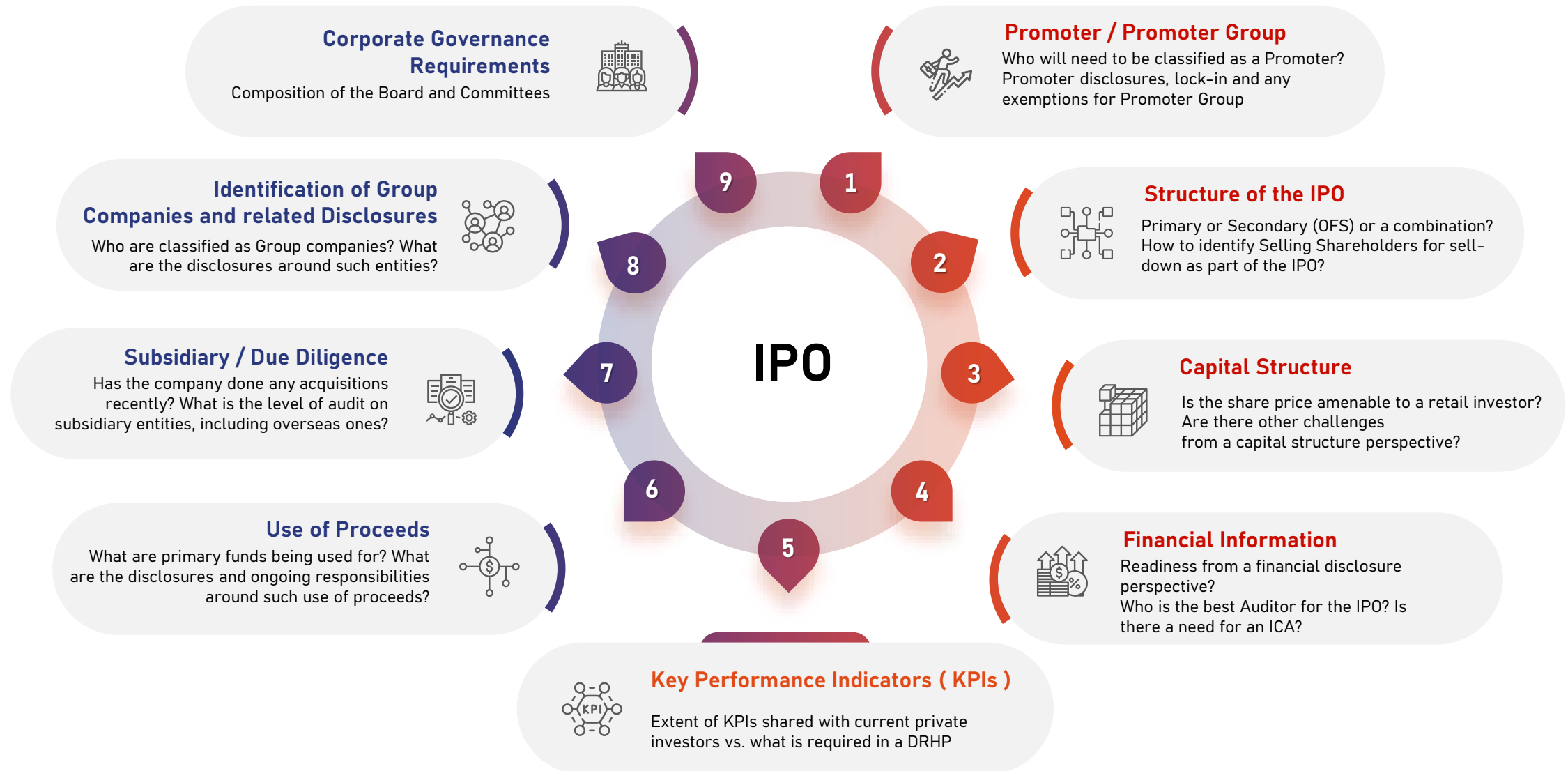
Providing guidance or predictions in inappropriate forums



Speaking off-script or making personal remarks on industry rivals



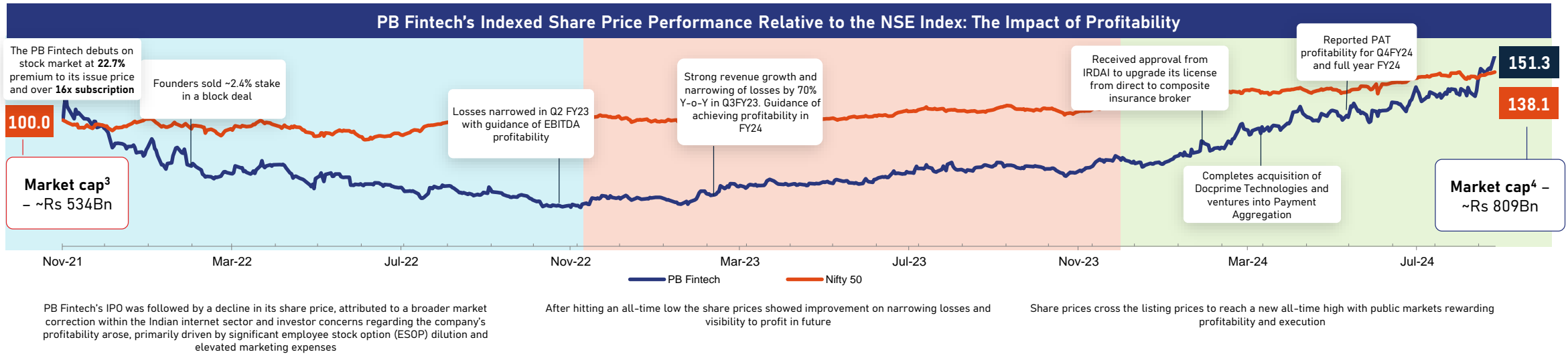
# 09 Key considerations for an IPO from a compliance perspective



# Case Study - PB Fintech



## A model for public companies showcasing long term vision and stellar execution



### Key learnings

IPO eligibility under Rule 6(2) of SEBI ICDR regulations mandating 75% allocation to QIBs

Execution closely linked to guidance

Profitability or path to profitability remains a key consideration for public markets

### Precise positioning and clear communication of business model

01

India's largest digital insurance marketplace and digital consumer credit marketplace

Market share of **93.4%** in FY20 based on the numbers of policies sold and constituted **65.3%** of all digital insurance sales in India

02

Asset-light model leveraging tech & data to benefit both consumers and business partners

Offers **ease of access and transparency** to consumers and, **lower acquisition costs** for its partners

### Long Term Investors supporting the company since IPO

BlackRock



AXIS MUTUAL FUND

### Other Marquee Investors in the Anchor Book at the time of IPO



Baillie Gifford

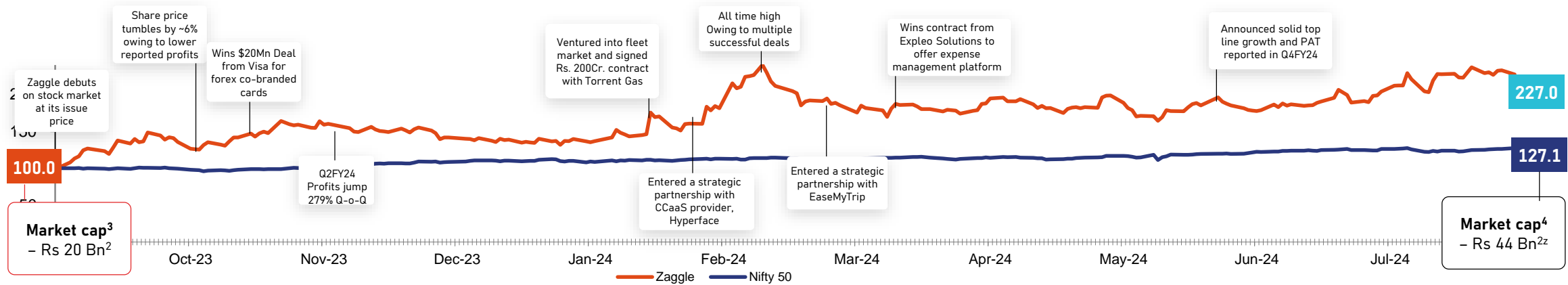


# Case Study - Zaggle

A company with differentiated value proposition and tremendous potential



## Zaggle's Indexed Share Price Performance relative to NSE Index: The impact of business plan execution



### Key learnings

Given Zaggle's profitability, IPO eligibility under Rule 6(1) of SEBI ICDR regulations mandating 50% allocation to QIBs

Achieving the projected growth and profitability is rewarded by public market investors

Focus on fundamentals while pursuing inorganic growth opportunities

### Precise positioning and clear communication of business model

**01** Leading player in spends management

**02** Company operating at the intersection of the SaaS and the Fintech ecosystems

50 Mn+ prepaid cards issued in partnership with banking partners; 2.2 Mn+ customers served<sup>1</sup>

Core offerings include - Propel, Save, CEMS, Zaggle Payroll Card and Zoyer

### Long term investors supporting the company since IPO



NEUBERGER BERMAN

### Other Marquee Investors in the Anchor Book at the time of IPO



# Disclaimer

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This report is prepared by JM Financial Limited and Beams Fintech Fund (the “**Co-authors**”) about the insights of various fintech companies (the “**Fintech Companies**”) on Indian Fintech sector’s evolution, analyzing key drivers, current trends, regulatory dynamics and future opportunities at the Global Fintech Fest 2024. This report has been prepared solely for informational purposes and doesn’t constitute an offer or solicitation to buy or sell in any securities or engage in any investment strategy. Any investor should not rely solely on the information contained in this report and should seek and rely on the advice of its own professionals and advisors for any matter and shall make an independent analysis and decision regarding any investment strategy based upon this report. The information and analysis contained herein have been compiled or arrived at sources believed to be reliable but no representation or warranty, express or implied, is made to their accuracy, completeness, or correctness. The report is based on publicly available information or information provided by the Fintech Companies. Any analysis expressed reflects our judgement as on the date of this report and are subject to change without notice.

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# THANK YOU

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