

Minimum
Investment:
₹3,00,000

LOANKUBER

Capital Efficient Mortgage Platform for the **Underserved MSMEs**

Company Overview:

Founded in 2016 and based out of Delhi, LoanKuber is a Digital mortgage-based platform for the underserved. Through their automated institutional platform, LoanKuber provide small ticket mortgage loans to their customers either directly from their own Janasha NBFC* which a subsidiary of LoanKuber or in partnerships with their lending partners in the form of Co-lending.

Lending against assets has been one of the oldest most proven and profitable business models. Customers who require loan against regularized properties don't know that their properties are indeed mortgageable without having any access to formal mortgage. Loankuber is redefining the micro mortgage lending by enabling lending to the bottom of the pyramid through a process of democratizing land records.

They offer loans through their own RBI registered NBFC arm from INR 3 to 15 lakhs against Self Occupied Residential Properties. These properties are usually plagued with fuzzy property data which makes it difficult for property owners to be approved any loan by banks and other financial institutions. LoanKuber uses their proprietary engine "ATOM" which takes into account the properties' data and their owners score across multiple parameters combining cumulative co-lending of INR 75CR+ from other institutional co-lending partners.

They currently operate in 10 cities across NCR (Delhi, Gurugram, Noida, Faridabad, Pilkhwa, Hapur, Sonipat, Muradnagar, Baghpat and Modinagar) and have an AUM of INR 40.64Cr having consistently witnessed 96% average monthly collections with average NPAs of around 0.5%. LoanKuber had clocked FY22 revenue of INR 1.26 CR and a PAT of -1 CR. With current monthly disbursement of INR 5CR, LoanKuber has clocked YTD FY23 (Oct) revenue is INR 4.8CR and PAT of INR 0.26CR and plans to expand its geographical reach to increase its monthly disbursement to 200CR and a PAT of 500CR.

LoanKuber will enable a better financial future for borrowers by unlocking economic value of their properties through appropriate mortgage solutions by providing LAPs. At the same time, they develop a high-quality loan portfolio for their lenders as well.

Why the Idea

Semi-Urban/ Rural India have Imperfect Titles for Mortgage Lending, challenging to identify ownership of these properties. Hence, even though the properties are mortgageable, most property owners are unaware. This is because Banks and other Financial Institutions do not provide loans against these properties basis of fuzzy documentation leaving a large group of individuals unserved.

This is where LoanKuber steps in. Their proprietary engine "ATOM" understands fuzzy property data from multiple databases to identify "Self Occupied Residential Properties" and enable lending against them. A manual due diligence process then takes over involving property visits and other legal due diligence procedures to ensure the accuracy of information. LoanKuber then disburses loans either themselves through their 100% subsidiary Janasha Finance (NBFC) or through co-lending it with other banks/financial institutions.


Market opportunity

Total Available Market (TAM): LoanKuber enables mortgage lending against self-occupied residential properties in semi-urban/rural India. As per 2011 Census. There are 95 million self-owned houses in Semi-urban/rural India. Assuming average property value of 20 lakhs and 5% CAGR the total value of regularized properties is USD1.6 trillion. Assuming conservative loan to value of 50% and one in 5 households taking formal loan, the total TAM is USD 345 billion.

Serviceable Available Market (SAM): LoanKuber has currently operations in Delhi, UP and Haryana. Post Series B, LoanKuber plans to expand into Rajasthan, Uttarakhand, Punjab and HP. The total number of semi-urban and regularized households across these 7 states are 44 million translating into SAM of USD160bn.

Serviceable Obtainable Market (SOM): Over next 7 years we plan to capture 0.5% SAM building AUM of USD 800 million or approx. 6400 crores.

Product

Typical Customer Profile	PRODUCT
Self Employed: Earning in Cash between 25K to 60K	Mortgage loan against self occupied residential property
Staying in Regularized Property between 15 Lakhs to 25 Lakhs	End Use – Business Expansion, Home renovation / improvement
Conservative EMI between 15K-20K	Typical Ticket Size Rs. 3,00,000 - 10,00,000
Requires 3 Lakhs to 10 Lakhs	Collateral Property: Typically self-occupied residential property
Track record of servicing EMI through Bank Accounts	Interest Rate 24% - 27% p.a., depending on tenor
	Typical Loan Tenor 3 years - 7 years

Current Traction

	April 22	May 22	June 22	July 22	Aug 22	Sept 22	Oct 22	Nov 22
<u>Operational Metrics</u>								
<u>No. of branches</u>	5	5	6	6	6	6	6	6
<u>No. of Active loan accounts</u>	261	320	374	427	501	579	659	741
<u>No. of employees</u>	66	80	85	84	90	92	100	105
<u>Financial Metrics</u>								
<u>Loan Disbursals</u>	1.58	3.52	3.75	4.05	4.25	4.5	4.6	4.8
<u>Net Worth</u>	15.47	15.45	15.46	15.49	15.56	15.66	15.81	15.98
<u>Borrowings</u>	0.9	1.85	1.78	2.71	2.64	2.5	4	3.70
<u>Total Assets</u>	18.09	18.9	19	19.85	21	23	25	30
<u>Total Income (Lakhs)</u>	40	51	59	68	79	87	98	104
<u>Total Expenses (Lakhs)</u>	47	53	58.5	65	72	77	83	87
<u>PAT</u>	-7	-2	0.5	3	7	10	15	17

Management Team

A team of highly experienced professionals having a 90-year combined experience in Mortgages and Lending Operations :



Saurabh Nagpal | Founder & CEO

B.tech graduate from IIT Delhi | MS in Mathematical Finance from NYU. He has been a scholar through and through having a 20+ years rich experience in structured/mortgage lending in the US and Indian markets. Was part of the founding team of Lehman/Nomura in India.



Abhishek Goyal | Chief Product Officer

B.Tech., IIT Delhi | MBA, IIM Calcutta | 20+ Years Product, Strategy, FinTech Experience | Ex-Cap Gemini.



Amit Agarwal | VP Credit

MBA, ITM | 20+ Years Extensive experience across credit risk, finance, portfolio management and operations | Ex Finova Capital, Tata Capital, IDFC First.



Rohit Pushkar | Head, Operations

MBA, Manipal | B. Tech, VIT | 10+ years of experience in Retail Assets Operations | Ex RBL, ICICI, PNB Housing Finance.



Saloni Nagpal | Head Legal & Compliance

B.Com., | LLB, Kanpur 7+ Years of Experience in Legal and Secretarial.

Financials: (INR in Crores)

Particulars	Audited			Projections			
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Gross Asset Under Management (AUM) (A)	5.37	4.96	14.36	63.07	165.51	407.59	945.57
Loans Outstanding at End of Period Off Books (B)	0.60	0.59	3.79	36.67	99.31	244.55	560.61
Gross Asset Under Management (AUM) on Books (C = A-B)	4.77	4.37	10.57	26.39	66.20	163.04	384.96
Summary P&L Account							
Interest Income	1.10	0.91	1.32	9.11	29.80	66.83	162.67
Interest Expense	0.00	0.00	0.06	3.15	9.34	21.17	54.18
Net Interest Income	1.10	0.91	1.26	5.96	20.47	45.66	108.49
Other Fee Income	0.06	0.07	1.01	3.11	6.90	15.53	34.36
Total Income	1.16	0.98	2.27	9.06	27.36	61.19	142.85
Total Costs	1.80	1.29	3.59	7.46	14.12	24.47	39.51
NPA Provisioning	0.01	0.03	0.04	0.10	0.44	1.00	2.34
Profit Before Tax	-0.64	-0.34	-1.37	1.51	12.80	35.71	101.00
Income Tax	-0.21	-0.08	-0.36	0.33	2.82	7.86	22.22
Profit after Tax	-0.43	-0.27	-1.01	1.18	9.99	27.86	78.78

Why to Invest

- 1 LoanKuber has a one of its kind business-model that brings the best of technology to assess and disburse loans against properties without proper records and such is done with utmost accuracy and proper legal due diligence.
- 2 LoanKuber is able to generate interests on a loan by sourcing close to only 20-25% of the loan from their own balance sheet through their NBFC with the rest being co-lend from other financing partners effectively averaging a high interest income on such loan represented by a small amount in their own balance sheet. In essence, building a fortress balance sheet with a commendably low NPA rate on its portfolio.
- 3 LoanKuber went from INR 5.37 Crores of AUM in FY2019-20 to INR 14.36 crores in FY 2021-22 and expected to cross INR 60 crores for FY2023 essentially averaging 50-60% interest owing to high margin on co-lent amount which does not appear in their balance sheets but books profits from them.

Fund requirement

Round Size	Commitment received	Pre Money Valuation –	Balance Funds Sought from Hem Angels	Minimum ticket size per investor
INR 15 Cr	12 CR from Accolade, Let's Venture, IPV and Marquee Angels	INR 105 CR	INR 3CR	INR 3 lacs through Angel Fund and INR 25 lacs for Direct cap table
Fund Usage: 85% in building Loan Books, 10% in tech capabilities, 5% to attract talent				

Previous Funding

<u>Date</u>	<u>Amount raised (INR CR)</u>	<u>Post Money Valuation (INR CR)</u>	<u>Investors</u>
20.08.2021	9	50	LetsVenture, Angellist, Accolade
30.07.2018	4.5	40	Angellist
20.11.2017	7.5	30	Accolade & other Angel investors
05.10.2016	1.5	22.5	Prominent Angels investors

Cap Table

Cap Table	% share holding
Founder	44.02
Accolade Holdings	7.6
Ipragmatech Solutions	0.27
Shivalik Technologies	0.47
Lets Venture Fund	4.17
IPV	5.87
Angel list	1.83
HN Financial Advisors	0.75
Other Angels	35
Total	100%

Competitive Advantage

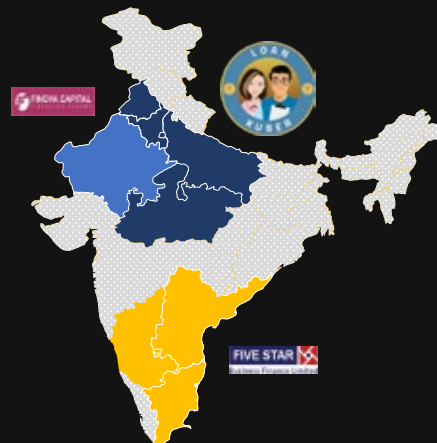
Competition : Micro mortgage lending : Limited direct peers, huge opportunity

5 YEAR GROWTH

Metrics (Cr)	Five-Star Business Finance Limite FY22	Finova Capital Private Limited FY22
FY 17 AUM	198	20
Mar '22 AUM	5000	936
Total Equity	3710.35	454
PAT	451.31	29.01
VALUATION (Indicative)	24000	3000

LIMITED REGIONAL COMPETITION

Huge white space








Competitive Advantage

Technology is Our Competitive Edge

RISK MANAGEMENT	COLLECTION EFFICIENCY	BALANCE SHEET	PROFITABILITY
Industry	Industry	Industry	Industry
Manual Underwriting process	Physical Collection of Overdue EMLs	Balance Sheet Heavy	6-7% ROAs at scale
1 Year Lagged NPA: ~2.0%	Average Collection Efficiency 92-93%	1X Leverage Intense Treasury Operations	ROE's constrained by balance sheet leverage (1X)
30+/60+ 12.0% / 6.0%			
LOANKUBER	LOANKUBER	LOANKUBER	LOANKUBER
Proprietary Model Risk Based Pricing	Enabling Digital Repayment	Automated Co-lending Platform	Achieved 10% ROEs
Automated Decisioning + Rigorous physical verifications	Achieved 98% Collection Efficiency	Hybrid Marketplace Model Effective Leverage 4X	Target ROEs : 30.0%
1 Year lagged NPA :0.5%			
30+/60+ DPD : 4% / 2%			



							
Name Location	LoanKuber Delhi	Five Star Chennai	Vistaar Bangalore	Aye Delhi	Finova Jaipur	Liquiloans Mumbai	Lendingkart Ahmedabad
Year of Incorporation	2015	1984	1991	2013	2015	2018	2014
Series	Series A	IPO Announced	Acquired Warburg Pincus	Series E	Series D	Series A	Series D
Revenue Year	\$ 0.2M 2022	\$ 172M 2022	\$ 59M 2022	\$ 53M 2022	\$ 23M 2022	\$ 2.6M 2020	\$ 87M 2022
Valuation	\$ 12.9M 2022	\$ 1380M 2021	\$ 450M 2022	\$ 253M 2020	\$ 376M 2022	\$ 191M 2022	\$ 138M 2020
Investors	LetsVenture, IPV, AngelList, Accolade	TPG, Norwest, Sequoia, Matrix, Morgan Stanley	Franklin Templeton, Reliance MF, WestBridge, BOB	Elevation, CapitalG, Accion, Alpha Wave, A91	Sequoia, Norwest, Maj Invest, Bank of Baroda	Matrix, VCAT, CREDI, 9Syndicate	InCred, Yubi, GMO, FMO, Axis Bank, SBI
Target Geography	NCR	PAN India with a strong south focus	PAN India with a strong south focus	PAN India with a strong north focus	Rajasthan, MP/CG, UP, NCR	PAN India	PAN India
Key Metrics (In million) – FY'22							
Total Funding	\$ 2.4M	\$ 500M	\$ 78M	\$ 97.3M	\$ 124M	\$ 15.6M	\$ 231M
AUM/ Loan Portfolio	\$ 4.3M	\$ 625M	\$ 299M	\$ 208M	\$ 117M	NA	\$ 405M
Gross NPA (%)	0.5%	1.0%	2.7%	1.3% (Net)	1.8%	0.2%	1.5%
PAT	\$ (0.2)M	\$ 62M	\$ 11M	\$ 6.2M	\$ 3.9M	NA	\$ 19.3M
Valuation to AUM	2.9x	2.5x	~2x	NA	3.2x	NA	NA
Revenue to AUM	25%	25%	18%	26%	19%	NA	19%

Disclaimer: Investment in startup involve high degree of risk. Though we provide you with our own internal assessment & diligence, we cannot give you all the information necessary to make investment judgment. The views in the documents represent personal views of the respective Hem Angels lead, co leads and experts based on the past financial performance, future projections and estimate shared by startup. Each investing member should apply their own reasonable judgment based on their risk appetite and individual understanding of the concerned business before taking the investment decision.