



# U GRO Capital

## H1 / Q2 FY20 Earnings Update





***A highly specialized, technology enabled small business lending platform***

## **Knowledge**

*Deep domain expertise of target segments to better understand the customer*

## **Technology**

*A scalable, data driven approach to ensure dissemination of knowledge*

**Experienced Management Team**  
*250+ Years of Experience*

**Strong Corporate Governance**  
*Board Controlled, Management Run*

**Large Institutional Capital**  
*₹ 9,530 M (~US\$135 M) Of Equity*

## U GRO Capital

**A technology enabled, highly specialized, small business lending platform**

Management team with a collective experience of **150+ years**

**INR 950+ Cr** of equity raised from marquee investors – A systemically important NBFC (NBFC-NDSI)

**Secured Loan**  
Interest Rate - 11%-13%  
(Ticket size - INR 50 lakhs to 5 Crs)

**Unsecured Loan**  
Interest Rate - 17-19%  
(Ticket size - INR 1 lakhs to 50 lakhs)

**Supply Chain Financing**  
Interest Rate - 12-15%  
(Ticket size - INR 25 lakhs to 1.5 Crs)

## Product Offerings



## Sector Specialization

- Healthcare
- Educational Services
- Food Processing
- Hospitality
- Chemicals
- Auto Components
- Light Engineering
- Electrical Equipment & Components

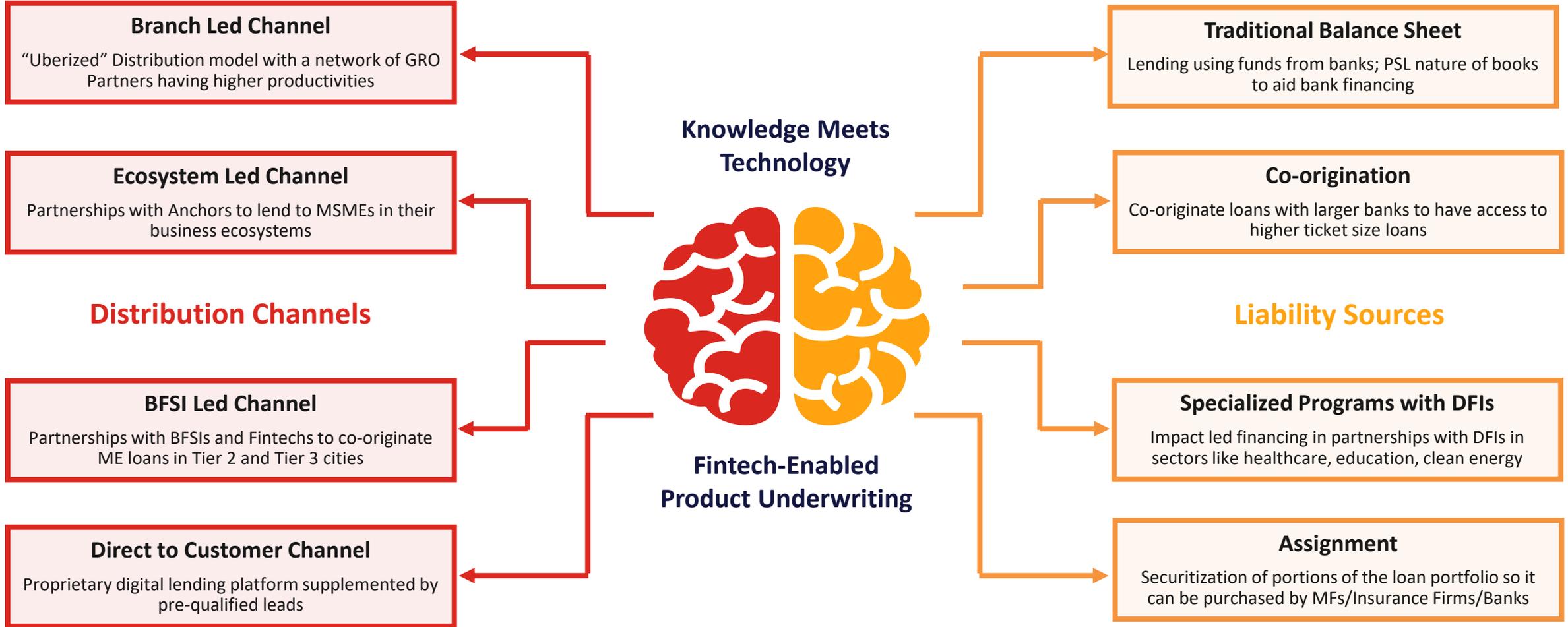
**Shortlisted from 180 sectors through an extensive study of macro-economic and sector specific data**

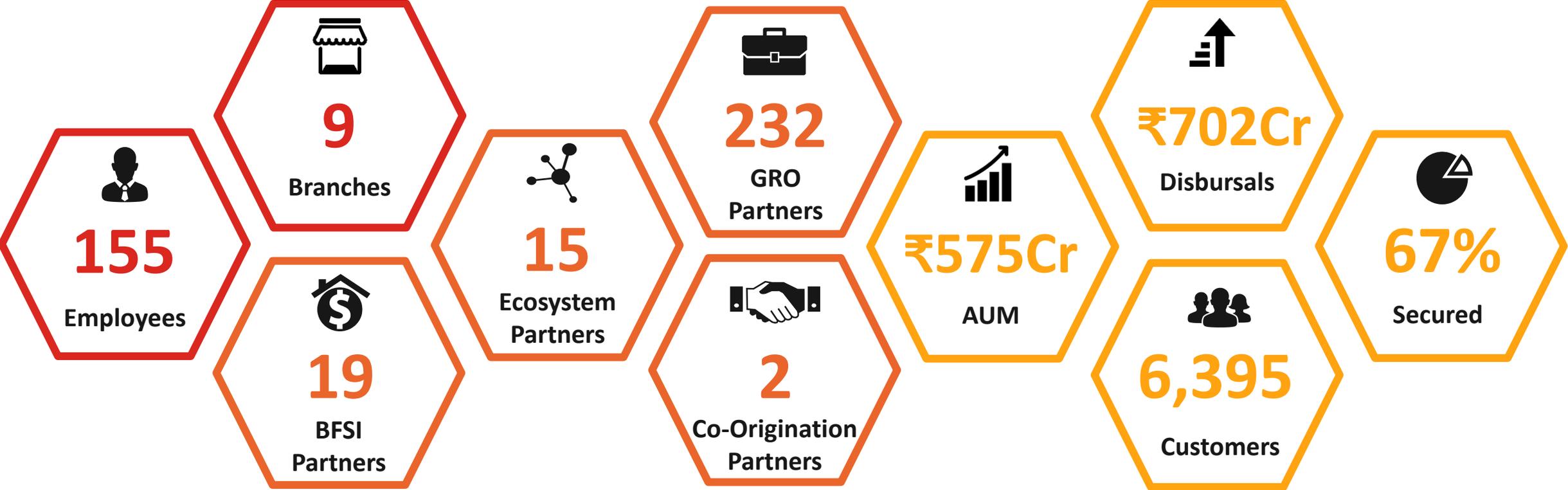
<b>8 Sectors</b>	<b>Sector Specific Statistical Scorecards</b>
------------------	---

<b>Traditional Channel</b>	<b>New Age Channels</b>
<b>GRO Partners</b> (operating in target segments / geographies)	<b>Digital Channels</b> (leverage 3 <sup>rd</sup> party and own platforms for lead sourcing)
	<b>Ecosystem Led</b> (prioritized segments)
	<b>BFSI Partnerships</b>

## Distribution Strategy

# Our Business Model





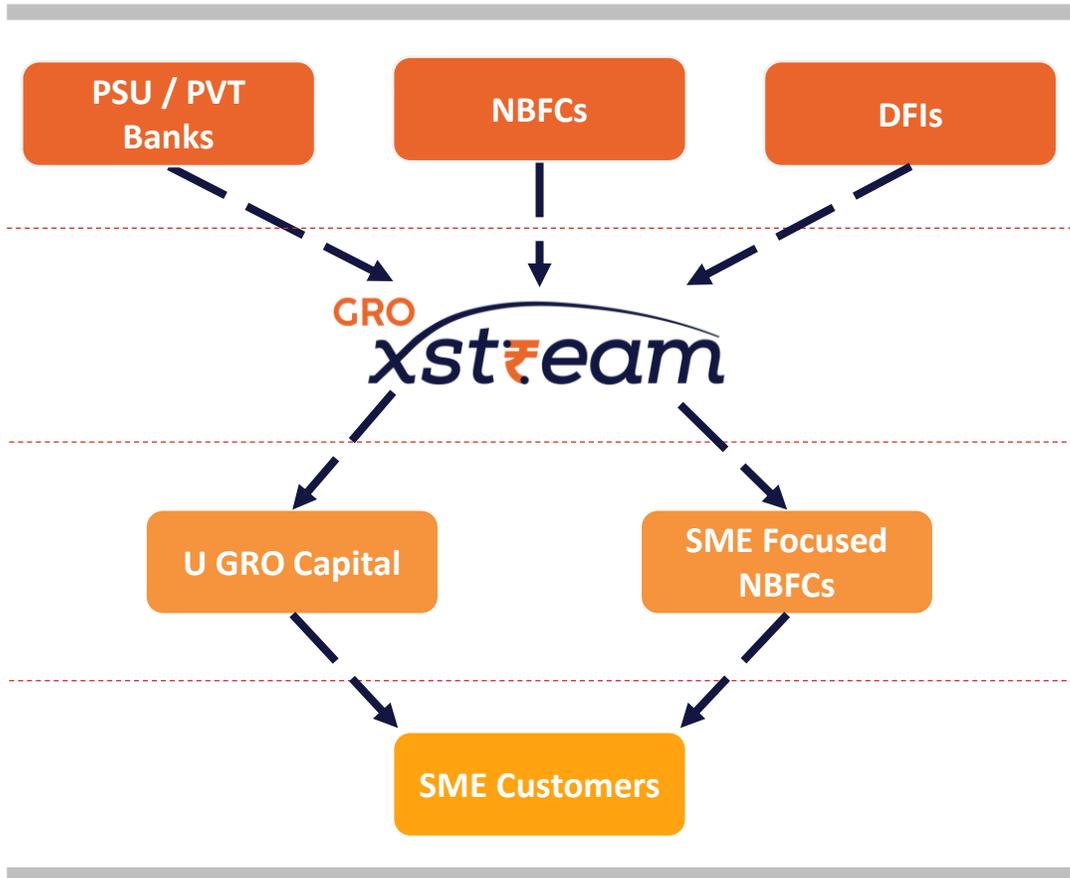
Focus on sustainable growth and building long-term partnerships during the current period of challenging market conditions

Data as of 30 September 2019 aside from Co-origination Partners which is as of 11/11/2019

- **₹402Cr of total disburseals in Q2** compared to ₹218Cr in Q1
- **Ninth branch opened in Pune**; number of employees increased by 25 to 155
- Signed landmark **co-lending partnerships with SBI and Bank of Baroda**, the two largest Public Sector Banks in the country
- GRO Partner network expanded by 68% to a total of **232** spread across key SME clusters.
- Four incremental ecosystem anchors added in Q2, for a **total of 15**. This has led to an additional 65 vendors and **₹49Cr of incremental Supply Chain Financing AUM**
- Outstanding portfolio of **₹575Cr as of end Q2**, which is **67% secured** and diversified sectorally and geographically
- **Raised ₹139Cr of liability at a blended average of 11.5% from marquee sources in Q2 FY20:**
  - Two term loans amounting to ₹65Cr
  - Poonawalla Finance, part of the US \$5B Cyrus Poonawalla Group: 18-month PTCs amounting to ₹24.38Cr
  - Sachin Bansal, founder of Flipkart: 13-month NCDs amounting to ₹50Cr
- Expansion of technological aspirations, with **GRO-Xstream** (for BFSI partnerships) and **GRO-Plus** (for GRO Partners) modules announced and further supply chain financing and direct digital modules in the development pipeline

# GRO-Xstream is an Innovation Driven Approach to BFSI Partnerships

## GRO-Xstream Architecture for BFSI Partnerships



### Transactions Enabled

Co-Lending      Onward Lending      Securitization  
 Direct Assignment      Portfolio Buyout

## Asset-Side Co-Origination Partnerships Signed and Onboarded

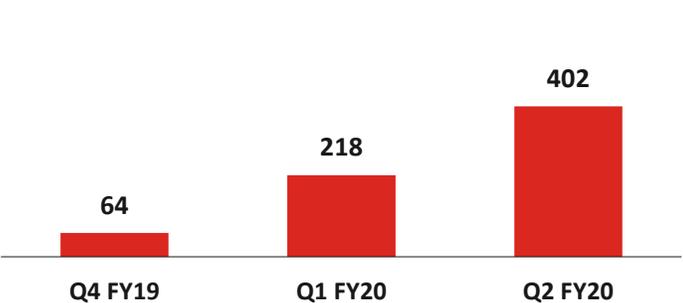
Partner	Type	Description
KNAB Finance	UBL	KNAB is a digitally enabled MSME-focused NBFC
Capital India	SBL & UBL	Capital India is a listed SME lender
LivFin	SCF	LivFin focuses on supply chain financing for SMEs



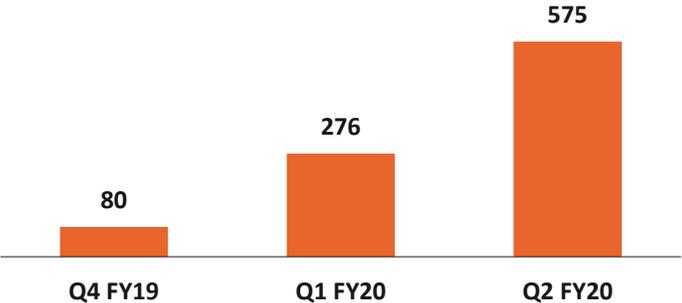
## Liability-Side Co-Lending Partnerships Signed and Onboarded



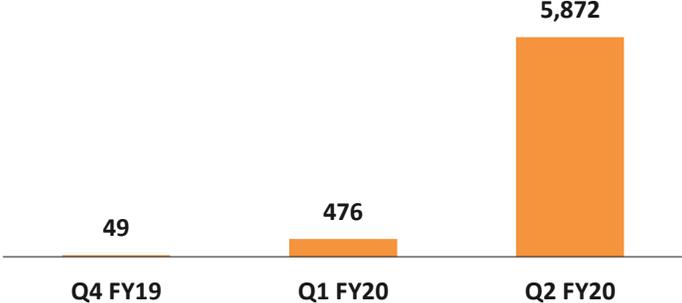
### Disbursals (₹ Cr)



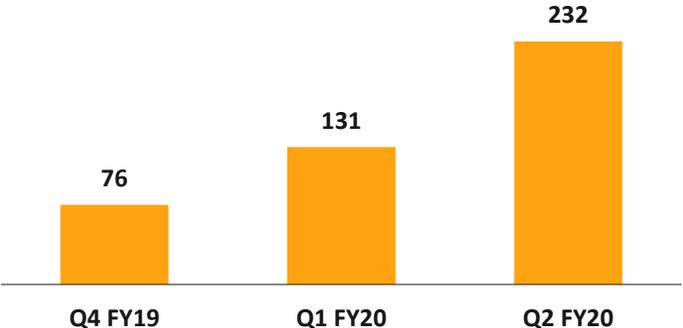
### AUM (₹ Cr)



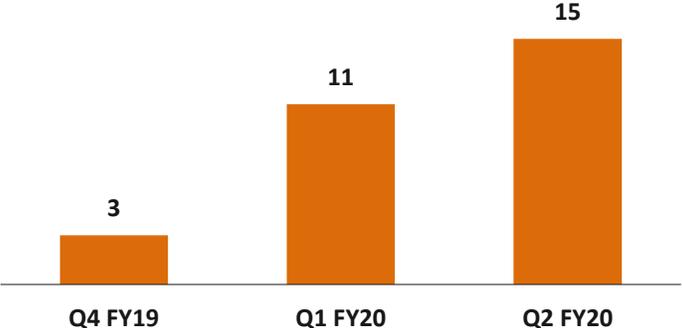
### Loans Disbursed



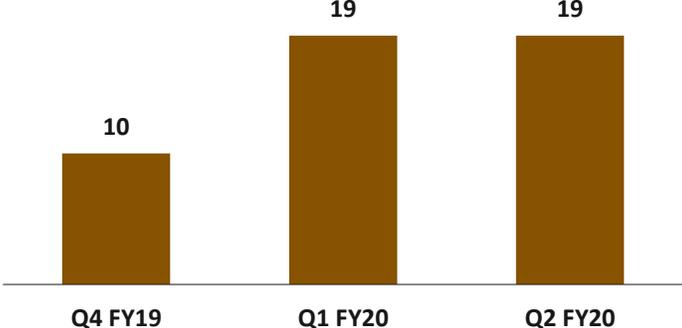
### GRO Partners



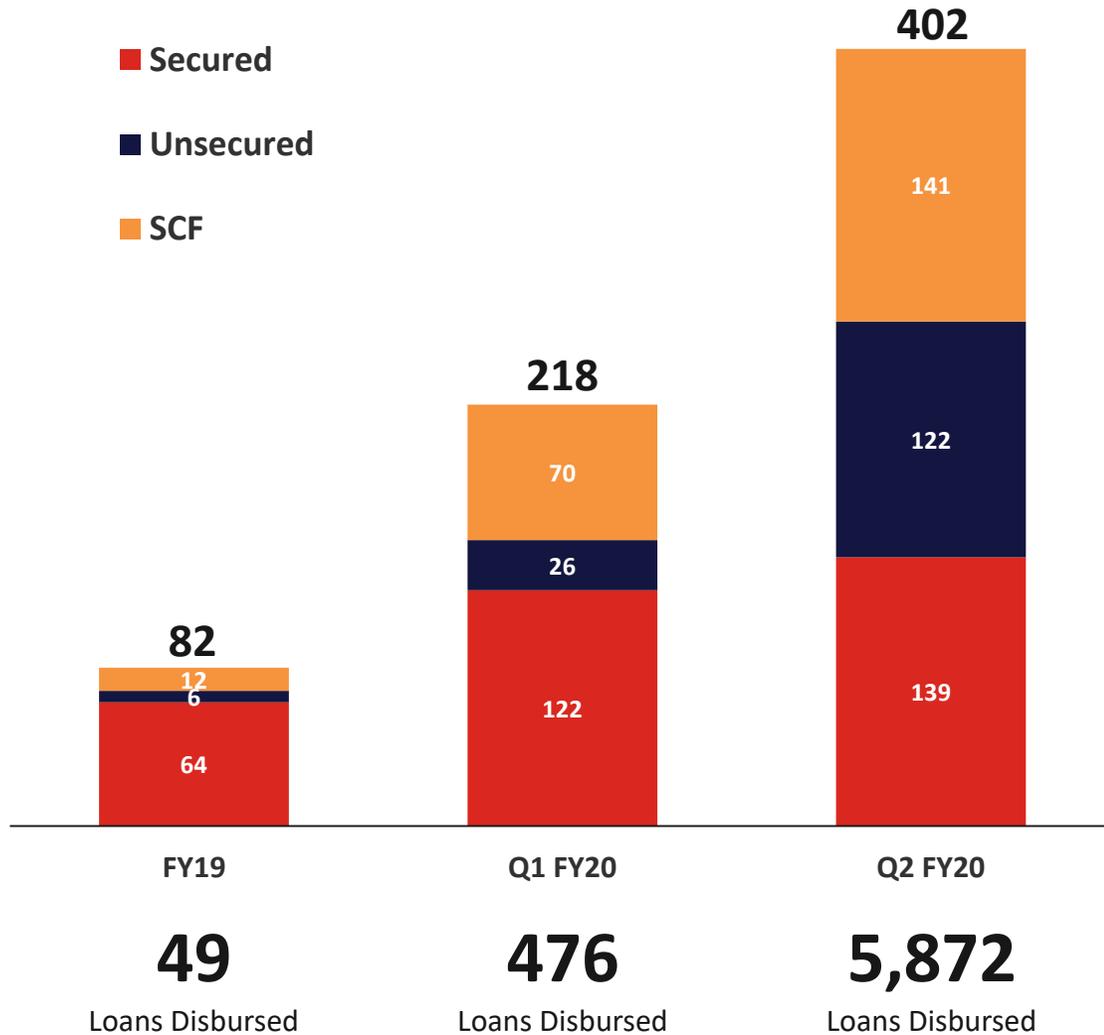
### Ecosystem Partners



### BFSI Partners



## Disbursal Summary (₹ Cr)

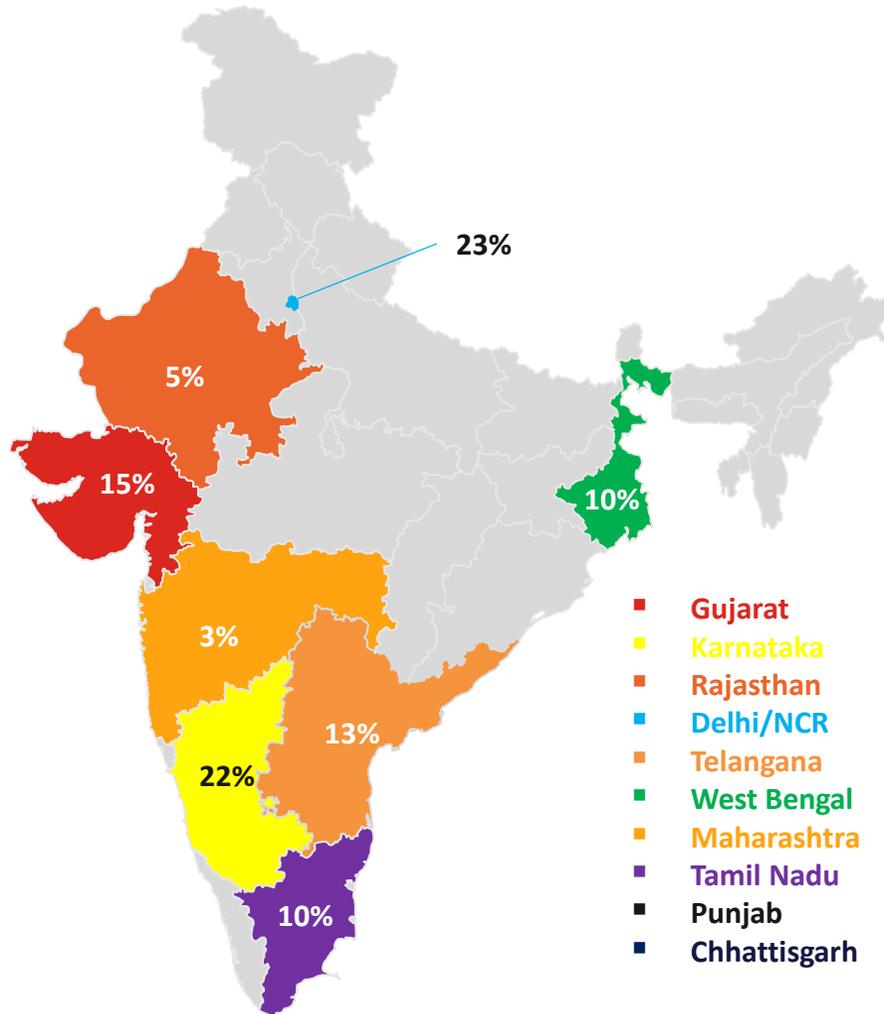


	Secured	Unsecured	SCF	Overall
AUM	261 Cr	189 Cr	125 Cr	<b>575 Cr</b>
Avg Ticket Size	29.8 lakhs	3.5 lakhs	120.1 lakhs	<b>9.0 lakhs</b>
Avg Yield	12.7%	18.8%	13.2%	<b>14.4%</b>

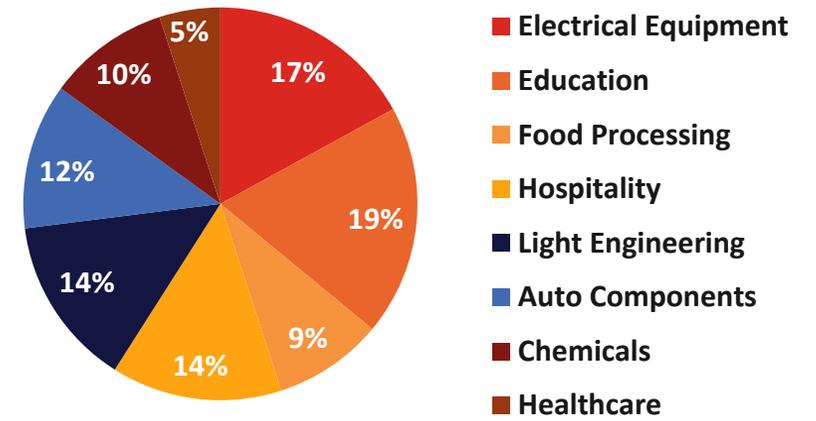
**Focus on high risk thresholds and building a secure, granular and high-quality book**

# Portfolio Snapshot (As on Sep 30, 2019)

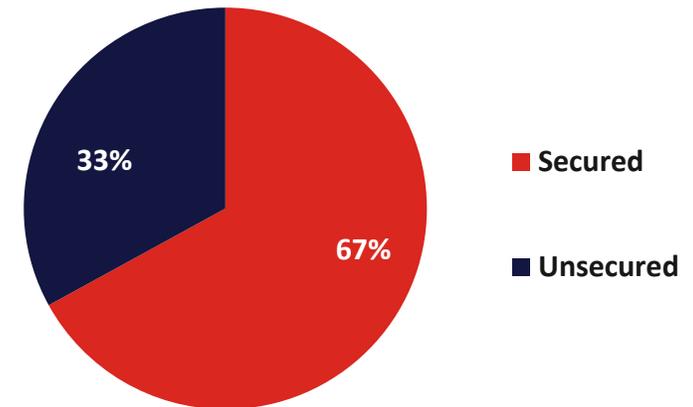
## Geographical\* Mix



## Sectoral Mix



## Secured Mix



\*Includes Branch-Led Secured and Unsecured Business Loans

# Balance Sheet

Balance Sheet (INR Lakhs)	Q2 FY20	Q1 FY20
<b>Financial Assets</b>	<b>91,682</b>	<b>82,416</b>
Loans	56,729*	27,588
Cash and Investments	29,310	51,256
Other Financial Assets	5,643	3,572
<b>Non-Financial Assets</b>	<b>4,882</b>	<b>5,590</b>
<b>Total Assets</b>	<b>96,564</b>	<b>88,006</b>
<b>Financial Liabilities</b>	<b>13,434</b>	<b>4,445</b>
Trade/Other Payables	825	460
Borrowings	9,359	1,477
Other Financial Liabilities	3,251	2,507
<b>Non-Financial Liabilities</b>	<b>397</b>	<b>375</b>
<b>Total Liabilities</b>	<b>13,831</b>	<b>4,820</b>
Equity Share Capital	5,690	2,333
Other Equity	77,043	80,853
<b>Total Equity</b>	<b>82,733</b>	<b>83,186</b>
<b>Total Liabilities + Equity</b>	<b>96,564</b>	<b>88,006</b>

- Remain liquid with **INR 308 crores** of immediate liquidity on the balance sheet
- 2,00,00,000 compulsorily convertible instruments were converted in Q2
- **INR 98 crores** from conversion of warrants outstanding expected by December 2019

\*AUM as of Q2 is INR 575 crores, the 'Loans' figure adjusts for net payouts and ECL as per Ind-AS

# Income Statement

Income Statement (INR Lakhs)	Q2 FY20	Q1 FY20	Q2 FY19
Operating Income	2,166	1,495	955
Less: Financing Costs	116	85	-
<b>Net Income</b>	<b>2,050</b>	<b>1,410</b>	<b>955</b>
Other Income	-	250	-
<b>Total Income</b>	<b>2,050</b>	<b>1,660</b>	<b>955</b>
Operating Expenses	2,410	1,815	574
Provision	250	67	-
<b>Profit Before Tax</b>	<b>(611)</b>	<b>(222)</b>	<b>381</b>
<b>PBT after Exceptional Items</b>	<b>(347)</b>	<b>-</b>	<b>69</b>
Less: Tax	(22)	(39)	(75)
<b>Profit/(Loss) for the period</b>	<b>(325)</b>	<b>(183)</b>	<b>144</b>
Other Comprehensive Income (Net of Tax)	3	-	-
<b>Total Comprehensive Income</b>	<b>(322)</b>	<b>(183)</b>	<b>144</b>

Ind-AS accounting standards have been in place since Q1 FY20

- Exceptional items for Q2 FY20 include a prior period expense of INR 1.5 crores and exceptional payments to third parties amounting to INR 1.14 crores, for a **total of INR 2.64 crores**
- Expenses elevated in Q2 FY20 due largely to **expanded development costs** for a range of technological innovations

## Illustrative List of Investors

### Private Equity Funds



### Public Market Funds



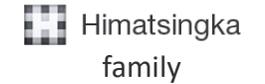
Chhattisgarh Investments

MK Ventures

### Insurance Firms



### Family Offices



Famy Care Ltd.  
Taparia family

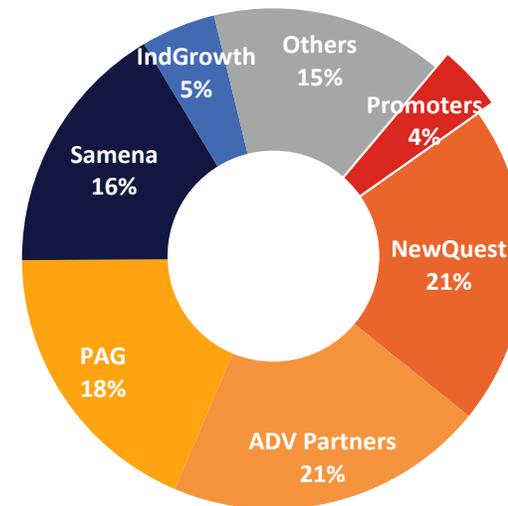
Jaspal Bindra

Gaurav Dalmia

## Calculation of Shares Outstanding

# Shares Issued & Outstanding (as at July 31, 2019)	5,68,97,374
<b>Add: Dilutive Instruments</b>	
Compulsorily Convertible Instruments	76,74,420
Warrants	87,83,785
<b>Total Shares (Fully Diluted Basis)</b>	<b>7,33,55,579</b>

## Shareholding Pattern (Fully Diluted Basis, Post the demerger)



*Initial fund raise from large PE funds, public market, insurance firms, family offices and HNIs*



# **U GRO | An Introduction**

# Small Business Lending Isn't a Small Business

**50 M** MSMEs in India

**560 B** Gross Value Add (US\$)

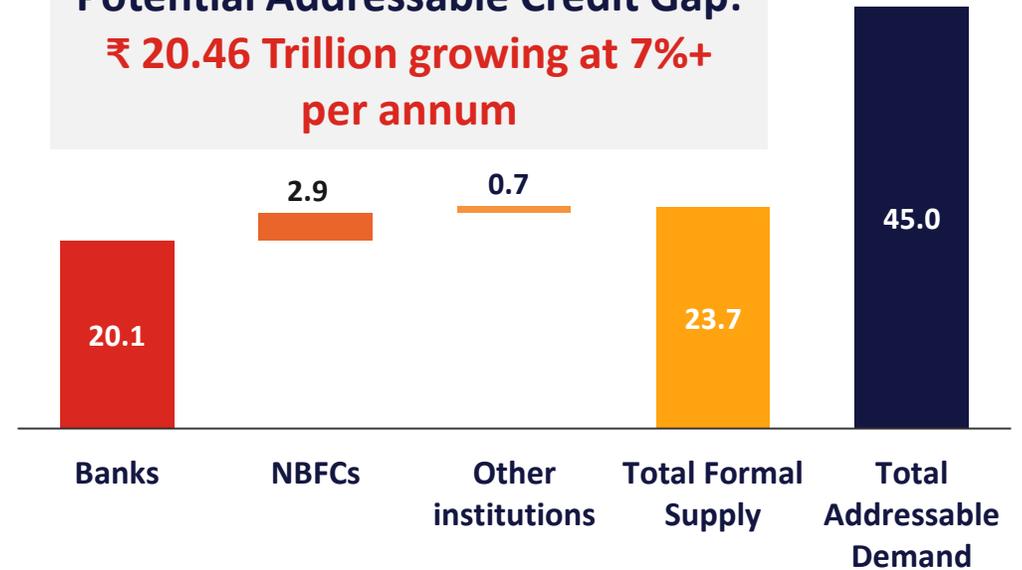
**29%** Contribution to India's GDP

**10%** MSMEs with access to credit



## US\$300 B | SME Credit Gap

Potential Addressable Credit Gap:  
**₹ 20.46 Trillion growing at 7%+  
per annum**



**Bridging the USD 300 B gap will need USD 60-70 B in incremental equity capital | Growth isn't a challenge for small business financiers!**

# Diversity of Small Businesses Creates Challenges for Traditional Lenders

## Challenges in lending to the SME segment...



## ...leading to a Frustrating Borrowing Experience for Small Businesses

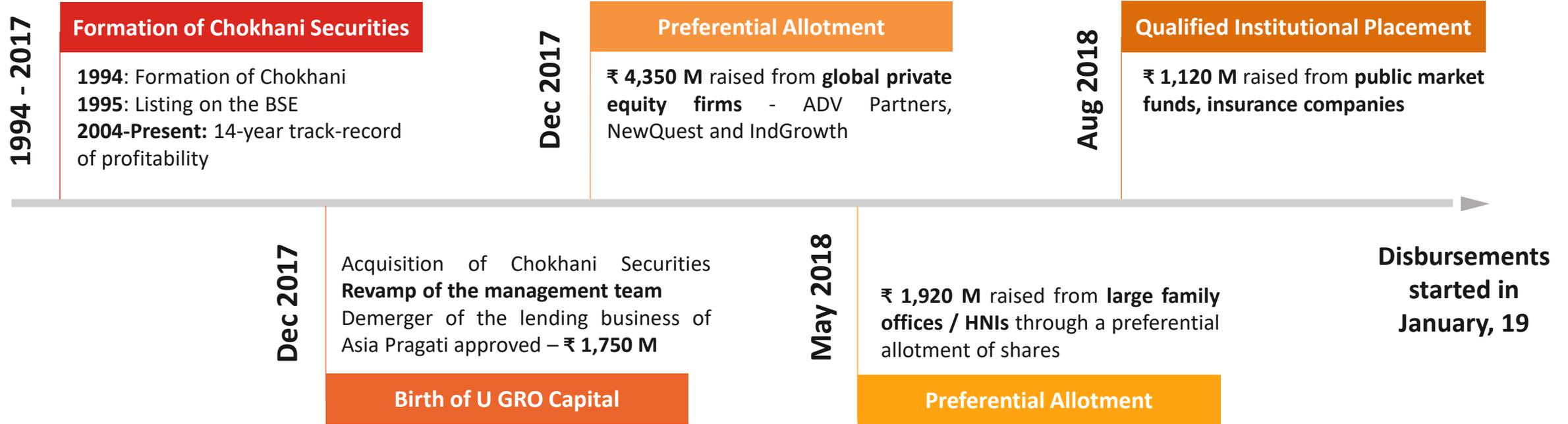


***‘To Solve the Unsolved’***

**India’s US\$ 600 B+  
SME Credit Availability Problem**



# Backed by Diverse and Marquee Shareholders



## Private Equity Funds



## Public Market Funds



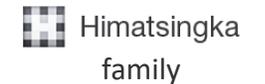
Chhattisgarh Investments

MK Ventures

## Insurance Firms



## Family Offices



Jaspal Bindra

# Strong Corporate Governance Framework Enshrined in the Articles

- High degree of **regulatory oversight and transparency**
- An institution created with a **long-term view**, designed for continued operational efficiency
- Access to **permanent capital**

- Mandatory requirement for a **Big 4 firm** to be appointed as the statutory and internal auditors
- **Deloitte** appointed as the **statutory auditor** and **PWC** appointed as the **internal auditor**



- Any proposed loan **>1% of net worth or to a related party** to require unanimous approval of ALCO and the Board
- Board approved **multi-layer credit authority delegation**
- **Removal of key management (including CRO, CFO)** to require 3/4th board approval
- Any significant action by the Company to need **3/4<sup>th</sup> approval of the Board**

- **Independent directors** to comprise majority for perpetuity
- Any shareholder holding **>10%** to **qualify for a board seat**
- Key committees to be headed by an independent member with required credentials
- **The majority of the NRC, ALCO and Audit Committees** to comprise of **independent directors**

**Special Resolution of Shareholders required for effecting any changes to the AoA  
Promoters/Management do not have unfettered rights to divert business strategy**



## Mr. Shachindra Nath

*Executive Chairman and Managing Director*

26 years of experience in creating institutions across the financial services domain

### Lending

#### SME Lending

Built India's 4th largest Non-Banking Finance business, focused on SMEs with a **book size of over USD 2.3 billion**

#### Housing Finance

Started the housing finance arm focused on funding the **affordable housing segment**

### Capital Markets

#### Retail Broking

Created a platform with over **1,350 points of presence across India**

#### Wealth Management

**JV with Macquarie** providing wealth management solutions to ultra HNI clients

#### Investment Banking

Mid-market focused institutional equities and investment banking platform with **presence in 8 countries**

### Asset Management

#### Asset Management

Largest alternative asset management out of India : **Over US\$ 21 B of AUM** with presence across the US, Europe, Asia and Africa

Marquee funds included **Northgate, IBOF, Landmark Partners and Quadria Capital**

### Insurance

#### Life Insurance

Life insurance JV with AEGON NV of the Netherlands

#### Health Insurance

One of India's first specialized health insurance companies

- Core pillar of Religare's successful growth journey
- 6-year stint as the Group-CEO of Religare Enterprise
- Transitioned the company from an operating loss of ~USD 80 million in 2013 to USD 50 million of net profitability in 2016
- Presented the "CEO of the Year" award at the Asia Banking, Financial Services & Insurance Excellence Awards in August 2015
- Started his entrepreneurial journey in 2016.

**Key Exits:** Sale of the life insurance stake to Aegon, sale of the mutual fund business to Invesco, sale of Northgate to TCP, sale of Landmark Partners to the management team

# ...Supported by a Leadership Team With a Strong Track Record of Execution...



**Abhijit Ghosh**  
Chief Executive Officer  
AUM Managed: ₹ 180 B



**Anuj Pandey**  
Chief Operating Officer  
AUM Managed: ₹ 120 B



**Kalpesh Ojha**  
Chief Financial Officer  
Liability Raised: ₹ 700 B



**J Sathiyam**  
Chief Business Officer  
AUM Managed: ₹ 80 B



**Manish Agarwal**  
Chief Risk Officer  
AUM Managed: ₹ 1,200 B



**Sandeep Kakar**  
Chief Growth Officer  
AUM Managed: ₹ 150 B



**Rajni Khurana**  
Chief Human Resources Officer  
AUM Managed: NA



**130**  
employee  
count

**Fully**  
formed  
team

**4/5**  
Rated  
employees

**Deep and**  
large ESOP  
pool

# Supervised by an Independent Board Comprising of Industry Luminaries

## Independent Members of the Board



### **Satyananda Mishra - Chairman, CSR Committee**

- Ex-Chairman, MCX, Ex-CIC, GoI, Ex-Director - SIDBI
- Over 40 years with the Indian Administrative Services
- Indian Administrative Services (Batch of 1973)
- M.A., Utkal University, M.Sc., London School of Economics

**Specialization:**  
Personnel Mgmt



### **Rajeev K. Agarwal - Chairman, Stakeholder Committee**

- Ex-Whole Time Member, SEBI
- Over 30 years with experience with SEBI, FMC, IRS
- Indian Revenue Service (Batch of 1983)
- B. Tech, IIT Roorkee

**Specialization:**  
SEBI Regulations



### **NK Maini - Chairman, Risk Management Committee**

- Ex – DMD, SIDBI
- Over 38 years with experience with SIDBI, UCO Bank and IDBI
- PGDM from MDI
- Currently a director with MUDRA, MFIN, NSCCL, Aye Finance, member of the advisory committee at Ivy Cap and Lok Capital

**Specialization:**  
Credit, SME



### **Abhijit Sen - Chairman, Audit Committee**

- Ex-CFO, Citi-India
- Over 40 years of experience with Citi, CEAT, Tata
- PGDM from IIM Kolkata and B. Tech from IIT Kharagpur
- Advisor to EY, Independent Director at Trent, Cashpor Microcredit, Kalyani Forge, India First Life Insurance

**Specialization:**  
Audit, Corp Fin



### **Ranjana Agarwal - Chairman, NRC Committee**

- Board Member – ICRA, Ex-Senior Partner, Deloitte
- Over 30 years of experience with Deloitte, Vaish and Associates
- CA from ICAI and a BA from Delhi University
- Currently an independent director at ICRA, Shubham Housing, Indo Ram Synthetics, Joyville Shaapoorji Housing

**Specialization:**  
Audit, Tax



### **S. Karuppasamy - Chairman, Compliance Committee**

- Ex-Executive Director, RBI
- Over 40 years of experience with the RBI
- PG Diploma in Bank Management, Indian Institute of Banking & Finance, CAIIB (Honorary Fellow) & MA (Economics)
- Currently a member of the RBI services board, and a director at ARCIL and Vidharan (MFI)

**Specialization:**  
RBI Regulations



### **Navin Puri**

- Ex-Head of Branch Banking, HDFC Bank
- Over 30 years of experience at HDFC Bank and ANZ Grindlays Bank
- B. Com from St. Xavier's College Calcutta, MBA from Texas Christian University and CA from ICAI
- Currently a member of the Equitas Small Finance Bank board

**Specialization:**  
Retail Banking



# **Our Mission**

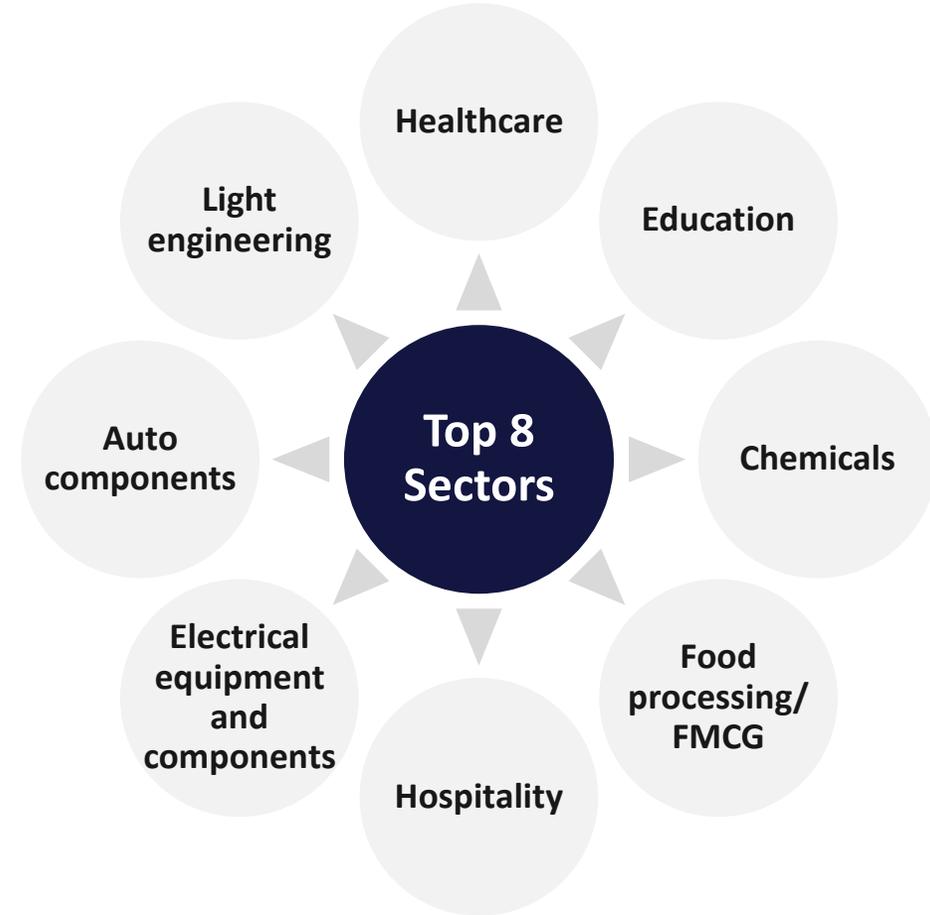
# Specialization Within 8 Selected Sectors

**38 identified sub-sectors** within **8 sectors**

Focus on **SME clusters** in India

**~50%** - Contribution of the 8 sectors to the overall SME lending market in India

**Validated independently** by CRIF, CRISIL and the company distribution and underwriting teams



Large lending opportunity



Lower impact of regulatory changes



Relatively less competition from banks



Secular consumption driven growth



Low geographical concentration

# We Further Narrowed Down on 38 Sub-sectors and Clusters...



**Key sub-sectors:** General nursing homes, eye clinics, dental clinics, diagnostic labs, radiology/pathology labs, pharma retailers  
**Key clusters:** NCR, Mumbai, Bengaluru, Hyderabad and Chennai

## Healthcare



**Key sub-sectors:** K-12 schools, play schools  
**Key clusters:** NCR, Mumbai, Coimbatore, Chennai, Hyderabad and Pune

## Education



**Key sub-sectors:** Dyes and pigments, bulk and polymers, agrochemicals  
**Key clusters:** Mumbai, NCR, Ahmedabad, Vadodara and Surat

## Chemicals



**Key sub-sectors:** Fine dining (standalone), QSRs, fine dining chains, manpower agencies, boutique hotels, guest houses  
**Key clusters:** NA

## Hospitality



**Key sub-sectors:** B2B, B2C  
**Key clusters:** NCR, Pune, Bengaluru, Chennai, Aurangabad and Rajkot

## Electrical Equipment and Components



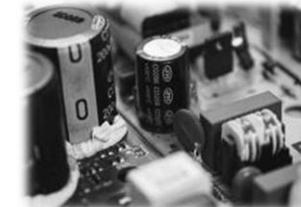
**Key sub-sectors:** Engine parts, drive transmission and steering parts, body and chassis, suspension and breaking parts, electrical parts, other equipment, traders  
**Key clusters:** NCR, Mumbai, Kolkata, Hyderabad and Bengaluru

## Auto Components



**Key sub-sectors:** Dairy and dairy products, non-alcoholic beverages, consumer foods, poultry, sea food, food and beverage traders  
**Key clusters:** NCR, Mumbai, Chennai, Hyderabad and Pune

## Food Processing/FMCG



**Key sub-sectors:** Casting and forging, medical equipment and devices, pipes, process control instruments, traders  
**Key clusters:** NCR, Chennai, Pune, Ludhiana, Bengaluru, Ahmedabad and Rajkot

## Light Engineering

Sub-sectors selected basis the contribution to the overall sector credit demand and risk profiles

# ...to Create Customized Solutions for Customers...

## Restaurants



**Challenges Faced:** Cash based collections reducing eligibility, a new restaurant takes time to reach positive cashflows

### U GRO Approach

**Assessment:** A combination of Zomato ratings, seats, cuisine served, price points to arrive at eligibility

**Cash Flows:** If a franchise, then a 3-tranche disbursement – payment to franchisor, infra development, working capital. Payments to start post commencement of operations

**Distribution:** Tie up with food aggregators like Zomato, Swiggy and assess eligibility through transactional data

## Pathology lab



**Challenges Faced:** Heavy investment in equipment, cash-based collections reducing eligibility

### U GRO Approach

**Assessment:** Cash flow assessment through footfall, online booking, booking register, price list published online

**Cash Flows:** Leasing module used. Disbursement of funds to the manufacturer by U GRO. Pathology lab owner to pay only rental per month

**Distribution:** Tie up with leasing agencies and manufacturers of equipment

# ...Enabled by an In-house Technology Platform

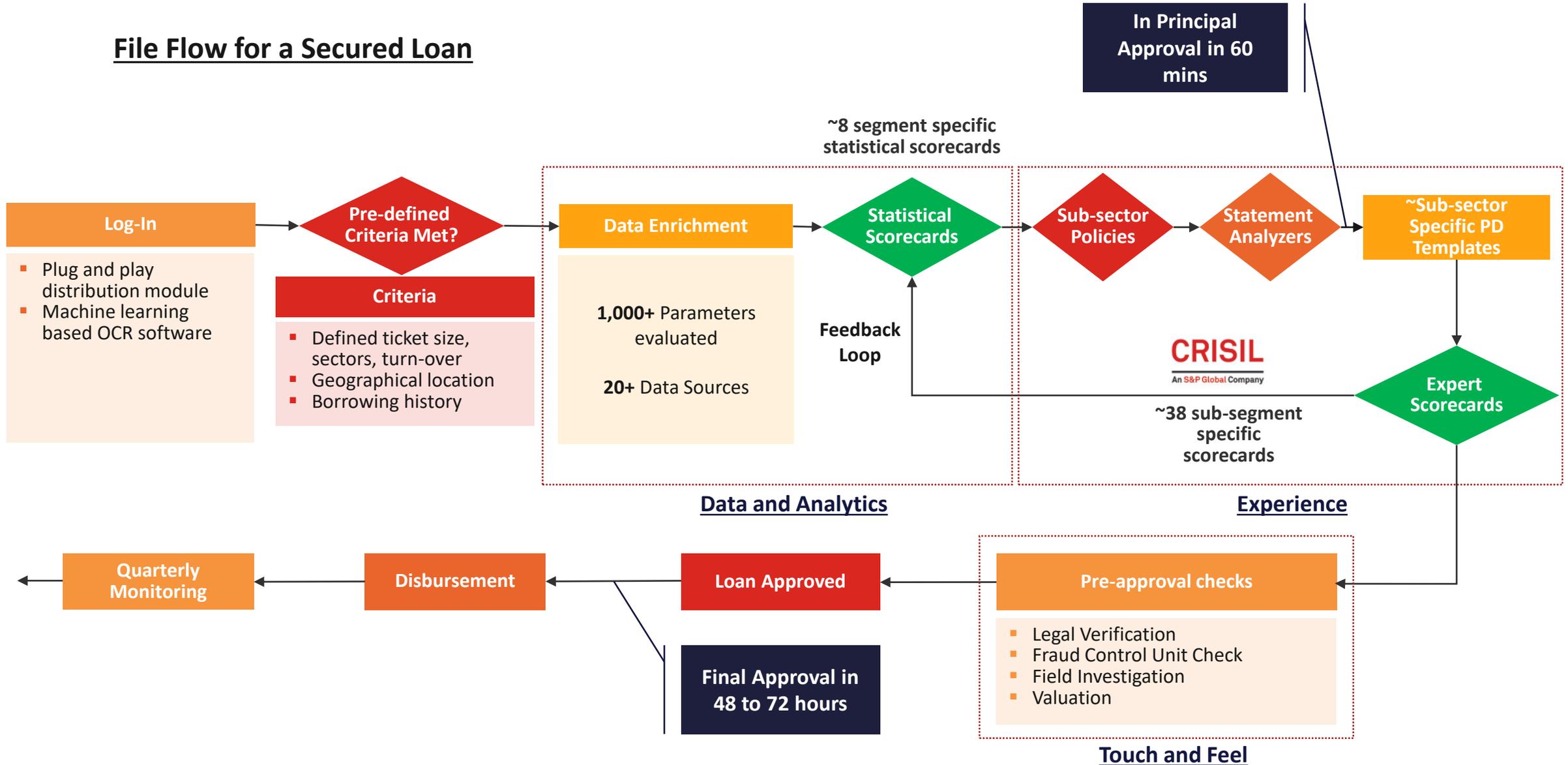




# **Sectoral Credit Enabled by Technology**

# A Seamless, Customized Customer Journey

## File Flow for a Secured Loan



# Data Analysis Based Proprietary 'Sectoral Statistical Score Cards'

8 M+

loan records

850

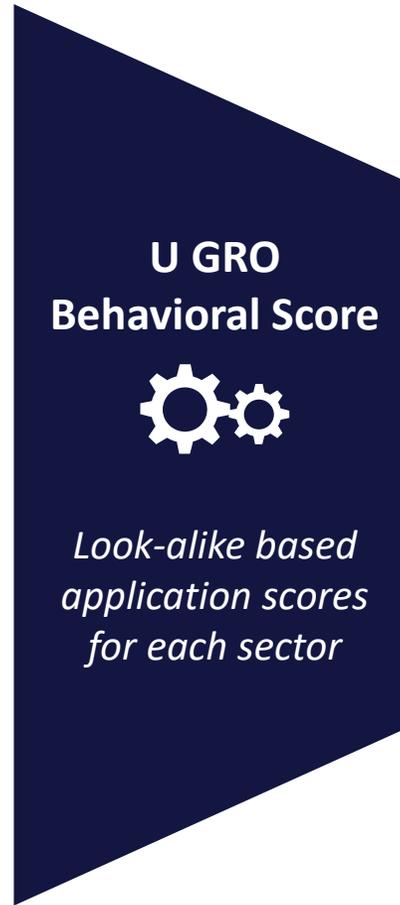
parameters per loan

60%+

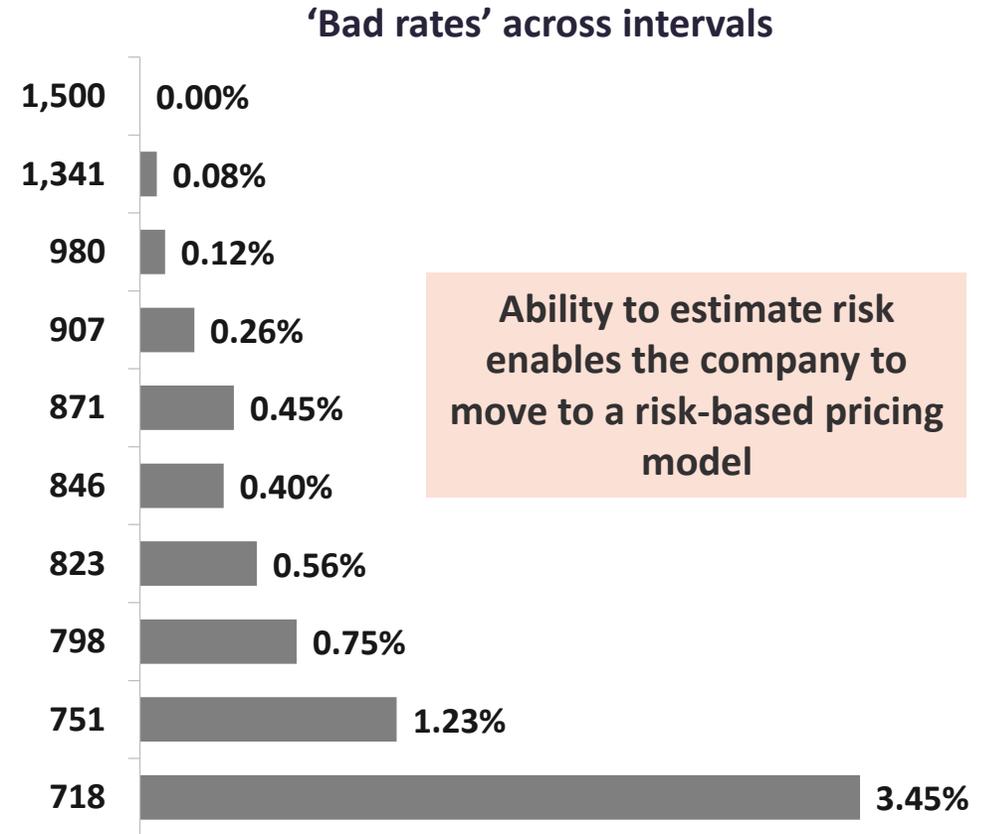
GINI coefficient

70%

'bads' eliminated by removal of bottom 20% by score

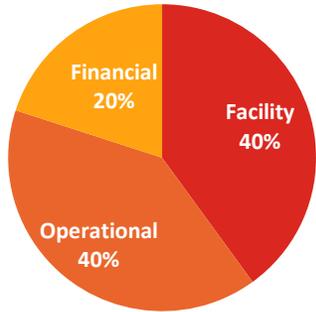


## Default rate across score ranges

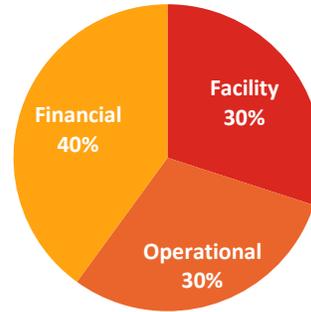


# Supplemented by an Industry First – ‘Expert Scorecards’ – for all Sub-sectors

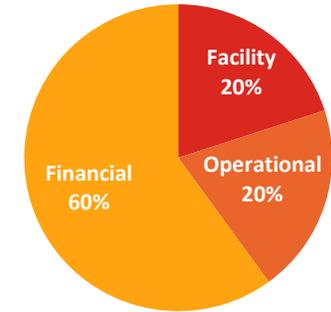
Case A: Less than 20 bedded nursing home



Case B: 20-50 bedded nursing home



Case C: 50-100 bedded nursing home



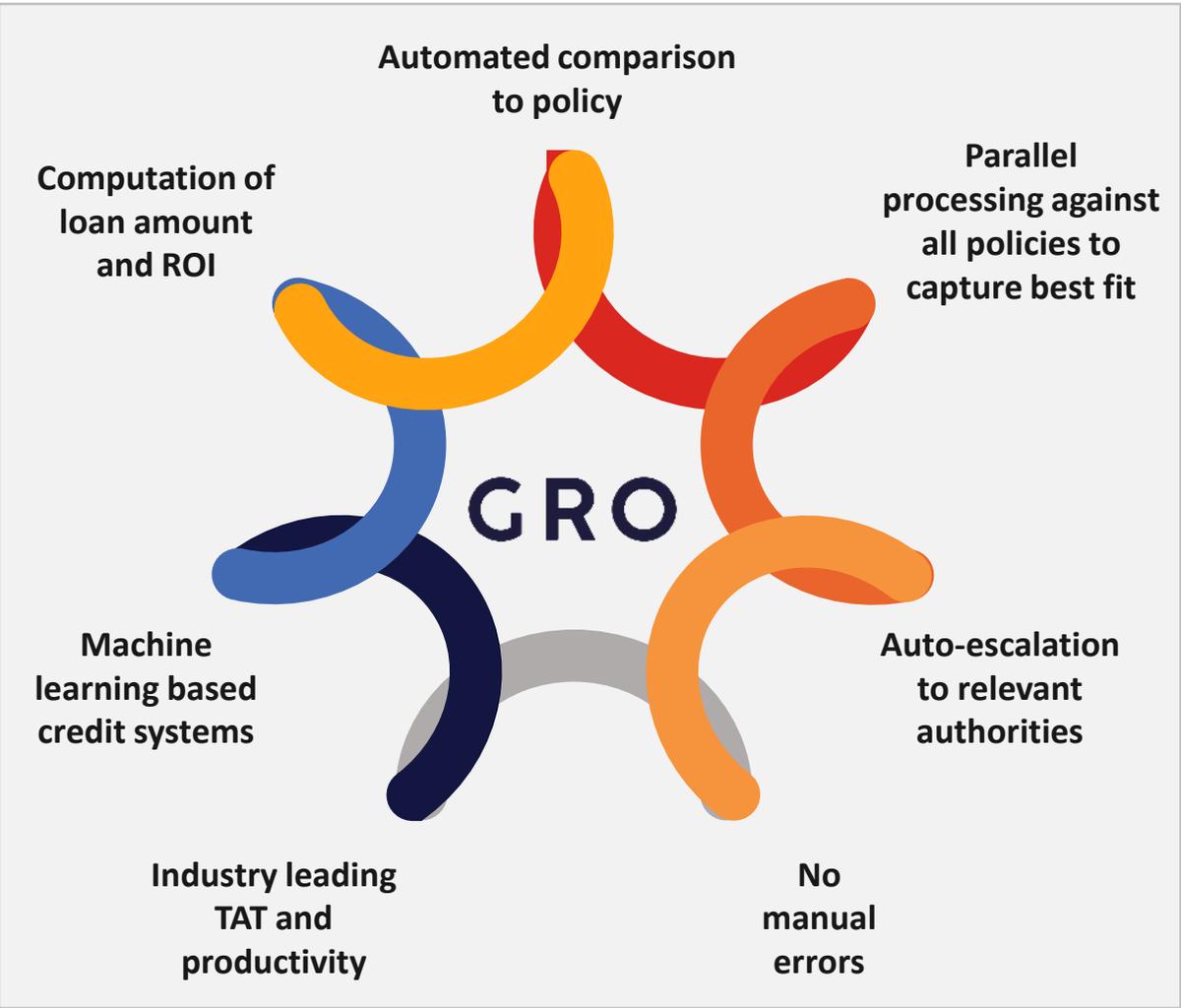
Parameters	Factors	Case A	Case B	Case C
Facility related	Vintage of the entity	20%	15%	10%
	Doctor’s Experience	20%	15%	10%
	Arrangement with pharmacy unit	30%	30%	40%
	NAHB accreditation	30%	40%	40%
Operational	Share of IPD revenues in overall nursing home revenue	15%	20%	20%
	Share of insurances cases in overall IPD admissions	15%	20%	20%
	Govt empanelled cases in overall insurance admissions	10%	10%	10%
	Occupancy rate	30%	20%	20%
Financial	Revenue per occupied bed	30%	30%	30%
	Operating margins	15%	15%	15%
	Return on Capital Employed	20%	20%	20%
	Interest coverage	30%	30%	30%
	Asset turnover ratio	20%	20%	20%
	Receivable days	15%	15%	15%

- Combination of **operating** and **financial parameters**
- Scorecards developed in consultation with **CRISIL market experts**
- **Methodology**
  - **1,000+ personal interviews** across **9 locations**
  - Responses for over **50+ curated questions for each sub-sector**

# Automated Policy Approvals Reducing Subjectivity in Credit Appraisal

Applicant Details	<b>Principal Approval</b>	
Bureau Details		
Product	TOTAL POLICY COUNT 12.00	TOTAL POLICY PASS COUNT 12.00
Co-applicants	TOTAL POLICY SKIPPED COUNT 0.00	TOTAL POLICY FAILED COUNT 0.00
Policy Report	TOTAL POLICY SR CM COUNT 0.00	TOTAL POLICY SR RCM COUNT 0.00
Obligations	TOTAL POLICY SR ZCM COUNT 0.00	TOTAL FOR PASS TEST 12.00
Financials	POLICY OVERALL RESULT SUCCESS	LOAN AMOUNT APPLIED ₹ 20,000,000.00
Principal Approval	LOAN AMOUNT APPROVED ₹ 11,926,247.00	DISBURSED LOAN AMOUNT ₹ 11,926,247.00
Collaterals	LTV LOAN AMOUNT ₹ 11,926,247.00	TENURE APPLIED 120 Months
Banking	TENURE APPROVED	ROI
Dedupe	<input type="button" value="Reject"/> <input type="button" value="Approve"/>	
GST Return		
Legal		

**| Highly flexible | Capable of handling complex computations and policies |**



Moving beyond conventional products offered by most NBFCs in the market...

Secured Loans

*Mostly long tenor, loan against property*

Unsecured Loans

*Short term working capital loans*

Supply Chain Financing

*30-90 day loans against invoices*

To create sub-sector specific products by modulating the following attributes to meet customer requirements...



Collateral



Assessment Parameters



Tenor



Loan Structuring



Pricing

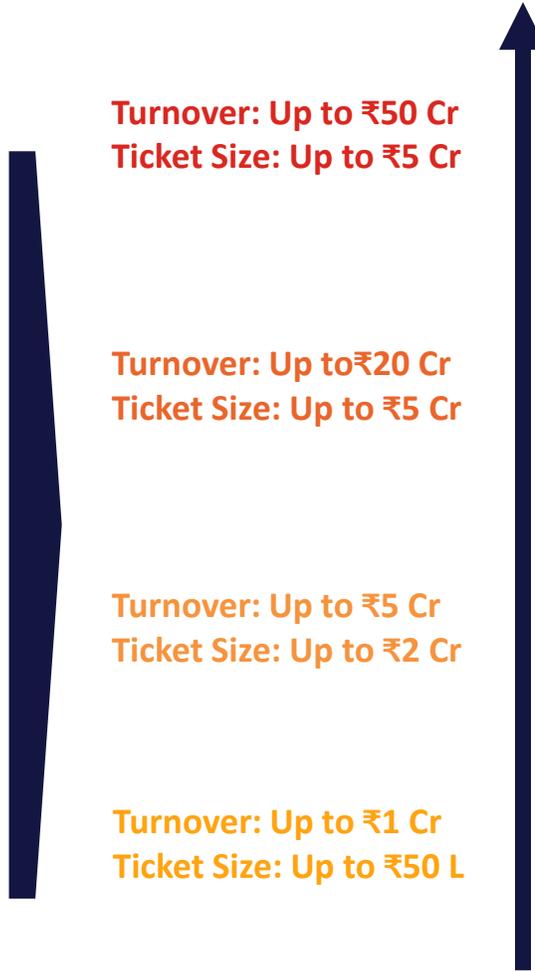
# ...With Tailored Products for Each Sub-Sector

Sector	Sub-sector	Target Segment	Key Insights	Key Propositions
<b>Hospitality</b> 	<b>Boutique Hotels</b>	Two/three star mid sized and budget hotels	<ul style="list-style-type: none"> <li>Boutique hotels want a <b>convenient and hassle-free</b> loan process</li> <li>Business data available on digital marketplaces</li> <li>Very open to <b>completely digital process</b></li> </ul>	<ul style="list-style-type: none"> <li>Pre-approved loan <b>disbursement based on marketplace data</b> e.g. trivago, MakeMyTrip etc.</li> <li>Parameters for loan decision include <b>online rating</b>, # of rooms, average room rate etc.</li> </ul>
	<b>Restaurants and QSRs</b>	Quick service restaurants and fine dining restaurants	<ul style="list-style-type: none"> <li>Restaurants with different formats have <b>highly disparate sources of income</b></li> <li>Broad <b>range of margins</b> across sub-types, affected in particular by owning a <b>liquor license</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Restaurant format-based eligibility approach</b> - QSR standalone, QSR franchise and fine dining</li> <li><b>Scorecard approach</b> with higher scores for owned property, liquor license, home delivery</li> </ul>
<b>Healthcare</b> 	<b>Dental Clinics</b>	Existing dental clinics	<ul style="list-style-type: none"> <li>Loan eligibility in this sector is quite <b>margin reliant</b></li> <li>Dental clinics offering <b>high end, very specialized services</b> have higher margins</li> </ul>	<ul style="list-style-type: none"> <li><b>Procedure based lending approach</b></li> <li>Liquid Income program available based on specialization of the dentist</li> <li>Parameters for loan decision include <b>doctor's qualifications</b>, clinic vintage etc.</li> </ul>
<b>Food Processing &amp; FMCG</b> 	<b>FMCG Traders</b>	Kirana shops measuring a minimum of 200 sq. ft	<ul style="list-style-type: none"> <li>Outlook and repayment behavior have a strong correlation with <b>shop size and business vintage</b></li> <li>Volume is very dependent on speed at which they can <b>rotate stock</b></li> <li><b>Business and sourcing stability</b> are also of critical importance</li> </ul>	<ul style="list-style-type: none"> <li>Loans offered based mainly on <b>floor area and business/shop vintage</b></li> <li>Further parameters monitored include supplier stability, quantity of stock maintained, <b>inventory turnover</b> etc.</li> </ul>

# Disrupting the Existing Model with an Approach to Serve the Entire Value Chain of ₹ 100,000 to ₹ 5,00,00,000 Loans to Small Businesses

## Current distribution models

- Mostly **DSA sourced**, branch led model or a feet on street led model
- DSA shares a customer file with multiple NBFCs and has multiple rounds of follow-ups to access financing resulting in **low productivity**
- Customer relationship with the DSA/FOS resulting in **high level of customer churn**
- Opex intensive model** with almost a linear relationship between opex and disbursals



## Disrupting the conventional distribution channel

- “**Uberized distribution model**” – increased distribution network of DSAs, CAs, brokers with higher productivity
- Branch FOS to be “**relationship managers**”

## Harnessing Ecosystem based lending

- Access MSMEs through their **business ecosystems** by partnering with **anchors, aggregators**
- Assessment of **partner transaction data**

## Reaching Customers directly and digitally

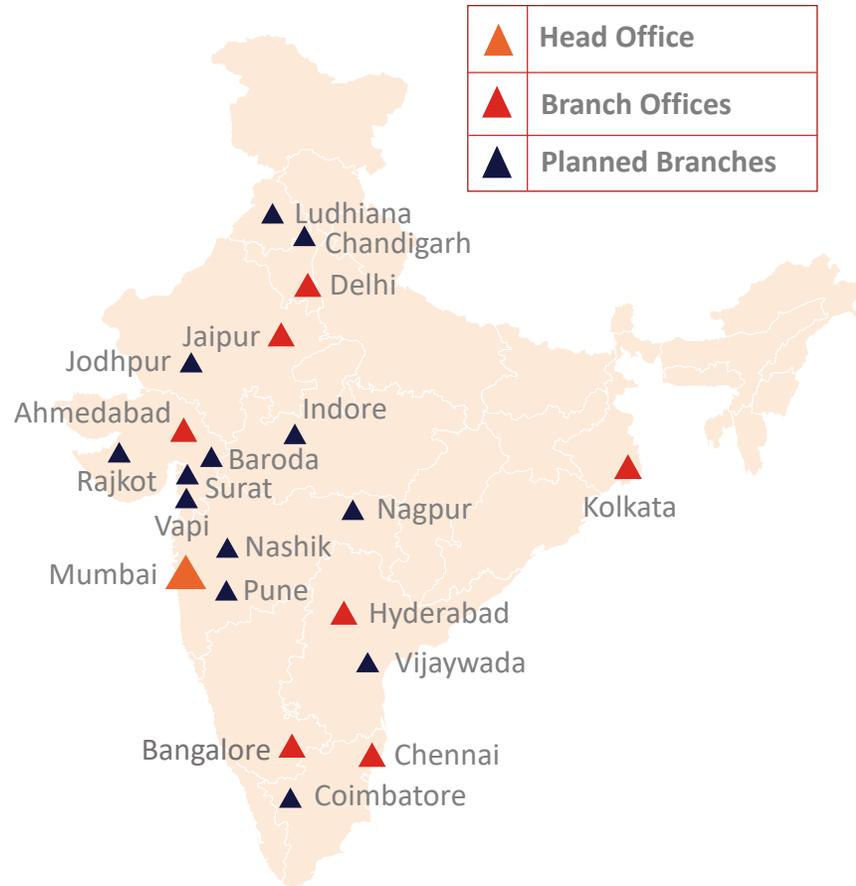
- Digital lending** on own platform supplemented by **pre-qualified leads**

## Prospering the partnership approach

- Partnerships with NBFCs providing ME loans/fin-techs in Tier 2, Tier 3 cities
- Leveraging the distribution network of partners** to create a low Opex lending model and be a complete liability solutions provider to them

Traditional Distribution

U GRO “Omnichannel” Distribution

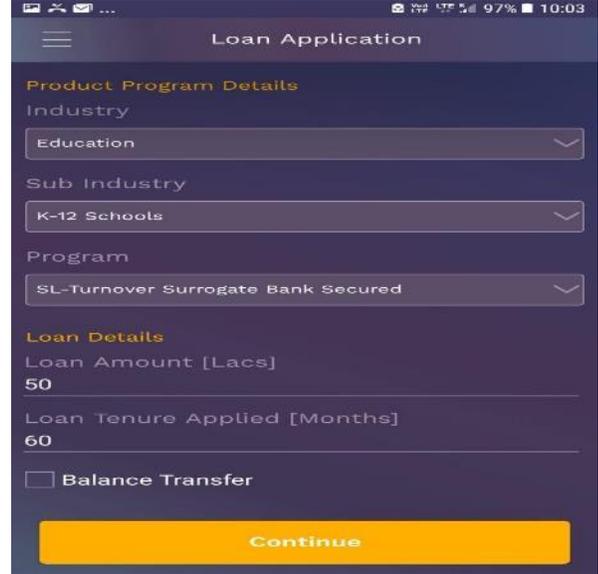


Locations identified through SME cluster analysis and portfolio benchmarking

## Partner Selection Criteria

- **Rigorous vetting of 1,200+ partners** to reach an initial list of **100 channel partners**.
- Selection criteria:
  - Track-record of **3+ years**
  - Infrastructure Readiness
  - **Portfolio performance**
- Partners have a **track-record of acquiring ₹ 50,000+ M per month**
- Channel partners pay an onboarding fee – **a first in the industry**

## Partner App: An Industry First



## Value Proposition for Channel Partners

- **Lower TAT** : In principal approval in **1 hour**
- **Higher productivity**: High conversion (**~60%**) post the in-principle approval
- **Analytics-driven** opportunity to **cross-sell/top-up** within their customer bases
- U GRO co-lends with larger banks, allowing partners to **originate larger ticket sizes**
- **Payment within 7 days** resulting in improved working capital management

## Dedicated “Growth Team” to build industry partnerships

**Independent vertical** headed by the Chief Growth Officer

- Each sector to be led by a ‘sector head’

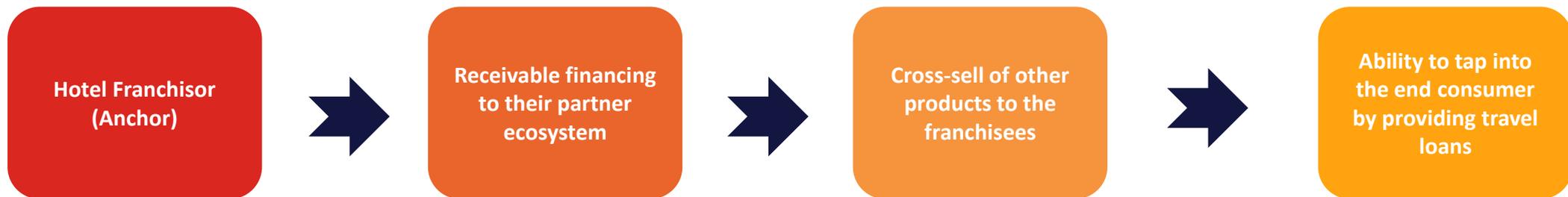
**Develop partnerships in prioritized segments** with key participants e.g. sector specific lenders, industry bodies

- E.g. Anchor led supply chain financing, partnerships with equipment suppliers

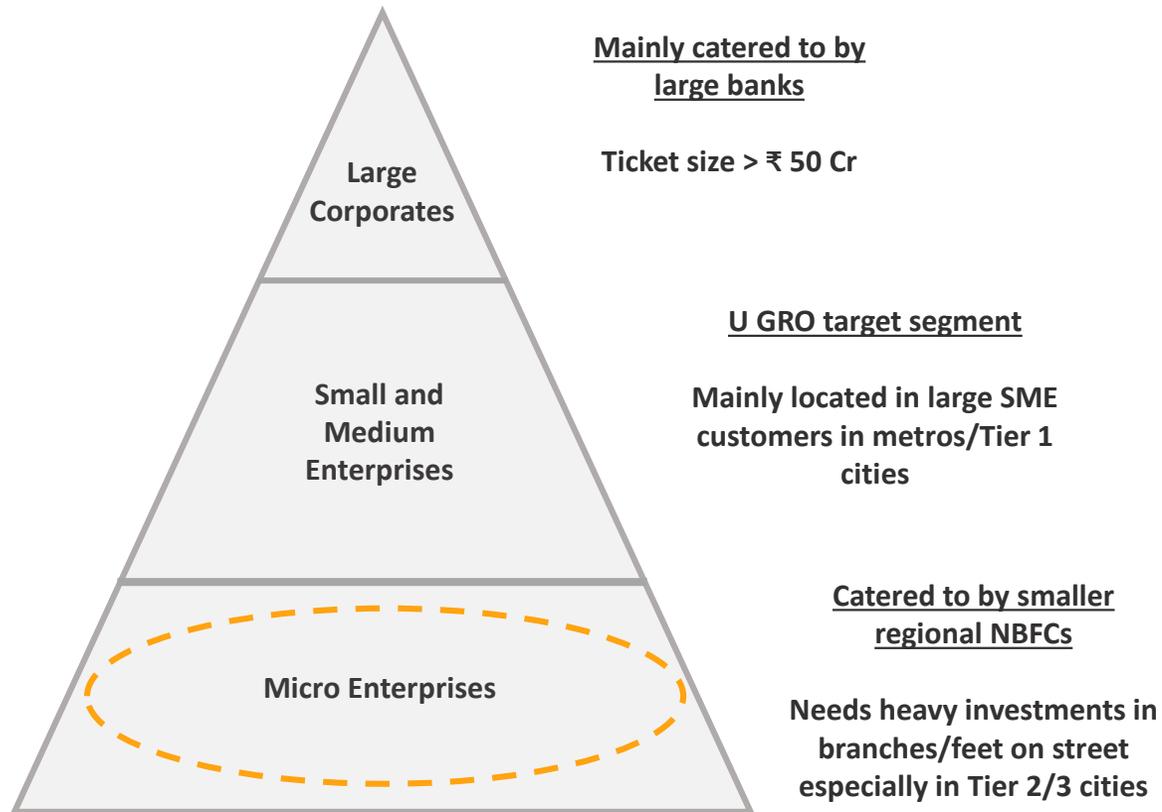
## Partnership with a large food aggregator

- **Pre-approved program based on data analytics** for unsecured & secured loans to restaurants
- **Performance data of restaurants** partners with U GRO to be shared by the aggregator
  - Vintage, location, ratings/reviews, transactions
- Pay-outs to restaurants routed through an **escrow account** created for the program

## Ability to go deep into the partner value chain



**Ability to tap into the partners’ network of distributors, dealers, suppliers and then eventually the end customer through an ecosystem-based lending strategy**



## Symbiotic partnerships to cater to the MEL segment

### Challenges faced by NBFCs:

- Given scale of NBFCs, their regional concentration and the target segment, **access to credit for such NBFCs is limited**

### U GRO Solution:

- Create a **steady liability solution** for such NBFCs through multiple modes including **direct lending, on tap assignment, co-lending and debt syndication**
- **Joint under-writing** by U GRO and the partner NBFC

### Advantage to U GRO

- Ability to create a **large, granular micro-enterprise book** without incurring significant opex
- **First loss credit enhancement** from the NBFC

The BFSI partnership channel is U GRO's strategy to cater to the micro-enterprise segment without incurring significant Opex costs

# Our Innovation-Driven Digital Lending Platform

## Customer Service

Chatbot based, integrated with popular message apps (proposed)

- **Completely Digital** Customer Servicing
- No reliance on human intervention
- Web-service based APIs for **instant query/request handing** over app/web or IVR call

## Sector-Focused Partnerships

- **Ecosystem Players**
- Aggregators
- Web Portals Listings
- Payment Gateways
- **Marketplaces**
- Industry Bodies/Associations

## Acquisition

Micro-targeting of customer and partner audiences for onboarding

## Direct To Customer Campaigns

- Integrated **Marketing Automation Tool** for campaign deployment
- Medium: **SMS/Flash Message/WhatsApp/Voice Blasts/Email**
- **Outbound Calling** with loan solutions to optimise conversion



## Product Development

- **Sectoral Need Gap Identification** based on **Perception Maps**
- E.g. Solutions available for **Dentists Loan** (Healthcare → Doctors) & **Kirana Shop Loans** (FMCG → Trading)

## Product and Marketing

Innovation driven by Micro-Level Focus within Sub-sectors

## Marketing

- Customer Data Identification
- **Push & Pull Marketing Campaigns**
- Personalised Communication
- Personalised on-boarding journey (**ChatBots**)

## Underwriting/Fulfilment

60 Mins Decisioning – 100% Digital

- Based on **Industry First Sector Specific Scorecards**
- Pings other Tech Platforms for information gathering and validation via customized APIs
- Assisted models (Outbound Calling) to induce customers to convert
- Outsourced partners to collect documents and meet regulatory compliance