



UGRO Capital Limited Q1'FY24

EMPOWERING MSME ECOSYSTEM

NSE: UGROCAP | BSE: 511742

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

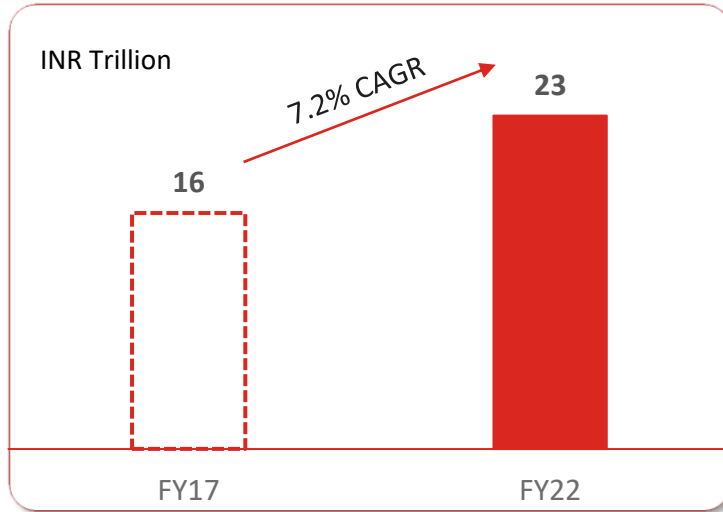
Explosion of Credit in MSME Segment: INR 85 Trn MSME Credit Gap Presents a large Market Opportunity

MSME credit has increased at a healthy pace..

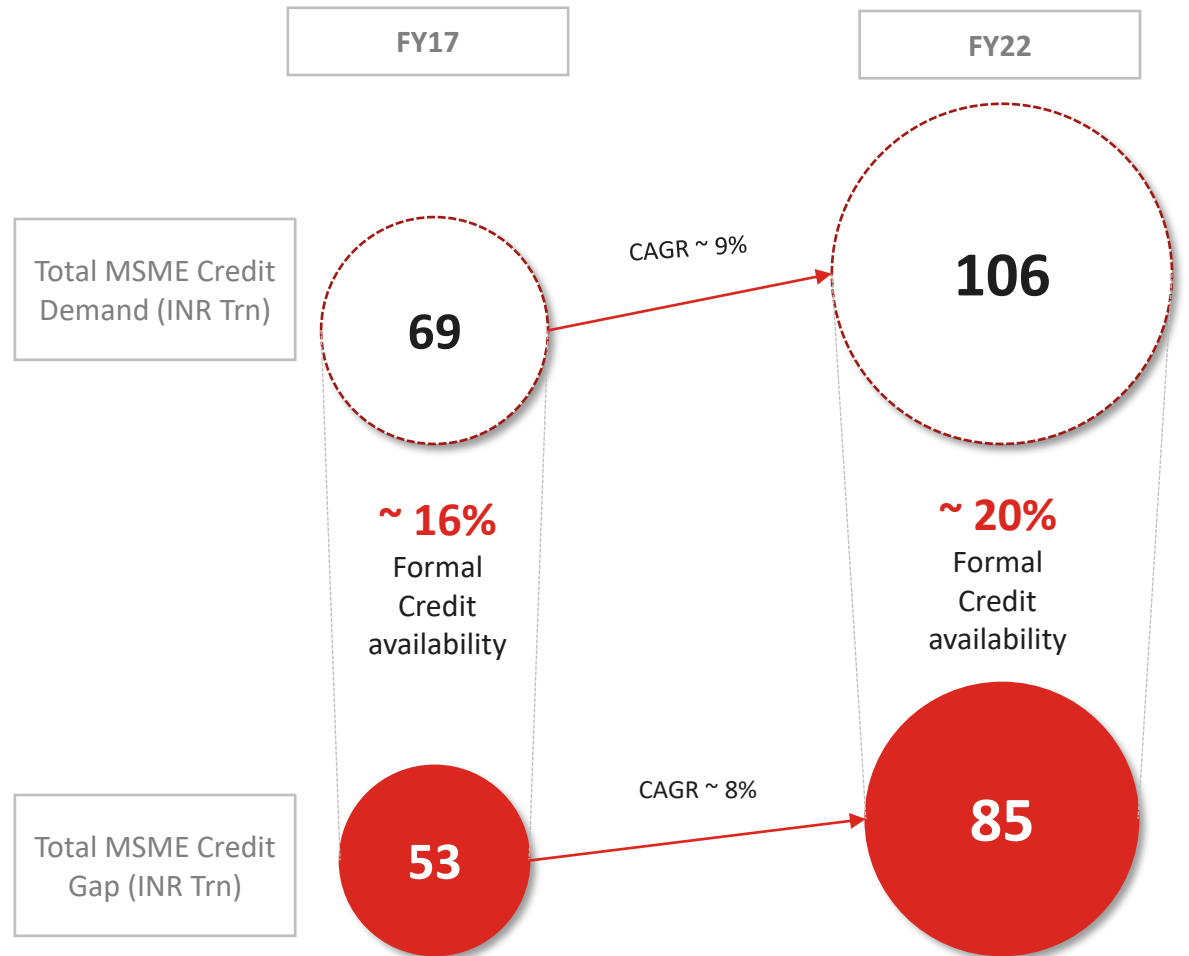
MSME Credit Expansion 2022-23
52,800 Cr

MSME Credit Expansion 2021-22
61,000 Cr

Source: SBI Research



...however, the overall MSME Credit Gap has also increased

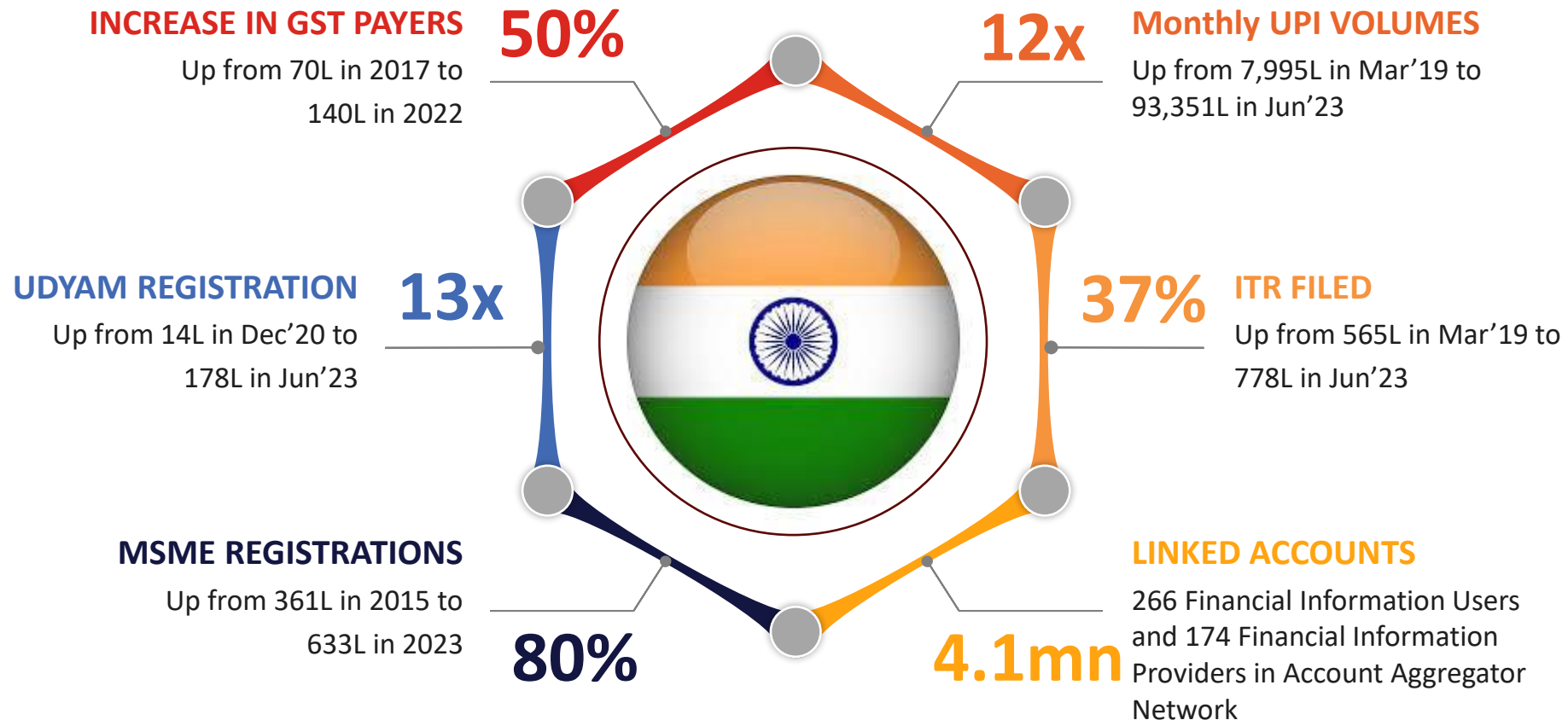


	Economy	Employment
~ 30%	GDP contribution	~ 110 Mn Employed by MSMEs
~ 38%P	GDP Contribution by 2025	~ 49 Mn Rural Employment
~ 45%	Contribution to total exports	~ 26 Mn Female Employment
~ 33%	Share in Manufacturing	2 nd Largest Employer

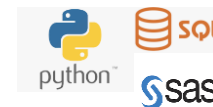
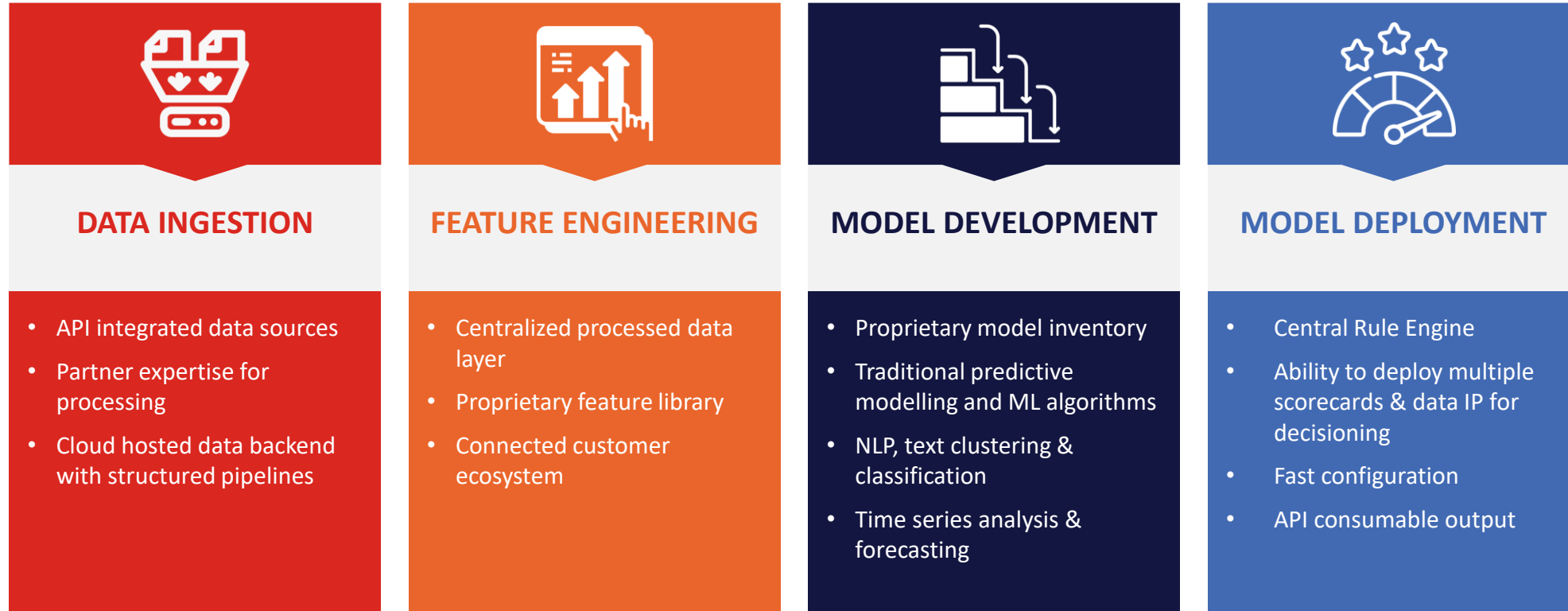
Add Text Here

India Data Repository : Supporting the Small Business Credit Revolution

Increasing MSME Data availability



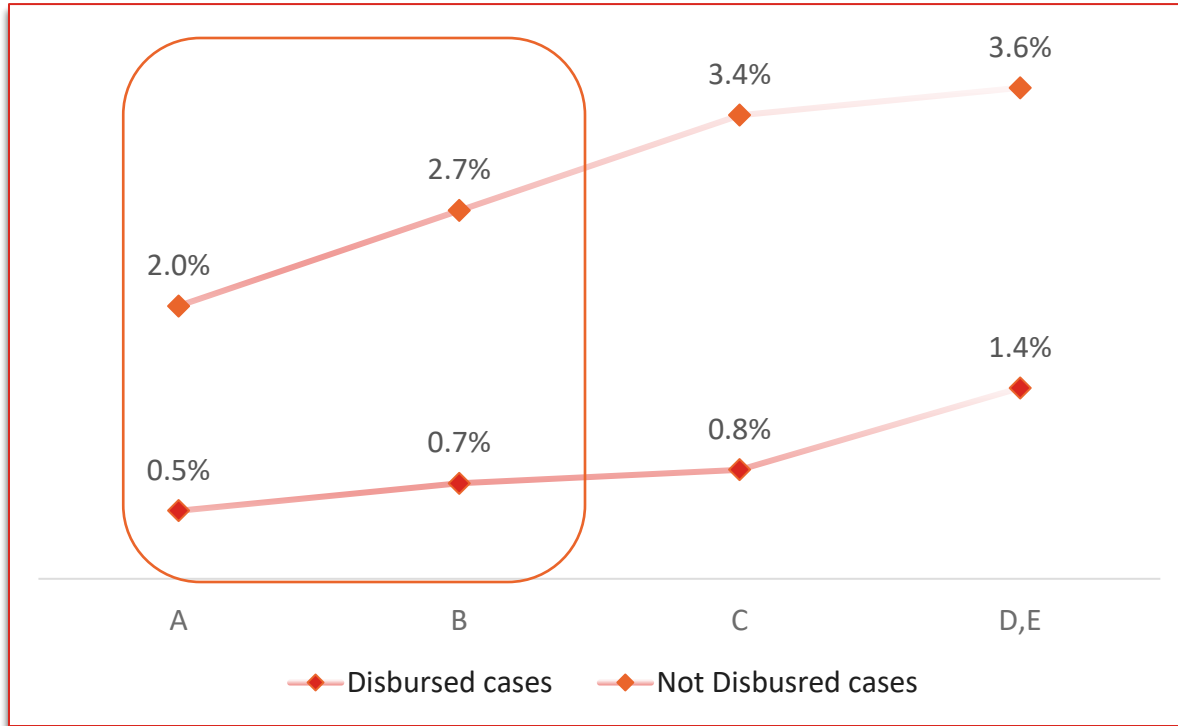
Machine learning: Robust IP development backed by fundamental capability and infrastructure



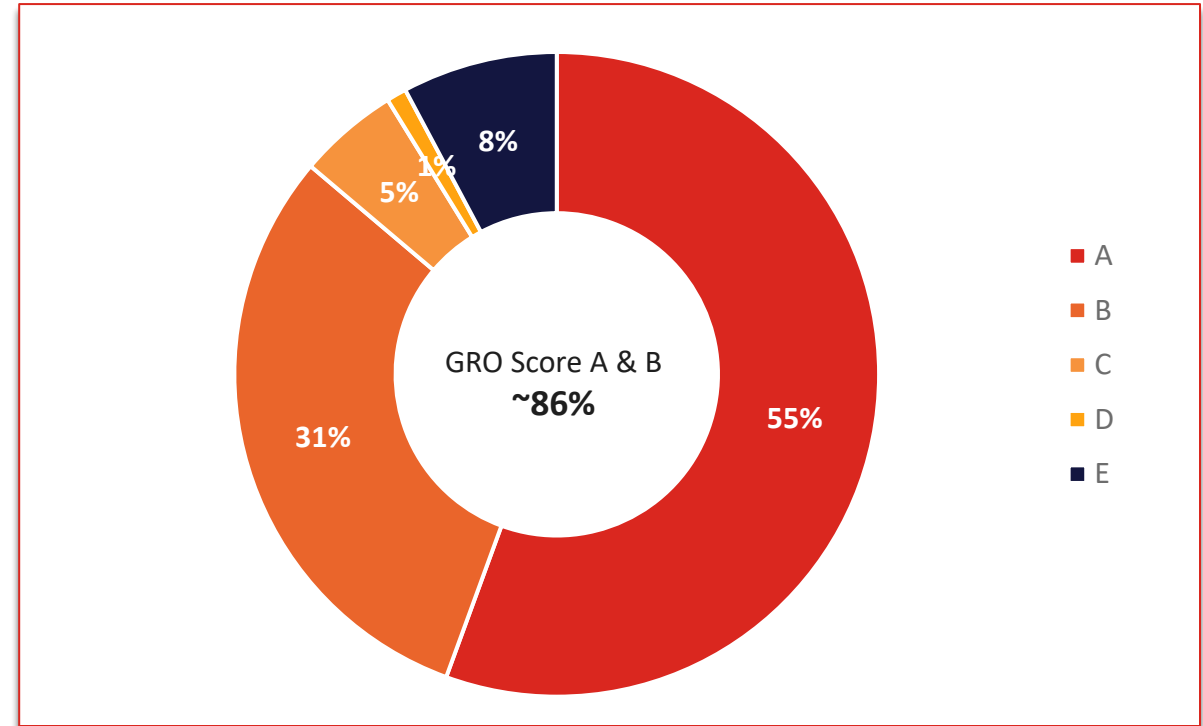
Check your GRO Score now : <https://www.ugrocapital.com/business-info>

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 22 – Dec 22)



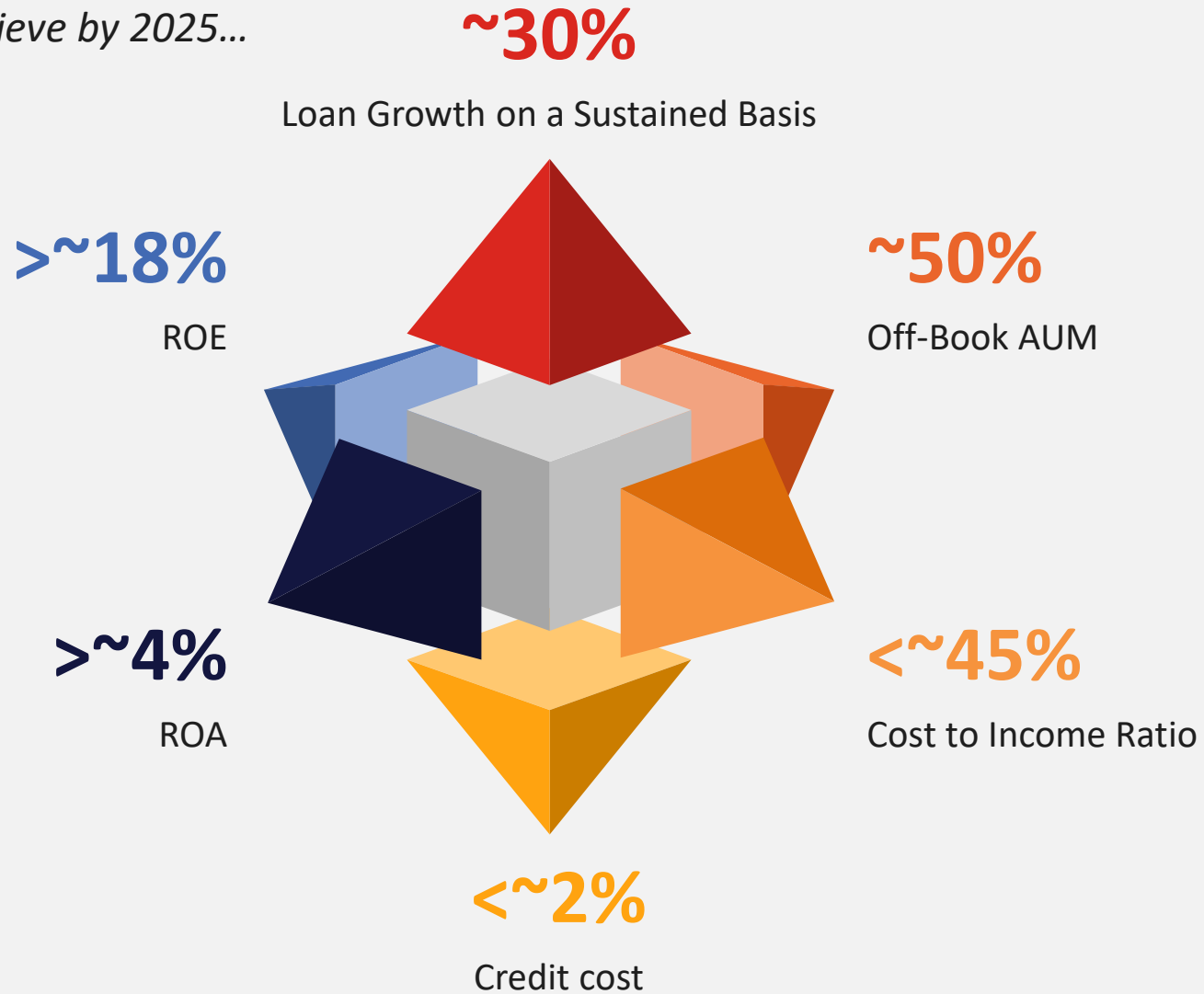
Segments A, B – contributing to majority share of disbursals and lever for calibrated increase of throughput

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

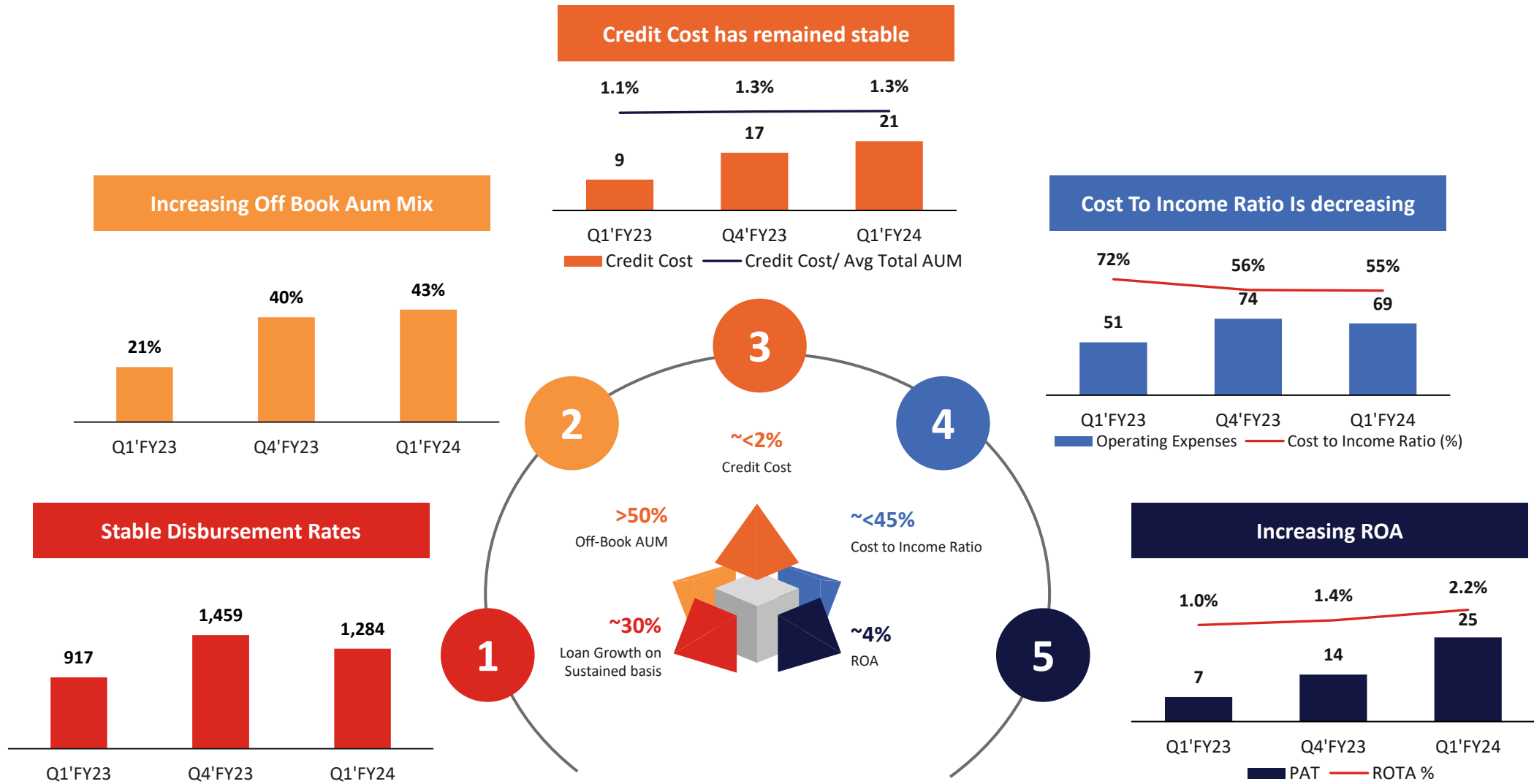
Explanation note : Scores are computed based on repayment track record of loan applicants and submitted bank statements. Default rate tracking is done based on quarter-end credit bureau data; “default” represents incidence of 90 dpd in any business purpose credit facility reported in bureau during a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

Our Data Tech, Machine Learning, LaaS and Diversified Distribution: *How it would benefit Shareholders*

We will achieve by 2025...



Business Metrics in line with long term goal



Performance Highlights for Q1'FY24

01 **Asset Growth**

AUM
As on Jun'23 : **6,777 Cr**
(+11% Q-o-Q)
(+85% Y-o-Y)

Gross Loans Originated
Q1'FY24 : **2,036 Cr**
(-12% Q-o-Q)
(+50% Y-o-Y)

Portfolio yield
As on Jun'23: **17.3%**

02 **Profitability**

Net Total Income
Q1'FY24 : **125.6 Cr**
(-1% Q-o-Q)
(+82% Y-o-Y)

PPOP
Q1'FY24 : **56.6 Cr**
(+11% Q-o-Q)
(+187% Y-o-Y)

Pre-tax Profit
Q1'FY24 : **35.6 Cr**
(+6% Q-o-Q)
(+243% Y-o-Y)

03 **Asset Quality**

GNPA
As on Jun'23 : **1.8%**
(+20 bps Q-o-Q)
(+10 bps Y-o-Y)

NNPA
As on Jun'23 : **1.0%**
(+10 bps Q-o-Q)
(-20 bps Y-o-Y)

Collection efficiency *
For Jun'23 : **96.8%**
(-80 bps Q-o-Q)
(-10 bps Y-o-Y)

04 **Liability & Co - lending**

Borrowings
As on Jun'23 : **3,342 Cr**
(60+ lenders)

Lending as a service

- Partnership with **10** co - lenders / co - originators
- **2,929 Cr** off-book AUM
(+20% Q-o-Q)

Cost of Borrowings
As on Jun'23 : **10.66%**

* Total Collections (including overdue) / Current month demand

Performance Highlights for Q1'FY24

	FY23	Q1'FY24	Q1'FY23	
AUM (INR Cr)	6,081	6,777	3,656	↑ 85%
Net Disbursement (INR Cr)*	4,641	1,284	917	↑ 40%
Off-book AUM	40%	43%	21%	↑ 105%
Net Total Income %	12.2%	12.5%	10.2%	↑ 22%
Cost to Income Ratio	62%	55%	71%	↓ 23%
Adj. ROTA	1.7% ¹	2.2%	1.0%	↑ 131%
Adj. ROE	6.2% ^{1,2}	8.7%	3.0%	↑ 187%
CRAR	20.2%	26.6%	27.9%	
Leverage	3.2x	2.5x	2.3x	

Annualized EPS on current rate
INR 11.34 per share
for Q1'FY24 Jun'23

Book Value per Share
INR 144.7
as on Jun'23

Price to Earning Ratio (P/E)
24.6x
as on Jun'23
* Price as on 01 August 2023

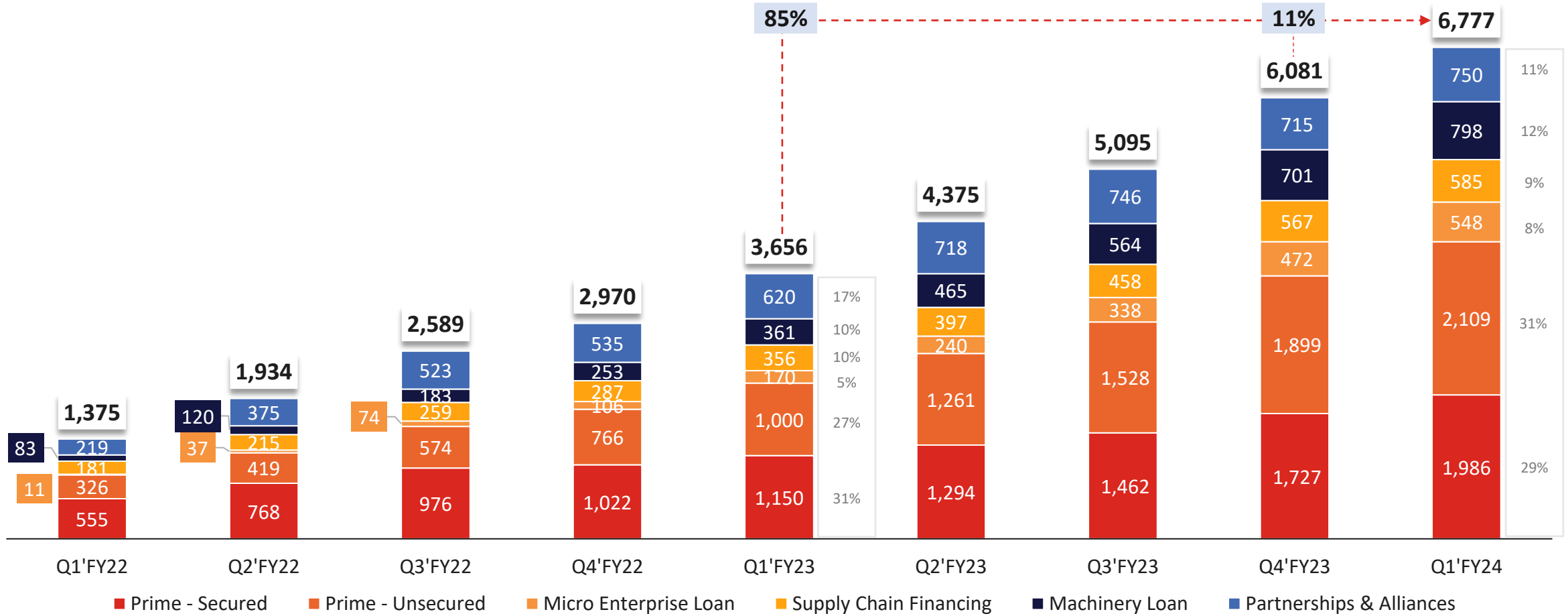
*Net Disbursement = Gross Disbursements – Repayment received in Supply Chain Financing during the period | [§]On Average Gross on-books AUM

¹Post factoring impact of deferred tax reversal (~INR 20.6 Cr) adjusted PAT of INR 60.4 Cr, for FY23

AUM Trend (Product wise Q-o-Q)

Amount in INR Cr

AUM increased to INR 6,777 Cr as on Jun'23 from INR 6,081 Cr as on Mar'23 (+11%) and INR 3,656 Cr as on Jun'22 (+85%).

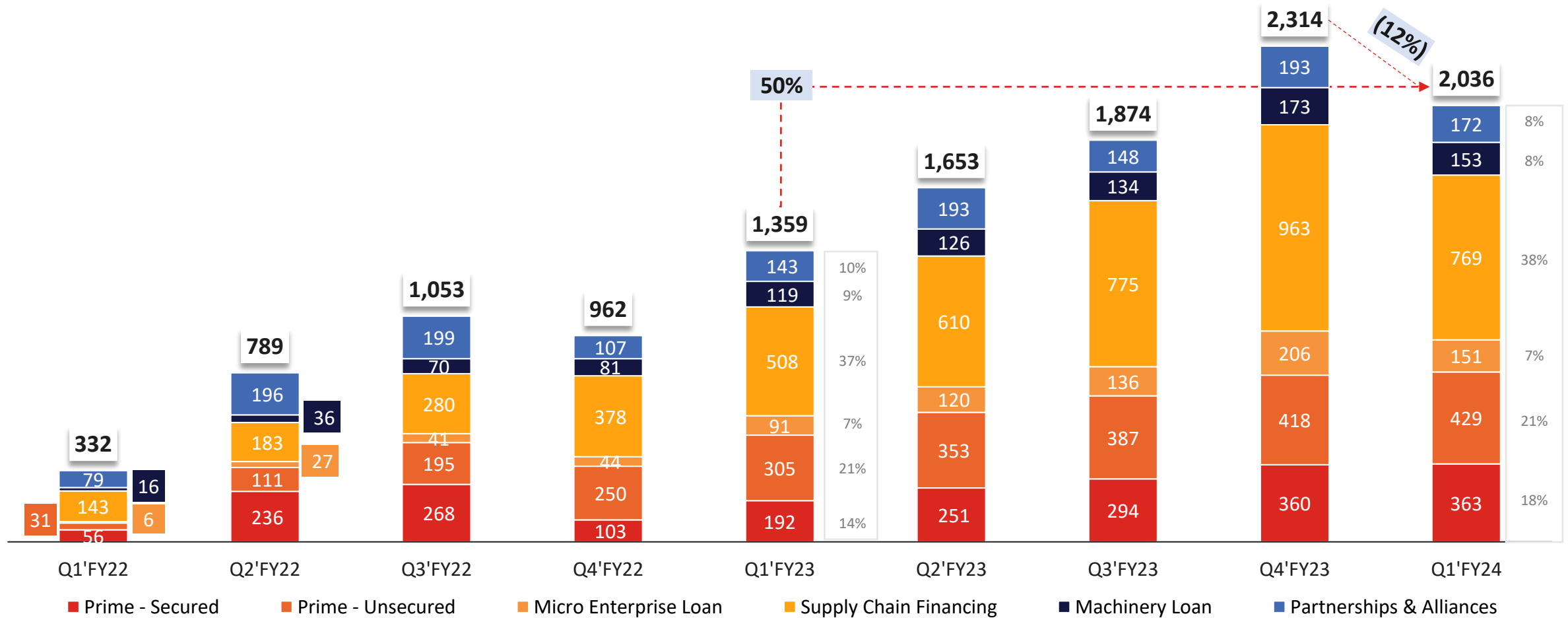


*Percentages represent product wise portfolio mix

Gross Loan Origination (Product wise Q-o-Q)

Amount in INR Cr

Gross loans originated increased to INR 2,036 Cr in Q1'FY24 from INR 1,359 Cr in Q1'FY23 (+50%).

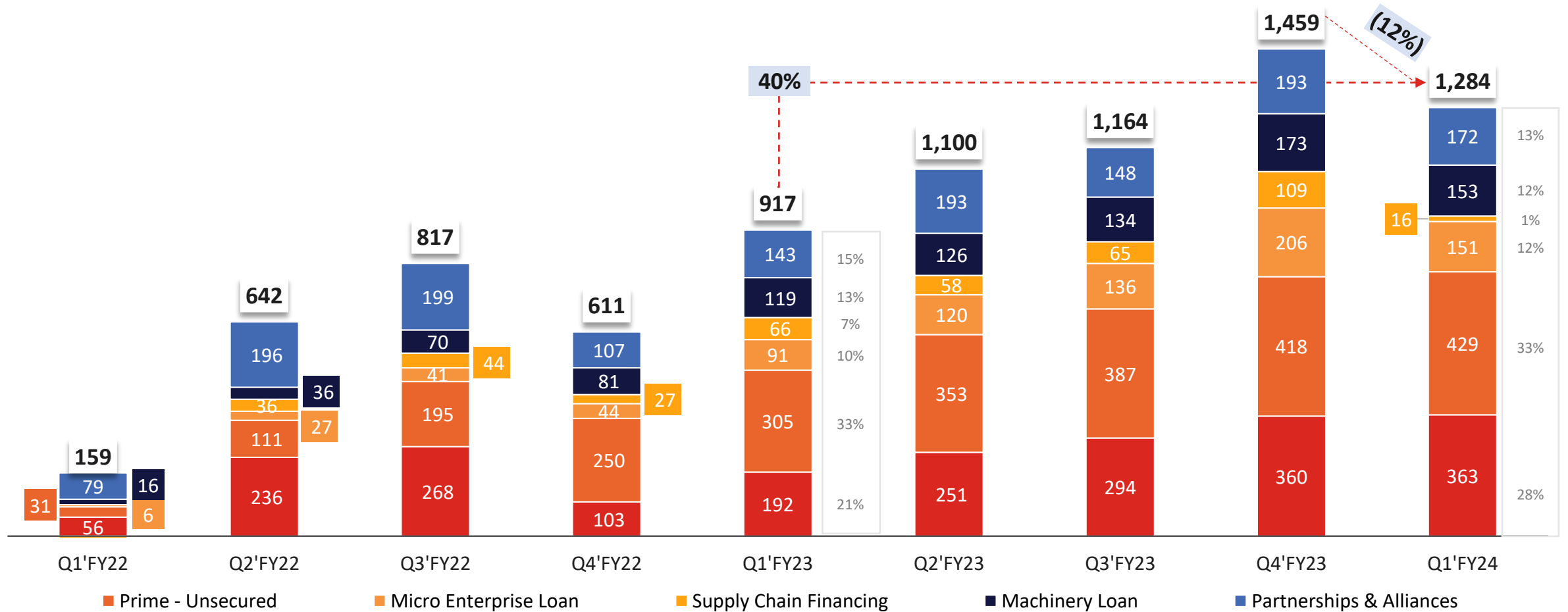


*Percentages represent product wise portfolio mix

Net Loan Origination (Product wise Q-o-Q)

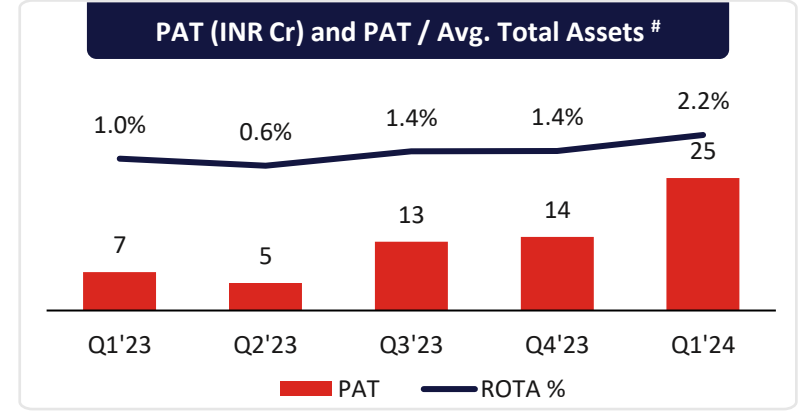
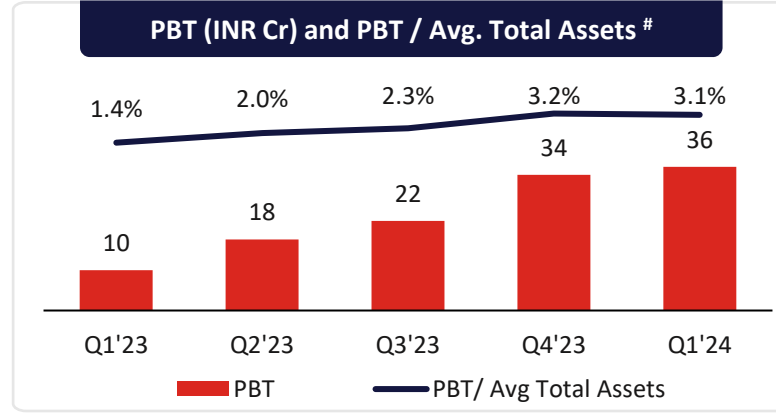
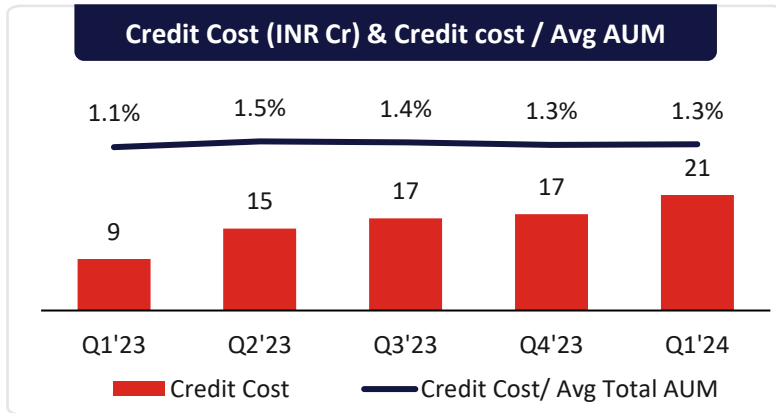
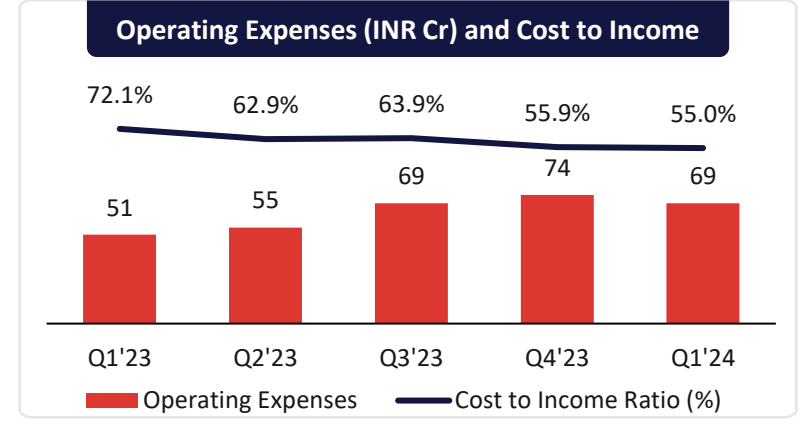
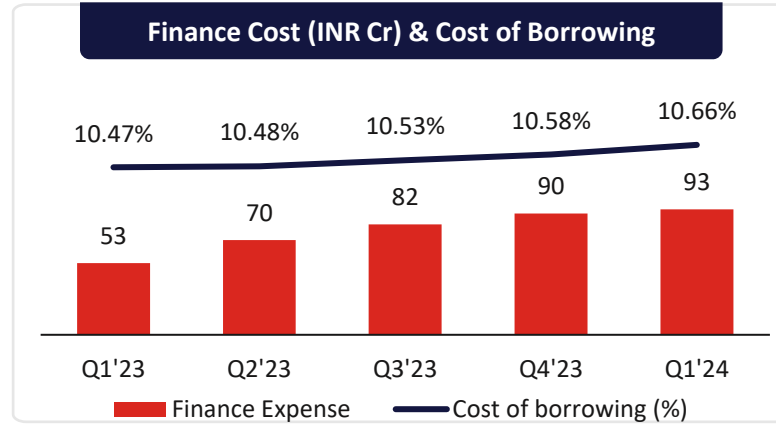
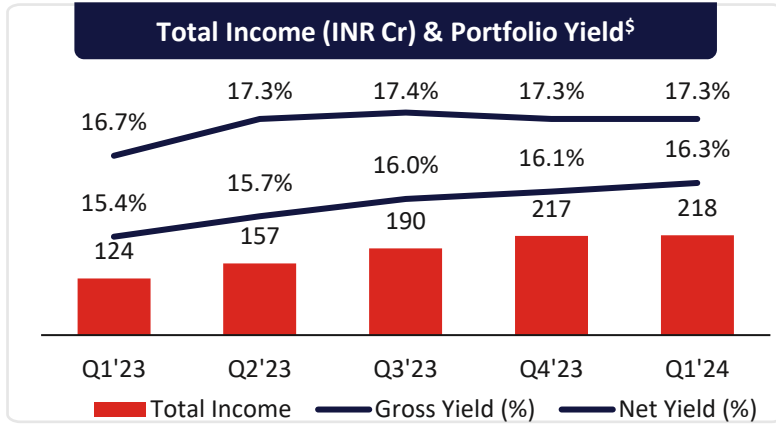
Amount in INR Cr

Net loans originated increased to INR 1,284 Cr in Q1'FY24 from INR 917 Cr in Q1'FY23 (+40%).



*Percentages represent product wise portfolio mix

Operating & Financial Metrics



1,337
Net Worth

6,777
AUM

43%
Off book %

3,342 / 2.5x
Total Debt / Leverage

1.8% / 1.0%
GNPA / NNPA (Total AUM)

98/1,900+
Branch/ Employees¹

53,000+
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

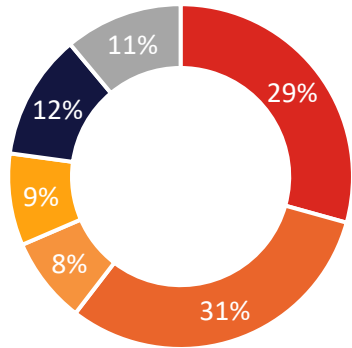
¹ Employees include on-roll employees and dedicated off-roll employees



Portfolio Performance

Well Diversified and Granular Portfolio

Product Mix (AUM)

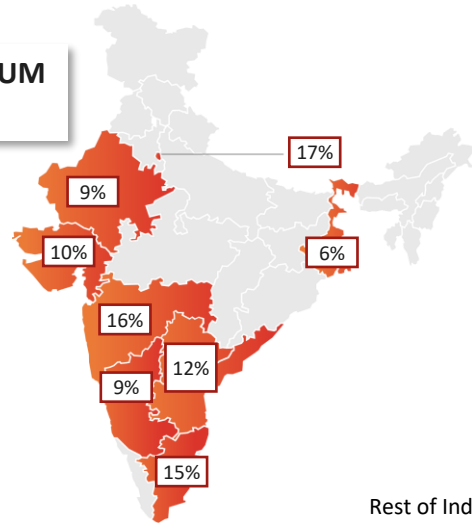


- Prime - Secured Loans
- Prime - Unsecured Loans
- Micro Enterprise Loan
- Supply Chain Financing
- Machinery Loan
- Partnerships & Alliances

Product category	AUM (Cr)	ROI (%)	Ticket size (Lakh)
Prime - Secured Loans	1,986	13.7%	75
Prime - Unsecured Loans	2,109	19.6%	17
Micro Enterprise Loan	548	21.1%	9
Supply Chain Financing	585	15.0%	103
Machinery Loan	798	13.4%	35
Partnerships & Alliances	750	23.6%	5
Grand Total	6,777	17.3%	18

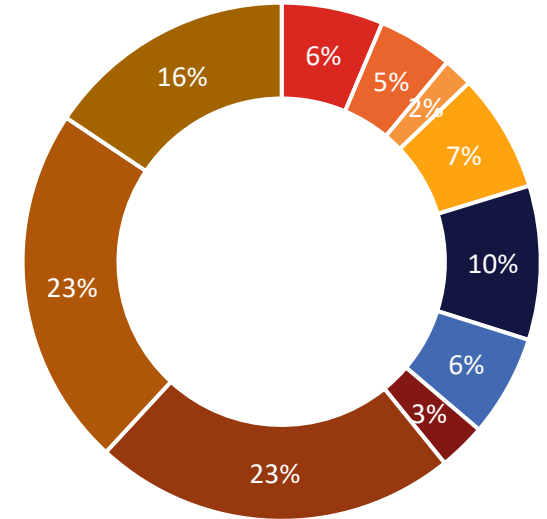
Portfolio Concentration in key geographical areas

State wise AUM coverage¹



State wise branches	Micro	Prime	Total
Tamil Nadu	19	1	20
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
Others States	1	5	6
Total	75	23	98

Sector Mix*



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

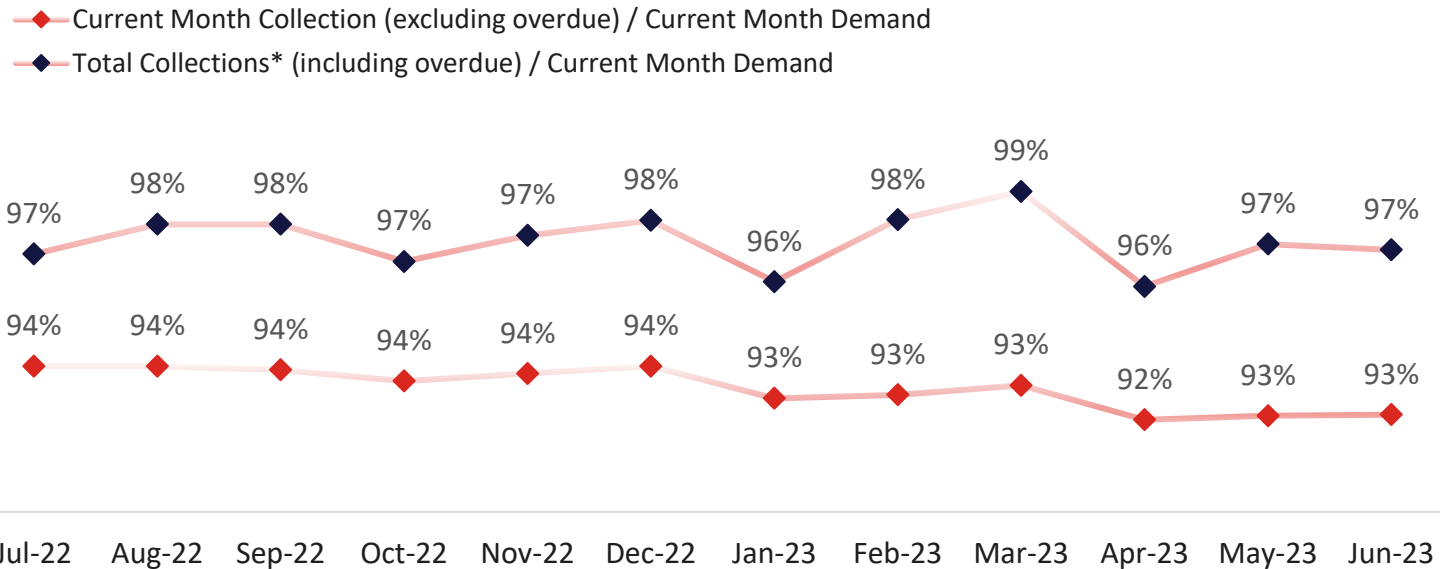
* Includes Prime – Secured Loans, Prime – Unsecured Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending

¹ Includes Prime – Secured Loans, Prime – Unsecured Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending

^ Includes allied subsectors of our core sectors

Collection Efficiencies, Portfolio provisioning (1/2)

Current Month and Overall Collection Efficiency remains robust



Key highlights:

- **GNPA / NNPA as a % of Total AUM stood at 1.8% / 1.0% as of Jun'23**
- **Stage 3 provisioning coverage stood at ~48% (on-book AUM)**
- Total Restructured portfolio stood at 0.8% of Total AUM
- Total provisions as of Jun'23 stood at ~ ₹94.1 Cr (1.4% of Total AUM)

*Excluding foreclosures

ECL Data (Jun'23)

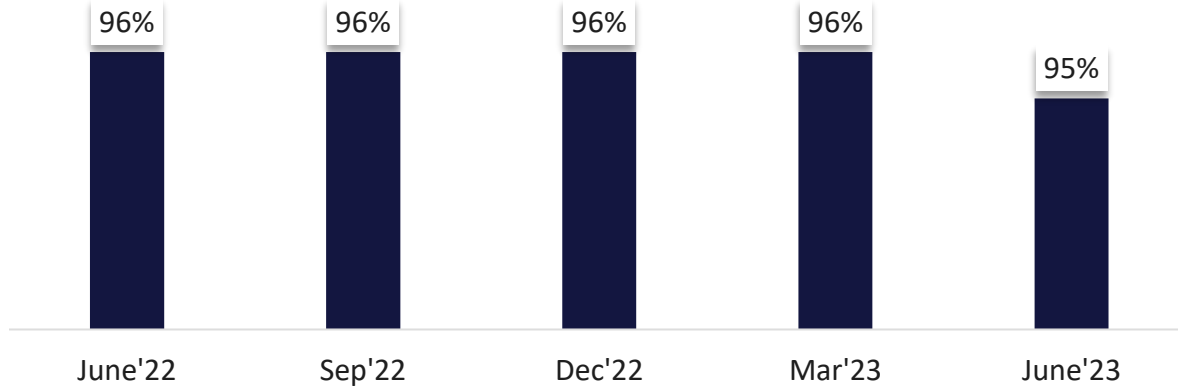
(In Cr)	Loan Exposure	Loan Exposure (%)
Stage 1	6,431	95%
Stage 2	224	3%
Stage 3	121	2%
Total	6,777	100.0%

Product wise GNPA

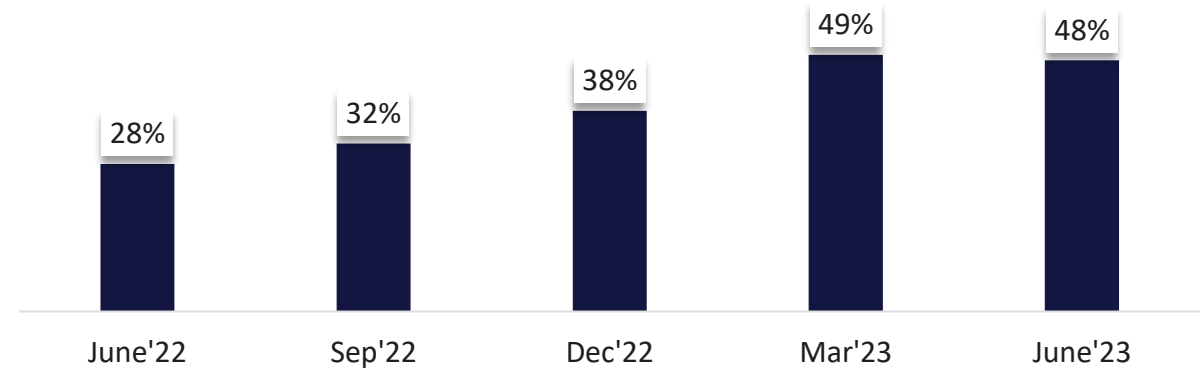
Product Category	AUM (INR Cr)	GNPA(%)
Prime - Secured Loans	1,986	1.2%
Prime - Unsecured Loans	2,109	3.0%
Micro Enterprise Loan	548	1.1%
Supply Chain Financing	585	2.6%
Machinery Loan	798	0.6%
Partnerships & Alliances	750	0.0%
Grand Total	6,777	1.8%

Collection Efficiencies, Portfolio provisioning (2/2)

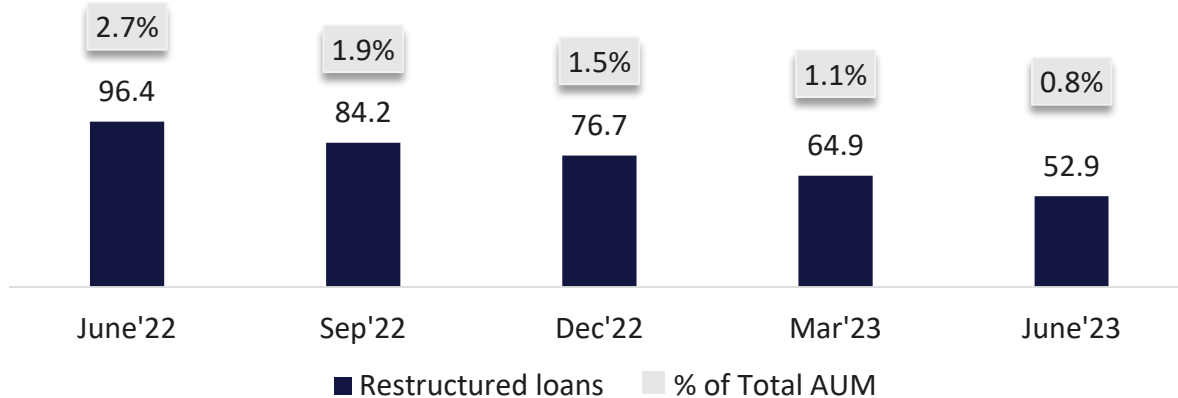
Stage 1 has remained stable over last 5 quarters



Provision Coverage Ratio



Restructured Loans (standard portfolio)



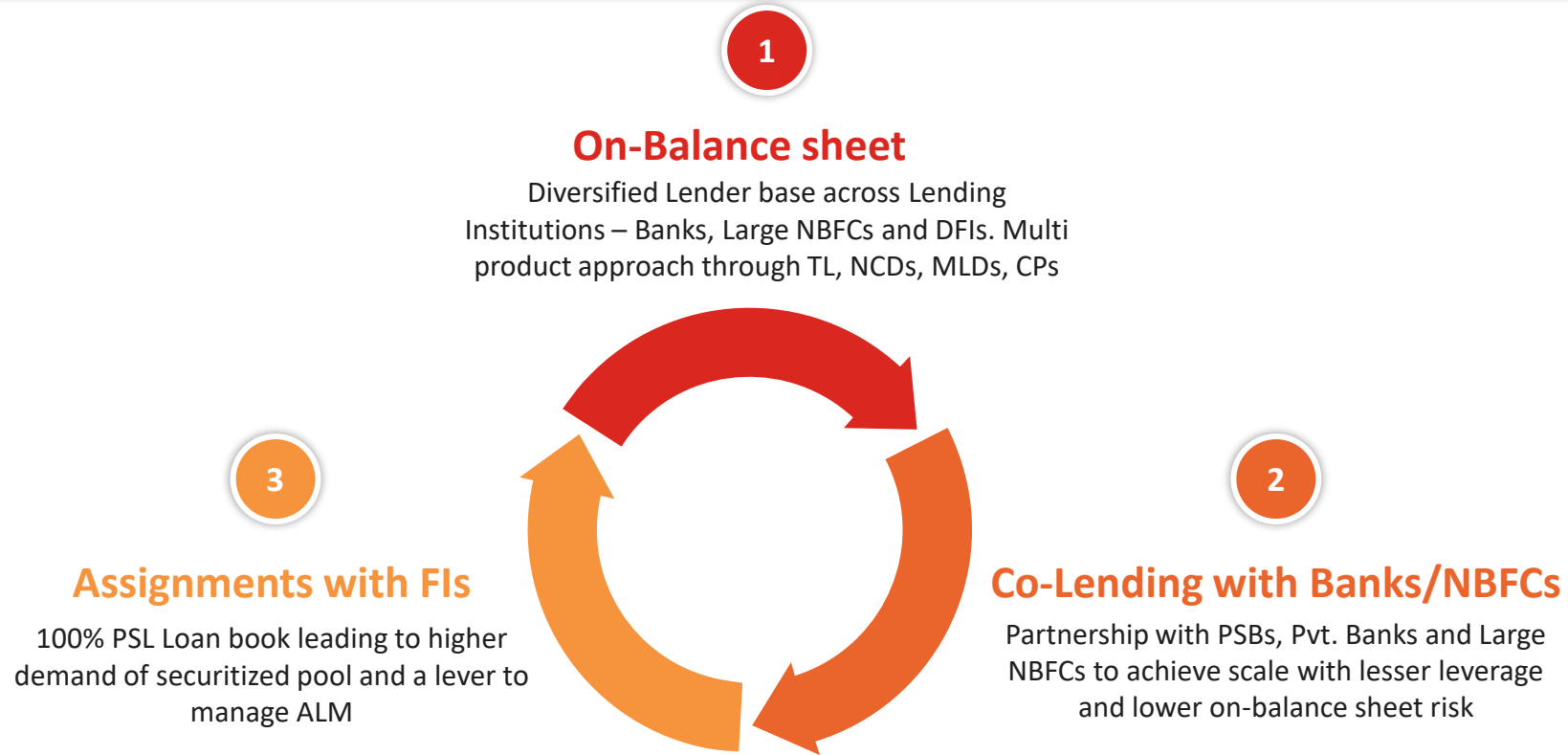
- Stage 1 assets have been around ~95% over past 4 quarters
- Restructured loans have decreased from INR 96.4 Cr (2.7% of Total AUM) as on Jun'22 to INR 52.9 Cr (0.8% of Total AUM) as on Jun'23.
- Stage 3 PCR has improved from 28% as on Jun'22 to 48% as on Jun'23



Liability Update

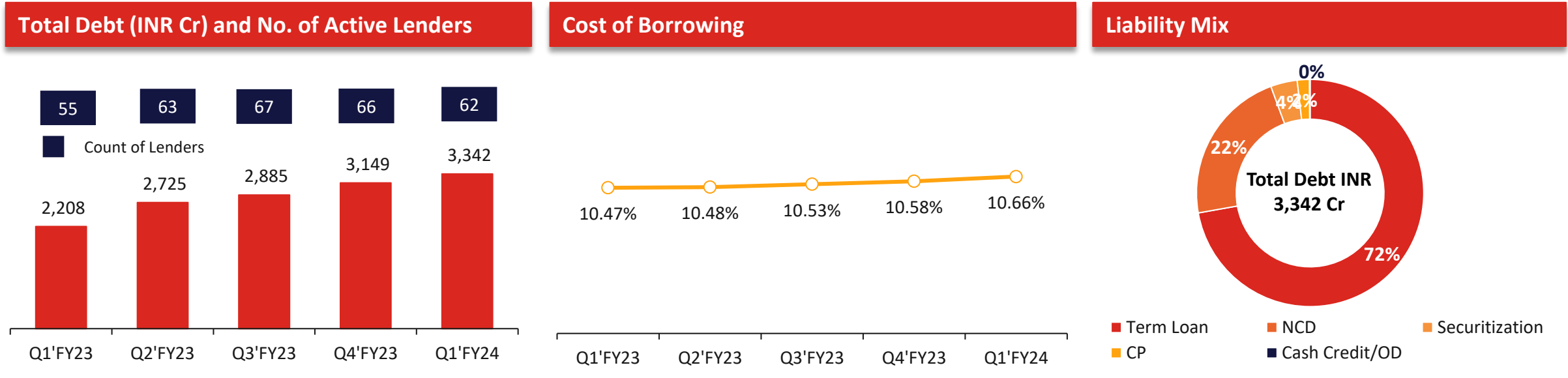
Tri-pronged liability strategy – on-balance sheet, co-lending and assignment

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

Diversified Lender base and continued build-out of liability book

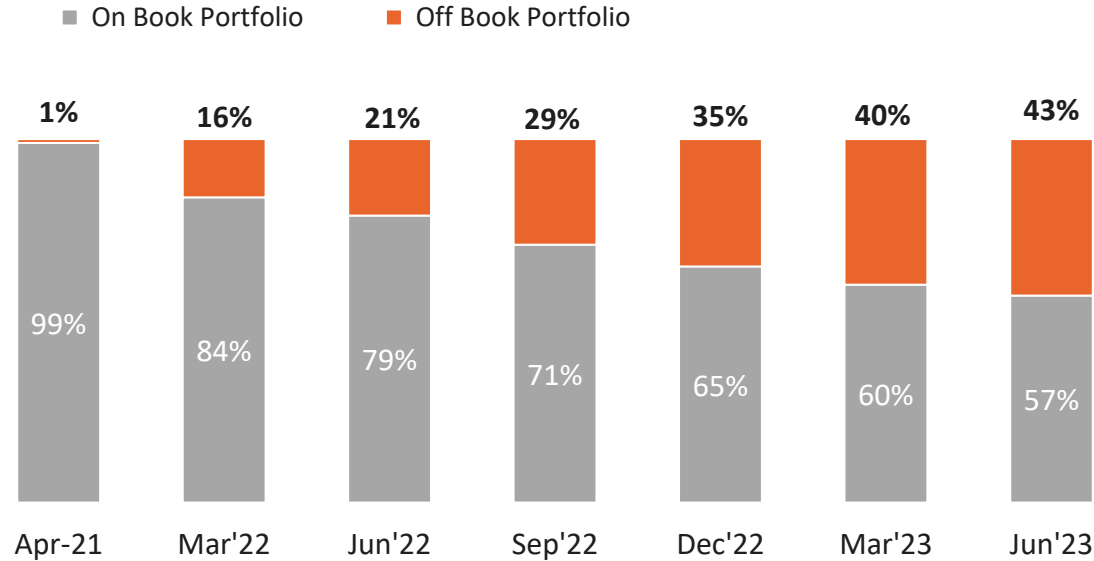


Our liability sanctions have been raised from a diverse set of lenders

Public Sector Banks	Private Sector Banks	Other Institutions	DFI	SFBs and NBFCs

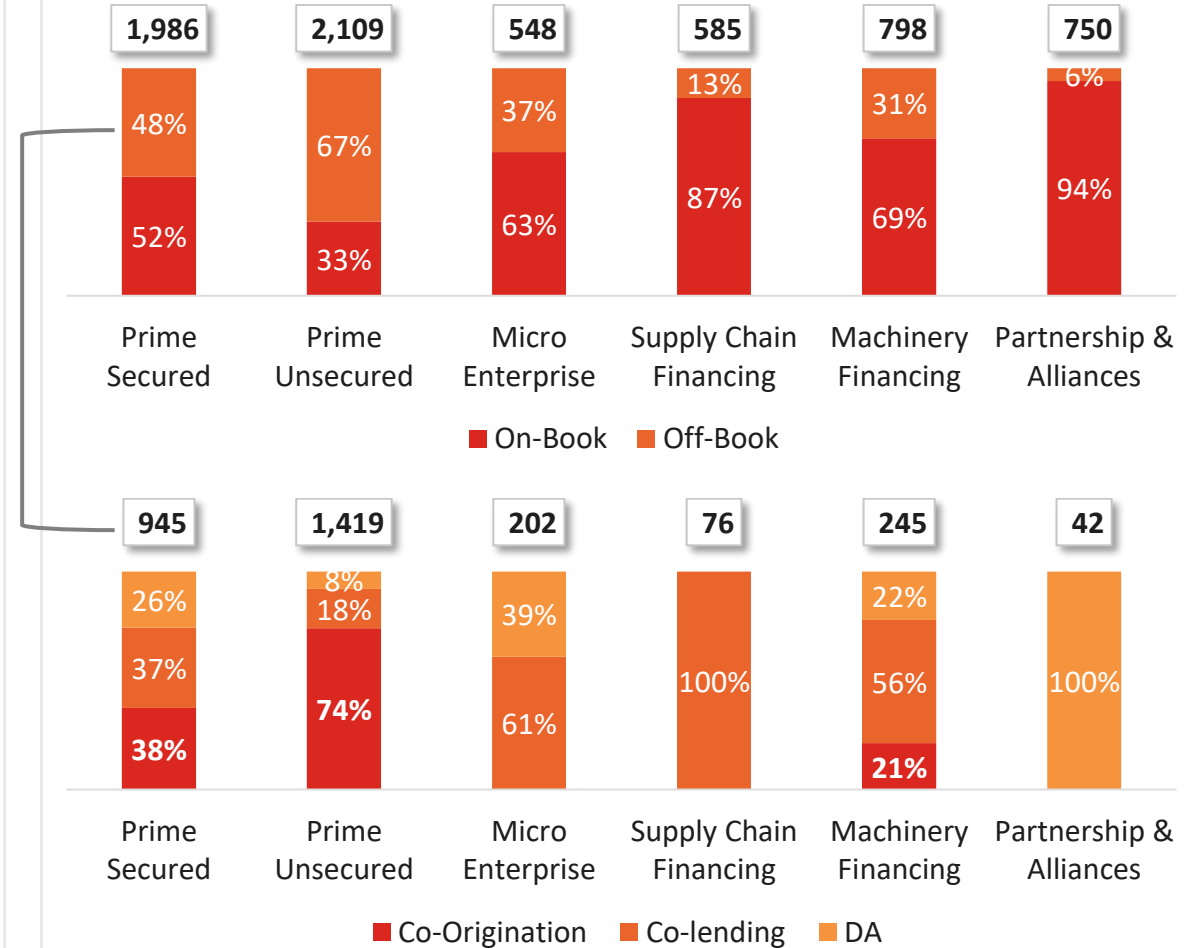
Lending as a Service (L-a-a-S) platform

Increasing Mix of off - Book AUM



	Apr'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23
Off Book AUM	11	478	782	1,272	1,775	2,442	2,929
Co-Origination	-	144	304	619	915	1,181	1,457
Co-lending	-	101	215	332	505	773	943
DA	11	233	263	322	355	488	530

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



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



Operating and Financial Performance

Finance | Income Statement

Income Statement (₹ Cr)	Q1'FY24	Q4'FY23	Q-o-Q	Q1'FY23	Y-o-Y
Interest Income	161.5	141.1	14%	93.0	74%
Income on Co-Lending / Direct Assignment	43.8	62.4	(30%)	20.5	114%
Other Income	13.0	13.7	(5%)	8.3	57%
Total Income	218.3	217.2	1%	121.7	79%
Interest Expenses	92.7	90.4	3%	52.8	76%
Net Total Income	125.6	126.8	(1%)	68.9	82%
Employee Cost	36.9	40.1	(8%)	29.2	27%
Other Expenses	32.2	35.5	(9%)	20.0	61%
PPOP	56.6	51.1	11%	19.7	187%
Credit Cost	20.9	17.5	20%	9.4	124%
PBT	35.6	33.7	6%	10.4	243%
Tax	10.4	19.6	(47%)	3.0	242%
PAT	25.2	14.0	80%	7.3	244%
Adj. PAT*	25.2	23.2	9%	7.3	244%
Return on Avg. Total Assets %	2.2%	2.2%		1.0%	
Adj. Return on Avg. Total Assets %	2.2%	1.4%		1.0%	

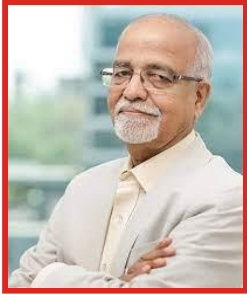
*Adjusted PAT = PAT without considering impact of deferred tax reversal of INR 9.2 Cr in Q4'23; Adj. PAT for Q4'23 is INR 23.2 Cr

Adj. Return on Avg. Total Assets % = Return on Avg. Total Assets calculated on Adj. PAT



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



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



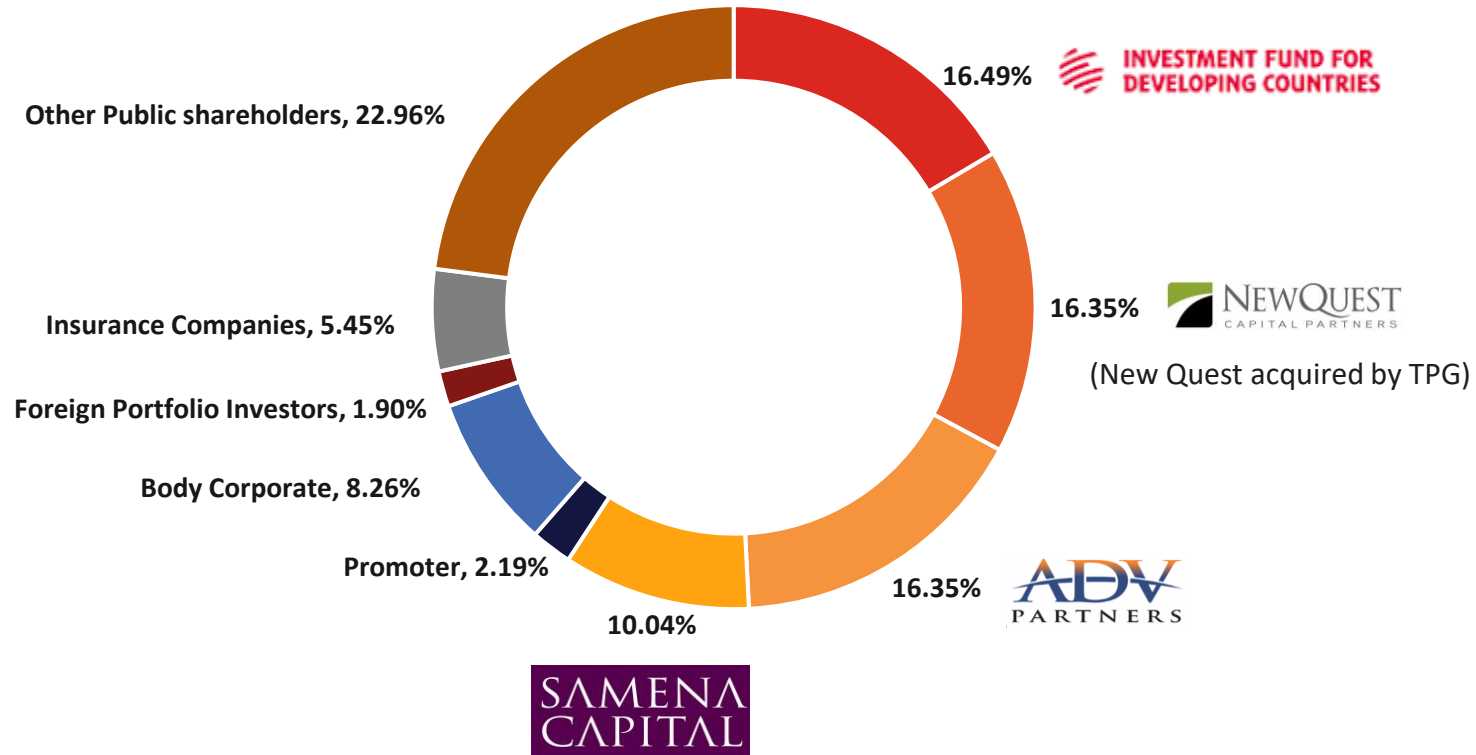
**Rishabh Garg -
Chief Technology Officer**
17+ Years of Experience



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

Institutionally Owned : Majority held by Institutional Investors

Shareholding Pattern

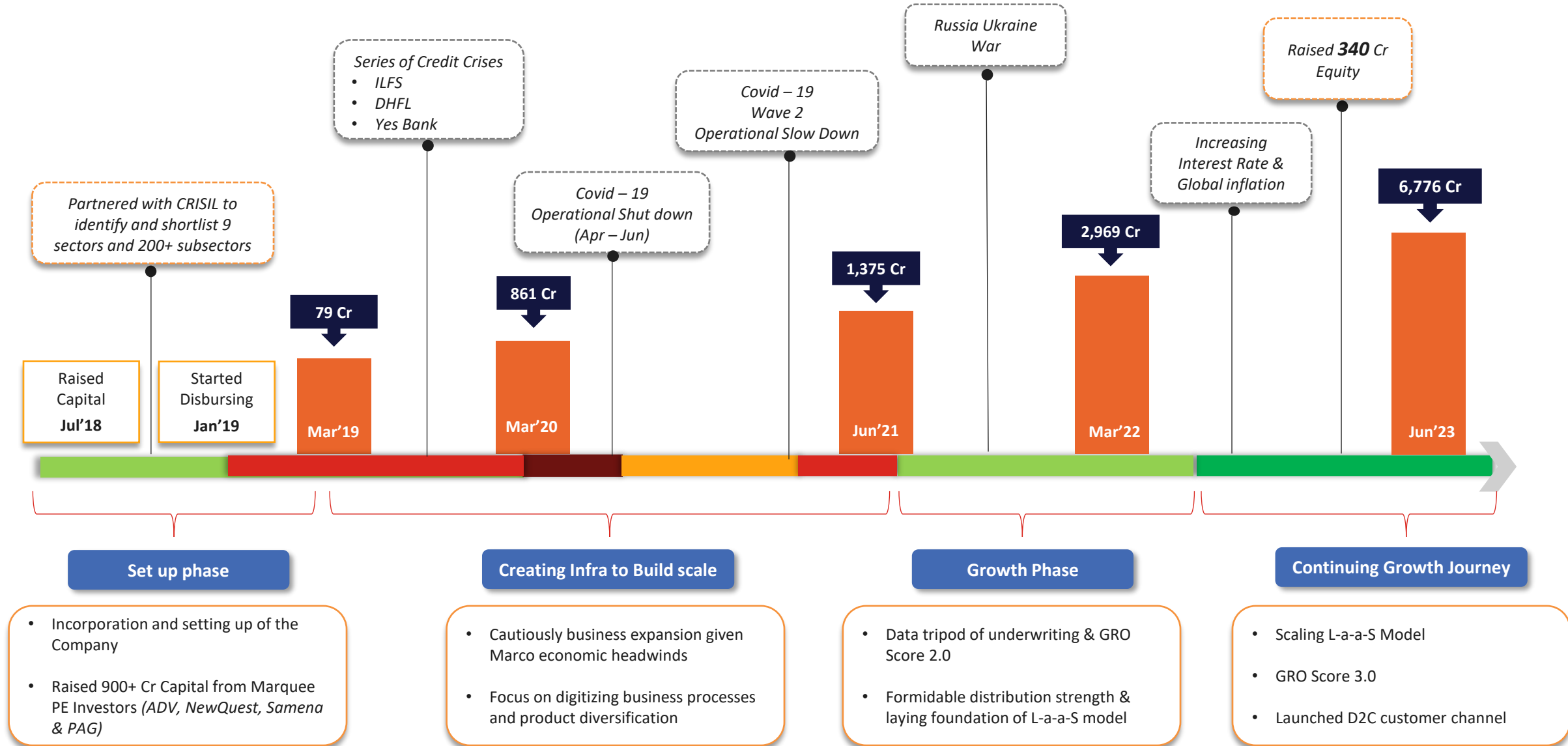


Management to potentially own 7.7% equity stake on fully diluted basis; vesting conditions linked to share price performance over next 2-3 years



Annexure

The journey of empowering MSME ecosystem



UGRO Capital – Scaling up through power of Data

Vast customer ecosystem with substantial data footprint, promising unprecedented data-driven learning and tremendous credit penetration opportunities



PROCESSED LARGE VOLUME OF DATA

Exponentially growing repository of transaction data enabling pioneering work in data-driven underwriting



SERVED WIDE CUSTOMER BASE

A growing served- customer base covering micro to prime segments through PAN India presence



SIGNIFICANT HEADROOM TO GROW

A massive ecosystem capturing data footprints of India's largest companies and supply chains

81,000+

GRO Score Processed Logins

2.49L+

Bureau Records Analyzed

55,500+

Customers Served

1.9L Cr +

Turnover Of Live Customer Base*

25L+

Linked Counterparties Universe

11%+

Coverage of India's Registered Companies

1,17,000+

Bank Statements Analysed

39,000+

GST records Analyzed

120+

Anchors & OEMS

4,200+

Served Pin-codes

96%+

Coverage of 500 companies by market cap

19%+

Coverage of India's GST registered companies

Heading Towards Serving 1% of MSME Lending Market

*sum of total bank credits for prime-branch sourced live customer base

Multi Pronged Distribution Channel with Product Yields and Avg. Ticket Size



Branch-Led Channel – Catering through 95+ branches

- **Prime Loan Branches** : 23 branches with origination through intermediated channel
- **Micro Loan Branches** : 75 branches across 5 states, loans directly sourced by sales executives (FOS)

Prime Loan Branches

Micro Loan Branches

Product	Prime Loan Branches			Micro Loan Branches		
	Avg. Ticket	Yield %	Tenor	Avg. Ticket	Yield %	Tenor
LAP	155L	12.9%	11 yrs	9L	20.8%	8 yrs
Affordable LAP	35L	15.2%	10 yrs	-	-	
Unsecured	17L	19.6%	3 yrs	3L	25.4%	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	35L	13.4%	4 yrs
Supply Chain Finance	103L	15.0%	0.5 yrs



Partnership & Alliances Channel - Catering through Fintech Partners

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

Product	Avg. Ticket	Yield %	Tenor
Secured/Unsecured Loans	5L	23.6%	3.7 yrs



Direct Digital Channel – D2C 100% Digital sourcing

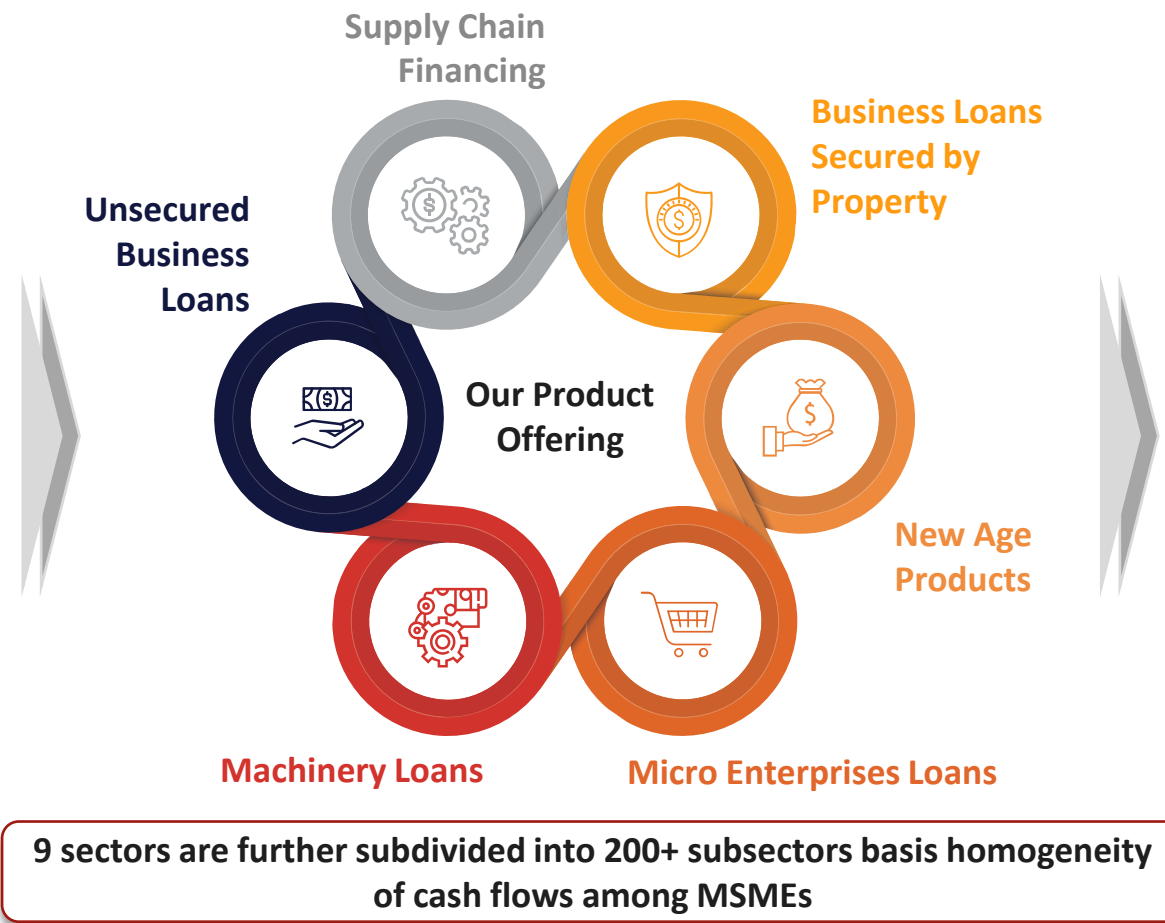
- On tap merchant financing through mobile application
- Ability to dispense credit through UPI and other forms of payment



Product	Avg. Ticket	Yield %	Tenor
Unsecured Merchant Financing	1L	24%	1 yr

Sector Focused Approach, Multiple Products and Large Distribution Strength

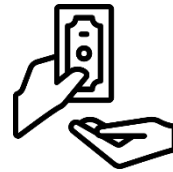
	Hospitality
	Light Engineering
	Auto Components
	Chemicals
	Food Processing
	Education
	Healthcare
	Electrical Equipment & Components
	Micro Enterprises



	23 Prime Branches
	75 Micro Branches
	850+ GRO Partners
	70+ Anchors
	50+ OEMs
	40+ Fintech Partners
	910+ Sales Employees

Co-Lending is a value accretive model

Example of 80:20 Co-Lending Partnership Model



Customer ROI of 14.5%
(assumption) on INR 1 Lakh
Loan



UGRO Earns

- On Book (20% of the loan – INR 20 K) : **ROI of 14.5%**
- Off Book (80% of the loan – INR 80 K) : **5.5% Spread** (14.5% ROI minus 9.0% Co-lending rate)

Co-lending bank Earns

- **ROI of 9.0%** on INR 80 K

Note : Numbers are provided only for illustrative purpose

Benefits to UGRO

- Higher ROA & ROE on account of
 - Better leverage and
 - Higher spread compared to on - balance sheet lending
- High Growth with lower equity capital
- Sizeable sanction and on tap availability of capital
- Testimony of the credit scoring model
- Pari passu risk sharing with the partner

Benefits to Partner Institution

- Risk weight lower in case of Co-lending vis – a – vis lending directly to NBFCs
- Cost of Capital advantage combined with no operating cost leading to higher returns on risk adjusted basis
- Granular build-out of Portfolio
- Build-out of PSL portfolio
- End use visibility of funds disbursed

Lending as a Service (L-a-a-S) is a highly profitable model

Sample Illustration

Particulars (INR Cr)	Normal Scenario On Balance Sheet	Co-lending Model		
		On Book – 20%	Off Book – 80%	Total
Loan Amount	1,00,000	20,000	80,000	1,00,000
Equity Capital Deployed	20,000	4,000	-	4,000
Interest Income	14,500	2,900	-	2,900
Co-lending spread income	-	-	3,200	3,200
Interest Expense	8,400	1,680	-	1,680
Net interest Income	6,100	1,220	3,200	4,420
Other Income	1,500	300	1,200	1,500
Net Total Income	7,600	1,520	4,400	5,920
Operating Expenses	3,420	684	2,736	3,420
Credit Cost	1,500	300	-	300
PBT	2,680	536	1,664	2,200
Tax	804	161	499	660
PAT	1,876	375	1,165	1,540
ROA	1.88%			7.70%
ROE	9.38%			38.50%

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%

Thank You