

A collage of images representing various industries. It includes a red heart-shaped object, a camera, a microscope, a car wheel, a steering wheel, a car engine, a person in a grocery store, and various food items like cheese, milk, and vegetables.

UGRO Capital Limited Q1'23

Investor Presentation

Catalyzing the future of credit access
for MSMEs

NSE: UGROCAP | BSE: 511742

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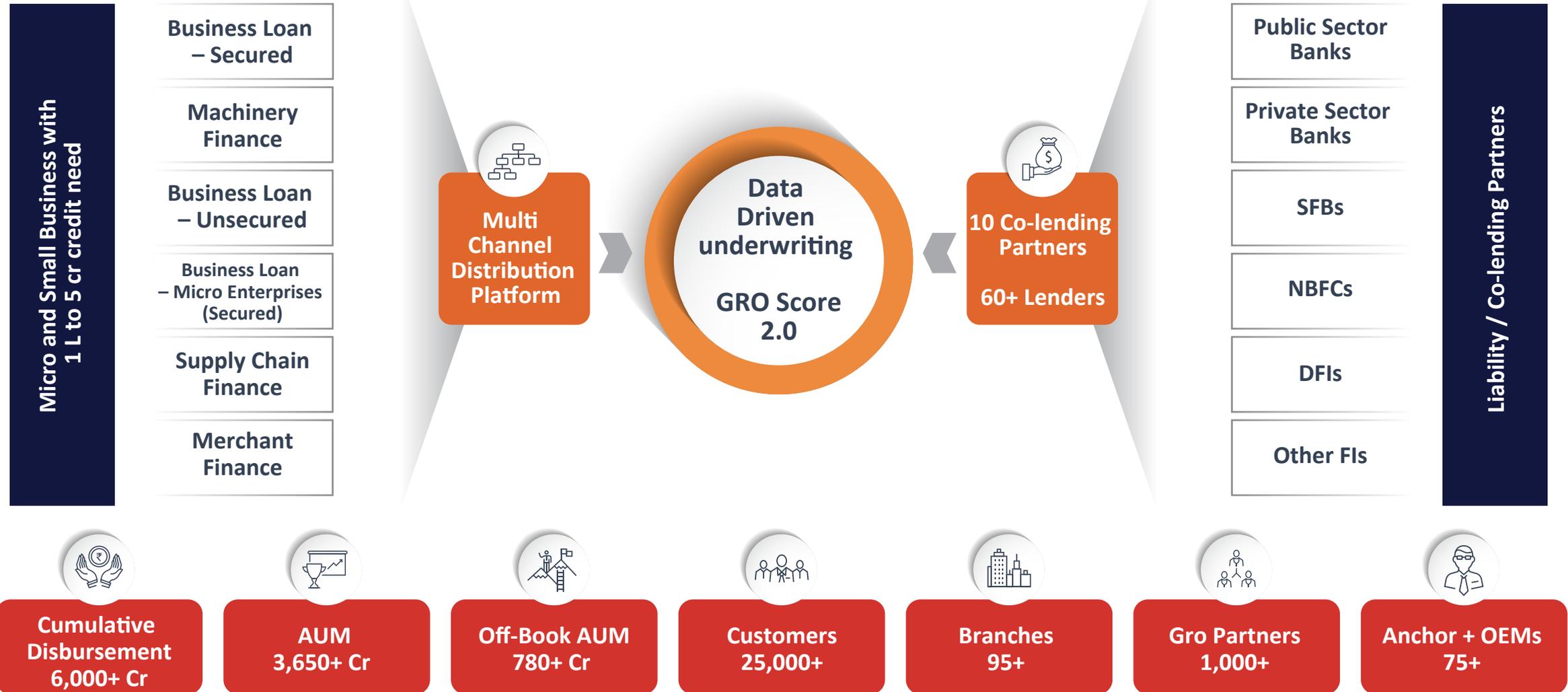
Executive Summary

It has been proven that data can be the engine for SME credit in India

End to End MSME Digital Lending is now a reality



India's First fully data driven Lending as a Service (LaaS) Company



Evolved to a Data Tech Company within 3 years of inception

Technology Platforms

- Web & Mobile based applications for each business channel integrating on one common business platform



Operations and Collections

- E-Sign Application, E-Agreement, Customer Whatsapp bot, E-NACH
- Payment gateway integration

Origination

- Mapping of new locations for expansion
- Use of satellite imagery and heat maps to identify active clusters
- Field tracking and sales incentivization

Portfolio Monitoring (Early Warning signals)

- First generation trigger ruleset for tracking portfolio performance
- Portfolio loss forecasting using borrower level assessment

Underwriting (GRO Score 2.0)

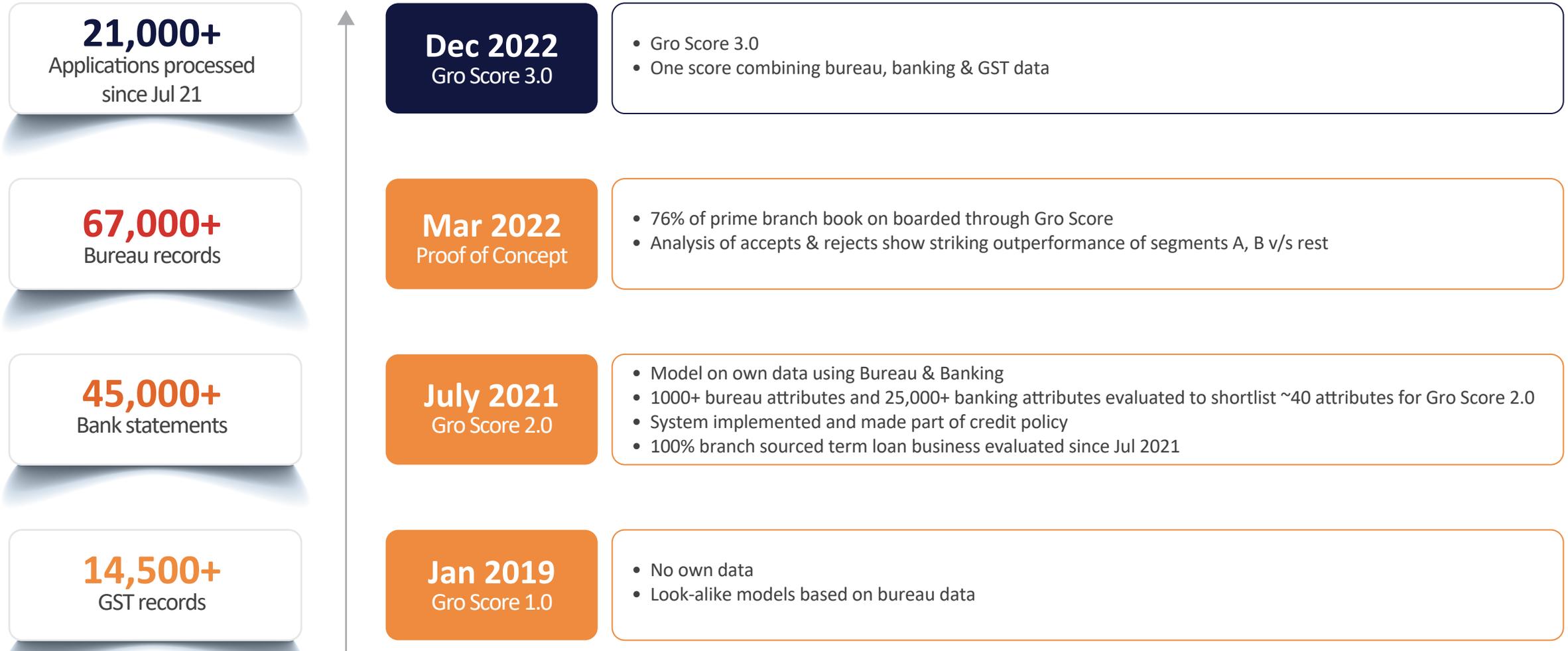
- Machine learning algorithms to synthesize large volume of information
- In house business rule engine enabling faster rollout of newer models



Powered by Data & Tech

-  Leading NBFC transition to "Lending as a service"
-  Faster customer TAT and credit decisioning
-  Robust underwriting using alternate data
-  Higher adaptability to market changes
-  Industry pioneers in Co-lending

Revolutionizing credit to MSMEs through data driven underwriting



Data driven proprietary scoring model powered by AI / ML Models

Ability to capture alternate data from banking and bureau..



Machine generates 25,000+ data features from an applicant's bureau record and bank statement

Across Multiple parameters

Turnover and transaction intensity

Borrowing mix and nature

Cheque bounces & bank charges

Frequency and magnitude of defaults

Payment cycles

History of high cost debt/ credit card usage

Obligations as % of turnover

Balances and withdrawals

Counterparties & relative strengths

Pace of borrowing

... and to draw meaningful insights out of unorganized data

GRO 2.0
Credit Bureau Data + Banking Data

GRO 3.0
Credit Bureau Data + Banking Data + GST



Matches Banking & Bureau Scorecards to generate one single score which further gets augmented with GST data as an external input

- Artificial Intelligence**
Engineering of making Intelligent Machines and Programs
- Machine Learning**
Ability to learn without bring explicitly programmed
- Deep Learning**
Learning based on Deep Neural Network

Historical aggregation – several pages of statement going back 12 months can be summarized instantly

Normalization – convert absolute values to scale, for even comparison

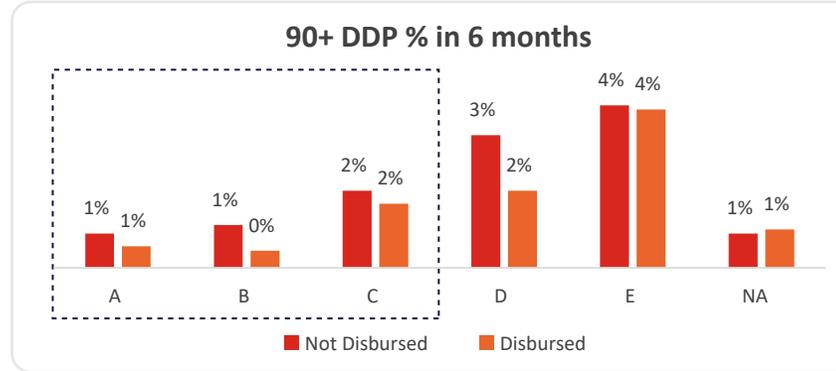
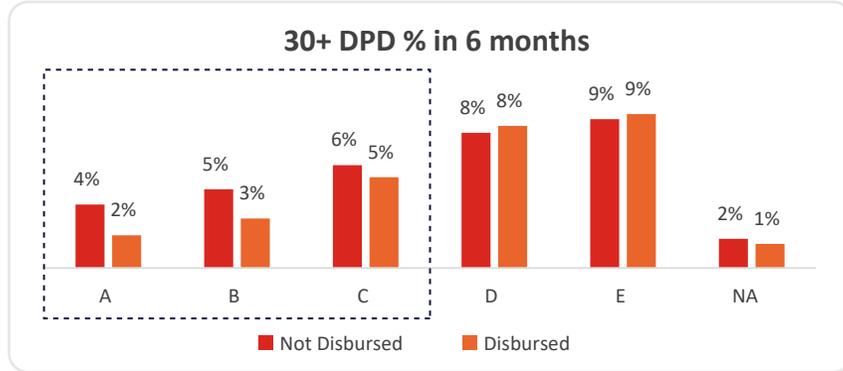
Trending – changes over time, create standardized measure of comparison across diverse nature of entities, sectors, geographies

Scoring of each case into one of the five bands of A – E with A being the best and E being the worst



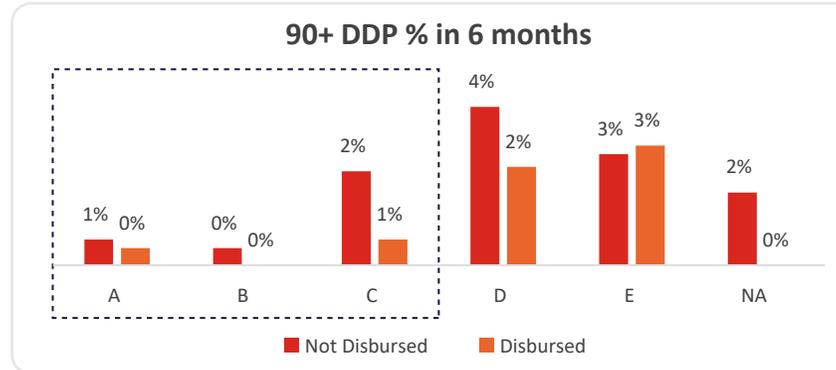
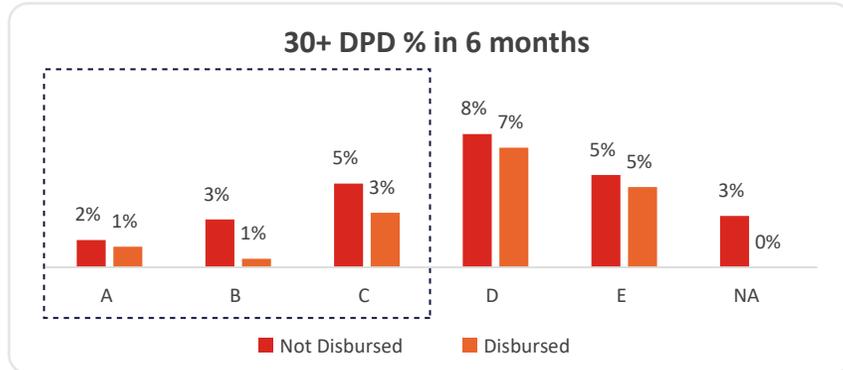
GRO Score 2.0 – Proof of Concept

Market Performance of Disbursed cases



Score Band	Disbursed cases count	Non Disbursed cases count
A	2,352	4,885
B	1,346	3,381
C	585	2,779
D	228	1,360
E	567	3,573
NA	212	525

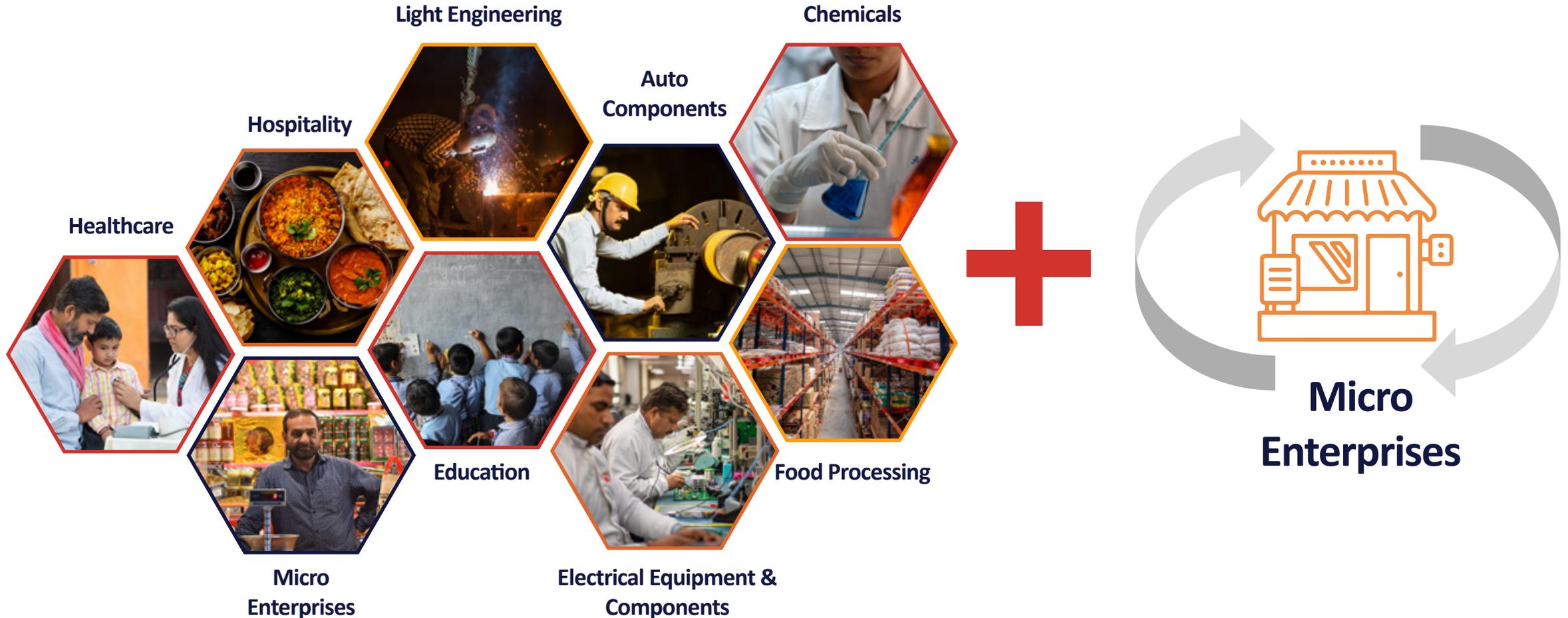
Performance of Recent Logins (May-21 to Oct-21)



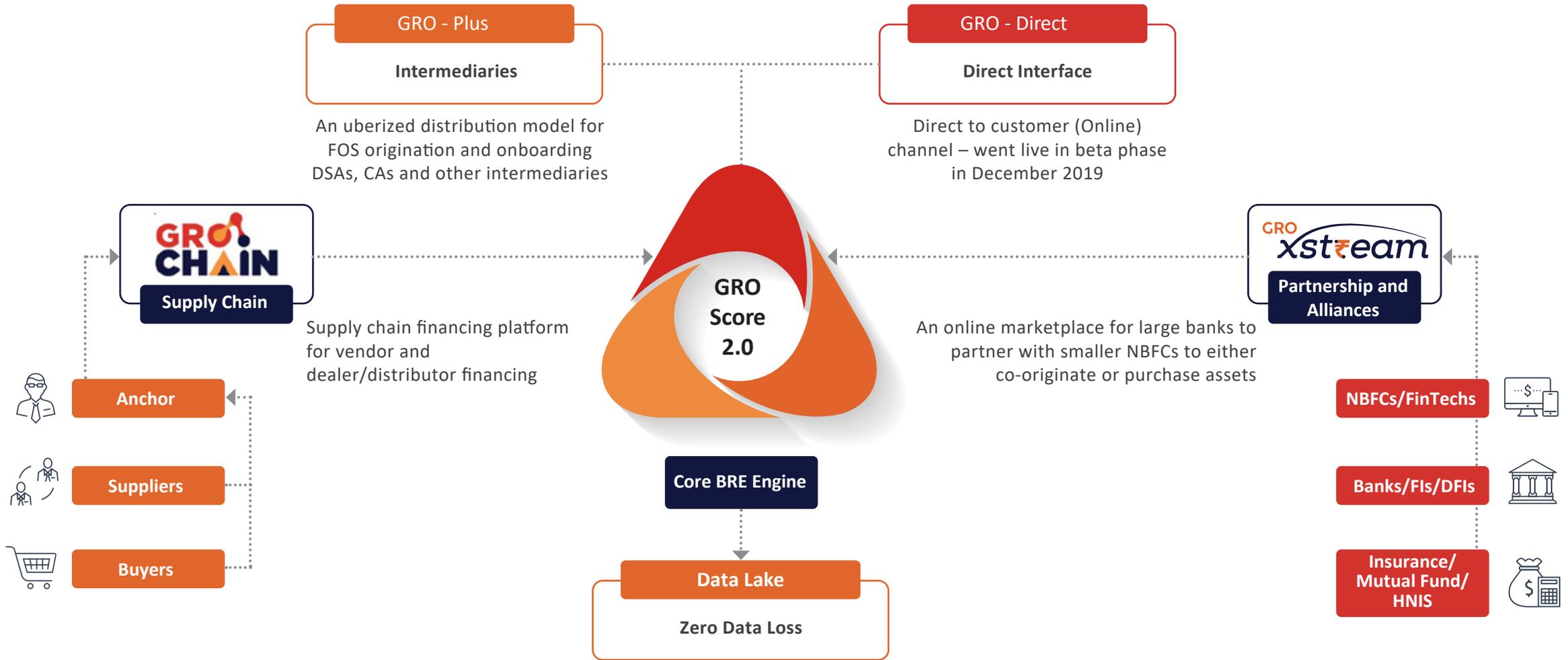
Score Band	Disbursed cases count	Non Disbursed cases count
A	780	1,152
B	437	755
C	158	549
D	43	270
E	106	959
NA	81	234

Deep analysis of Macro and Micro Economic Factors to develop sector focus

A continuing process involving extensive study of macro and micro economic parameters carried out in conjunction with market experts like CRISIL



System Architecture to support full - Suite SME Lending



A comprehensive set of modules that will allow for maximal lending outreach within our mandate

Catering to all credit needs of all MSMEs



	20 Prime Branches
	76 Micro Branches
	1,000+ GRO Partners
	49 Anchors
	29 OEMs
	32 Fintech Partners
	685+ Sales Employees

Multi pronged approach led by tech capabilities

 <h3>Branch-Led Channel</h3> <p>Catering to Micro and Small enterprises through 95+ branches</p> <ul style="list-style-type: none"> • Prime Loan Branches : 20 branches with loans largely sourced through intermediate channel • Micro Loan Branches : 75+ branches across 5 states, loans to be directly sourced by sales executives (FOS) 	<table border="1"> <thead> <tr> <th colspan="3">Prime Loan Branches</th> <th colspan="3">Micro Loan Branches</th> </tr> <tr> <th></th> <th>Ticket Size</th> <th>ROI</th> <th></th> <th>Ticket Size</th> <th>ROI</th> </tr> </thead> <tbody> <tr> <td>LAP</td> <td>50L-500L</td> <td>12%-12.5%</td> <td>LAP</td> <td>2L – 25L</td> <td>18% - 23%</td> </tr> <tr> <td>Affordable LAP</td> <td>10L-150L</td> <td>13%-16%</td> <td>Unsecured</td> <td>0.5L – 5L</td> <td>23% - 28%</td> </tr> <tr> <td>Unsecured</td> <td>1L-25L</td> <td>14%-26%</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Prime Loan Branches			Micro Loan Branches				Ticket Size	ROI		Ticket Size	ROI	LAP	50L-500L	12%-12.5%	LAP	2L – 25L	18% - 23%	Affordable LAP	10L-150L	13%-16%	Unsecured	0.5L – 5L	23% - 28%	Unsecured	1L-25L	14%-26%			
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Unsecured	1L-25L	14%-26%																													
 <h3>Eco-System Channel</h3> <p>Catering to a wide range of MSMEs through Anchor and OEM partners</p> <ul style="list-style-type: none"> • Supply Chain Financing : Anchor and its ecosystem financing of Supply Chain • Machinery Finance : Secured loans to machine buyers with a charge on machines 	<h3>Eco System</h3> <table border="1"> <thead> <tr> <th></th> <th>Ticket Size</th> <th>ROI</th> </tr> </thead> <tbody> <tr> <td>Machinery Finance</td> <td>10L – 300L</td> <td>13% - 15%</td> </tr> <tr> <td>Supply Chain Finance</td> <td>10L – 300L</td> <td>13% - 14%</td> </tr> </tbody> </table>		Ticket Size	ROI	Machinery Finance	10L – 300L	13% - 15%	Supply Chain Finance	10L – 300L	13% - 14%																					
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 <h3>Partnerships & Alliances Channel</h3> <p>Catering to Micro and Small MSMEs through Fintech Partners</p> <ul style="list-style-type: none"> • Joint lending partnerships with NBFCs (downstream). • Fintech partners originate loans and provide 5% - 15% FLDG cover 	<h3>Partnerships & Alliances</h3> <table border="1"> <thead> <tr> <th></th> <th>Ticket Size</th> <th>ROI</th> </tr> </thead> <tbody> <tr> <td>Partnership & Alliances</td> <td>0.5L – 25L</td> <td>18% - 28%</td> </tr> </tbody> </table>		Ticket Size	ROI	Partnership & Alliances	0.5L – 25L	18% - 28%																								
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 <h3>Direct Digital Channel</h3> <p>100% Digital sourcing of MSME loans</p> <ul style="list-style-type: none"> • Allows MSMEs to directly apply for credit and further reducing TATs 	<h3>Direct Digital Channel GRO-Direct</h3> <ul style="list-style-type: none"> • Ticket Size - INR 1 to 15 Lac 																														

Building India's largest Co – Lending platform: Lending as Service



बैंक ऑफ़ बड़ौदा
Bank of Baroda

- Secured Business Loans
- Agreement under new co-lending regulation – Jun'21



- Small Ticket Secured and Unsecured Business Loans
- Agreement under new co-lending regulation – Nov'21



- Secured Business Loans
- Agreement Signed in Oct'21



सेंट्रल बैंक ऑफ़ इंडिया
Central Bank of India

- Secured, Unsecured Business Loans and Machinery Loans
- Agreement Signed in Dec'21



Indian Overseas Bank

- Secured Business Loans
- Agreement signed in Feb'22

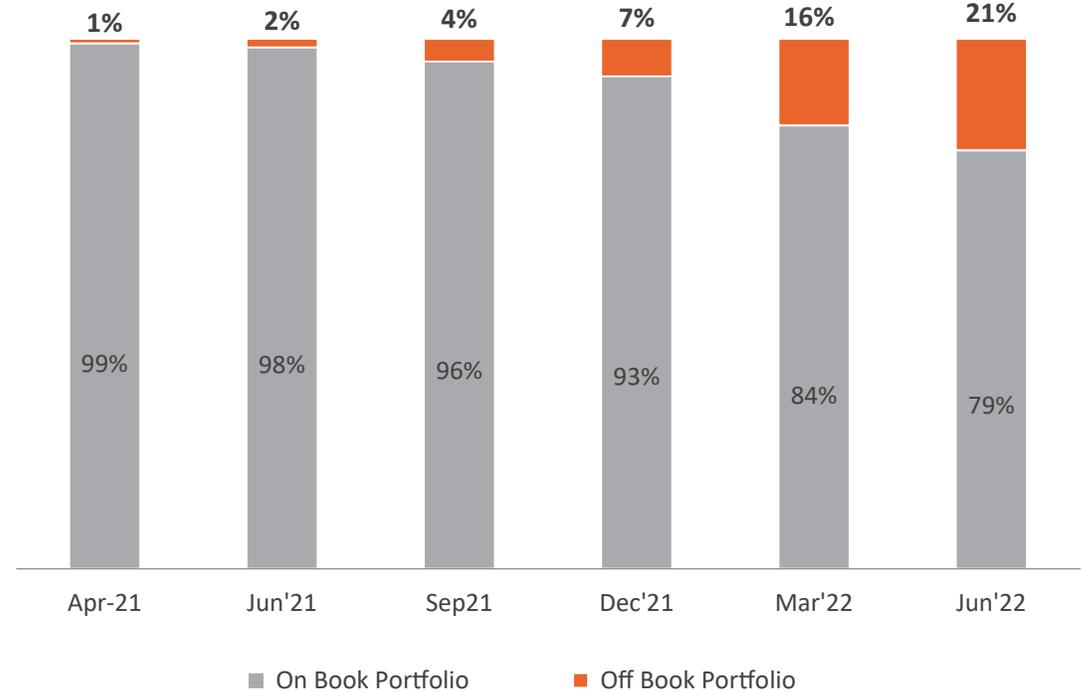


Punjab & Sind Bank

- Secured Business Loans (affordable LAP)
- Agreement signed in Jul'22

+ 4 SFBs/ Leading NBFCs

Increasing Mix of Off Book AUM



Business Model Evolving to Generate Significant Cashflows

	FY22	Q4FY22*	Q1FY23*	FY23P	FY25P
AUM (INR Cr)	2,969	2,969	3,656	7,000+	20,000+
Off Book AUM %	16%	16%	21%	35% +	~ 50%
Net Total Income %	9.3%	10.6%	10.5%	~ 13.0%	~ 15.0%
Cost to Income Ratio %	71.8%	73.3%	72.1%	~ 60.0%	~ 45.0%
Credit Cost %	1.5%	1.5%	1.4%	~ 1.5%	~ 1.5%
ROTA % (Avg.)	0.6%	0.8%	1.0%	~2.0%	~ 4.5%
ROE % (Avg.)	1.5%	2.4%	3.0%	~ 6.0% - 8.0%	~ 18.0%
Leverage	1.86x	1.86x	2.26x	~ 2.4x^	~ 3.8x^

* Annualized ratios

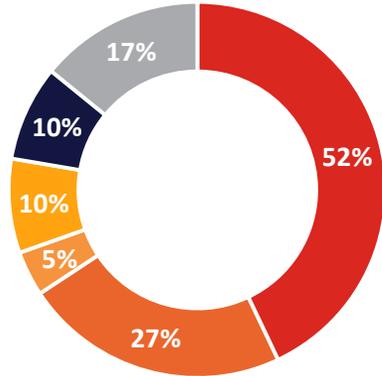
^ Presumed infusion of equity capital

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Portfolio Performance

Well Diversified and Granular Portfolio

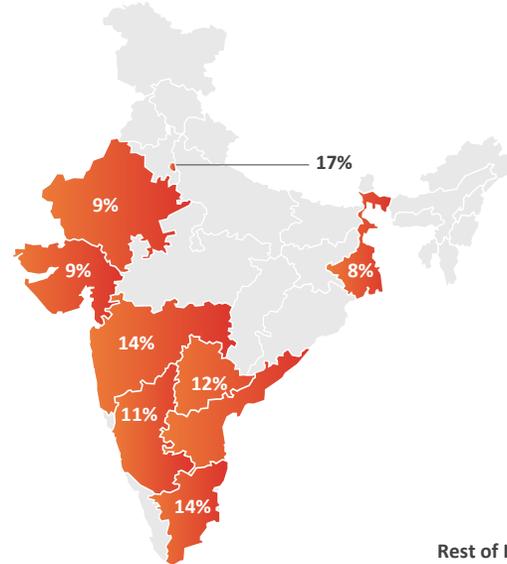
Product Mix



- Secured Prime Loans
- Unsecured Prime Loans
- Micro Loans
- Supply Chain Finance
- Machinery Loan
- Partnerships and Alliances

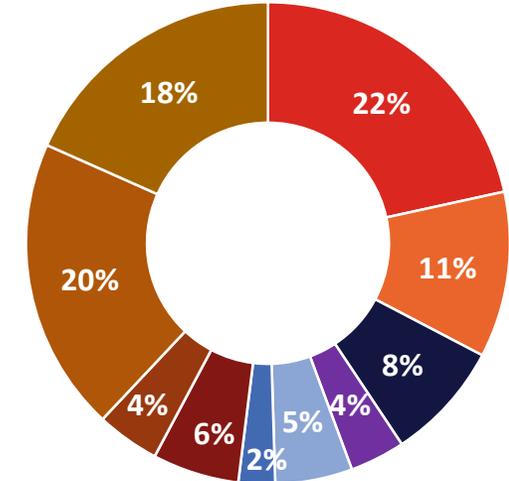
Product category	AUM (Cr)	ROI (%)	Ticket size (Lakh)
Secured Prime Loans	1,149	13.2%	83
Unsecured Prime Loans	1,000	19.0%	18
Micro Loans	170	22.3%	6
Supply Chain Finance	356	15.5%	57
Machinery Loan	361	13.2%	40
Partnerships	619	22.1%	6
Grand Total	3,656	16.7%	19

Portfolio Concentration in key geographical areas*



State	Prime	Micro	Total
Tamil Nadu	2	21	23
Gujarat	1	15	16
Karnataka	1	15	16
Rajasthan	1	15	16
Telangana	1	10	11
Maharashtra	5	-	5
West Bengal	4	-	4
Delhi	1	-	1
Other States	4	-	4
Total	20	76	96

Sector Mix*



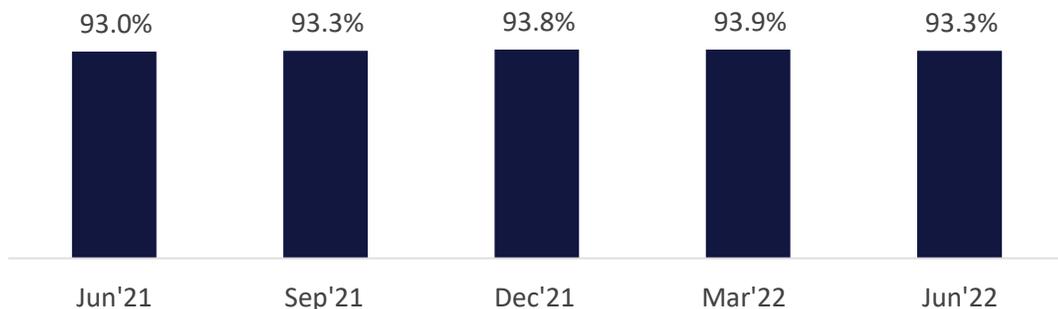
- Light Engineering
- Food Processing
- Electrical Equipment
- Education
- Chemicals
- Hospitality
- Healthcare
- Auto Components
- Micro Enterprises
- Other MSME ^

*Includes Secured, Unsecured, Micro, SCF and Machinery

^ Includes allied subsectors of our core sectors

Portfolio Provisioning, Collection Efficiency & Restructuring Highlights

Overall Collection Efficiency Trend

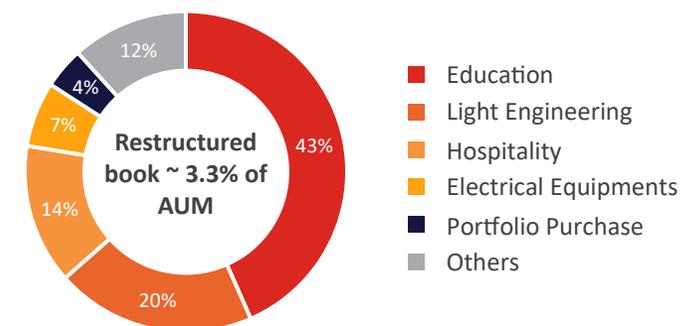


- Total provisions as of Jun'22 stood at ₹49.4 Cr (1.7% of the Loan Exposure)
- GNPA / NNPA as a % of on-book AUM stood at 2.13% / 1.57% as of Jun'22
- GNPA / NNPA on Total AUM stood as 1.7% / 1.2% as on Jun'22
- Majority of the restructuring was done in the Branch Led Portfolio within the Education & Hospitality sector.

ECL Data

All figures in ₹ Cr	Loan Exposure	Loan Exposure (%)
Stage 1	2,751	94.6%
Stage 2	93	3.2%
Stage 3	62	2.1%
Total	2,907	100%

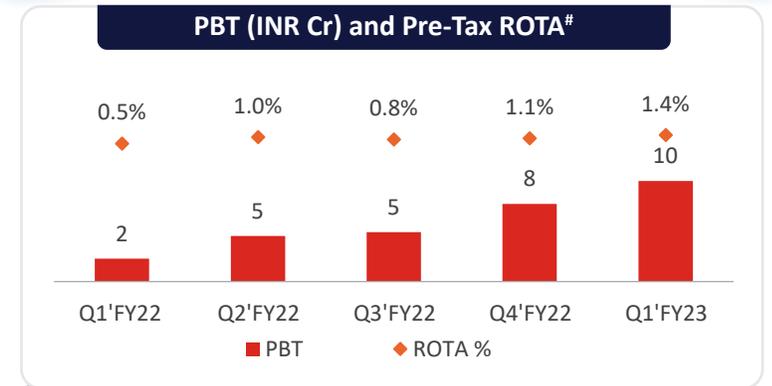
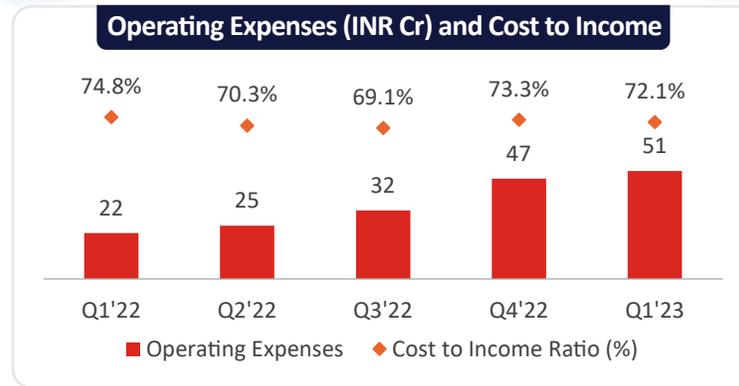
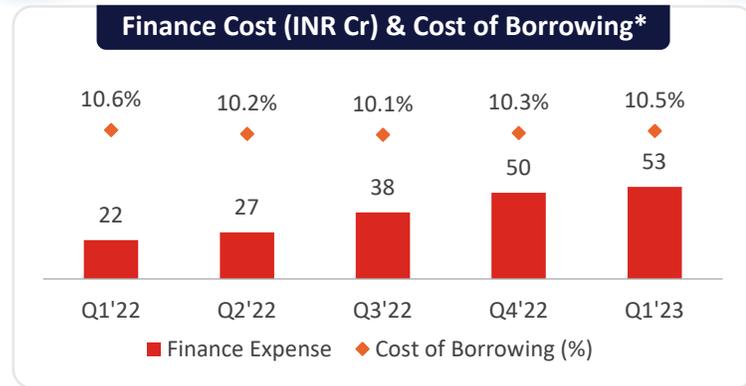
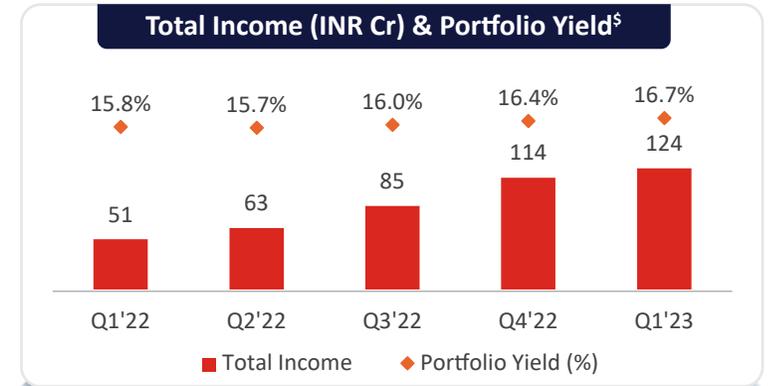
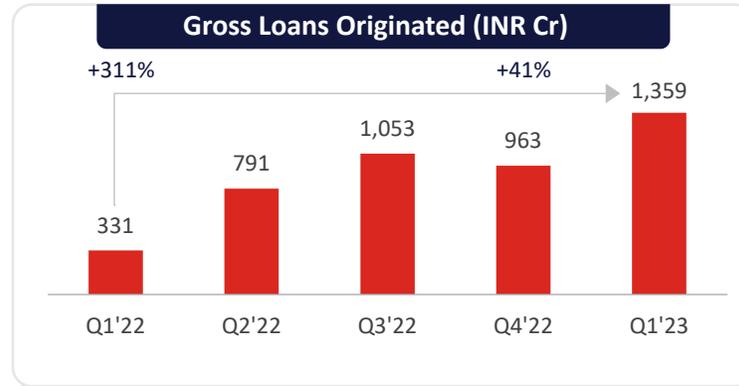
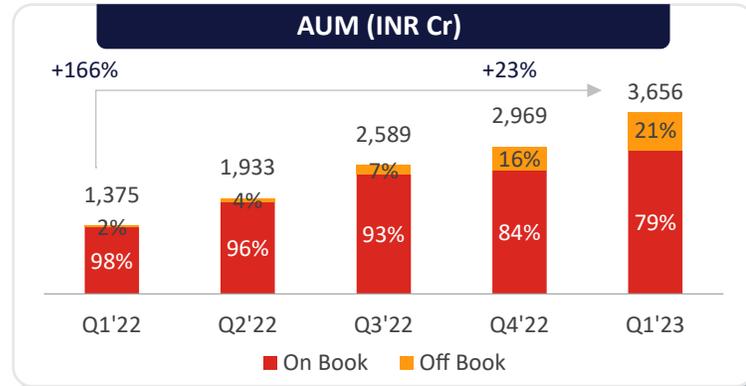
Sectoral Break up of Restructured AUM



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Operating and Financial Metrics

Operating & Financial Metrics



975 / 28%
Net Worth / CRAR

2,208 / 2.26x
Total Debt / Leverage

63
Lenders (Count)

2.13% / 1.57%
GNPA/NNPA
(On-book AUM)

1.7% / 1.2%
GNPA/NNPA
(Total AUM)

96
Branches

1,275+
Employees

25,000+
Active Borrowers

§ Weighted Average AUM yield as on Period End

*Restated cost of debt from weighted average costing to IRR based costing

#Annualized ratio based on quarterly average of total assets

Finance | Income Statement

Income Statement (₹ Cr)	Q1 FY22	Q4FY22	Q1FY23
Interest Income	49.6	94.0	93.1
Gain on derecognition of Financial instruments	0.7	16.1	22.6
Other Income (Operating + Non Operating)	0.9	4.1	8.1
Total Income	51.3	114.2	123.8
Interest Expenses	22.4	49.7	53.1
Employee Cost	12.3	28.0	29.2
Other Expenses	6.7	15.5	20.0
Impairment on Financial Instruments	4.9	9.3	9.4
Depreciation and Amortization	2.6	3.8	1.8
PBT	2.4	8.0	10.4
Tax	0.7	1.9	3.0
PAT	1.7	6.1	7.3

* As a % of Quarterly On Book Average AUM

^ As a % of Annual On Book Average AUM

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Board and Management Team

Eminent Board of Directors



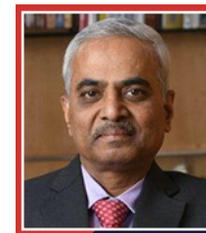
**Satyananda Mishra –
Non Executive Chairman**
Ex-Chairman, MCX, Ex-CIC, GOI,
Ex-Director - SIDBI



**S. Karuppasamy -
Chairman, Compliance
Committee**
Ex-Executive Director, RBI



**Abhijit Sen -
Chairman, Audit Committee**
Ex-CFO, Citi-India



**Karnam Sekar –
Independent Director**
Ex - MD & CEO of Indian Overseas
Bank



**Hemant Bhargava –
Independent Director**
Ex-Chairman in charge and MD of LIC



**Rajeev K. Agarwal -
Chairman, Stakeholder Com-
mittee**
Ex-Whole Time Member, SEBI



**Smita Aggarwal –
Independent Director**
Global Investment Advisor at Flourish
Ventures



**Amit Gupta
(New Quest Nominee)**
Founding Partner of NewQuest



**Chetan Gupta
(Samena Nominee)**
Managing Director at Samena Capital



**Manoj Sehrawat
(ADV Nominee)**
Partner at ADV

Legend: Independent Directors, Non-executive Directors

Strong Leadership Team with 190+ years of cumulative experience



**Shachindra Nath -
Vice Chairman & Managing
Director**
25+ Years of Experience



**Amit Mande -
Chief Revenue Officer**
20+ Years of Experience



**Anuj Pandey -
Chief Risk Officer**
20+ Years of Experience



**Amit Gupta -
Chief Financial Officer**
18+ Years of Experience



**Sunil Lotke –
Chief Legal & Compliance
Officer**
18+ Years of Experience



**J Sathiayan -
Chief Business Officer**
29+ Years of Experience



**Pia Shome -
Chief People Officer**
15+ Years of Experience



**Rishabh Garg -
Chief Technology Officer**
17+ Years of Experience



**Nirav Shah -
Chief Strategy Officer & Head of IR**
16+ Years of Experience



**Subrata Das -
Chief Innovation Officer**
16+ Years of Experience

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Annexures

About UGRO

- U GRO Capital limited is a BSE and NSE listed, technology focused, small business lending platform.
- Built on 5-pillars of Data, Technology, Strong Corporate Governance, Experienced Management Team and Large Institutional Capital
- The company was formed in FY18 by raising ~INR 920 cr capital from marquee Private Equity Players like ADV, New Quest, PAG, Samena Capital
- As on Jun'22, it has scaled its operations to an AUM of INR 3,600+ Cr with a Net worth of INR 975 Cr.

The Company envisions to spearhead India's transition of MSME Lending to the new age of 'on-tap financing'

Vision / Mission

Mission: 'To Solve the Unsolved'



India's \$600B+ SME Credit Availability Problem

We aspire to capture 1% market share (INR 20,000 Cr) of the total MSME lending market by 2025

Our Thesis

Problem of MSMEs can be solved by

- Bringing homogeneity to a non-homogeneous Sector
- Building deep expertise around core sectors with a data centric, technology-enabled approach



180+ Sectors Screened



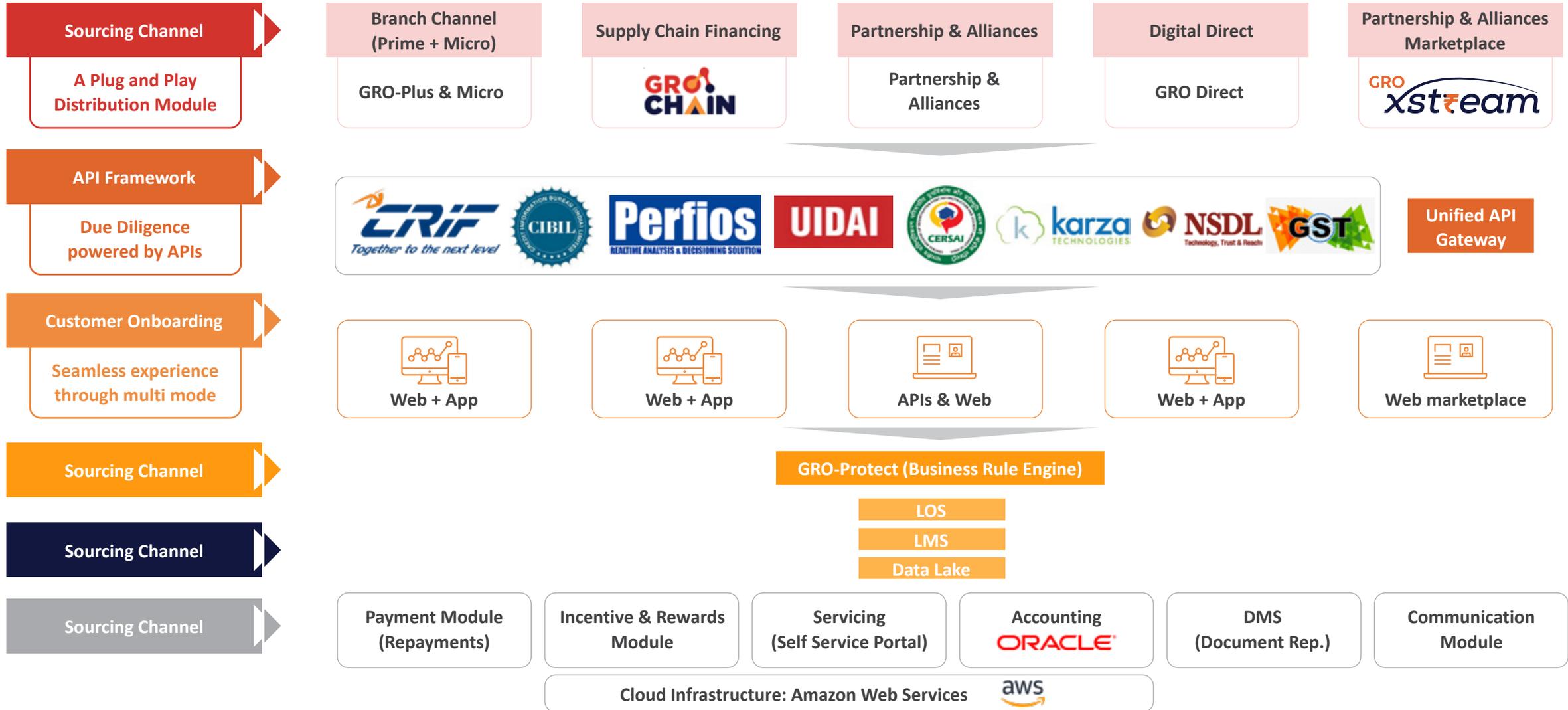
20 Sectors drilled



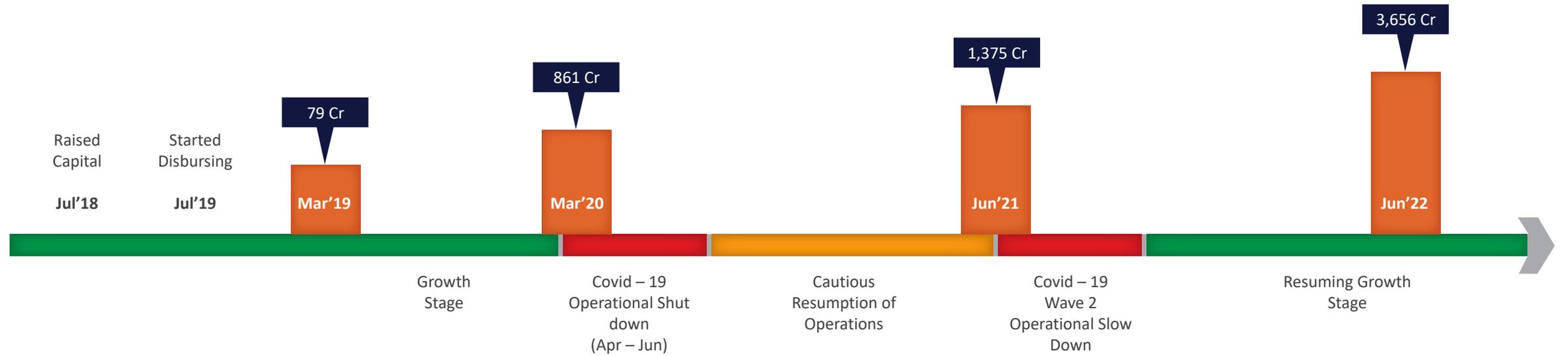
8 Sectors

Shortlisted 8 sectors from 180+ sectors in an extensive study carried out alongside CRISIL

Platforms further integrated with rich data enrichment layer



U GRO Capital – Journey since inception



Period	Key Milestones
Jul'18 – Mar'19	<ul style="list-style-type: none"> Gro Score 1.0 Sector and Subsector Selection Initial hiring LOS design and Go Live Prime Loan Branches (9)
Mar'19 – Apr'20	<ul style="list-style-type: none"> SCF Launch D2C Pilot Credit Rating
During Covid – 19 Wave 2	<ul style="list-style-type: none"> Products : Sanjeevani, Saathi Machinery Finance Micro Loan Branches (25) Video PD and KYC Digital Agreement
Post Resuming Growth Stage	<ul style="list-style-type: none"> Gro Score 2.0 Co – Lending Partnerships and Alliances GeM Sahay 20 Prime Loan Branches & 76 Micro Loan Branches

■ Period end AUM

Lending as a service is a highly profitable model

Sample Illustration

Particulars (INR Cr)	Normal Scenario	Co-lending
Loan Amount	1,00,000	1,00,000
Interest Income	14,500	2,900
Co-lending spread income	-	3,200
Interest Expense	8,400	1,680
Net interest Income	6,100	4,420
Other Income	1,500	1,500
Net Total Income	7,600	5,920
Operating Expenses	3,420	3,420
Credit Cost	1,500	1,500
PBT	2,680	1,000
Tax	804	300
PAT	1,876	700
ROA	1.88%	3.50%
ROE	9.38%	17.50%

Assumptions for Calculation

Particulars	Ratios
Yield	14.5%
Cost of Borrowing	10.5%
Spread - On Book Lending	4.0%
Spread - Co-lending	4.0%
Fee Income	1.5%
Co-lending - On Book Share	20%
D/E	4.0x
Cost to Income Ratio	45%
Credit cost	1.5%
Tax Rate	30%



UGRO CAPITAL LIMITED

Registered Office Address: Equinox Business Park, Tower 3, 4th Floor,
LBS Road, Kurla (West), Mumbai - 400070
CIN: L67120MH1993PLCO70739

Telephone: +91 22 4891 8686 | E-mail: customercare@ugrocapital.com | Website: www.ugrocapital.com