

Project Lend

Investment Opportunity in India's Leading Peer-to-Peer Lending Platform

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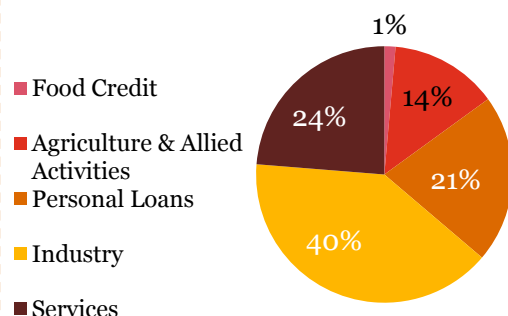


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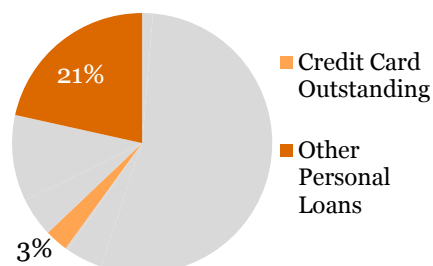
Given the Large Potential Market in India, Need for Cheaper Loans & the Problem of Access - P2P Lending is Emerging as an Alternative Avenue

Large Market Potential in India

Credit Market - Segmentation FY16



Personal Loan - Segmentation FY16



- Total Banking Sector credit is expected to increase from ~**INR 67 trn** in FY16 to ~**INR 100 trn** in FY18, growing at a CAGR of ~20% per annum
- As per the **latest RBI report**, **unsecured personal loans** processed by banks grew at a rate of **31.7%** in FY16 v/s **16.2%** in FY15, while the credit card outstanding increased by **31.2%** vis a vis **23.0%** in FY16
- Personal loans alone accounted for **INR 2,980,000 mn** and this amount is expected to increase further due to rise in demand for loans from:
 - E-commerce industry** which is expected to grow to ~**USD 100 bn** by **2020**
 - Overseas Travel/Vacation industry** which is poised to touch **INR 1.1 lakh crore** mark by 2017
 - Apart from this there are about ~**58 mn small businesses** in the country which are expected to contribute **22%** of the GDP by 2020

Problem of Access

- Individuals and MSMEs face issues in availing unsecured personal and business loans from traditional banks due to *lack of collaterals, credit history and delay in timely sanctioning of loans*
- Therefore, P2P lending platforms offer an attractive alternative avenue for getting **access to credit**
- Further recognizing the potential of the P2P lending industry, **RBI** has come up with discussion paper on the industry and has plans to bring the P2P lending platforms within the scope of **NBFC governance**

Indian P2P Lending Market Similar to that of China's

- Like the Chinese economy, Indian economy too has large of individuals and MSMEs with *no credit history, no collaterals, low net worth and are seeking to avail only small amount of loans*
- Given these similarities in the business drivers in the 2 countries, Indian P2P lending industry is expected to follow the **growth trajectory** of that of China's, wherein:
 - The number of Indian online P2P lending providers are expected to grow from **30** in 2016 to ~**1,500** in 2020
 - As per secondary sources, the size of the Indian P2P lending market is expected to grow to **USD 5-6 bn** by 2020

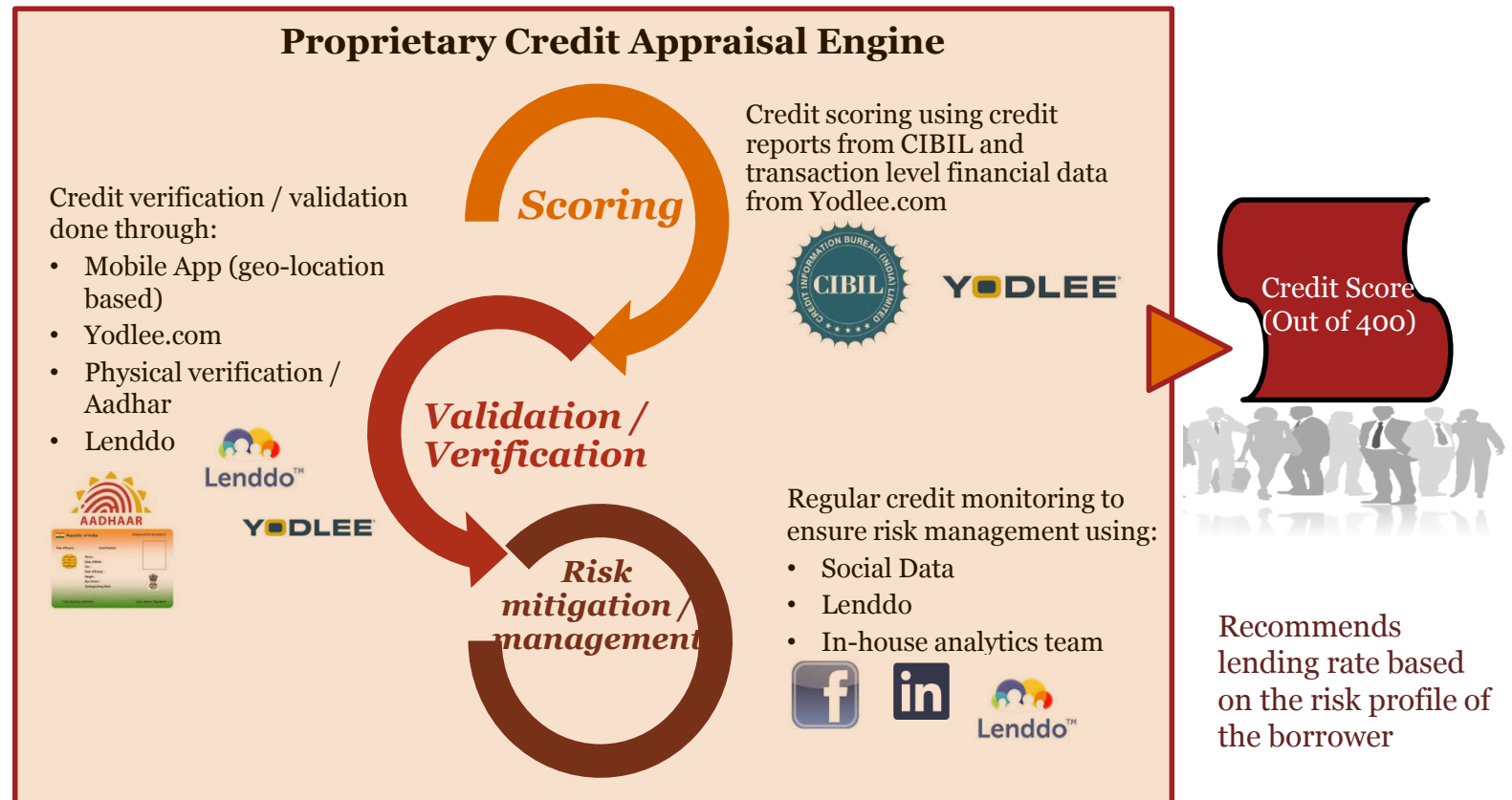
Solution - P2P Lending Solution Offered by “Lend”

“Lend” is a disruptive tech-enabled platform that enables discovery, decision making and delivery of cheap & speedy credit to the borrowers

Completely
technology enabled
platform that brings
together lenders and
borrowers



Proprietary credit appraisal engine that performs credit appraisal of a prospective borrower within **10 minutes**



Benefits of P2P Lending to All Stakeholders

P2P lending bridges the gap between borrowers requiring cheap and quick access to loans and lenders requiring high returns

New Asset Class: Lenders not only get an alternative to traditional investment channels of bank deposits and stock market but they can also **diversify** and spread the risk by lending to multiple borrowers (**portfolio approach**).

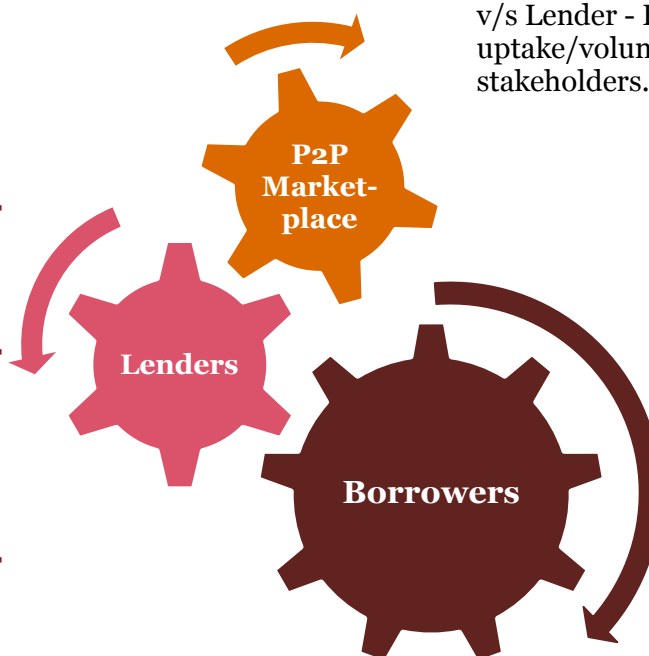
Higher Returns: Lenders can enjoy returns that are several percentage points above those for bank deposits.

Borrower Appraisal: Platform undertakes credit appraisal of the borrowers and suggests a recommended rate of interest based on borrower's risk profile.

Choice & Comfort: Many lenders like knowing who they're lending money to and why they need the money. Not only does it give them a sense of personal satisfaction, but they can also choose borrowers who they believe in and who match their preferences.

Lender Protection: Platform offers lender protection in terms of loan insurance, creation of lender protection pool etc.

Value Creation: Disintermediation (Lender - Bank - Borrower v/s Lender - Borrower) will lead to cost efficiency and an increasing uptake/volumes. Thereby leading to value creation for all stakeholders.



Cost Advantage: In the P2P model intermediation cost is drastically reduced.

Empowerment to Borrowers: The process of bidding for loans empowers the borrowers resulting in lowering the cost.

Rate Discovery: Online interactive platform creates a mechanism of rate discovery and transparency.

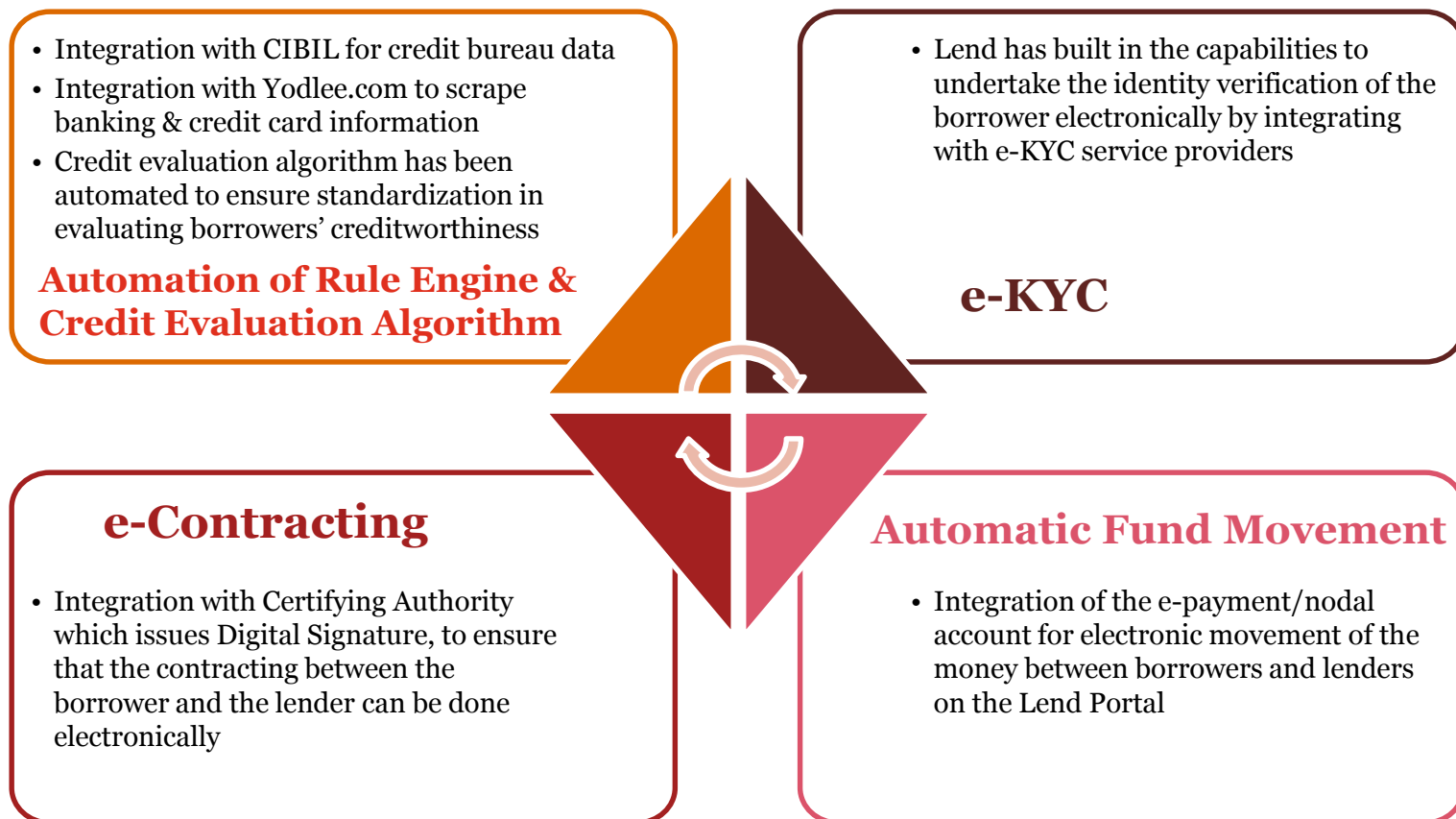
Easier Access & Process: Unlike the traditional brick and mortar models a web-based P2P Platform offers ease of access and streamlined processes.

Time Saving: Approval process and disbursement process is faster as compared to traditional channels.

Underbanked: Applicants with differing backgrounds/scores can obtain funding at appropriate costs.

Access to Diverse Lenders: Diverse lenders to choose from including individuals, HNIs and NBFCs.

Lend has Achieved Automation and Technology Integration - to Ensure Faster Scalability & Leadership Position in the Industry



Regulator Proactively Working on Providing an Enabling Regulatory Framework

RBI is working towards developing a regulatory framework considering the growing popularity of alternative forms of financing. It has come up with a Consultation Paper on Peer to Peer Lending to elicit public opinion of various stakeholders.

Key Excerpts from the Discussion Paper on P2P Lending

According to R. Gandhi, Deputy Governor of RBI “RBI believes that P2P lending is an **important innovation** in the financial services space as it furthers the **agenda of financial inclusion**.”

“The balance of advantage would lie in developing an appropriate regulatory and supervisory toolkit that facilitates the orderly growth of this sector so that its ability to provide an **alternative avenue** for credit for the right kind of borrowers is harnessed”

“It would be prudent to regulate the business because of the **impact** it can have on **traditional banking channels and NBFCs** and its **potential to disrupt** the financial sector and throw up surprises”

Industry is at an inflexion point and the regulatory legitimacy provided by the RBI's discussion paper will lead to an exponential growth

Lend Aims to Create What ‘Lending Club’ and ‘Prosper’ did in the US and Zopa did in the UK...but at a Much Larger Scale

P2P - Global Market

Countries where P2P Lending has grown fast -
US, UK, China, Australia

Huge Market Opportunity for “Lend”

- Other personal loan and credit card outstanding in India which form 24% of the personal loan category - totalling to **INR 3.4 trn, is the core potential market for “Lend”**
- Market expected to grow at 20+% per annum

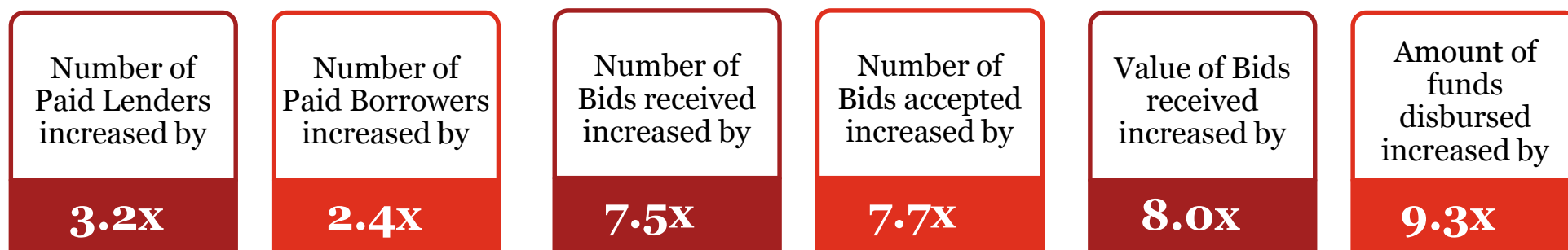
International P2P Success Stories

- Lending Club, US: Total Loans issued till date USD 18.7 bn. Total Loans issued in last quarter (Q1 2016) USD 2.7 bn. Stock listed on NYSE
- Zopa, UK: Cumulative lending now over £700 mn. Zopa is backed by Benchmark Capital and Wellington Partners, Arrowgrass Capital Partners
- Prosper, US: Over USD 1 bn in loans. Investors including Benchmark, Accel Partners, DFJ, Sequoia have put in USD 190 mn in 10 rounds

The Company has the opportunity to become the dominant marketplace for peer to peer lending in India

...And Initial Success Suggests that Lend is on Track to Maintain Market Leadership Position in Years to Come...

Growth from FY15 to FY16 :



Net revenue collected through the platform increased **4.0x** from FY15 to FY16

“Lend” today	
# INR 41 mn	Total amount of loans disbursed till date
# 20,000	Registered borrowers
# 1,558	Number of paid borrowers
# 4,000	Registered Lenders
# 1.7%	Delinquency Ratio*

** Lend has witnessed delinquency/NPA in 1.7% of the total amount disbursed so far. In some of these cases, there have been delayed payments (rather than write-off). And in majority of these delayed payment cases, the payment have been received within 15 days of being due.*

Opportunity to Partner with Tech-enabled Disruptive Platform Led by Promoters having Strong Experience of Internet Businesses



Promoter Profile

- The CEO has an expertise in online exchanges, brand development, digital advertising and online communities
- The COO has an expertise in enterprise sales, scaling large scale sales teams, building & implementing processes and operations



Investors

- Lend has raised angel and Series-A funding and is backed by highly reputed investors
- Key investors include - a prominent financial services group in India; family-office fund of one of the most-reputed technocrats in India, an early stage Japanese investor and other angel investors



Partnership Envisaged

- Lend is currently exploring the induction of a strong financial partner who will make the necessary investments and act as a catalyst to enable the Company implement its growth strategy to address the exponential growth opportunities on offer



Funding Solicited

- The Company solicits Series-B growth capital in order to support the expansion plans

Thank You!

PricewaterhouseCoopers Pvt. Ltd. is representing the Company for this transaction. Further information will be made available to interested parties in respect of the proposed transaction.

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