

Catalyzing the future of credit access for MSMEs

May 25th , 2022

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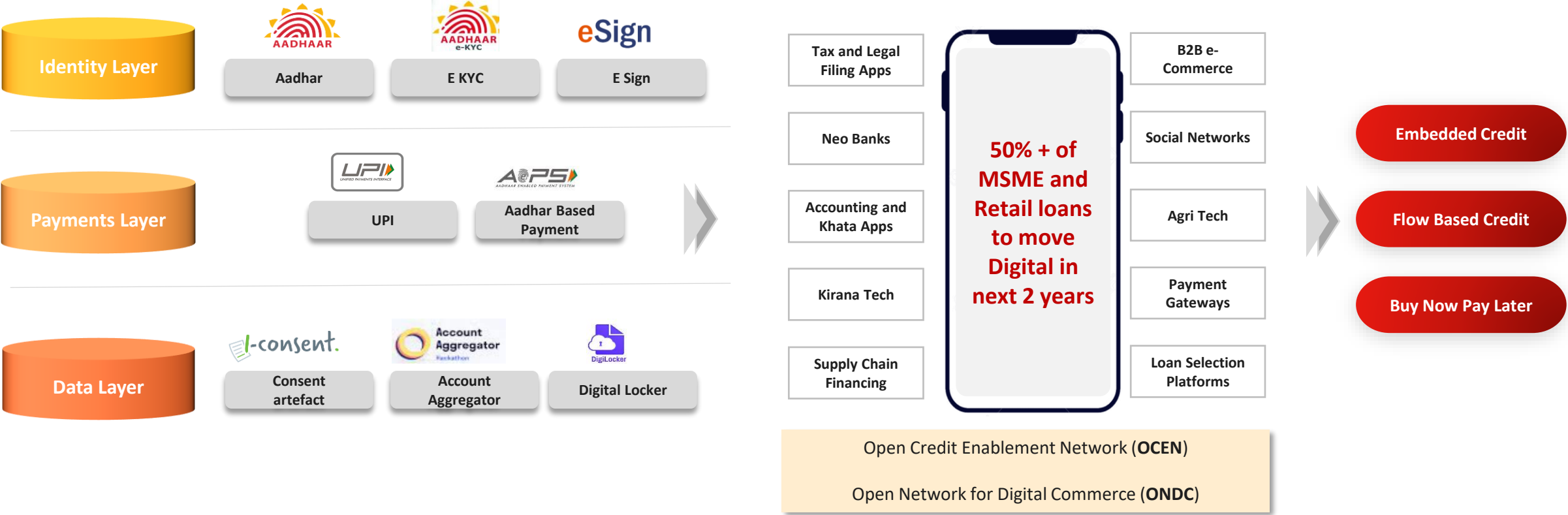
Annexures

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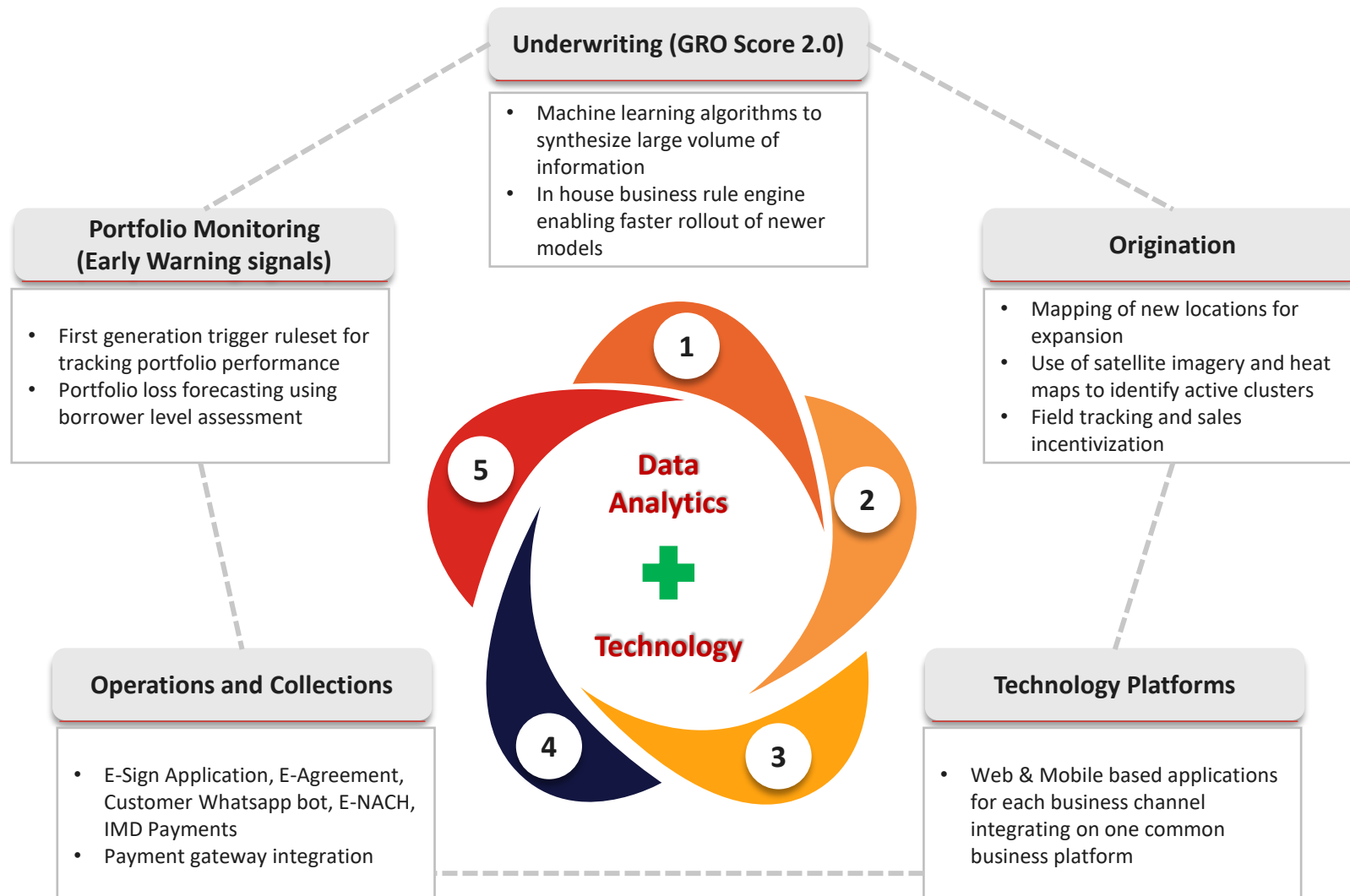
Executive Summary

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



Evolved to a Data Tech Company within 3 years of inception



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

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

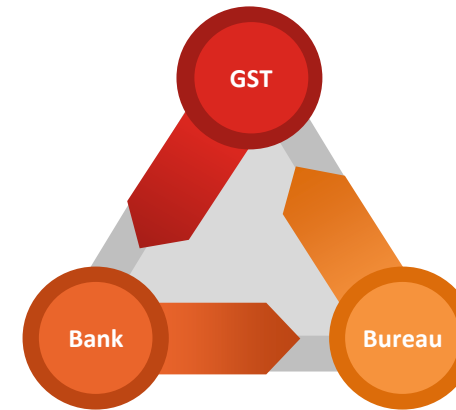
Counterparties & relative strengths

Pace of borrowing

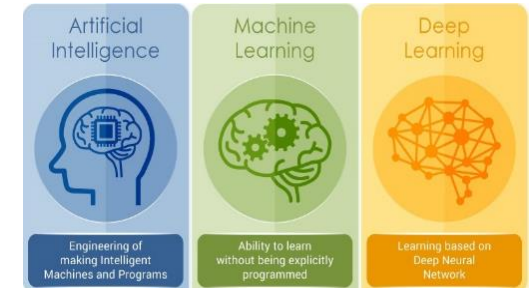
... and to draw meaningful insights out of unorganized data

GRO 2.0

Credit Bureau Data
+
Banking Data



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



- **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

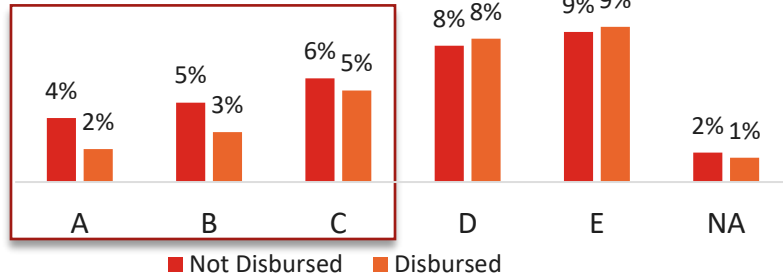
Scoring of each case into one of the five bands of A – E with A being the best and E being the worst



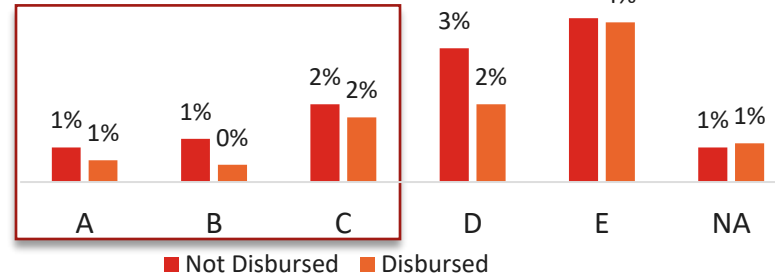
GRO Score 2.0 – Proof of Concept

Market Performance of Disbursed cases

30+ DPD % in 6 months



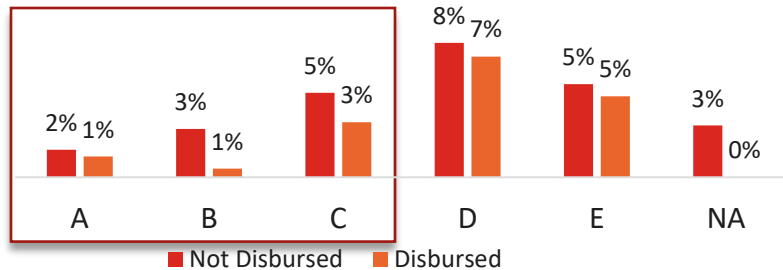
90+ DDP % in 6 months



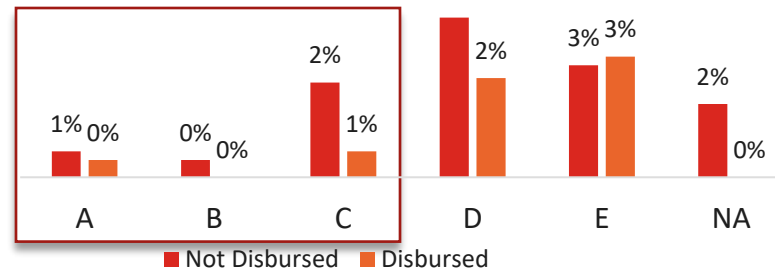
Score Band	Disbursed cases count	Non Disbursed cases count
A	2,352	4,885
B	1,346	3,381
C	585	2,779
D	228	1,360
E	567	3,573
NA	212	525

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

30+ DPD % in 6 months



90+ DDP % in 6 months



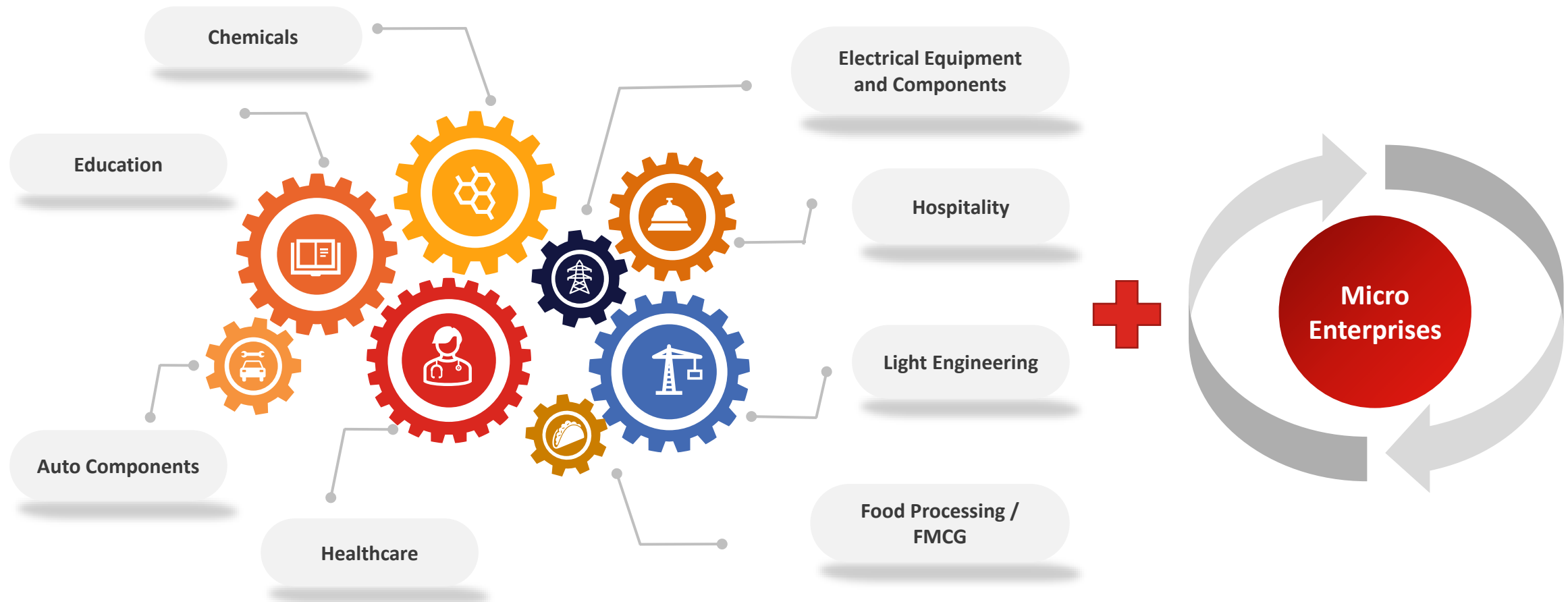
Score Band	Disbursed cases count	Non Disbursed cases count
A	780	1,152
B	437	755
C	158	549
D	43	270
E	106	959
NA	81	234

Market performance of cases withing 6 months of Disbursements – A to C scored cases show striking outperformance

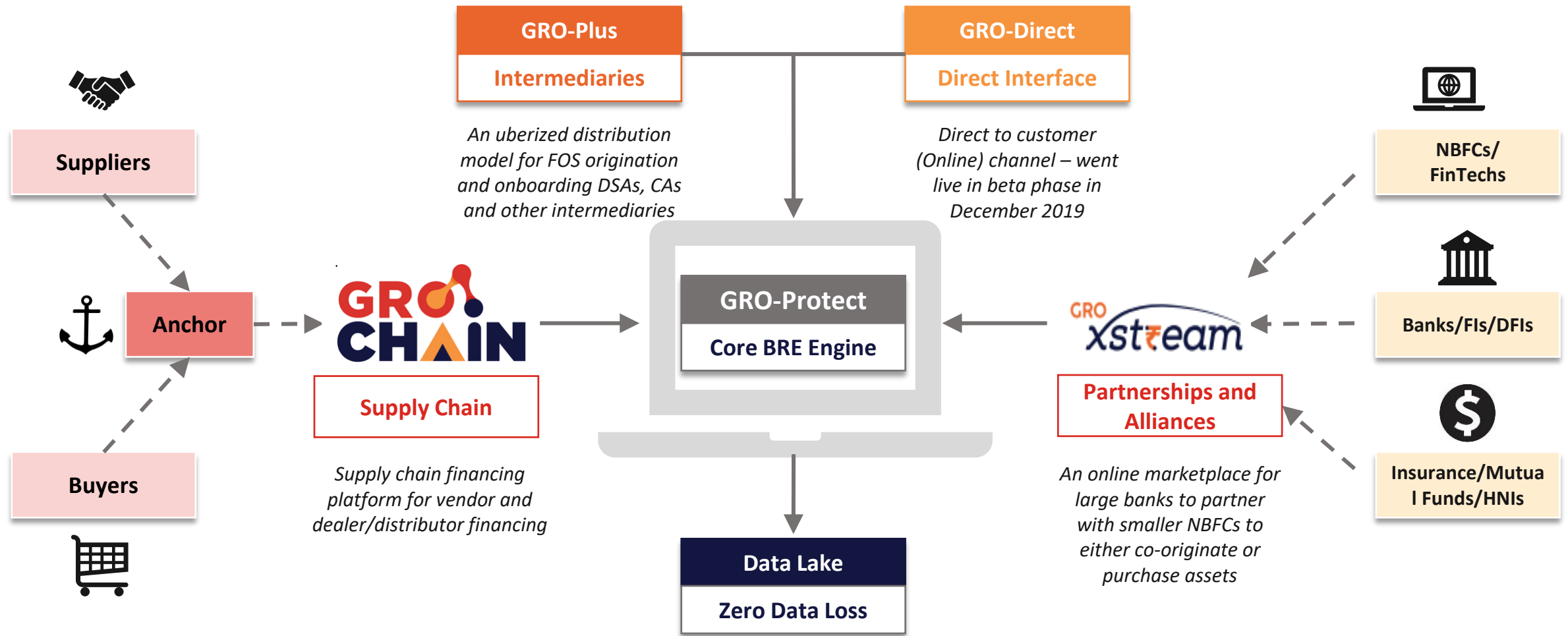
Deep analysis of Macro and Micro Economic Factors to develop sector focus

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

8 sectors & 200+ Ecosystem representing ~50% of the total MSME Lending market and **Micro Enterprises** with sector agnostic approach



Development of System Architecture for full-Suite SME Lending



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

Multi pronged approach led by tech capabilities

a Branch Led Channel | GRO-Plus

- **Prime Loan Branches** – 18 Branches with loans largely sourced through Intermediate channel
- **Micro Loan Branches** – 71 branches across 5 states. Loans to be directly sourced by FOS
- **Turnover** – INR 0.2 to 200 Cr
- **Ticket Size** – INR 0.005 to 3 Cr

b Ecosystem Channel | GRO-Chain

- **Supply Chain Financing** – Anchor and its ecosystem financing of Supply Chain
- **Machinery Finance** – Secured Loans to machine buyers with a charge on machines
- **Turnover** – INR 2 to 200 Cr
- **Ticket Size** – INR 0.1 to 3 Cr

c Partnerships & Alliances | GRO-Xtstream

- **Co-lending** – Joint lending partnerships with NBFCs on the downstream
- **FinTech Partnerships** to originate loans. Loans quasi secured with FLDG.
- **Direct Assignment & Portfolio Acquisition** – Upstream or downstream DA to Banks & NBFCs
- **Turnover** – INR 0.2 to 200 Cr
- **Ticket Size** – INR 0.01 to 5 Cr

d Direct Digital Channel | GRO-Direct

- **Digital Lending Platform** – Allows MSMEs to directly apply for credit further reducing TATs
- **60 Mins Decisioning – 100% Digital**
- Targeted to be launched in last quarter of FY22.
- **Turnover** – INR 0.2 to 200 Cr
- **Ticket Size** – INR 1 to 15 lac



U GRO's distribution model is geared towards catering MSMEs across all geographies and ticket sizes. Tailored products allow for highly structured deployment of capital – optimized for both the distribution channel and customer

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



- Secured Business Loans
- Original Agreement Signed – Oct'19
- Agreement under new co-lending regulation – Jun'21



- Small Ticket Secured and Unsecured Business Loans
- Original Agreement Signed – Nov'19
- Agreement under new co-lending regulation – Nov'21



- Secured Business Loans
- Agreement Signed in Oct'21



- Secured, Unsecured Business Loans and Machinery Loans
- Agreement Signed in Dec'21
- First multi product co-lending agreement

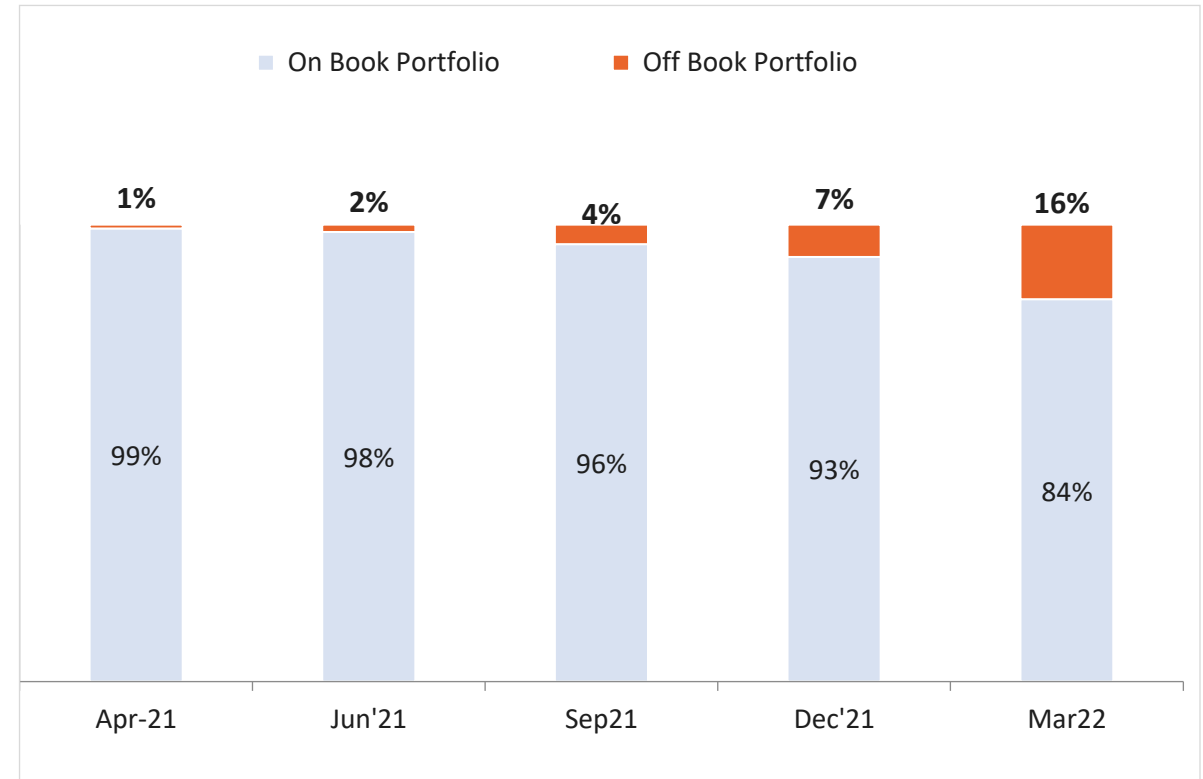


- Secured Business Loans
- Agreement signed in Feb'22

1 SFB

2 Leading NBFCs

Increasing Mix of Off Book AUM



18
Active Discussions

6
Pvt. Banks

5
PSU Banks

5
NBFCs

2
SFBs

Business Model Evolving to Generate Significant Cashflow

	FY22	Q4FY22*		FY23P		FY25P
AUM (INR Cr)	2,969	2,969		7,000+		20,000+
Off Book AUM %	16%	16%		35% +		~ 50%
Yield	14.3%	15.4%		~ 14.5%		~ 15.0%
Cost of Borrowing %	10.7%	11.2%		~ 10.75%		~ 9.5%
NIM %	7.1%	7.3%		~ 7.0%		~ 7.5%
Other operating Rev. %	1.8%	3.0%		~ 7.5%		~ 9.0%
Cost to Income Ratio %	71.8%	73.3%		~ 60.0%		~ 45.0%
Credit Cost %	1.5%	1.5%		~ 1.5%		~ 1.5%
ROTA % (Avg.)	0.6%	0.8%		~2.0%		~ 4.5%
ROE % (Avg.)	1.5%	2.4%		~ 6.0% - 8.0%		~ 18.0%
Leverage	1.86x	1.86x		~ 2.4x^		~ 3.8x^

* Annualized ratios

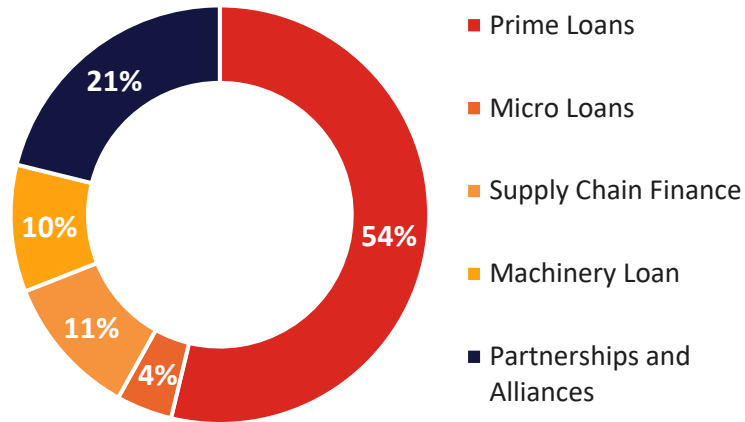
^ Presumed infusion of equity capital

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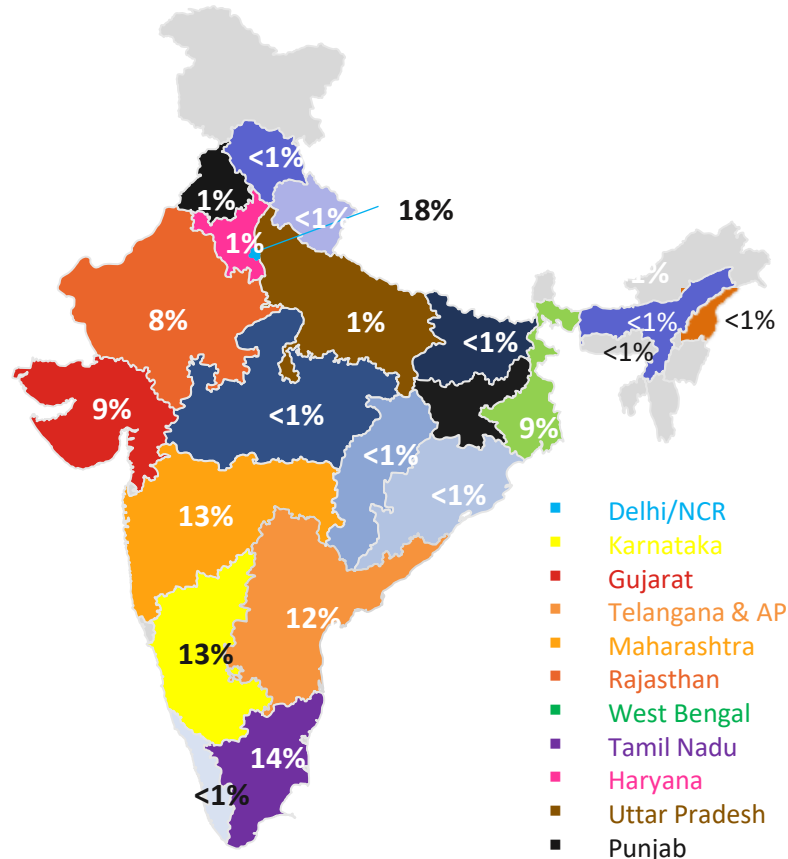
Portfolio Performance

Well Diversified and Granular Portfolio

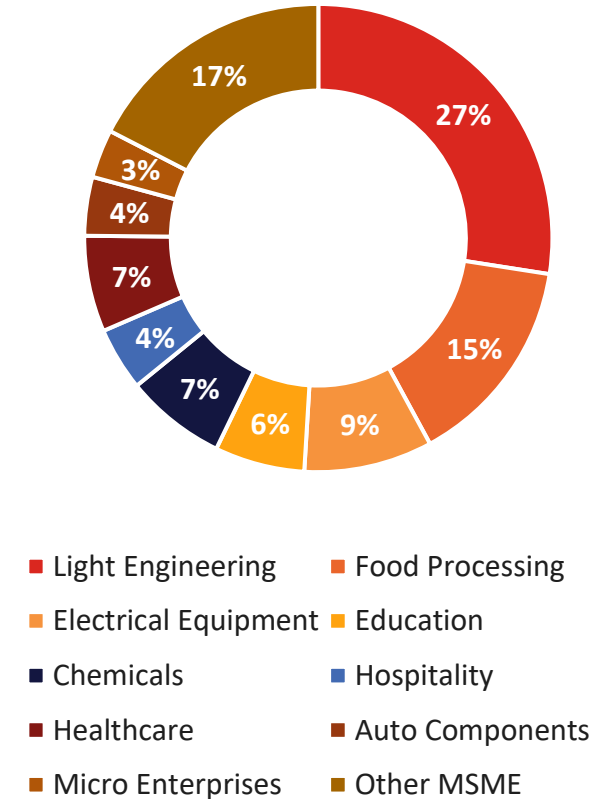
Product Mix



Geography Mix

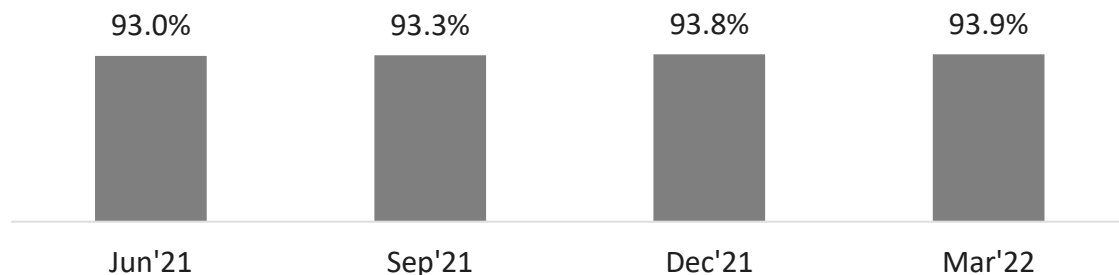


Sector Mix



Portfolio Provisioning, Collection Efficiency & Restructuring Highlights

Overall Collection Efficiency Trend



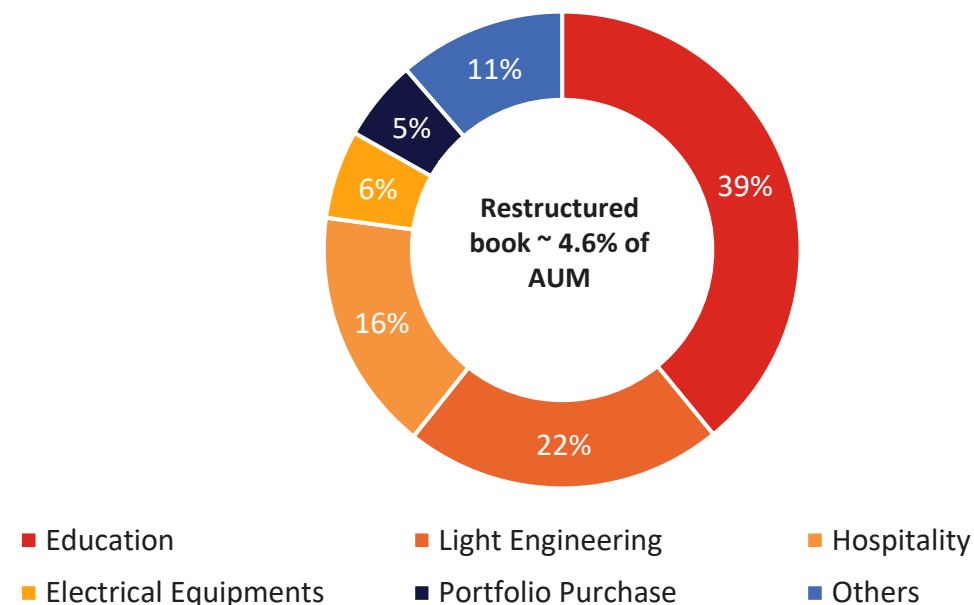
ECL Data

All figures in ₹ Cr	Loan Exposure	Loan Exposure (%)
Stage 1	2,366.2	96.4%
Stage 2	32.4	1.3%
Stage 3	55.3	2.3%
Total	2,453.9	100.0%

- Total provisions as of Mar-22 stood at ₹40.6 Cr (1.7% of the AUM) vs the regulatory requirement of INR 27.2 Cr. ~49% above the provision prescribed by IRACP and RBI
- GNPA stood at 2.3% and NNPA stood at 1.7% as of Mar-22, 2.3% GNPA is post adoption of the Asset Classification circular of Nov'21

- Majority of the restructuring was done in the Branch Led Portfolio within the Education & Hospitality sector.
- ~82% of the restructured portfolio is current as of Mar'22. The NPA column incorporates the total NPA's including those classified on account of new IRAC asset classification norms/account classification on account of restructuring

Sectoral Break up of Restructured AUM



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Operating and Financial Metrics

Key Highlights – We have scaled up across all parameters

All Fig in ₹ Cr	Q4FY21	Q3FY22	Q4FY22
AUM	1,317	2,589	↑ 14.7% 2,969
Gross Disbursements	449	1,053	↓ 8.5% 963
Net worth	952	959	↑ 0.7% 966
Branches	34	82	↑ 11.0% 91
Lenders	29	50	↑ 10.0% 55
Employees	361	944	↑ 17.7% 1,111
Interest Income	43.7	73.4	↑ 28.2% 94.0
Interest Expense	16.3	38.4	↑ 29.4% 49.7
NII	27.4	35.0	↑ 26.8% 44.3
Other Revenue	4.9	11.9	↑ 69.7% 20.2
Op. Expense	21.3	32.4	↑ 45.8% 47.3
Impairment on financial instruments	8.7	9.4	↓ -1.0% 9.3
PBT	2.4	5.1	↑ 58.3% 8.0
Portfolio Yield [§]	15.5%	16.0%	16.4%
Borrowing Cost *	10.4%	10.1%	10.3%
Cost to Income Ratio	65.8%	69.1%	73.3%
D/E Ratio	0.80x	1.84x	1.86x

FY21	FY22
1,317	↑ 125.4% 2,969
1,147	↑ 173.6% 3,138
952	↑ 1.5% 966
34	↑ 167.6% 91
29	↑ 89.7% 55
361	↑ 207.8% 1,111
146.8	↑ 85.3% 272.2
44.6	↑ 208.3% 137.4
102.3	↑ 31.8% 134.8
6.5	↑ 534.4% 41.3
77.0	↑ 64.1% 126.4
19.6	↑ 49.9% 29.4
12.1	↑ 66.4% 20.2
15.5%	16.4%
10.4%	10.3%
70.8%	71.8%
0.80x	1.86x

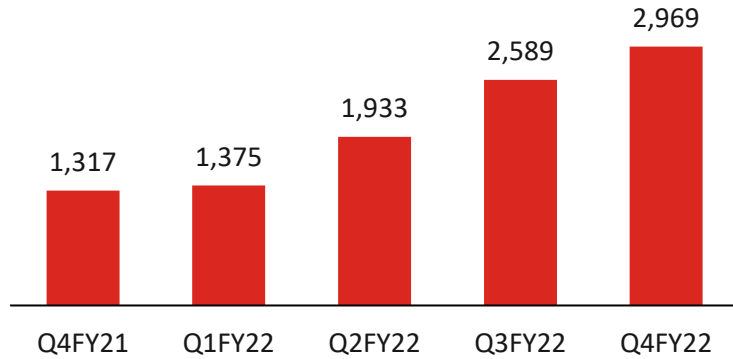
*Restated cost of debt from weighted average costing to IRR based costing

[§] Weighted Average AUM yield as on Period End

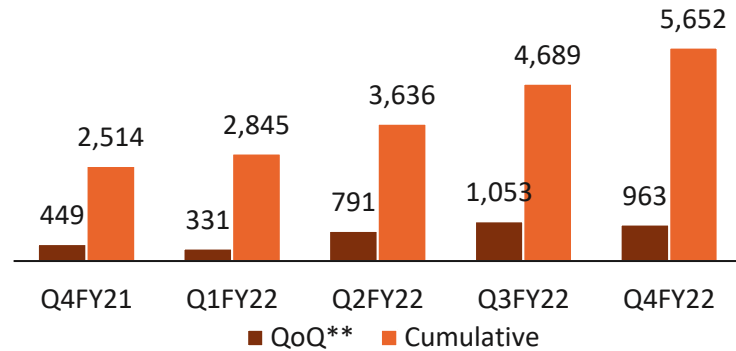
Operating & Financial Metrics (1/2)

Consistent expansion of AUM with strong Equity & Debt support

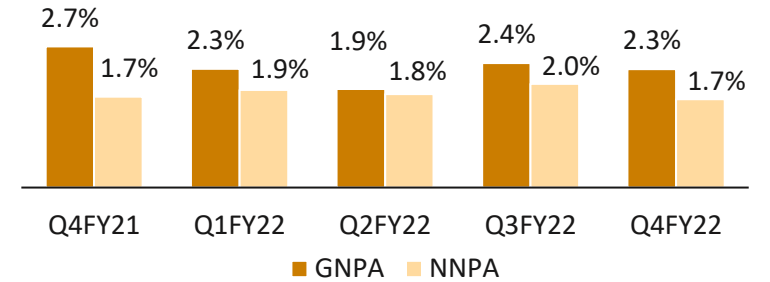
AUM (INR Cr)



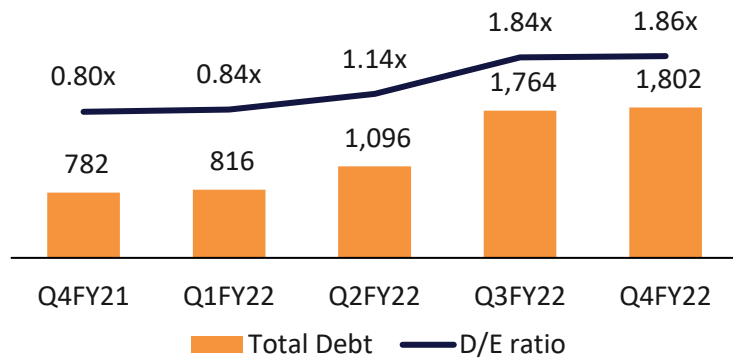
Disbursals (INR Cr)



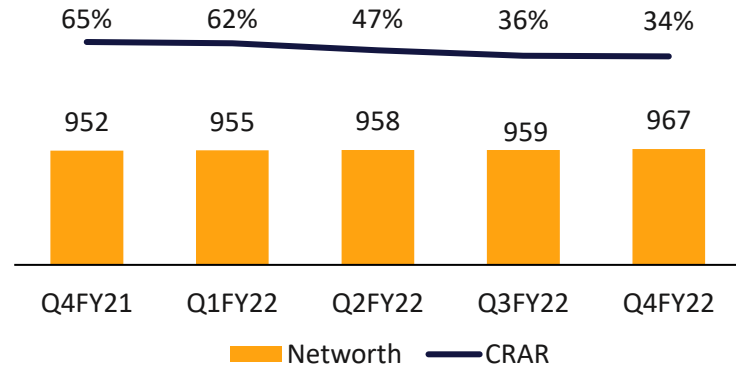
GNPA and NNPA (in %)



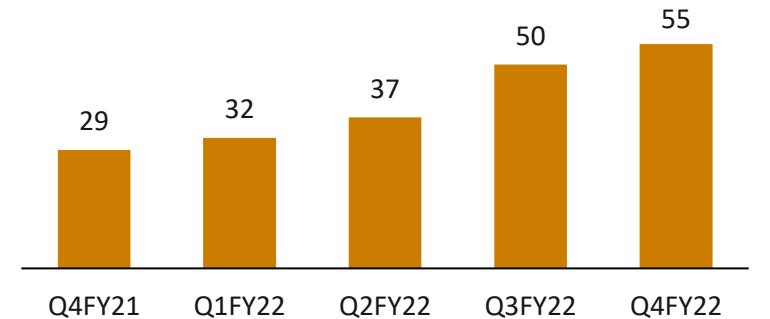
Total Debt (INR Cr) & Leverage Ratio



Net Worth (INR Cr) & CRAR



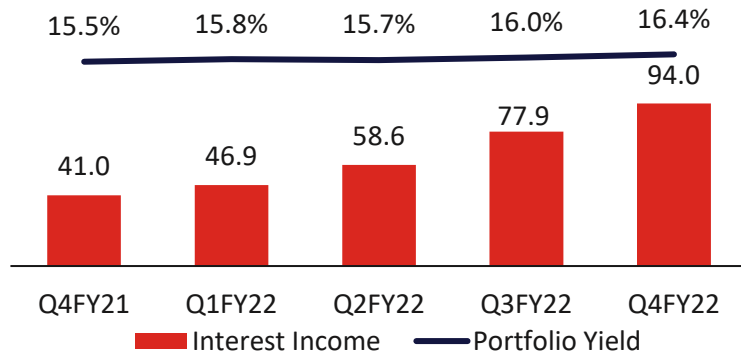
Count of Lenders



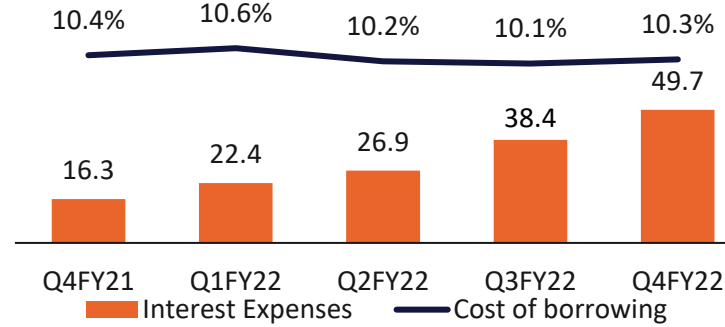
Operating & Financial Metrics (2/2)

Operating & financials ratios continue to improve with scale

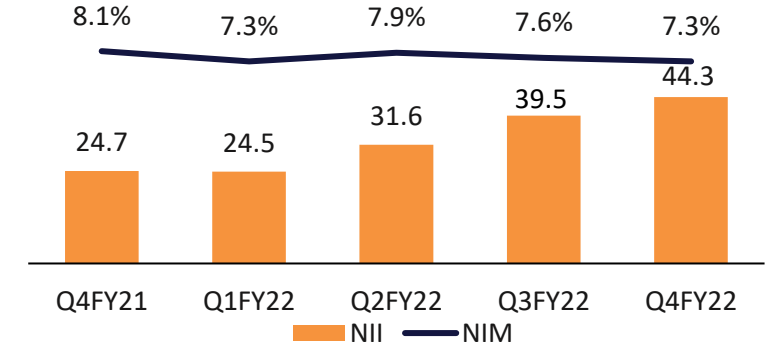
Operating Income (INR Cr) & Portfolio Yield^{\$}



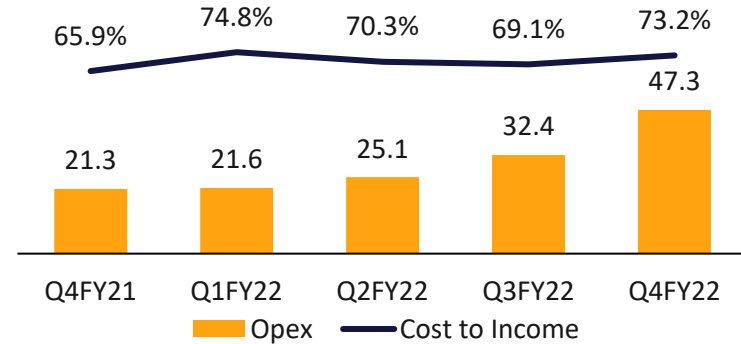
Finance Cost (INR Cr) & Cost of Debt*



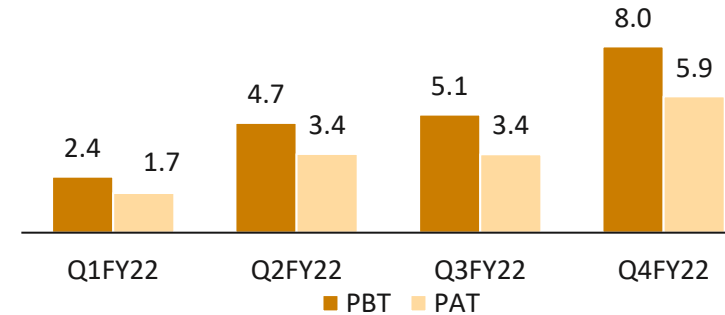
NII (INR Cr) and NIM%[^]



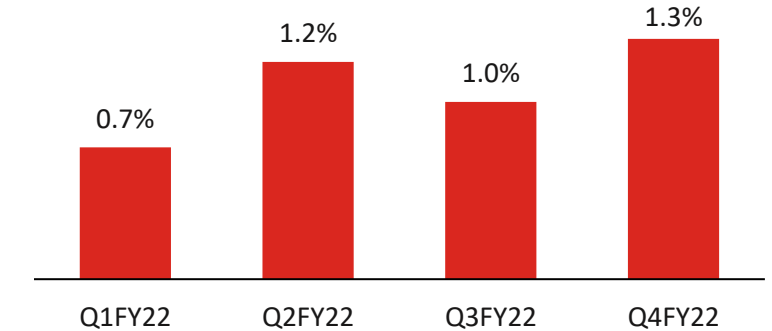
Opex (INR Cr) & Cost to Income Ratio



PBT and PAT (in %)



PBT as % Avg. On book AUM (Annualized)



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

^{\$} Weighted Average AUM yield as on Period End

[^]As a % of On Book AUM

Finance | Income Statement & ROA Tree

Income Statement (₹ Cr)	Q4 FY21	Q3 FY22	Q4FY22	ROA Tree*		FY21	FY22	ROA Tree ^
Interest Income	43.7	73.4	94.0	15.4%		146.8	272.2	14.3%
Interest expenses	16.3	38.4	49.7	8.2%		44.6	137.4	7.2%
NII	27.4	35.0	44.3	7.3%		102.3	134.8	7.1%
Gain on derecognition of financial instruments	0.6	6.3	16.1	2.6%		1.3	28.5	1.5%
Other Operating Income	0.8	2.6	1.9	0.3%		1.7	6.6	0.3%
Other Income	3.5	3.0	2.1	0.4%		3.5	6.1	0.3%
Total Income	32.4	46.9	64.5	10.6%		108.8	176.0	9.3%
Employee Cost	12.9	18.9	28.0	4.6%		45.3	72.9	3.8%
Other expenses	5.2	10.4	15.5	2.5%		20.0	41.2	2.2%
Impairment on financial instruments	8.7	9.4	9.3	1.5%		19.6	29.4	1.5%
Depreciation and amortization expenses	3.1	3.1	3.8	0.6%		11.7	12.3	0.6%
PBT	2.4	5.1	8.0	1.32%		12.1	20.2	1.1%
Tax	0.8	1.7	1.9	0.3%		-16.6	5.6	0.3%
PAT	1.6	3.4	6.1	1.0%		28.7	14.6	0.8%

* As a % of Quarterly On Book Average AUM

^ As a % of Annual On Book Average AUM

Finance | Balance Sheet

Balance Sheet (₹ Cr)	FY21	FY22
Financial Assets		
Cash and Bank Balance	316.0	188.4
Derivative financial instruments	0.0	0.2
Loans	1,282.7	2,450.5
Investments	55.2	69.4
Other financial assets	6.8	7.9
	1,660.8	2,716.4
Non Financial Assets		
Property, plant and equipment	4.7	4.3
Right of use asset	10.9	25.4
Capital work in progress	0.0	0.2
Intangible assets under development	3.9	5.7
Other intangible assets (Software)	20.6	26.0
Deferred tax assets (net)	42.9	43.8
Other Non Financial Assets	10.9	32.4
	94.0	137.8
Total Assets	1,754.8	2,854.2

Balance Sheet (₹ Cr)	FY21	FY22
Financial liabilities		
Trade payables	3.3	6.8
Debt securities	315.6	703.8
Borrowings (other than debt securities)	450.1	1,098.1
Other financial liabilities	21.2	47.2
	790.1	1,855.9
Non-financial liabilities		
Current tax liabilities (net)	1.4	1.3
Provisions	9.4	26.9
Other Non Financial Liabilities	1.4	3.6
	12.2	31.8
Equity		
Equity share capital	70.5	70.6
Other equity	881.9	896.0
	952.4	966.6
Total Liabilities & Equity	1,754.8	2,854.2

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Board and Management Team

Eminent Board of Directors

Legend: **Independent Directors**, **Non-executive Directors**



Satyananda Mishra – Non Executive Chairman

Ex-Chairman, MCX, Ex-CIC, GOI, Ex-Director - SIDBI



Rajeev K. Agarwal - Chairman, Stakeholder Committee

Ex-Whole Time Member, SEBI



S. Karuppasamy - Chairman, Compliance Committee

Ex-Executive Director, RBI



Smita Aggarwal – Independent Director

Global Investment Advisor at Flourish Ventures



Abhijit Sen - Chairman, Audit Committee

Ex-CFO, Citi-India



Amit Gupta (New Quest Nominee)

Founding Partner of NewQuest



Karnam Sekar – Independent Director

Ex - MD & CEO of Indian Overseas Bank



Chetan Gupta (Samena Nominee)

Managing Director at Samena Capital



Hemant Bhargava – Independent Director

Ex-Chairman in charge and MD of LIC



Manoj Sehrawat (ADV Nominee)

Partner at ADV

Strong Leadership Team with 190+ years of cumulative experience



Shachindra Nath - Vice Chairman & Managing Director

25+ Years of Experience



J Sathiayan - Chief Business Officer

29+ Years of Experience



Amit Mande - Chief Revenue Officer

20+ Years of Experience



Pia Shome - Chief People Officer

15+ Years of Experience



Anuj Pandey - Chief Risk Officer

20+ Years of Experience



Rishabh Garg - Chief Technology Officer

17+ Years of Experience



Amit Gupta - Chief Financial Officer

18+ Years of Experience



Nirav Shah - Chief Strategy Officer & Head of IR

16+ Years of Experience



Sunil Lotke – Chief Legal & Compliance Officer

18+ Years of Experience



Subrata Das - Chief Innovation Officer

16+ Years of Experience



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 March 22, it has scaled its operations to an AUM of ~INR 3,000 Cr with a Net worth of INR 966 Cr.



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

Vision / Mission

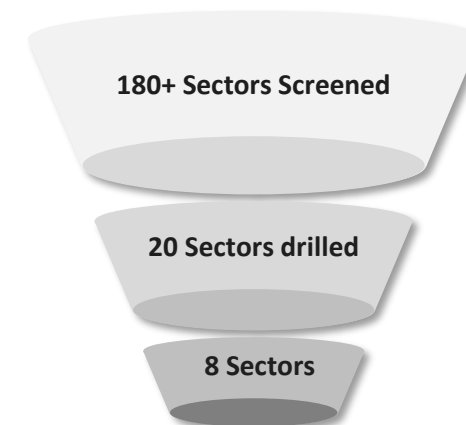
Mission: 'To Solve the Unsolved'

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

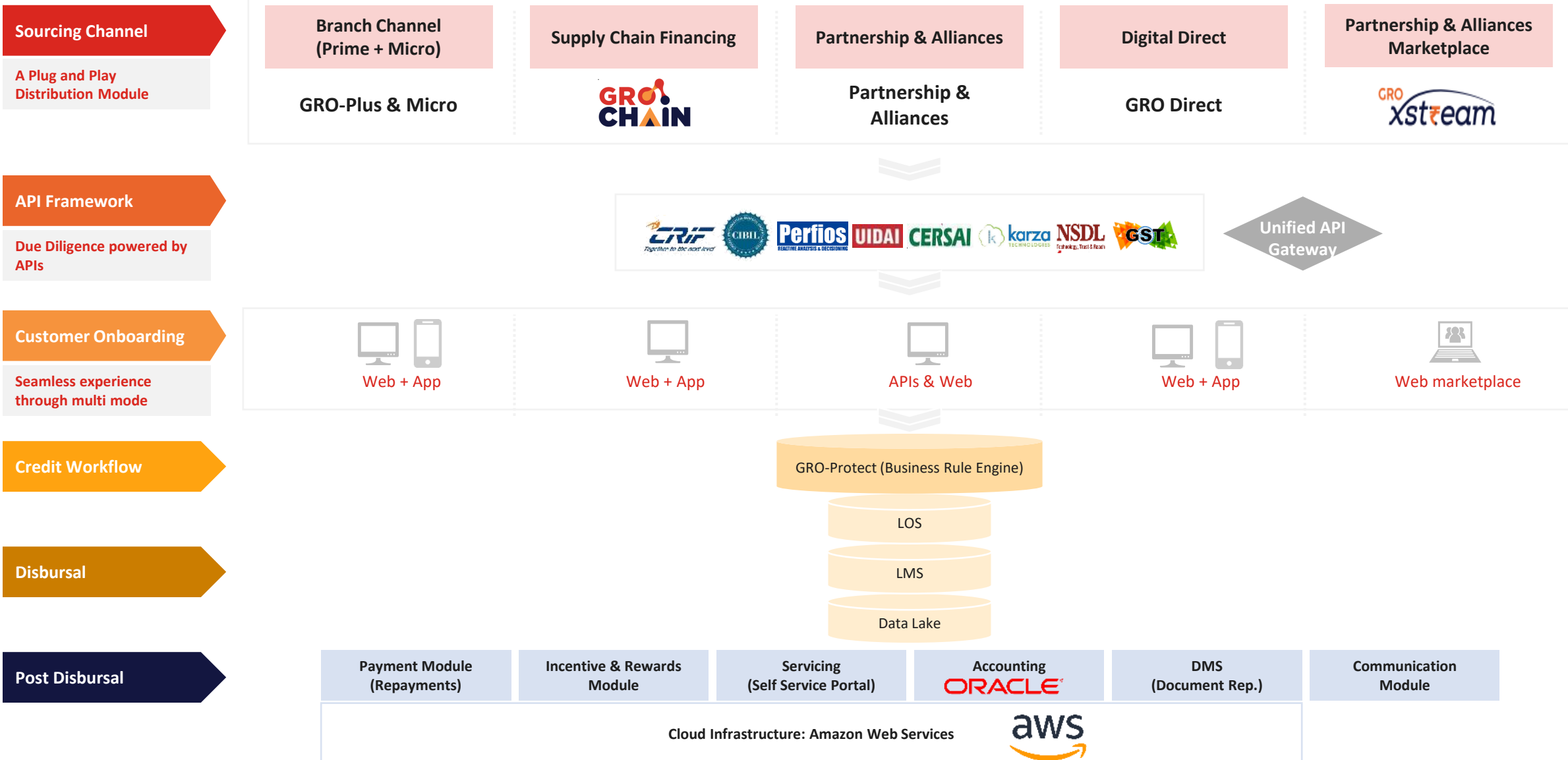
Our Thesis

- ♦ 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

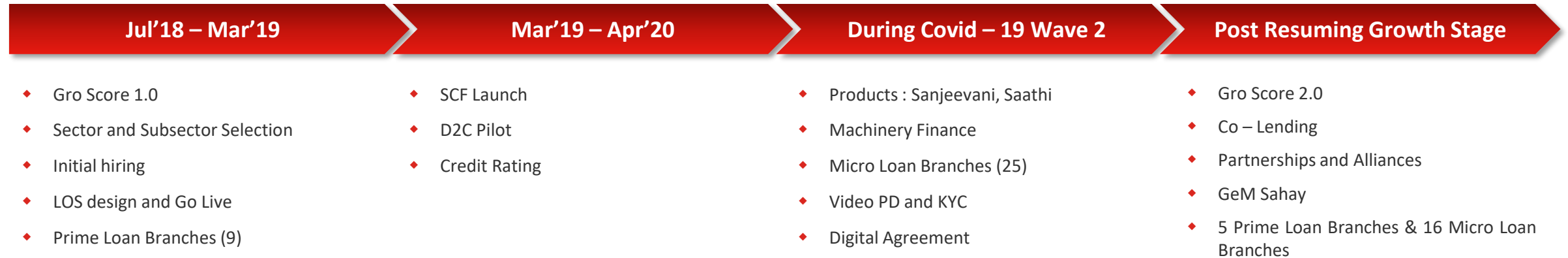
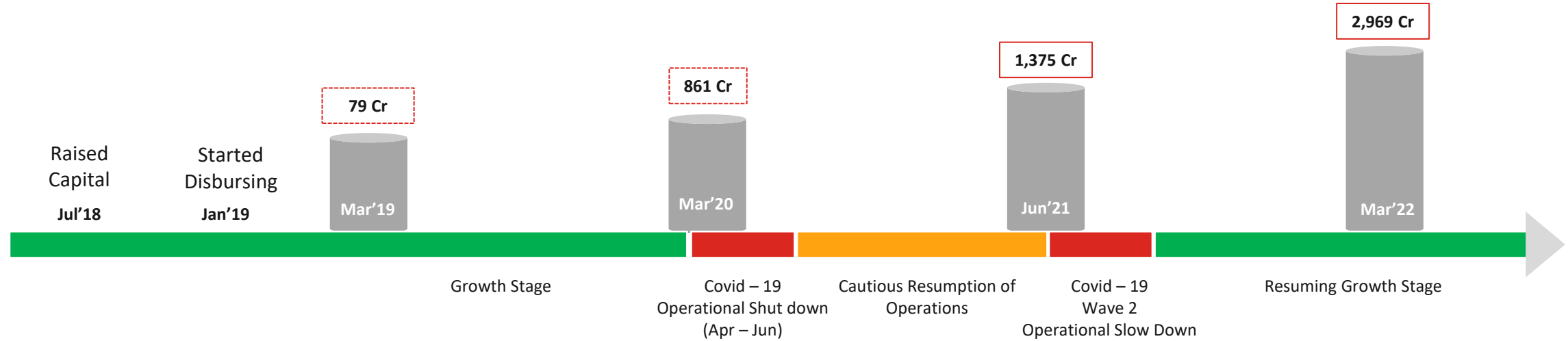


Shortlisted 8 sectors from 180+ sectors in an extensive study carried out alongside CRISIL

Platforms further integrated with rich data enrichment layer



UGRO Capital – Journey since inception



 Period end AUM

Thank You

Contact Information :
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