



UGRO Capital Limited Q3'FY24

EMPOWERING MSME ECOSYSTEM

NSE: UGROCAP | BSE: 511742

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Rebound visible post-Covid for MSMEs

Journey towards formal credit fold is accelerating

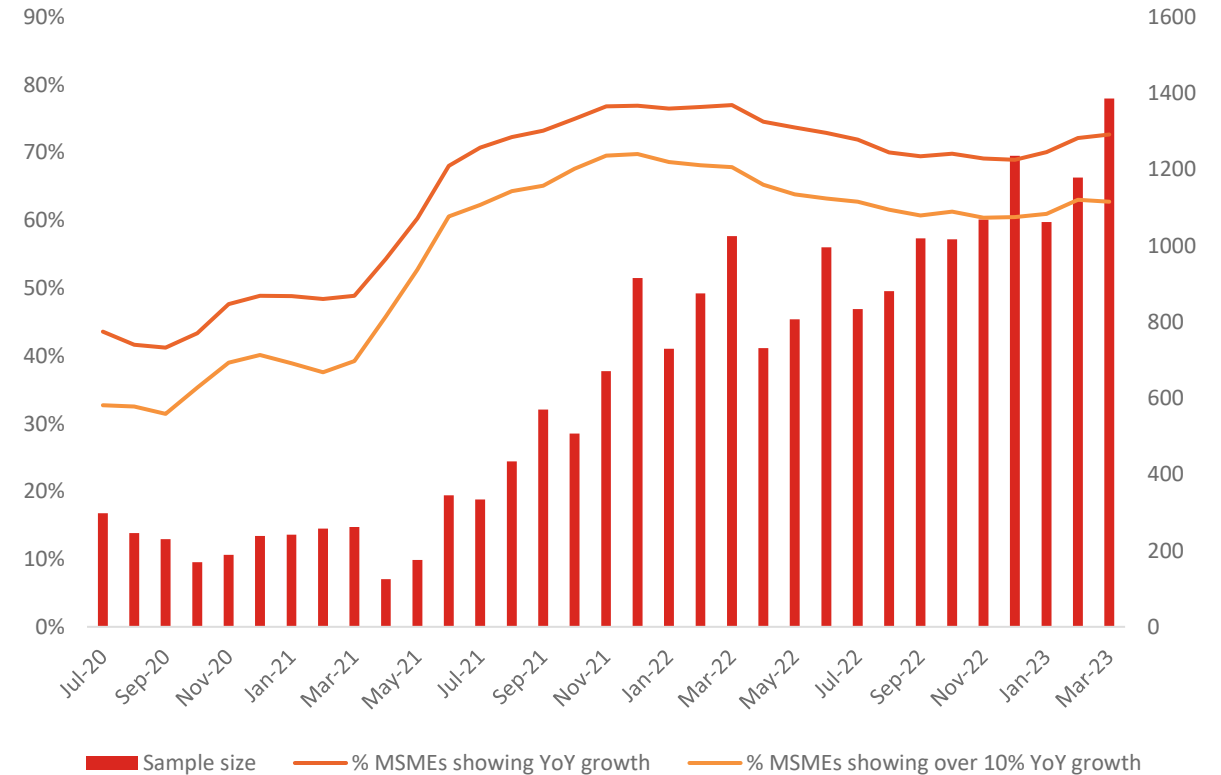
Sign of business rebound visible in post pandemic time frame

During pandemic period	1 st year Post pandemic	2 nd year Post pandemic
Business activity and sales dip	77% customers showing resumption of activity	68% customers showing >10% YoY sales growth



In FY23, 68% of observed MSMEs in UGRO's target segment show 10%+ YoY turnover growth

New credit disbursals picking up post Covid



New credit sanctions per customer has increased steadily in post covid timeframe

Performance Highlights for Q3'FY24 and 9M'FY24

	Q3FY23	Q3FY24		9M'FY23	9M'FY24	
AUM (INR Cr)	5,095	8,364	↑ 64%	5,095	8,364	↑ 64%
Net Disbursement (INR Cr)*	1,166	1,552	↑ 33%	3,183	4,311	↑ 35%
Off-book AUM	35%	45%	↑ 29%	35%	45%	↑ 29%
Pre-Tax Profit (INR Cr)	22.2	46.4	↑ 109%	50.2	122.8	↑ 145%
PAT (INR Cr)	13.1	32.5	↑ 148%	25.7	86.7	↑ 237%
Net Total Income % [§]	12.9%	13.5%	↑ 5%	11.8%	13.0%	↑ 11%
Cost to Income Ratio	64%	53%	↓ 17%	66%	55%	↓ 17%
ROA ¹	1.4%	2.4%	↑ 74%	1.0%	2.3%	↑ 129%
ROE	5.5%	9.4%	↑ 72%	3.5%	9.7%	↑ 173%

Annualized EPS on current rate
INR 14.24 per share
for 9M'FY24

Book Value per Share
INR 153.8
as on Dec'23

Price to Earning Ratio (P/E)
19.5x
as on Dec'23
* Price as on 20 Jan 2024

*Gross Disbursements – Repayment received in Supply Chain Financing during the period

[§]On Average Gross on-books AUM

Key metrics for 9M'FY24

01 **Asset Growth**

AUM
 As on Dec'23 : **8,364 Cr**
 (+64% Y-o-Y)

Net Loans Originated
 9M'FY24 : **4,311 Cr**
 (+35% Y-o-Y)

Portfolio yield (net)
 As on Dec'23: **16.3%**

02 **Profitability**

Net Total Income
 9M'FY24 : **436.5 Cr**
 (+66% Y-o-Y)

PPOP
 9M'FY24 : **198.0 Cr**
 (+121% Y-o-Y)

Pre-tax Profit
 9M'FY24 : **122.8 Cr**
 (+145% Y-o-Y)

03 **Asset Quality**

GNPA
 As on Dec'23 : **2.0%**
 (+30 bps Y-o-Y)

NNPA
 As on Dec'23 : **1.1%**
 (flat Y-o-Y)

Collection efficiency *
 9M'FY24 : **97%**
 (Stable)

04 **Liability & Co - lending**

Borrowings
 As on Dec'23 : **4,173 Cr**

Co-lending
 - Partnership with **13** co - lenders / co - originators
 - **3,765 Cr** off-book AUM (+121% Y-o-Y)

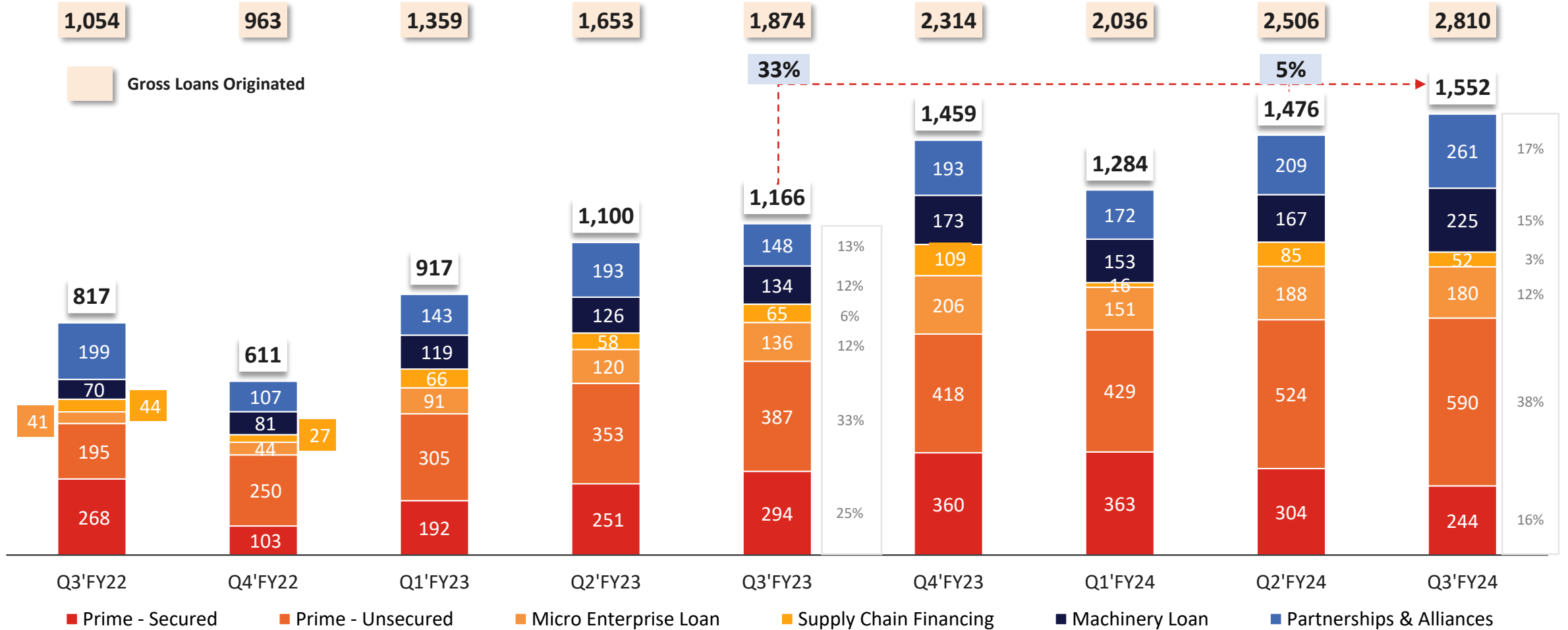
Cost of Borrowings
 As on Dec'23 : **10.65%**

* Total Collections (including overdue) / Current month demand

We continue to deliver strong Net Loan Origination

Amount in INR Cr

Net loans originated increased to INR 1,552 Cr in Q3'FY24 from INR 1,476 Cr in Q2'FY24 (+5%) and INR 1,164 Cr in Q3'FY23 (+33%).

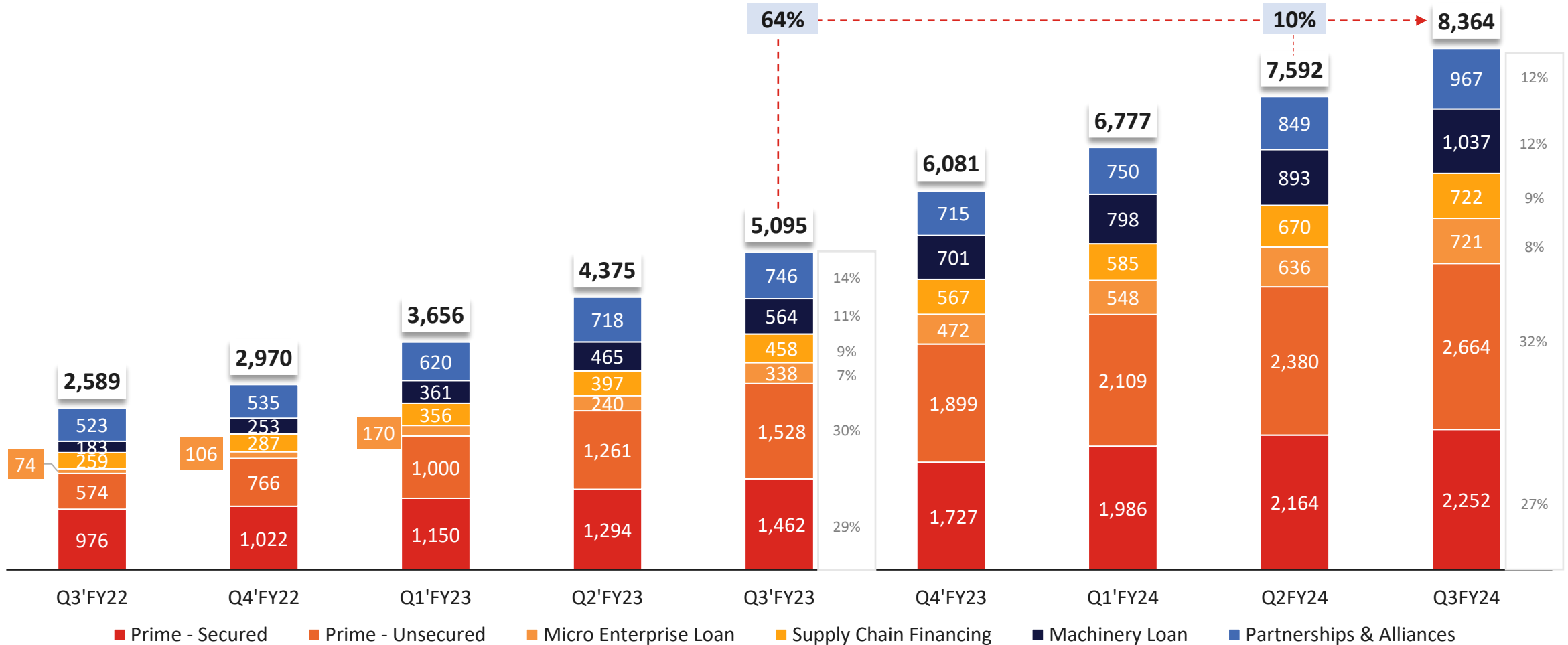


*Percentages represent product wise portfolio mix

And strong AUM

Amount in INR Cr

AUM increased to INR 8,364 Cr as on Dec'23 from INR 7,592 Cr as on Sep'23 (+10%) and INR 5,095 Cr as on Dec'22 (+64%).

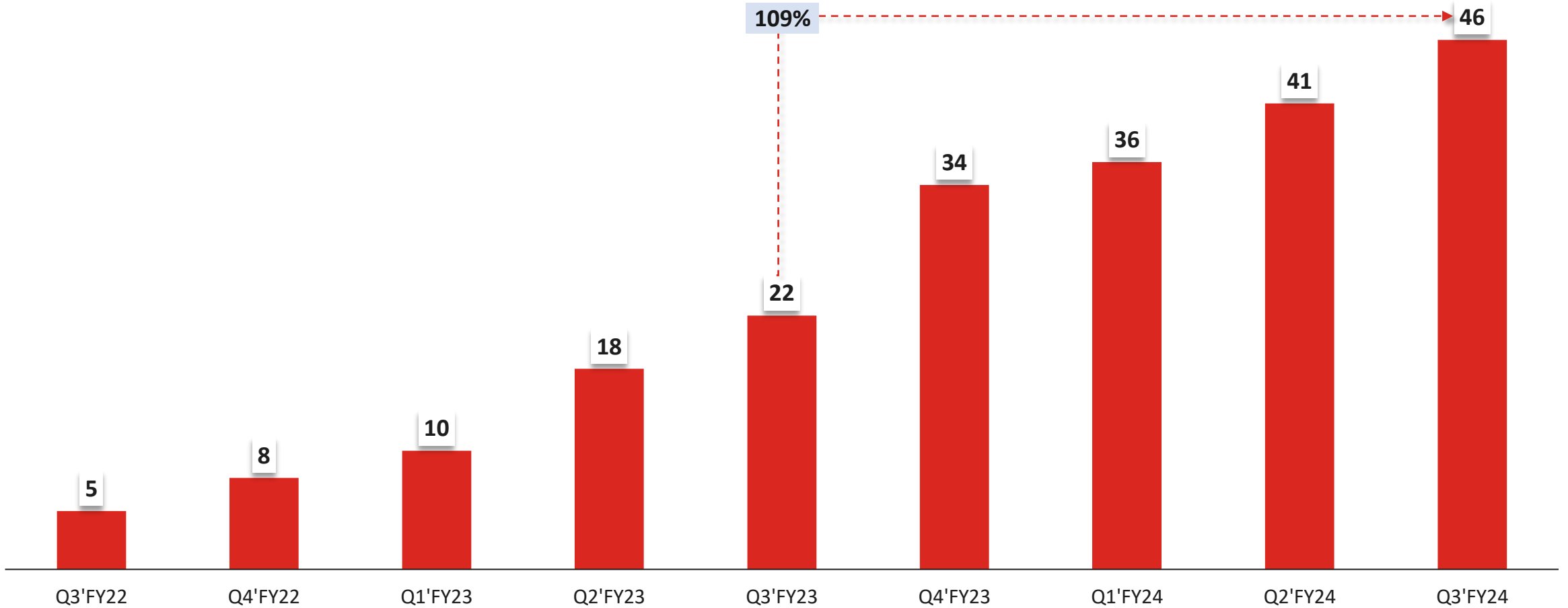


*Percentages represent product wise portfolio mix

Which is delivering operating leverage

Amount in INR Cr

Consistently increasing PBT over past 8 quarters

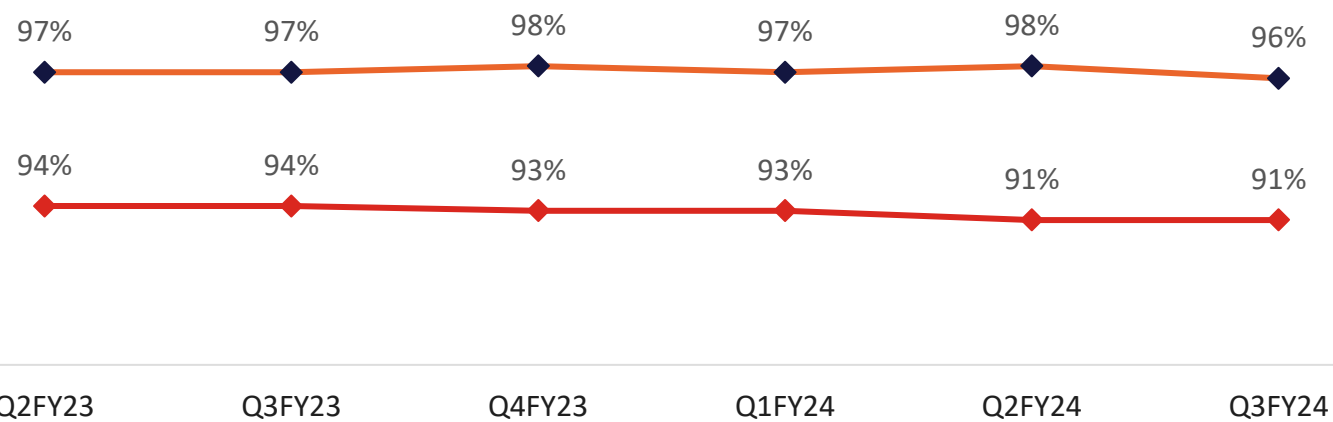


Our collection efficiencies and portfolio performance remains stable

Current Month and Overall Collection Efficiency remains robust

◆ Current Month Collection (excluding overdue) / Current Month Demand

◆ Total Collections* (including overdue) / Current Month Demand



Key highlights:

- **GNPA / NNPA as a % of Total AUM stood at 2.0% / 1.1% as of Dec'23**
- **Stage 3 provisioning coverage stood at ~49% (on-book AUM)**
- Total Restructured portfolio stood at 0.4% of Total AUM
- Total provisions as of Dec'23 stood at ~ ₹108.3 Cr (1.3% of Total AUM)

ECL Data (Dec'23)

(In Cr)	Loan Exposure	Loan Exposure (%)
Stage 1	7,887	94.3%
Stage 2	306	3.7%
Stage 3	171	2.0%
Total	8,364	100.0%

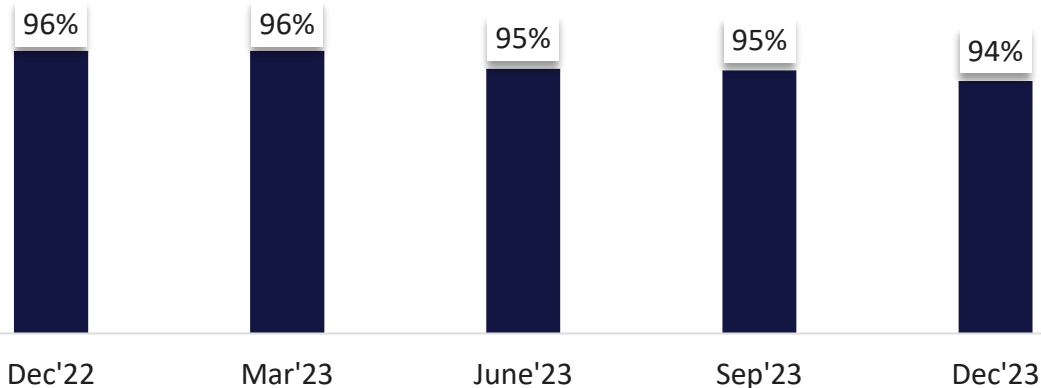
Product wise GNPA

Product Category	AUM (INR Cr)	GNPA(%)
Prime - Secured Loans	2,552	0.6%
Prime - Unsecured Loans	2,664	3.6%
Micro Enterprise Loan	721	2.3%
Supply Chain Financing	722	3.9%
Machinery Loan	1,037	0.8%
Partnerships & Alliances	967	0.0%
Grand Total	8,364	2.0%

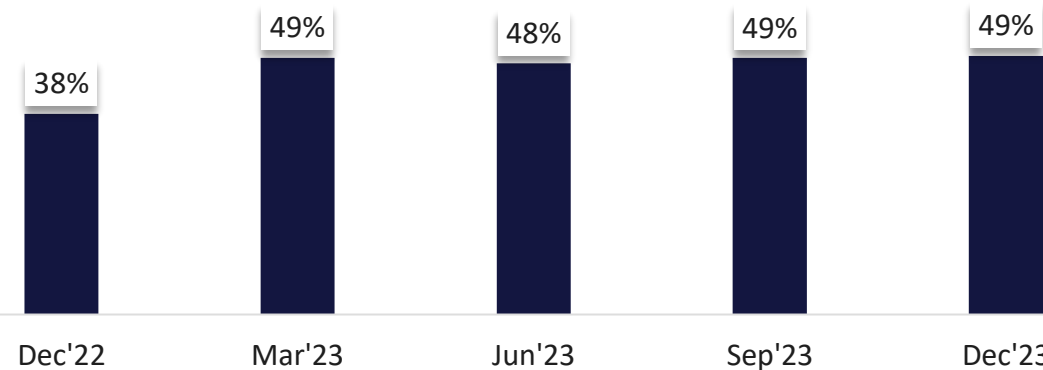
*Excluding foreclosures

Our collection efficiencies and portfolio performance remains stable

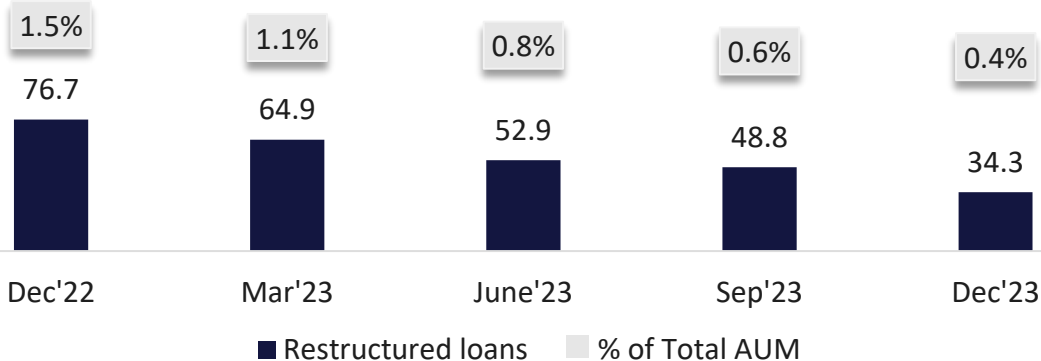
Stage 1 has remained stable over last 5 quarters



Provision Coverage Ratio



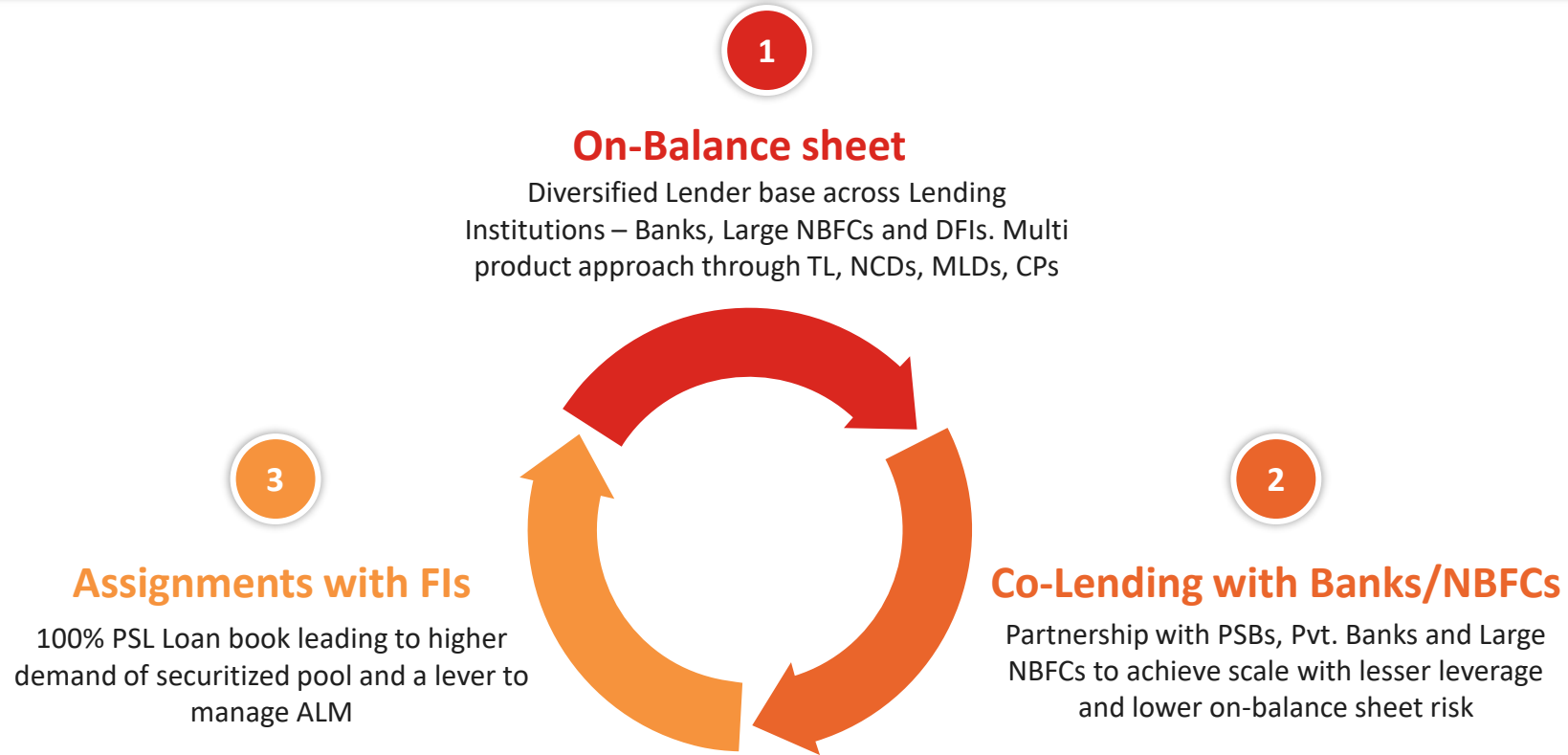
Restructured Loans (standard portfolio)



- Stage 1 assets have been around ~95% over past 6 quarters
- Restructured loans have decreased from INR 76.7 Cr (1.5% of Total AUM) as on Dec'22 to INR 34.3 Cr (0.4% of Total AUM) as on Dec'23.
- Stage 3 PCR has improved from 38% as on Dec'22 to 49% as on Dec'23

Tri-pronged liability strategy – on-balance sheet, co-lending and assignment continues to mature

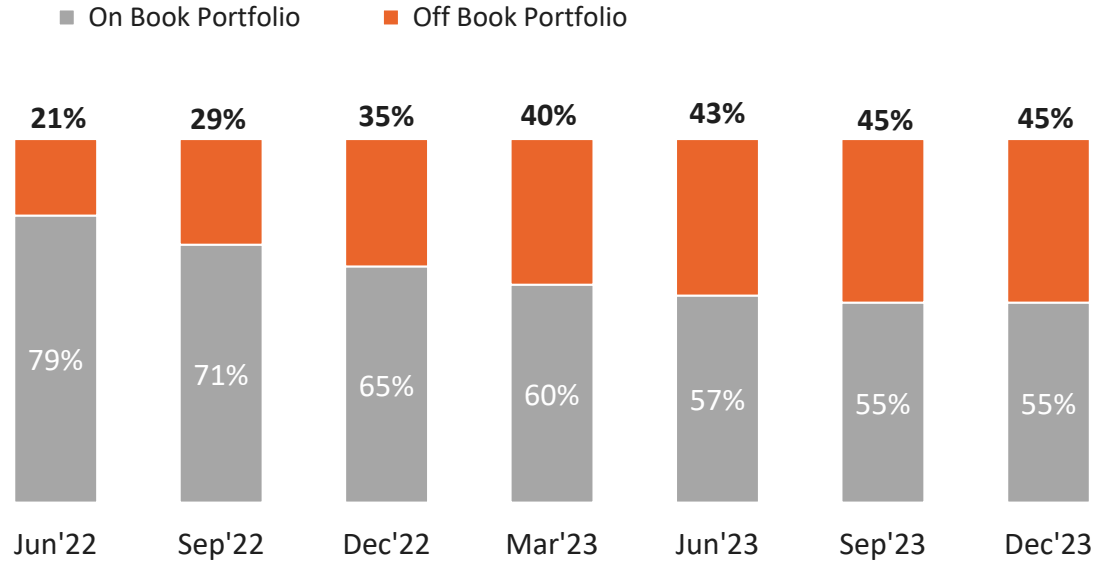
Demonstrated ability to manage a prudent mix of on-balance sheet and off-balance sheet approach



Actively partnering with liability providers and focus on building a long-term relationship

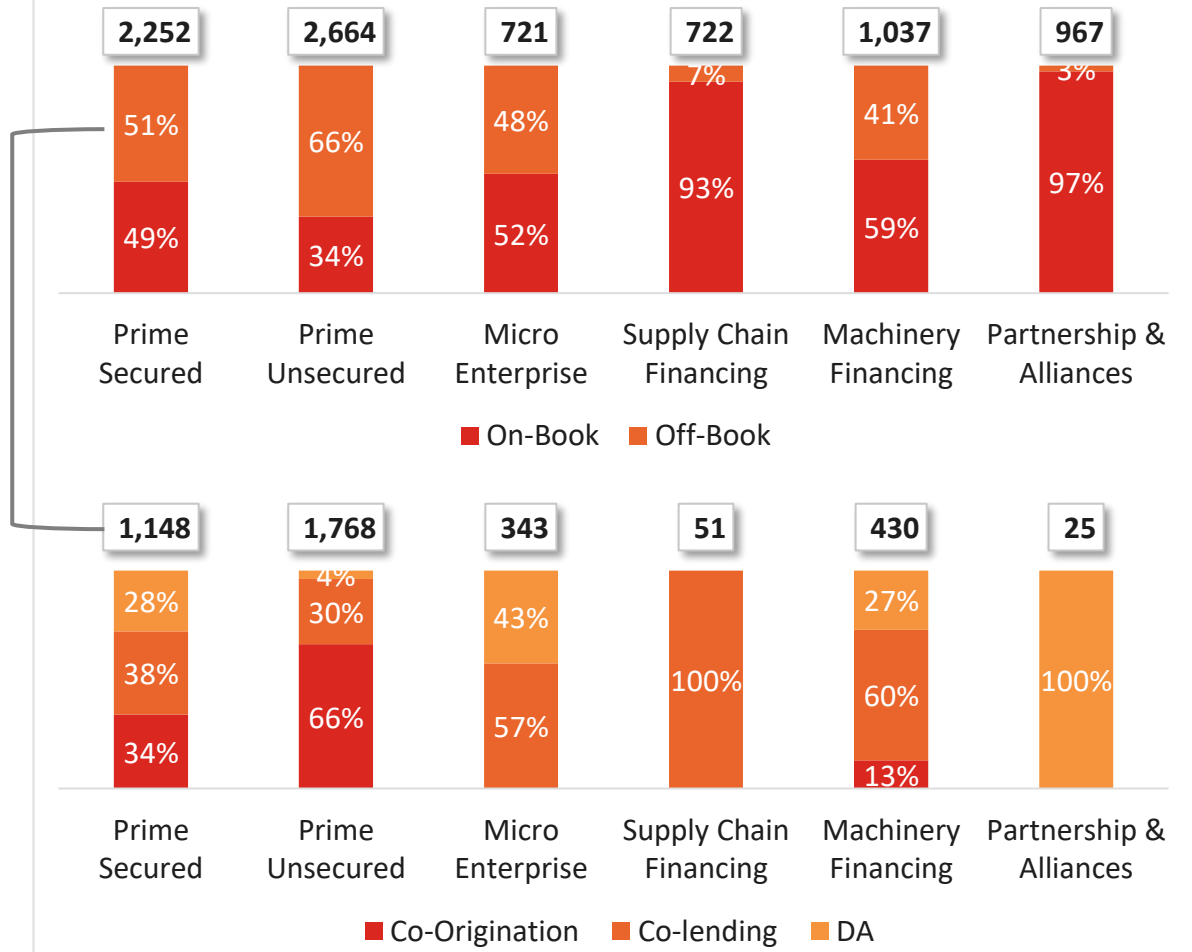
Robust momentum of our co-lending platform continues

Increasing Mix of off - Book AUM



	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23
Off Book AUM	782	1,272	1,775	2,442	2,929	3,405	3,765
Co-Origination	304	619	915	1,181	1,457	1,604	1,615
Co-lending	215	332	505	773	943	1,166	1,474
DA	263	322	355	488	530	635	676

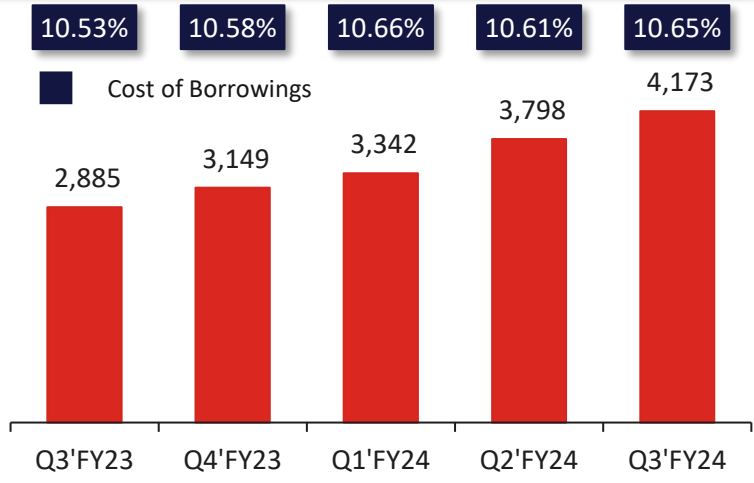
Product wise Mix of off - Book AUM (Sep'23)



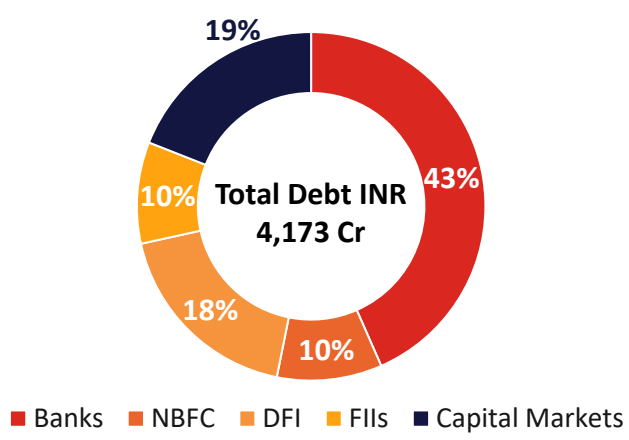
Co-lending Partnership with 7 Banks and 6 NBFC's

Diversified Lender base and continued build-out of liability book

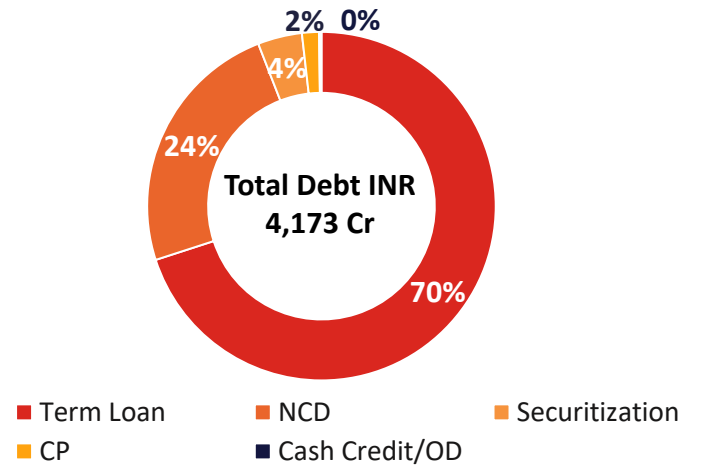
Total Debt (INR Cr) and Cost of borrowings



Liability mix by lender profile



Liability mix by product



Our liability sanctions have been raised from a diverse set of lenders

Public Sector Banks and institutions	Private Sector Banks	DFI	SFBs and NBFCs

Finance | Income Statement

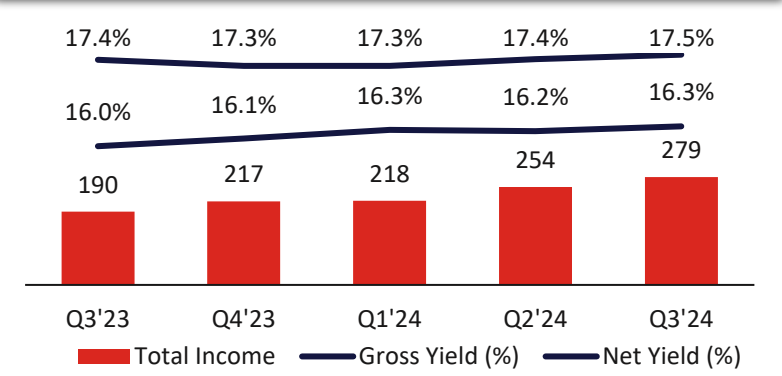
Income Statement (₹ Cr)	Q3FY23	Q3FY24	Y-o-Y	Q2FY24	Q-o-Q
Interest Income	133.1	182.8	37%	171.9	6%
Income on Co-Lending / Direct Assignment	42.9	76.4	78%	64.8	18%
Other Income	13.6	20.1	48%	17.0	18%
Total Income	189.6	279.3	47%	253.6	10%
Interest Expenses	81.6	116.7	43%	105.4	11%
Net Total Income	108.0	162.6	51%	148.2	10%
Employee Cost	40.5	48.5	20%	46.0	5%
Other Expenses	28.6	38.0	33%	36.8	3%
PPOP	38.9	76.1	95%	65.4	16%
Credit Cost	16.7	29.7	78%	24.6	21%
PBT	22.2	46.4	109%	40.8	14%
Tax	9.1	13.8	52%	11.9	16%
PAT	13.1	32.5	148%	28.9	13%
ROA %	1.4%	2.4%	-	2.3%	-

Finance | Income Statement & ROA Tree

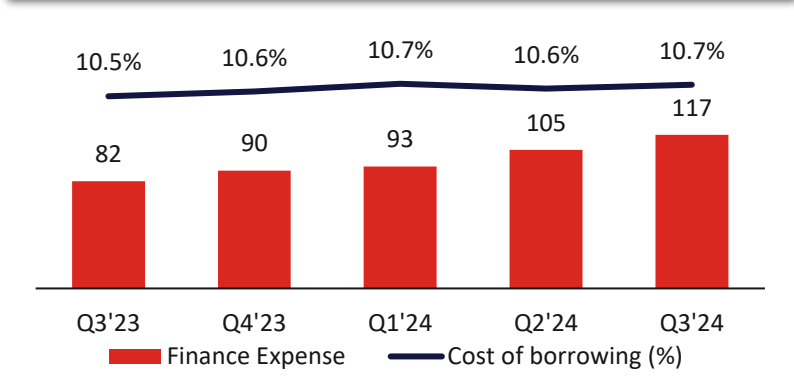
Income Statement (₹ Cr)	9MY23	9MFY24	Y-o-Y	FY23	ROA Tree	9MY23	9MFY24
Interest Income	341.8	516.2	51%	482.9	<i>As a % of Gross On Book AUM</i>		
Income on Co-Lending / Direct Assignment	91.7	185.1	102%	154.1	Total Income	20.8%	22.4%
Other Income	33.1	50.0	51%	46.8	Interest Expenses	9.1%	9.4%
Total Income	466.6	751.3	61%	683.8	Net Total Income	11.8%	13.0%
Interest Expenses	202.9	314.8	55%	293.3	Opex	7.8%	7.1%
Net Total Income	263.7	436.5	66%	390.5	Credit cost	1.8%	2.2%
Employee Cost	100.6	131.4	31%	140.7	PBT	2.2%	3.7%
Other Expenses	73.6	107.0	45%	109.1	PAT	1.1%	2.6%
PPOP	89.5	198.0	121%	140.6			
Credit Cost	39.3	75.2	91%	56.8	Key Ratios (Annualized)	9MY23	9MFY24
PBT	50.2	122.8	145%	83.8	ROA (% Avg. Total Assets)	1.0%	2.3%
Tax	24.4	36.2	48%	44.1	Leverage	3.0x	3.0x
PAT	25.7	86.7	237%	39.8	RoE	3.5%	9.7%

Operating & Financial Metrics

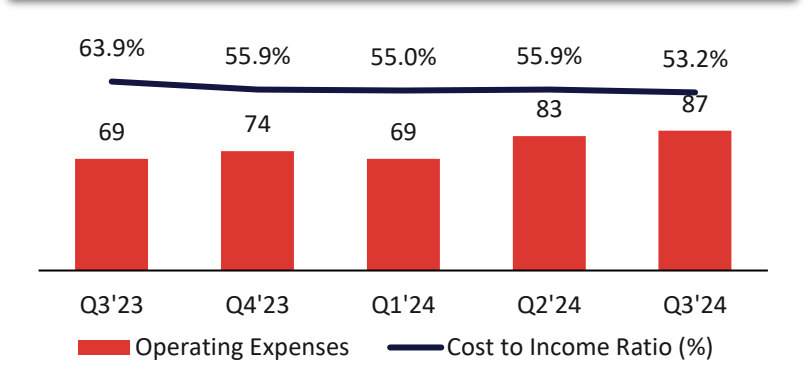
Total Income (INR Cr) & Portfolio Yield^{\$}



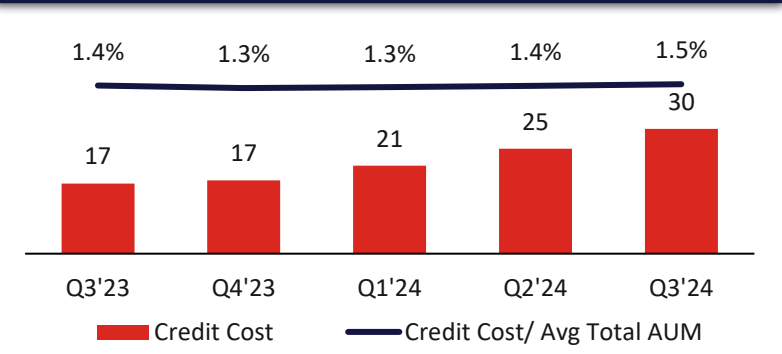
Finance Cost (INR Cr) & Cost of Borrowing



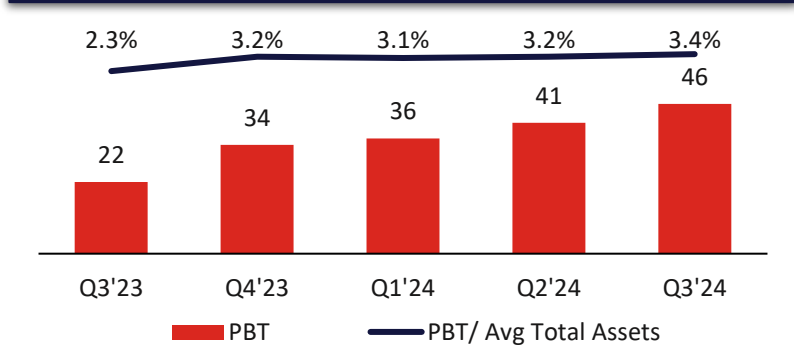
Operating Exp. (INR Cr) and Cost to Income



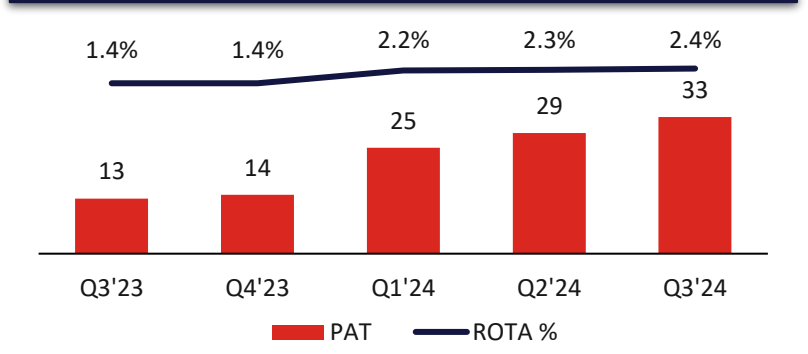
Credit Cost (INR Cr) & Credit cost / Avg AUM



PBT (INR Cr) and PBT / Avg. Total Assets[#]



PAT (INR Cr) and PAT / Avg. Total Assets[#]



1,405
Net Worth

8,364
AUM

45%
Off book %

4,173 / 22.3%
Total Debt / CRAR

2.0% / 1.1%
GNPA / NNPA (Total AUM)

104/2,350+
Branch/ Employees¹

67,000+
Active Borrowers

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

[#] Annualized ratio based on quarterly average of total assets

¹ Employees include on-roll employees and dedicated off-roll employees

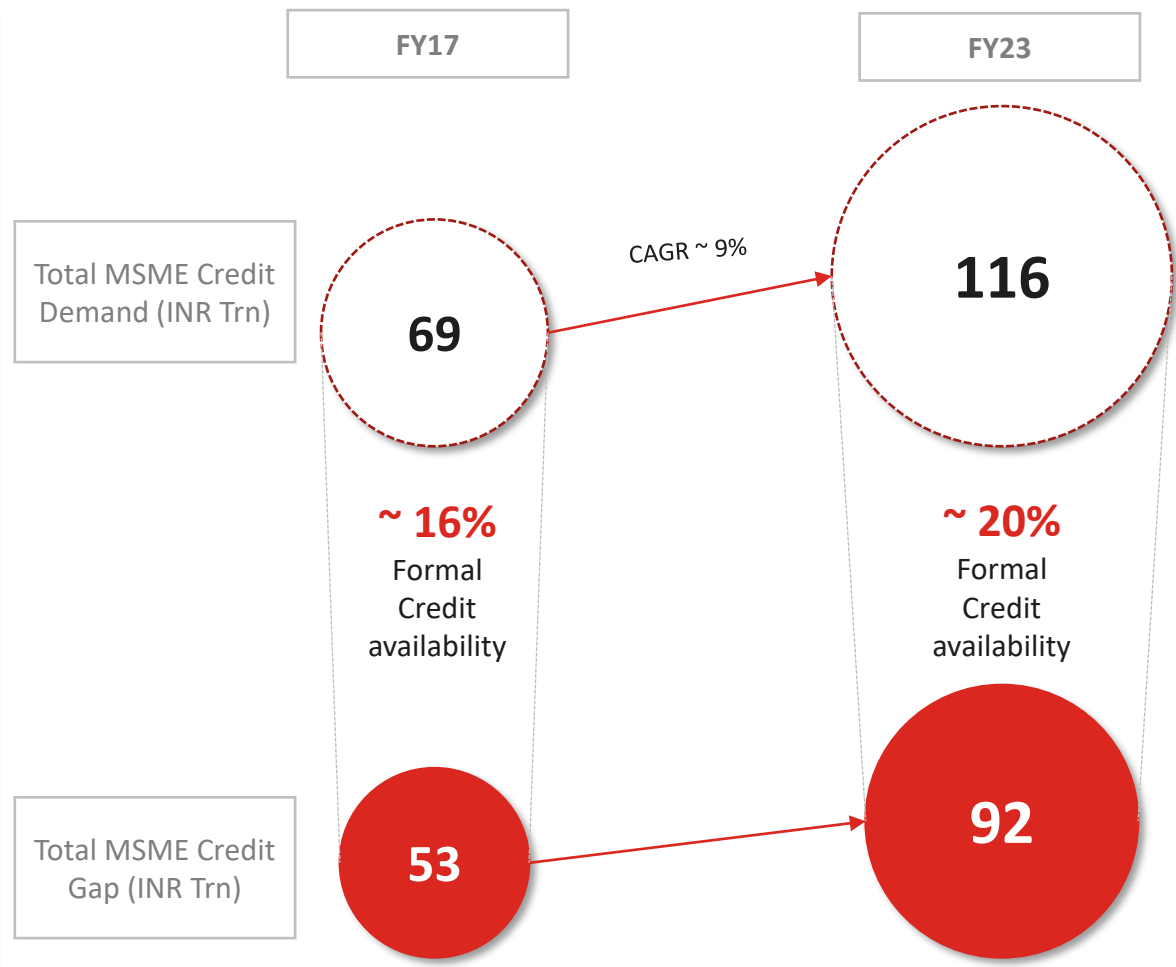


UGRO Overview

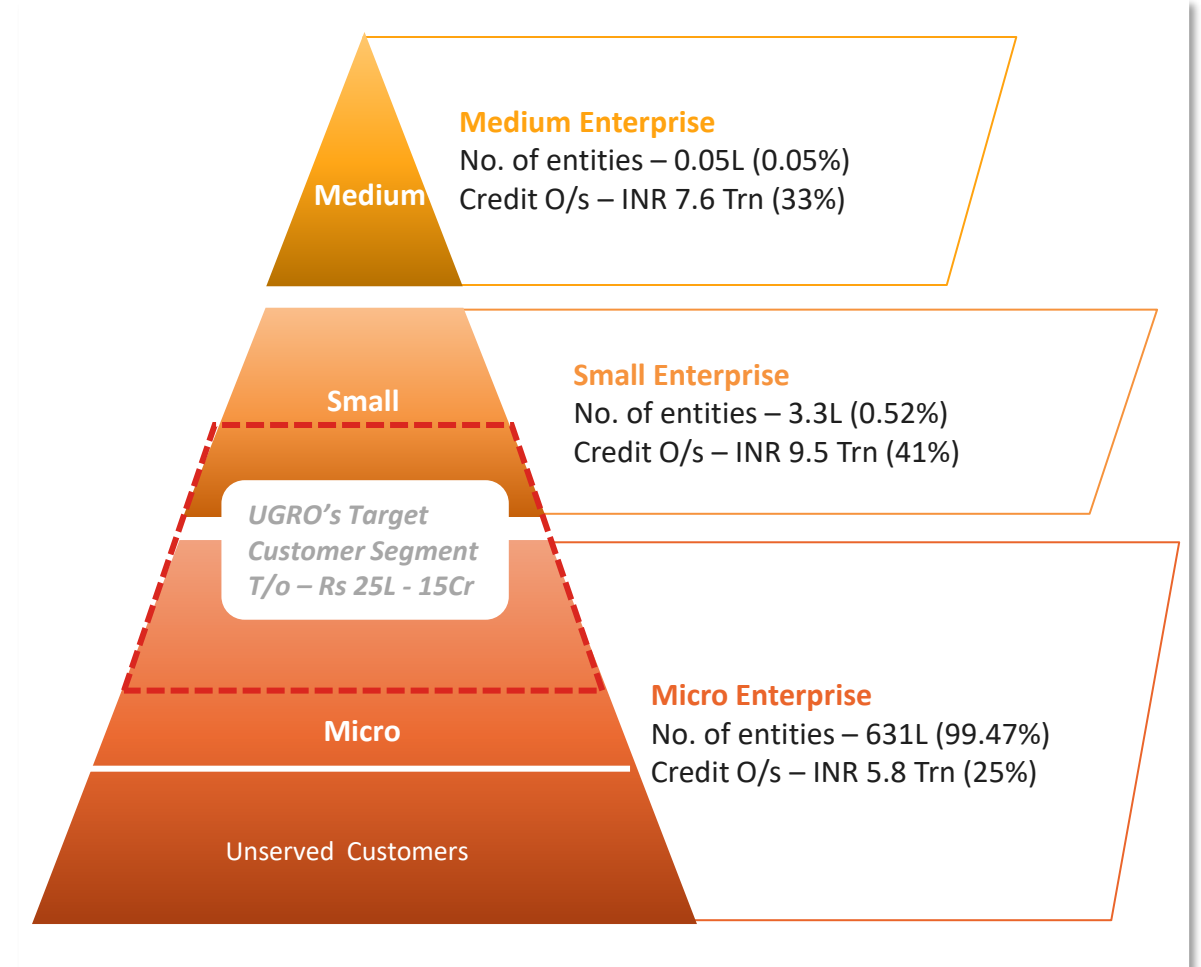
Building a large institution for small business financing is a real possibility

Explosion of Credit in MSME Segment: INR 92 Trn MSME Credit Gap Presents a large Market Opportunity

Total MSME Credit gap is Rs 92 trn

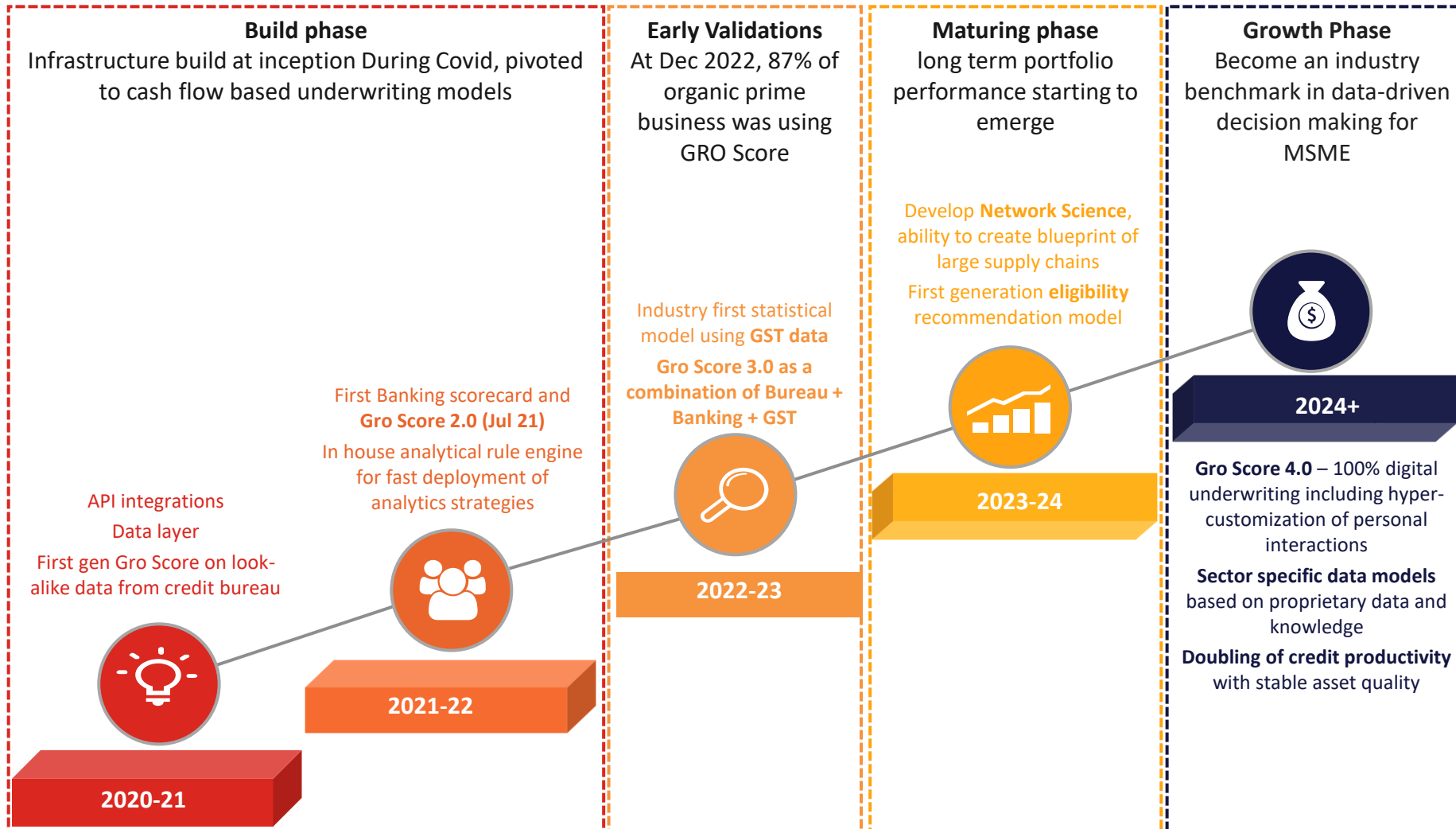


Credit Gap of our customer segment constitutes 95%



Source: IFC report on Financing India's MSME dated November 2018;Crisil Report

UGRO's journey of Data-Tech driven lending to MSMEs over 5+ yrs



Data Repository-Dec 2023
3.5L+ Bureau Records analyzed
1.5+ Bank Statements analyzed
50k+ GST records analyzed
3k+ Anchor/OEM networks discovered
7k cr+ Disbursed through GRO Score

Our Distribution continues to be powered by our GRO Score

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

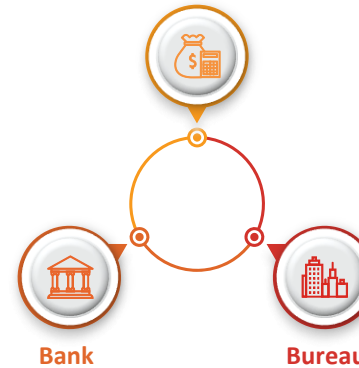
Pace of borrowing

...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

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 being 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

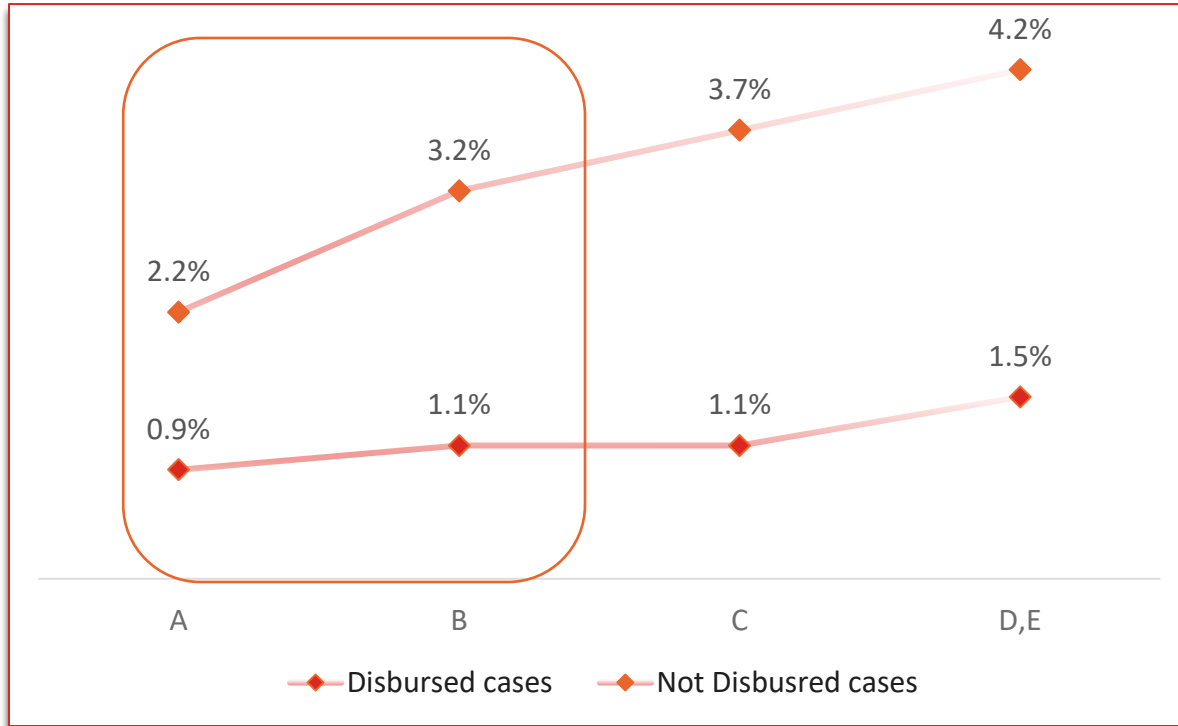
Scoring of each case into one of the five bands of A – E with A being the best and E being the worst



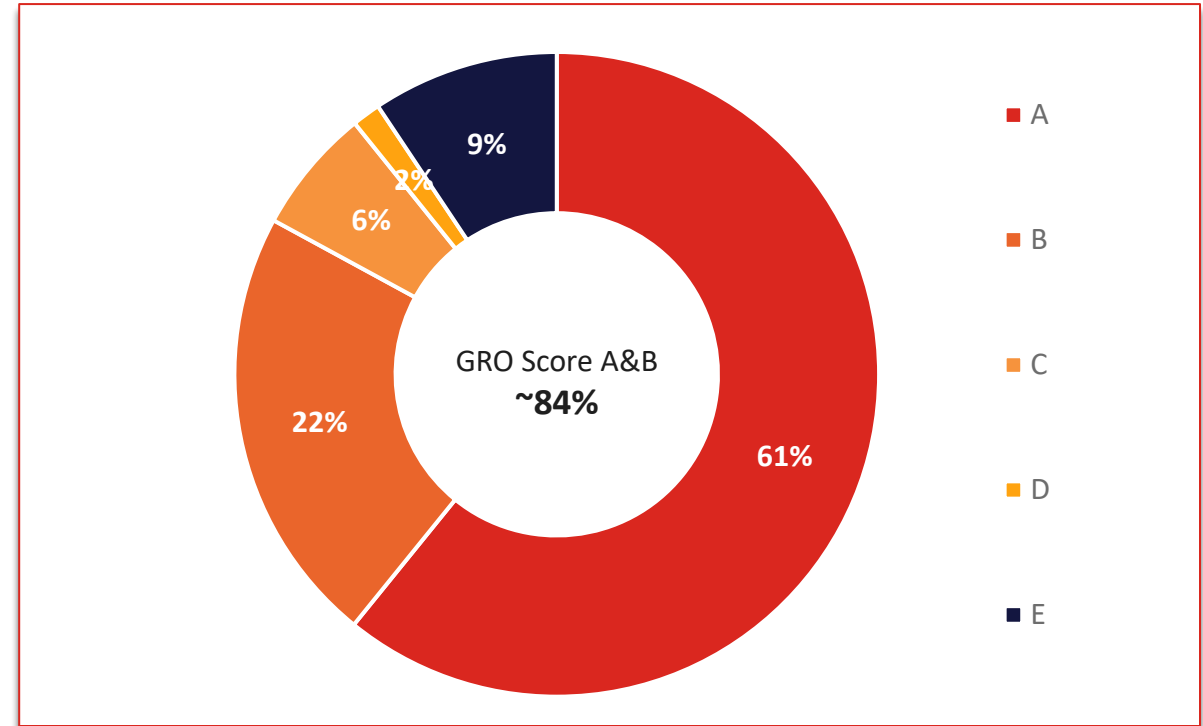
... and decide whether to disburse or not disburse the loan within 60 minutes.

GRO Score – Risk Bands Stacking up on Historical Portfolio

Default rates across score bands – All customers assessed Since Inception



Score Band wise break up of recent disbursals (Jul 23 – Dec 23)



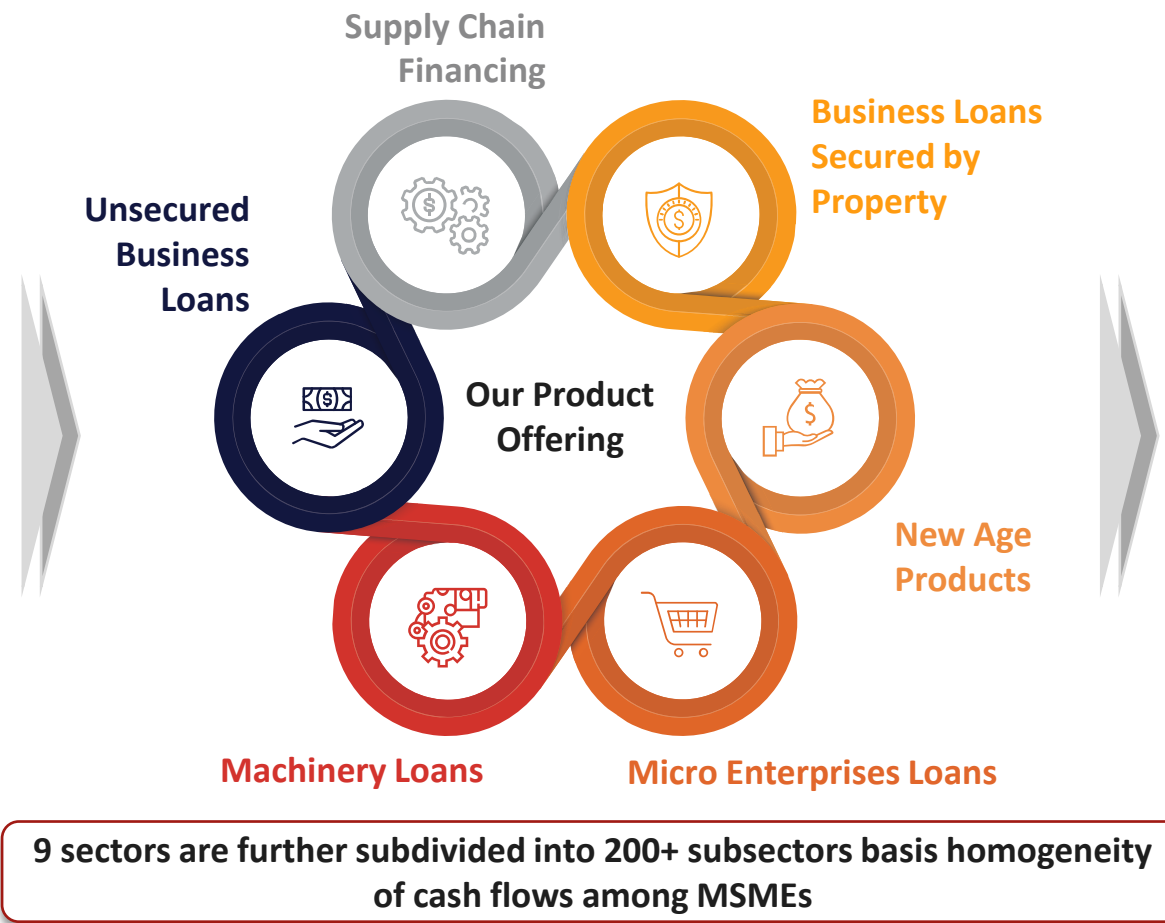
Segments A, B – contributing to majority share of disbursals and lever for calibrated increase of throughput

To that effect we have analysed both sets of data i.e. cases disbursed and rejected by UGRO. Performance across risk bands was observed to be stacking up for both sets of data

Explanation note : Scores are computed based on repayment track record of loan applicants and submitted bank statements. Default rate tracking is done based on quarter-end credit bureau data; “default” represents incidence of 90 dpd in any business purpose credit facility reported in bureau during a period of six months from the point of assessment at UGRO Capital

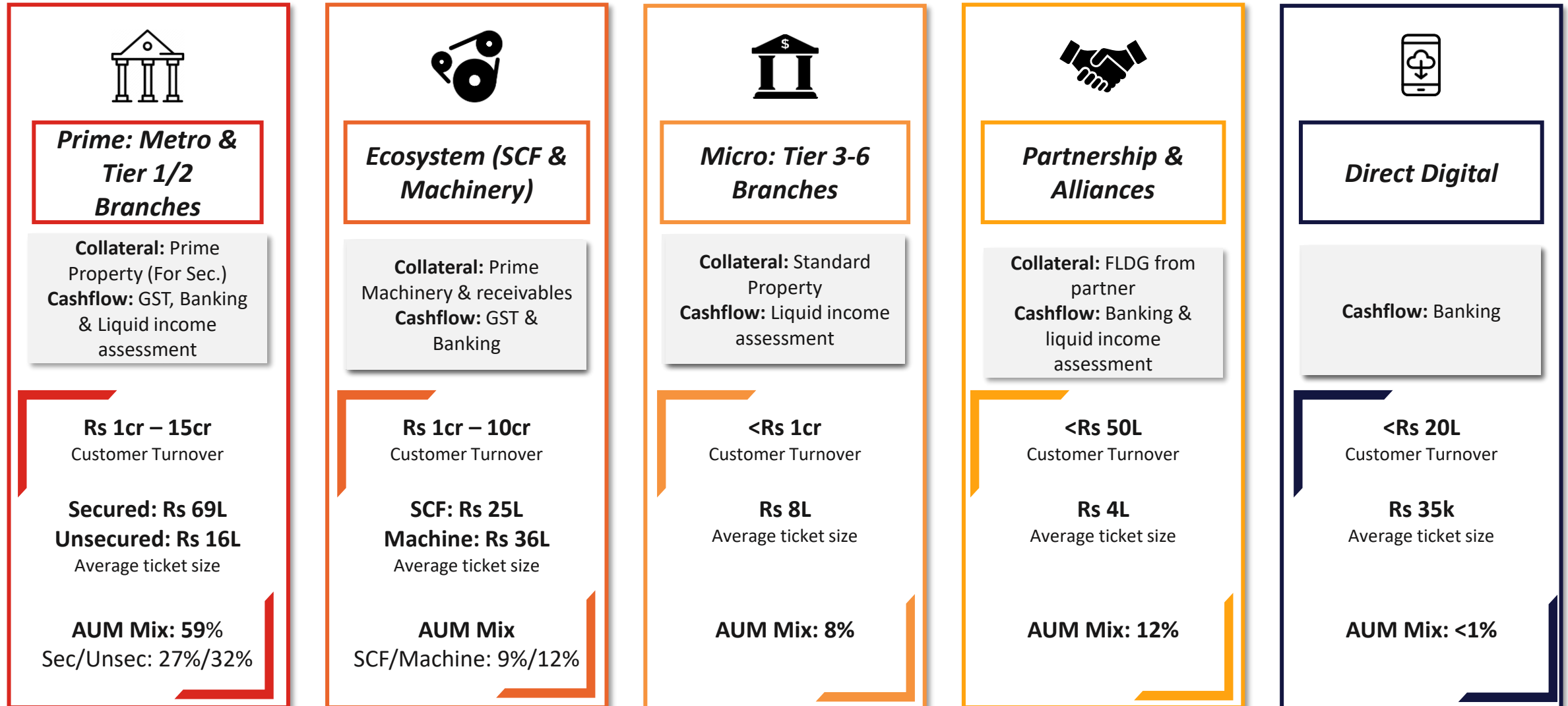
Sector Focused Approach, Multiple Products and Large Distribution Strength

	Hospitality
	Light Engineering
	Auto Components
	Chemicals
	Food Processing
	Education
	Healthcare
	Electrical Equipment & Components
	Micro Enterprises



	23 Prime Branches
	81 Micro Branches
	500+ GRO Partners
	70+ Anchors
	50 OEMs
	40+ Fintech Partners
	1100+ Sales Employees

Of our addressable market, we serve a diverse set of customers



Through our multi-pronged distribution channels



Branch-Led Channel – Catering through 100+ branches

- **Prime Loan Branches** : 23 branches with origination through intermediated channel
- **Micro Loan Branches** : 81 branches across 7 states, loans directly sourced by sales executives (FOS)

Product	Prime Loan Branches			Micro Loan Branches		
	Avg. Ticket	Yield %	Tenor	Avg. Ticket	Yield %	Tenor
Secured Biz. Loan	69L	13.8%	11 yrs	9L	20.5%	8 yrs
Biz. Loan	16L	19.6%	3 yrs	3L	25.2%	3 yrs



Eco-System Channel - Catering through Anchors and OEM partners

- **Supply Chain Financing** : Anchor and its ecosystem financing of Supply Chain
- **Machinery Finance** : Secured loans to machine buyers with a charge on machines

Product	Avg. Ticket	Yield %	Tenor
Machinery Finance	36L	13.4%	4 yrs
Supply Chain Finance	25L	13.6% (Net)	0.24 yrs



Partnership & Alliances Channel - Catering through Fintech Partners

- **Joint lending partnerships** with NBFCs/Fintech (downstream).
- These partners originate loans and provide 5% - 15% FLDG cover

Product	Avg. Ticket	Yield %	Tenor
Secured/Unsecured Loans	4L	14.8% (Net)	4 yrs



Direct Digital Channel – D2C 100% Digital sourcing

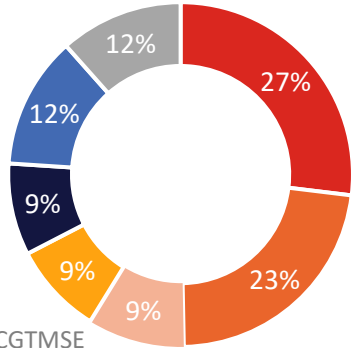
- On tap merchant financing through mobile application
- Ability to dispense credit through UPI and other forms of payment



Product	Avg. Ticket	Yield %	Tenor
Unsecured Merchant Financing	35K	27%	1 yr

Resulting in a well diversified, granular and stable portfolio quality

Product Mix (AUM)



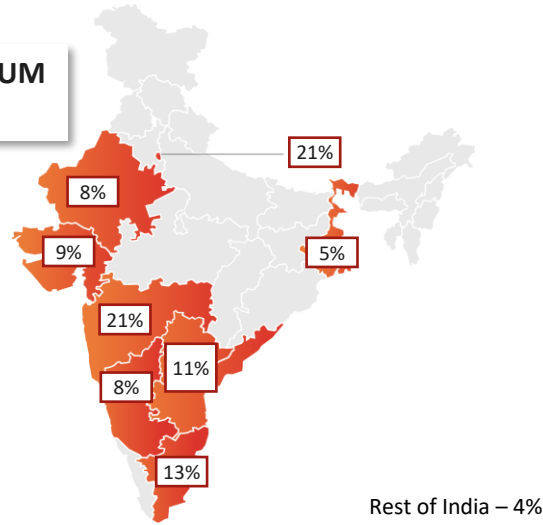
Guaranteed by CGTMSE

- Prime - Secured Loans
- Prime - Unsecured Loans
- Micro Enterprise Loan
- Supply Chain Financing
- Machinery Loan
- Partnerships & Alliances

Product category	AUM (Cr)	ROI (%)	Ticket size (Lakh)
Prime - Secured Loans	2,252	13.8%	69
Prime - Unsecured Loans	2,664	19.6%	16
Micro Enterprise Loan	721	20.8%	8
Supply Chain Financing	722	13.6%	25
Machinery Loan	1,037	13.4%	36
Partnerships & Alliances	967	14.8%	4
Grand Total	8,364	16.3%	16

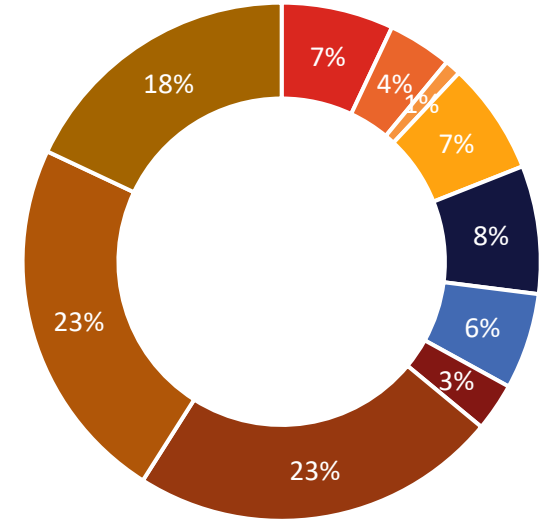
Portfolio Concentration in key geographical areas

State wise AUM coverage*



State wise branches	Micro	Prime	Total
Tamil Nadu	20	1	21
Rajasthan	15	2	17
Gujarat	15	1	16
Karnataka	15	1	16
Telangana	10	1	11
Maharashtra		6	6
West Bengal		4	4
Andhra Pradesh	2	2	4
Other States	4	5	9
Total	81	23	104

Sector Mix*



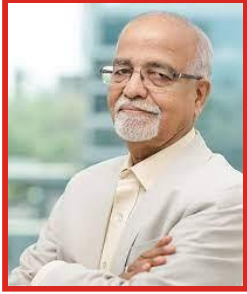
- Auto Components
- Chemicals
- Education
- Electrical Equipment
- Food Processing
- HealthCare
- Hospitality
- Light Engineering
- Micro Enterprises
- Other MSME

* Includes Prime – Secured Loans, Prime – Unsecured Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending



Board, Management and Shareholding

Independently Supervised : Eminent Board of Directors



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



**S. Karuppasamy -
Independent Director**
Ex-Executive Director, RBI



**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 -
Independent Director**
Ex-Whole Time Member, SEBI



**Tabassum Inamdar
Independent Director**
Ex Goldman Sachs, UBS
Securities, Kotak Securities



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



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



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



**Deepa Hingorani
(IFU Nominee)**
Senior VP at IFU

Legend: Independent Directors, Non-executive Directors

Professionally Managed : 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



**Kishore Lodha -
Chief Financial Officer**
20+ Years of Experience



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



**J Sathiyayan -
Chief Business Officer**
25+ Years of Experience



**Rajni Khurana -
Chief People Officer**
20+ Years of Experience



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



**Om Sharma-
Chief Operating Officer**
20+ Years of Experience

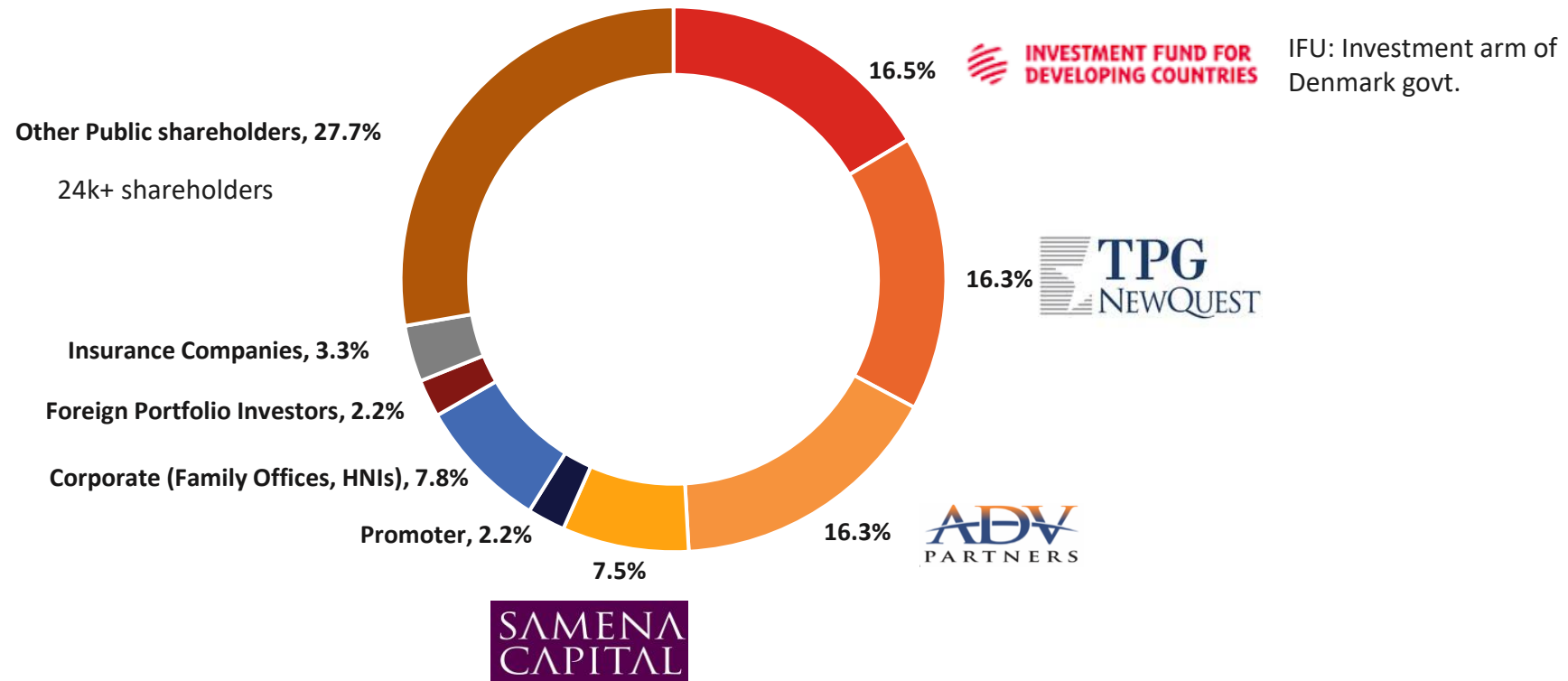


**Subrata Das -
Chief Innovation Officer**
17+ Years of Experience

Management to potentially own 7.7% equity stake on fully diluted basis; vesting conditions linked to share price performance (ranging between Rs 261-538) over next 3 years, thereby aligning management's goals towards company's performance and ultimately shareholder returns

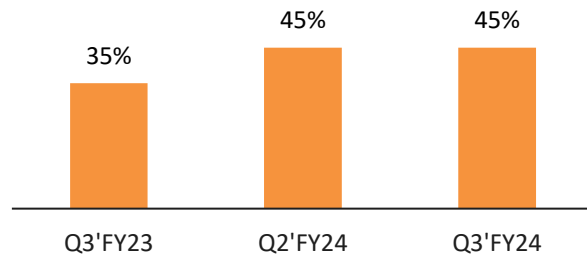
Institutionally Owned : Majority held by Institutional Investors

Shareholding Pattern

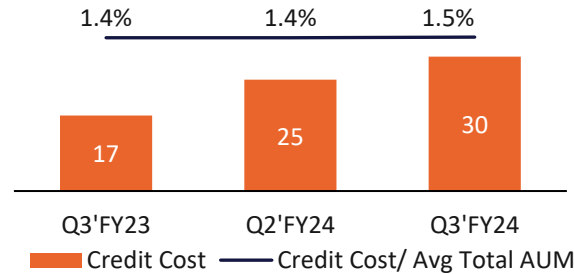


Business Metrics in line with long term goal

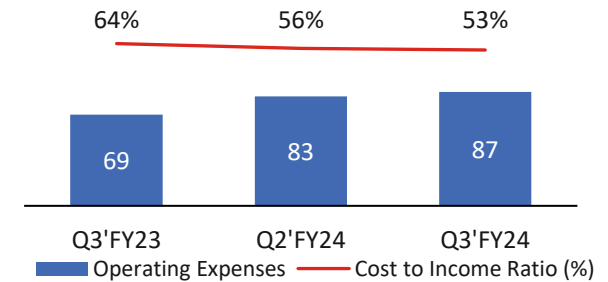
Off Book Aum Mix increasing YoY



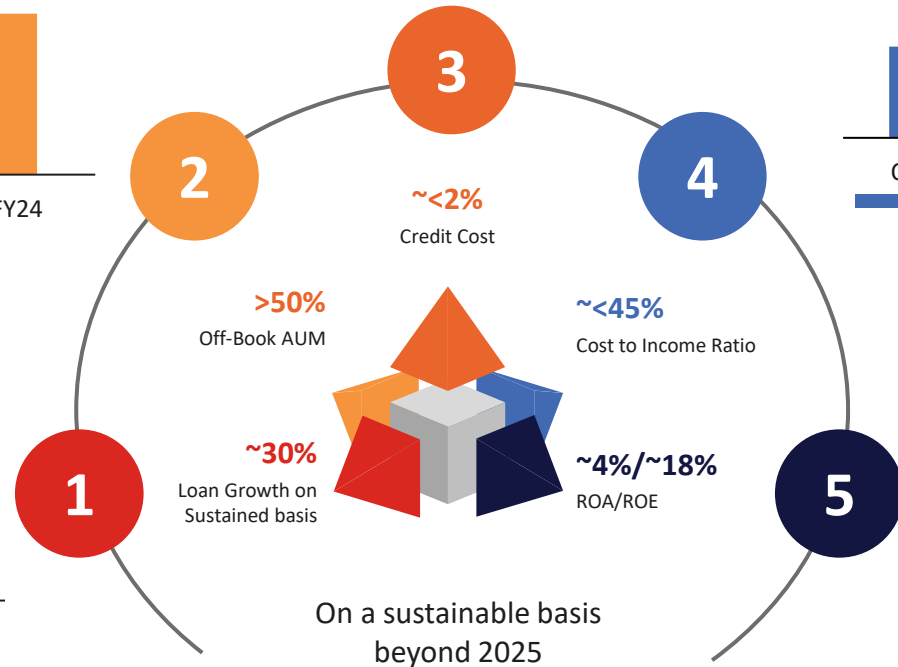
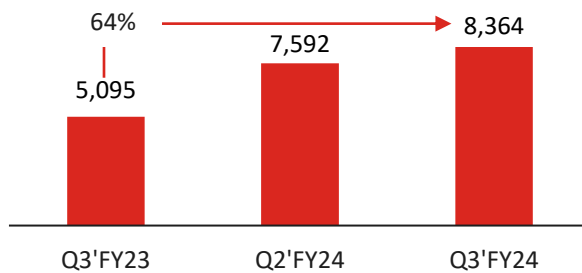
Credit Cost has been stable



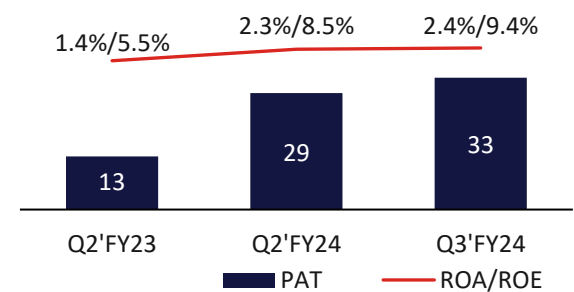
Cost To Income Ratio decreasing Y-o-Y



Strong AUM growth continues



Increasing ROA/ROE



Thank You