



U GRO Capital | Q3 & 9M FY22 Investor Presentation

Catalyzing the future of credit access for MSMEs

NSE: UGROCAP | BSE: 511742

February 9th, 2022

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Table of Contents

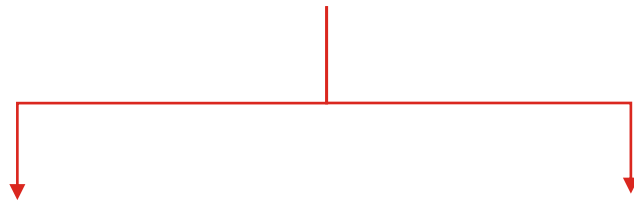
01	Executive Summary	07	Our Governance & Team
02	Operating & Financial Metrics	08	Portfolio Overview
03	Changing landscape in MSME Underwriting	09	Update on Financials
04	Method to madness	10	Mission 2025 – 1 Mn Customers; 1% MSME Market Share
05	How we are reaching to customers	11	UGRO Impact
06	How we are funding our Customers' need		



Executive Summary



A highly specialized, technology focused listed 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

~\$130M Of Equity Raised

UGRO Capital – Our Mission and Vision



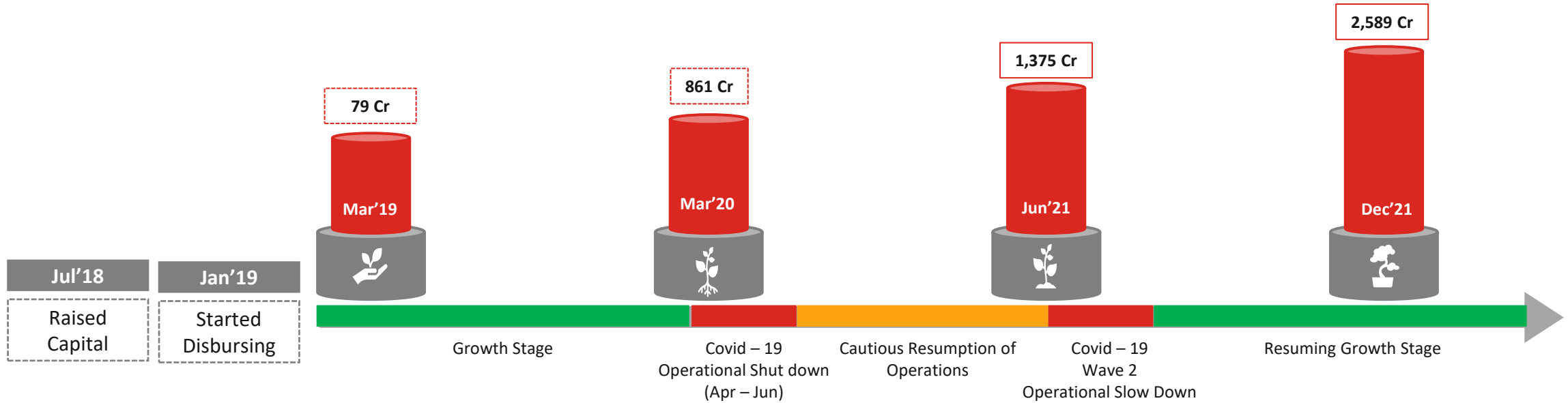
Mission: 'To Solve the Unsolved'

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



We aspire to capture 1% market share of the total MSME lending market by 2025

UGRO Capital – Journey since inception

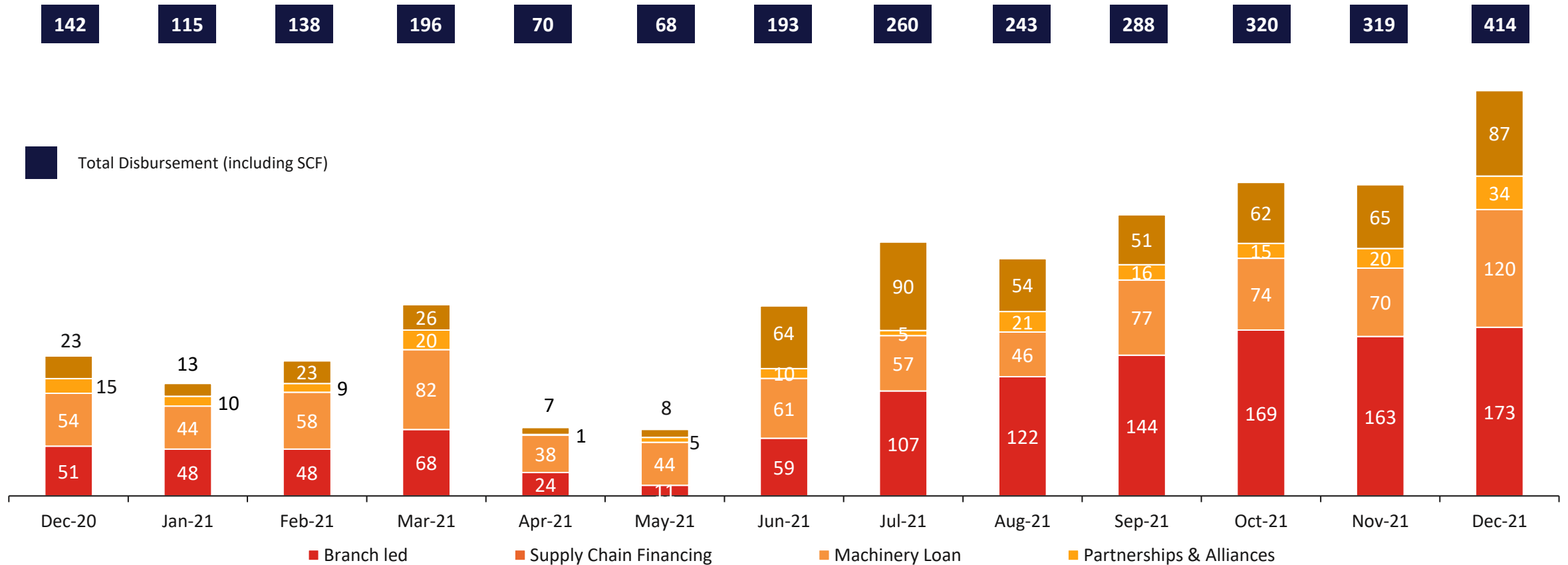


Jul'18 – Mar'19	Mar'19 – Apr'20	During Covid – 19 Wave 2	Post Resuming Growth Stage
<ul style="list-style-type: none"> Gro Score 1.0 Sector and Subsector Selection Initial hiring LOS design and Go Live Prime Loan Branches (9) 	<ul style="list-style-type: none"> SCF Launch D2C Pilot Credit Rating 	<ul style="list-style-type: none"> Products : Sanjeevani, Saathi Machinery Finance Micro Loan Branches (25) Video PD and KYC Digital Agreement 	<ul style="list-style-type: none"> Gro Score 2.0 Co – Lending Partnerships and Alliances GeM Sahay 5 Prime Loan Branches & 16 Micro Loan Branches

Period end AUM

Disbursement Trend (Segment-wise M-o-M)

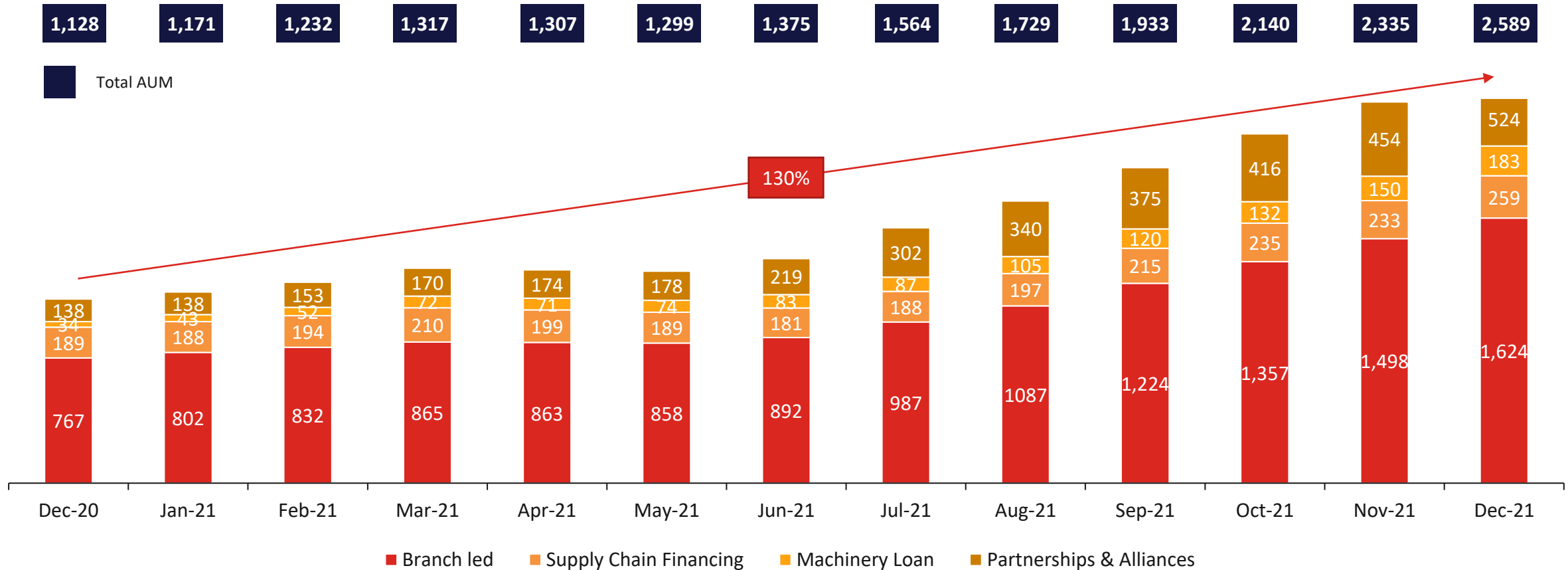
Disbursement M-o-M Trend till Dec-21 (in ₹Cr)



Disbursement momentum continued in December 2021 with overall disbursements at ₹ 414 Cr (up 192% since Dec-20 and 111% since Mar-21)

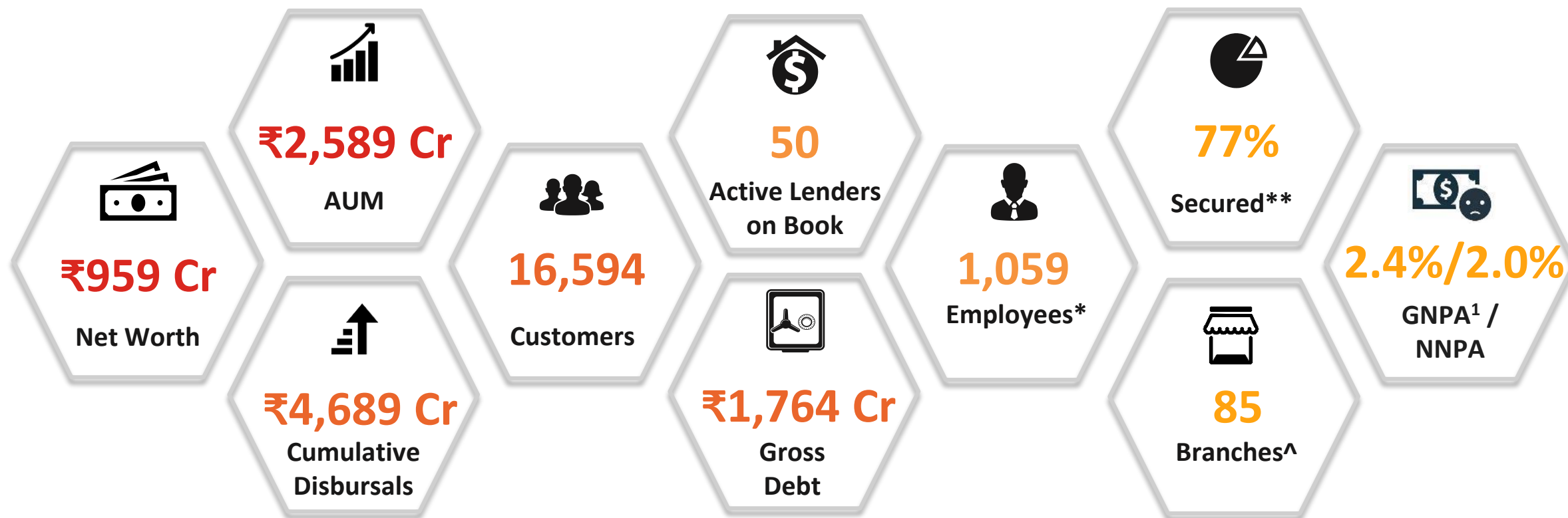
AUM Trend (Segment-wise M-o-M)

AUM M-o-M Trend till Dec-21 (in ₹Cr)



Overall AUM reached ₹2,589 Cr indicating a growth of 130% in last 12 months and a growth of 97% since Mar-21

We continue to build as per plan



Data as of 31st Dec 2021

*Data as of Jan 2022

**Includes quasi-secured portfolio

^ As on 31 Jan 2022. Total Branches as on 31 Dec 2021 were 82

¹On Account of RBI's 12 November Circular GNPA % has increased by ~ 0.4% (on absolute basis)

Executive Summary – We have scaled up across all parameters

All Fig in ₹ Cr	Q1FY22		Q2FY22		Q3FY22	9MFY21		9MFY22
AUM	1,375	↑ 40.6%	1,933	↑ 33.9%	2,589	1,127	↑ 129.7%	2,589
Gross Disbursements	331	↑ 139.0%	791	↑ 33.1%	1,053	697	↑ 212.1%	2,175
Net worth	955	↑ 0.3%	958	↑ 0.1%	959	950	↑ 0.9%	959
Branches	34	↑ 61.8%	55	↑ 49.1%	82	34	↑ 141.2%	82
Lenders	32	↑ 15.6%	37	↑ 35.1%	50	22	↑ 127.3%	50
Employees	392	↑ 48.0%	580	↑ 62.8%	944	300+	↑ 214.7%	944
Interest Income	46.9	↑ 24.9%	58.6	↑ 32.9%	77.9	92.9	↑ 97.3%	183.3
Interest Expense	22.4	↑ 20.1%	26.9	↑ 42.8%	38.4	28.3	↑ 209.9%	87.7
NII	24.5	↑ 29.0%	31.6	↑ 25.0%	39.5	64.6	↑ 48.0%	95.6
Other Revenue	4.4	↓ -6.8%	4.1	↑ 82.9%	7.5	11.8	↑ 35.6%	16.0
Op. Expense	21.6	↑ 16.2%	25.1	↑ 29.1%	32.4	55.7	↑ 42.2%	79.2
Credit Cost	4.9	↑ 20.3%	5.9	↑ 59.3%	9.4	10.9	↑ 86.2%	20.3
PBT	2.4	↑ 100.2%	4.7	↑ 8.5%	5.1	9.7	↑ 24.7%	12.1
Portfolio Yield [^]	15.8%		15.7%		16.0%	14.8%		16.0%
Borrowing Cost	10.6%		10.2%		10.1%	10.4%		10.1%
Cost to Income Ratio	74.8%		70.3%		69.1%	72.9%		71.0%
D/E Ratio	0.8x		1.14x		1.84x	0.59x		1.84x

[^] Weighted Average AUM yield as on Period End

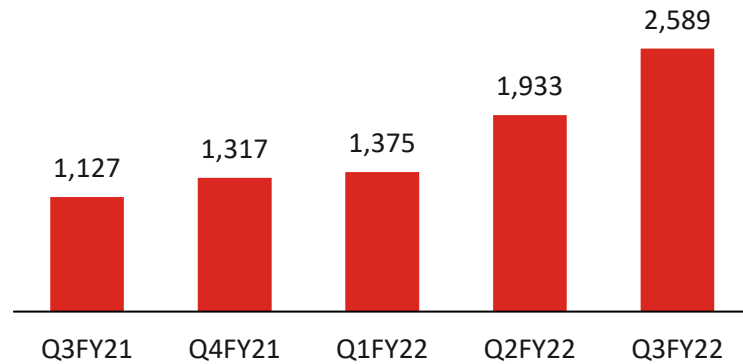


Operating & Financial Metrics

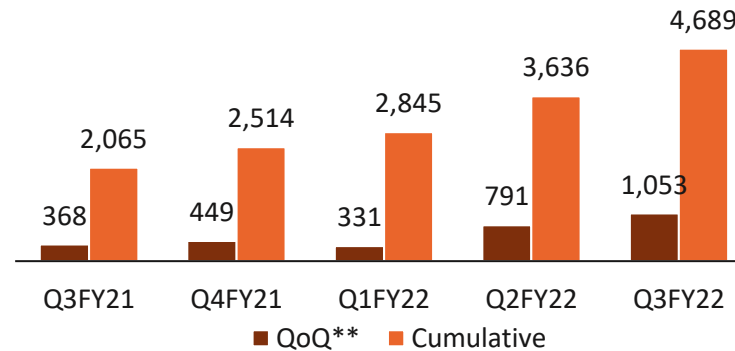
Operating & Financial Metrics (1/2)

Consistent expansion of AUM with strong Equity & Debt support

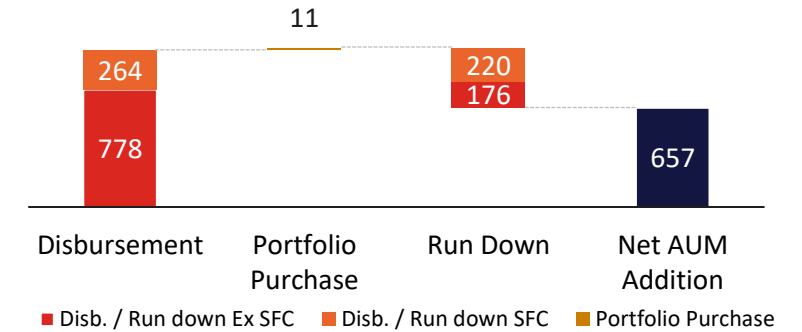
AUM (INR Cr)



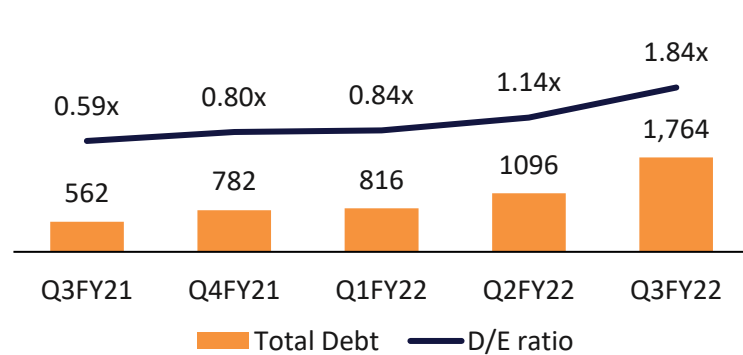
Disbursals (INR Cr)



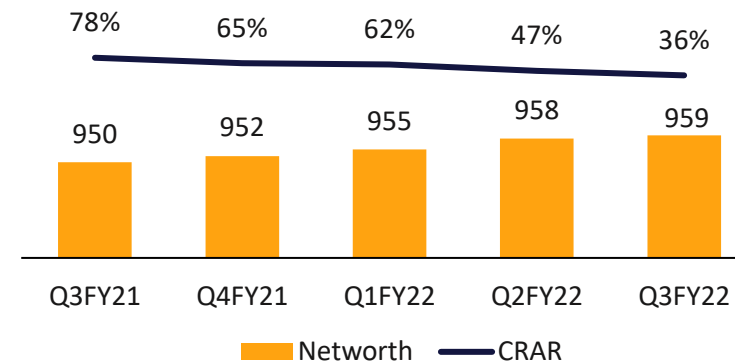
Gross to Net Disbursement Bridge (INR Cr)*



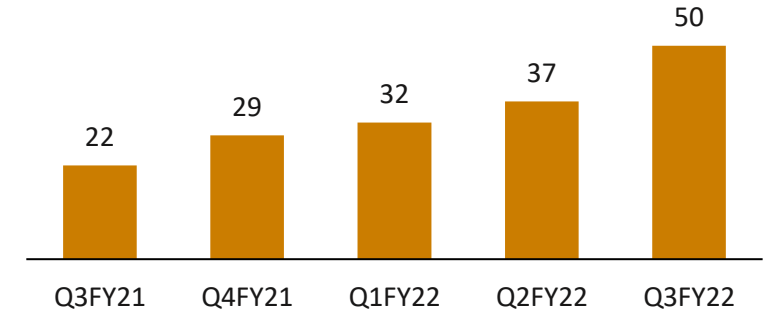
Total Debt (INR Cr) & Leverage Ratio



Net Worth (INR Cr) & CRAR



Count of Lenders



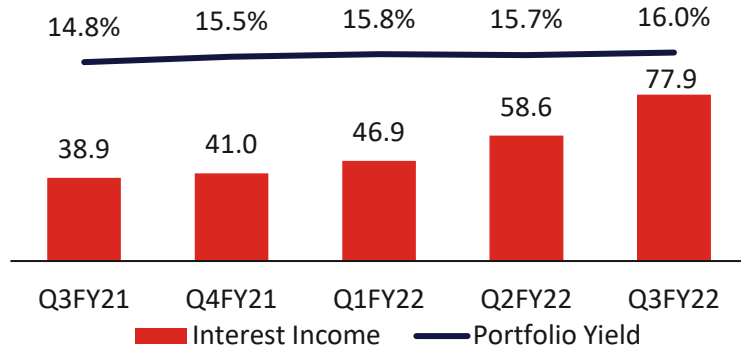
*AUMT1 = AUMT0 + Gross Disbursement of all channels (including SCF) – Collection across all channels (including SCF)

**Includes Gross disbursement in SCF

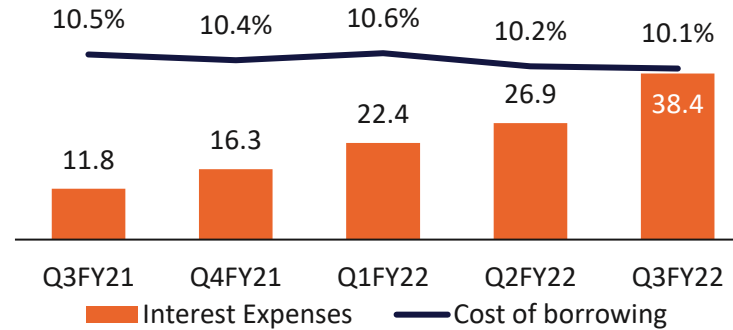
Operating & Financial Metrics (2/2)

Operating & financials ratios continue to improve with scale

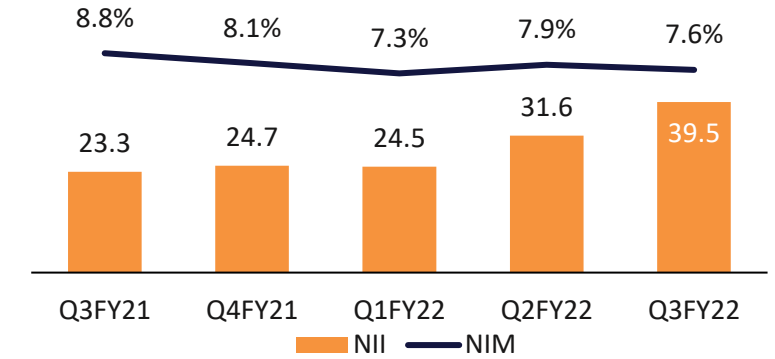
Interest Income (INR Cr) & Portfolio Yield[§]



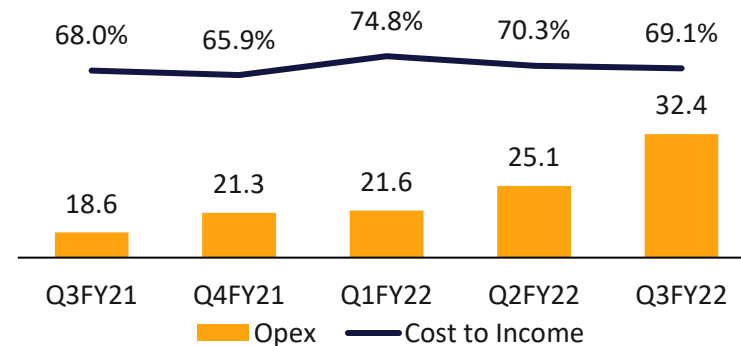
Finance Cost (INR Cr) & Cost of Debt^{*}



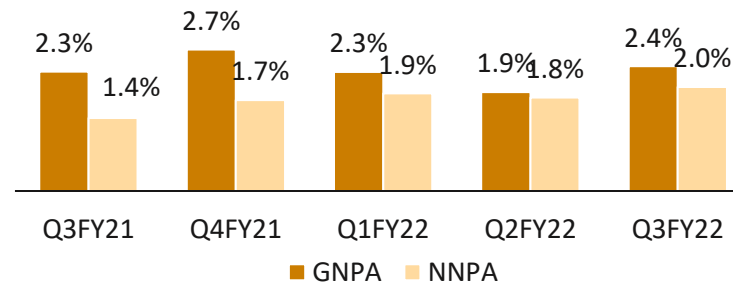
NII (INR Cr) and NIM[^]



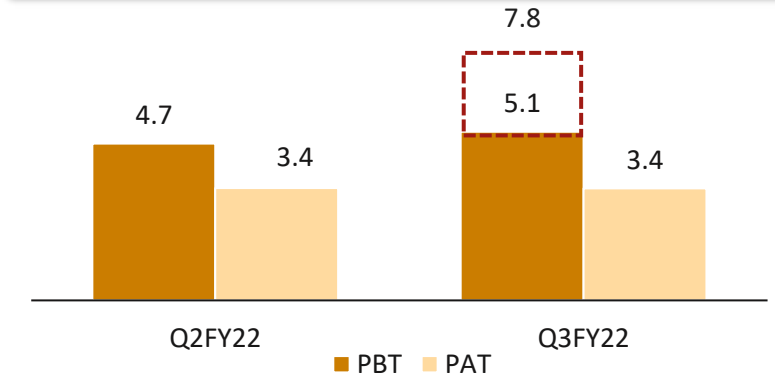
Opex (INR Cr) & Cost to Income Ratio



GNPA and NNPA (in %)



PBT & PAT (INR Cr)



5.1 Restated PBT adjusted for management overlay provision of INR 2.7 Cr

*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



Changing landscape in MSME underwriting

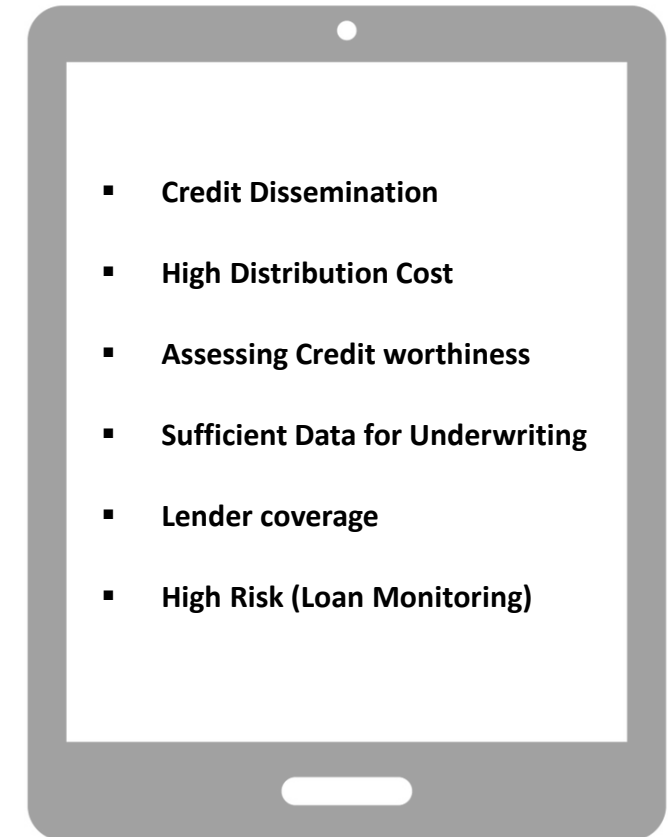
Underwriting in MSME space is moving from collateral based to cashflow based

India Stack 2.0 - The UPI Moment: Data to drive the underwriting

OCEN Framework disrupts lending models...

Lenders old way		Lenders new way
Based on balance sheet	 <p>Risk Assessment</p> <p>Process</p> <p>Product</p> <p>Engagement</p>	Based on cash flow
Manual Intervention		100% Digital
Vanilla products of similar types		Variety of products: expanded range of the ticket sizes and tenures
Long periodic gaps (lend and forget)		Continuous (lend and monitor)

...and helps overcome



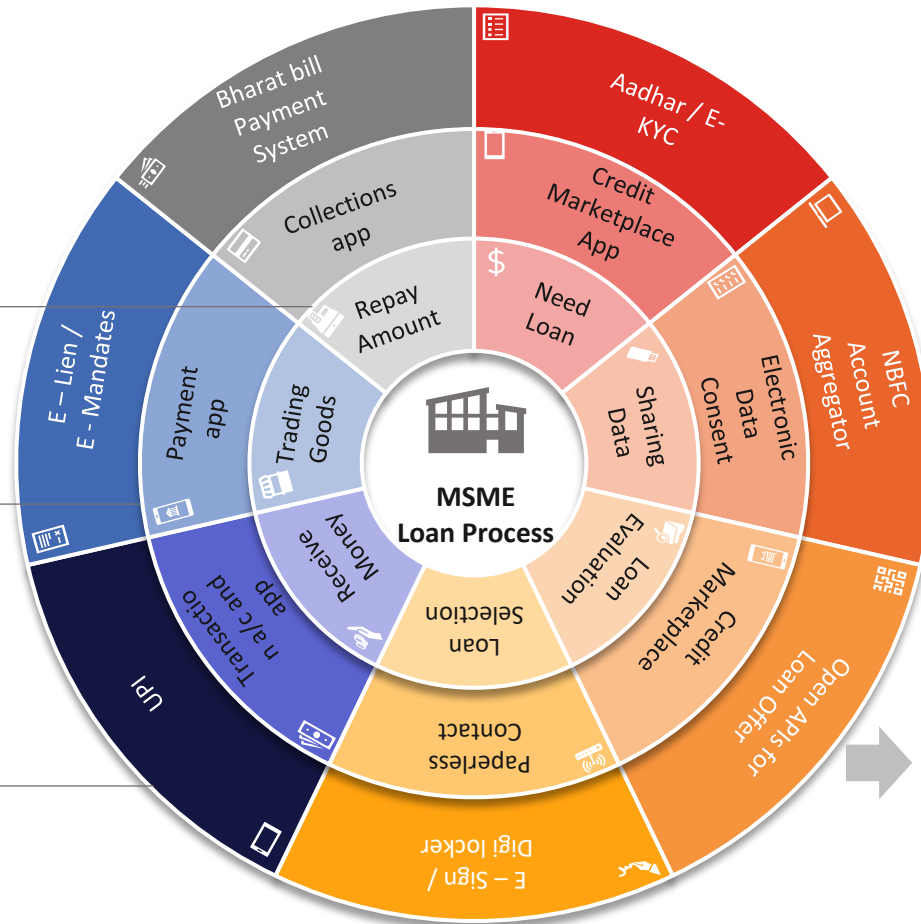
OCEN Puts in place a set of Framework and Protocols that can enable credit democratization

Digitization is taking place across the value chain in MSME Lending

Inner Layer - Represents the physical loan activities for a borrower

Middle Layer - Represents the digitized solutions built by Fintech (Innovative Service Offerings)

Outer Layer - Digital Public Infrastructure (India Stack) acting as an enabler for Innovative Fintech Solutions

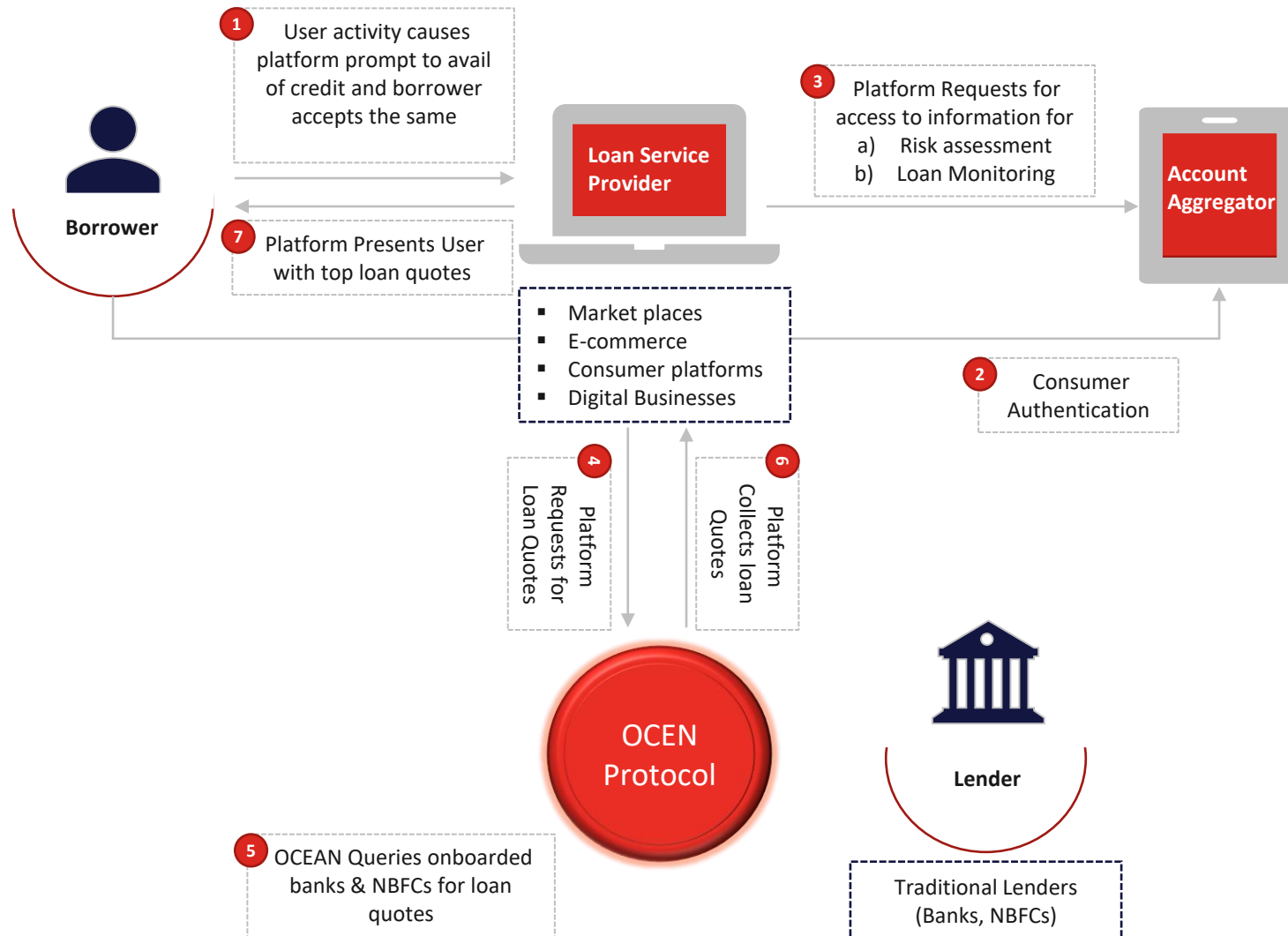


Account Aggregator Model
To manage electronic data consent and facilitate data exchange between lenders and borrowers

OCEN Framework
A common language for lenders and marketplaces to build innovative, financial credit products at scale

A complete solution needs an integrated network that enables seamless flow of verified data, it needs digital processes to substitute for physical paperwork and needs a mechanism that enables instant and efficient flow of money from lenders to borrowers and vice versa

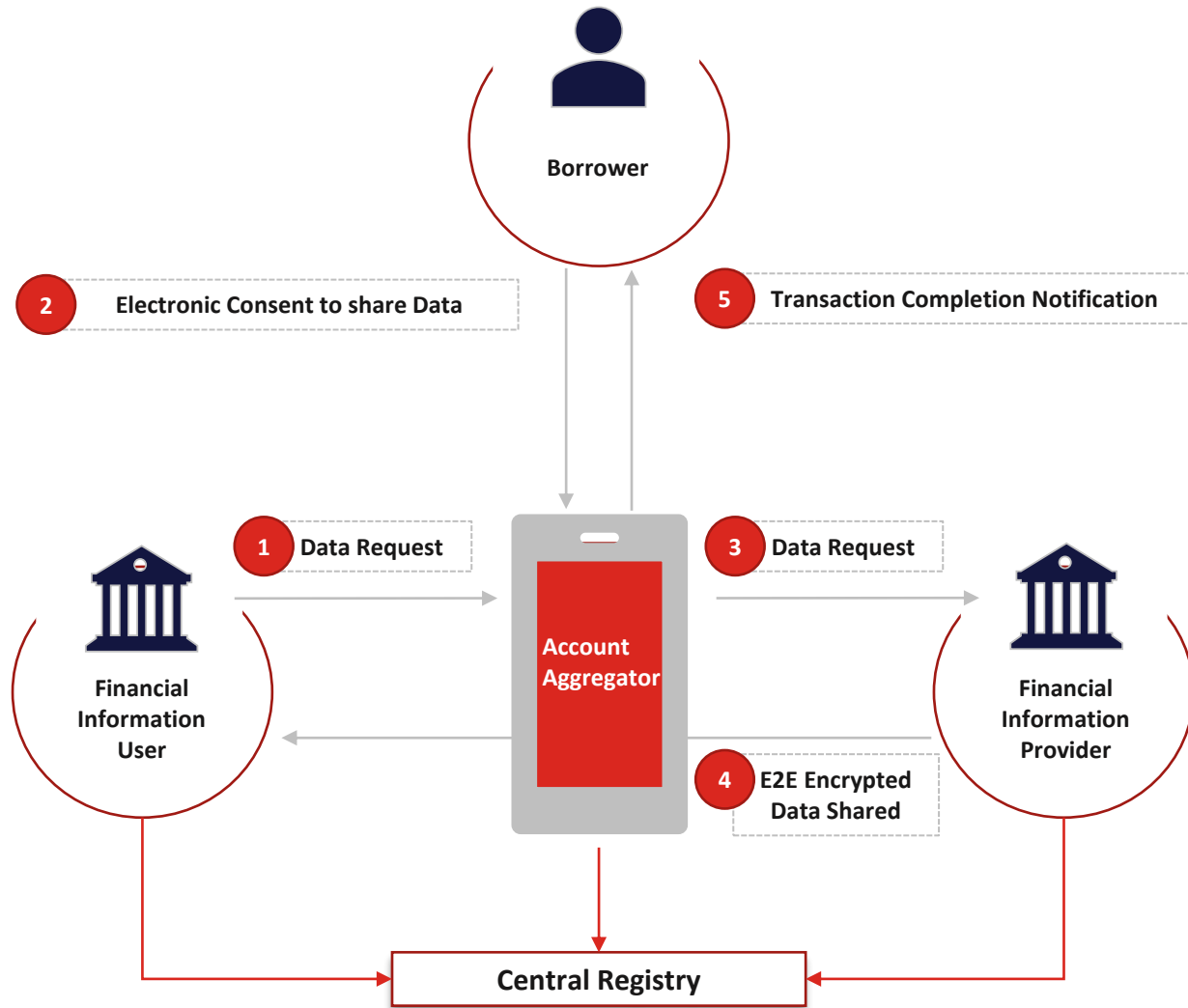
OCEN Framework would enable seamless flow of credit to MSMEs



OCEN's Value Proposition

- Borrowers**
 - Widest Range of loan Quotes
 - Retain Data Sovereignty
 - Completely digital process enabling quick access to funds
- Loan Service providers**
 - Supplied with widest range of loan quotes
 - Single API for Credit
 - Can embed lender's credit product as part of their core offering
- Lenders and NBFCs**
 - Single Integration for loan disbursement
 - Leveraging existing digital infrastructure and getting access to verified data from borrowers
 - Continuous data flow of data to monitor credit

Account Aggregation (AA) Model would facilitate credit underwriting of MSMEs



Account Aggregator Model Benefits

- Account Aggregator model would allow the borrower to consent and share data in real time
- Account Aggregator is a registered third-party company which will securely share financial information with lenders
- Financial Information will be used by lenders for generating loan offers
- Enables monitoring of Borrower accounts
- Facilitates loan disbursement within minutes

OCEN and AA Models are Shifting Colors of MSME Lending



Embedded Credit

- Tailored credit products in-context at the point of demand creation (Platforms / Software)
- Fully managed digitized lending flow within the platform
- Increased approval rates by leveraging platform data



Buy Now Pay Later

- Payment option available at checkout for B2B platforms
- Users to make a purchase on credit and repay in installments or bullet repayments
- Reduces the risk for the merchant, who is paid immediately
- Acts as an accelerator for B2B commerce as users can defer payment



Flow Based Credit

- Leverage real-time cashflow data to reimagine the end-to-end lending process
- Removes the dependency on using collateral to assess the users
- Enables creation of tailored, short-term, small-sized credit products
- Repayment capacity determined by cash flows

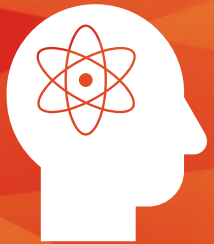
Ecosystems and Touchpoints for new age MSME lending





Method to madness

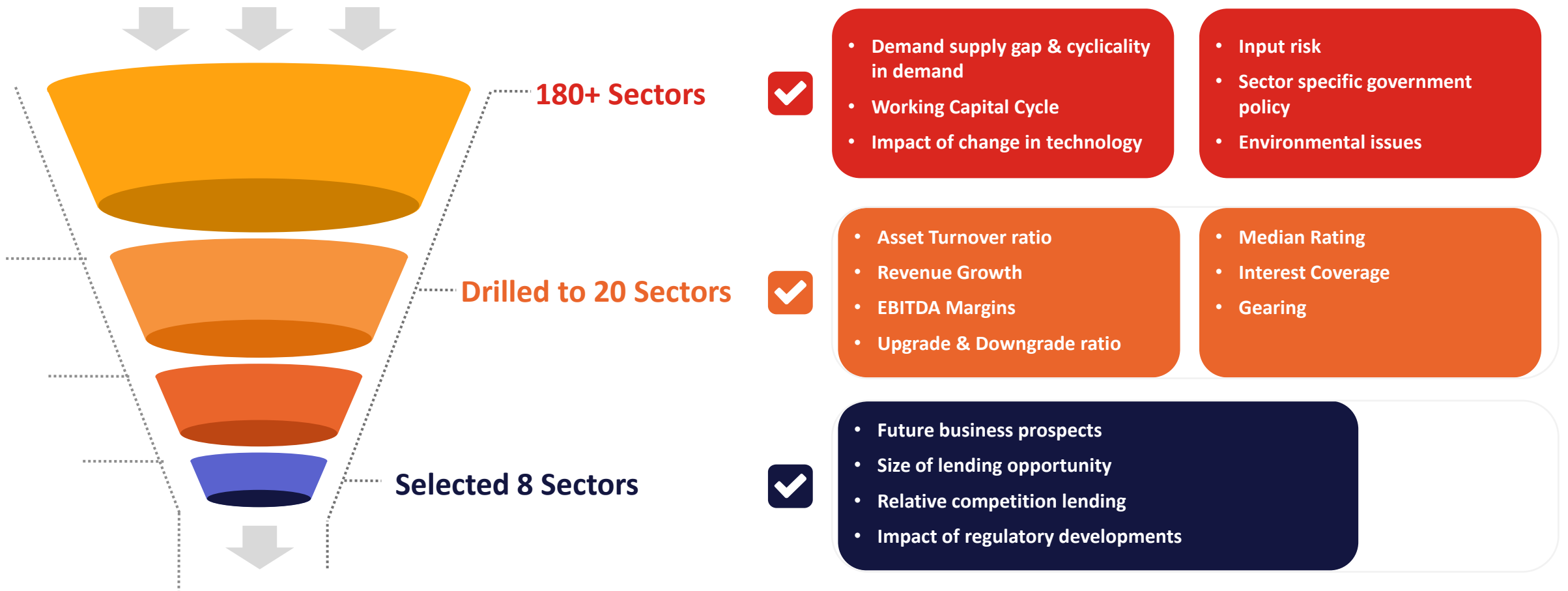
Bringing homogeneity to a non-homogeneous Sector



Our beginning: How we started - 2019

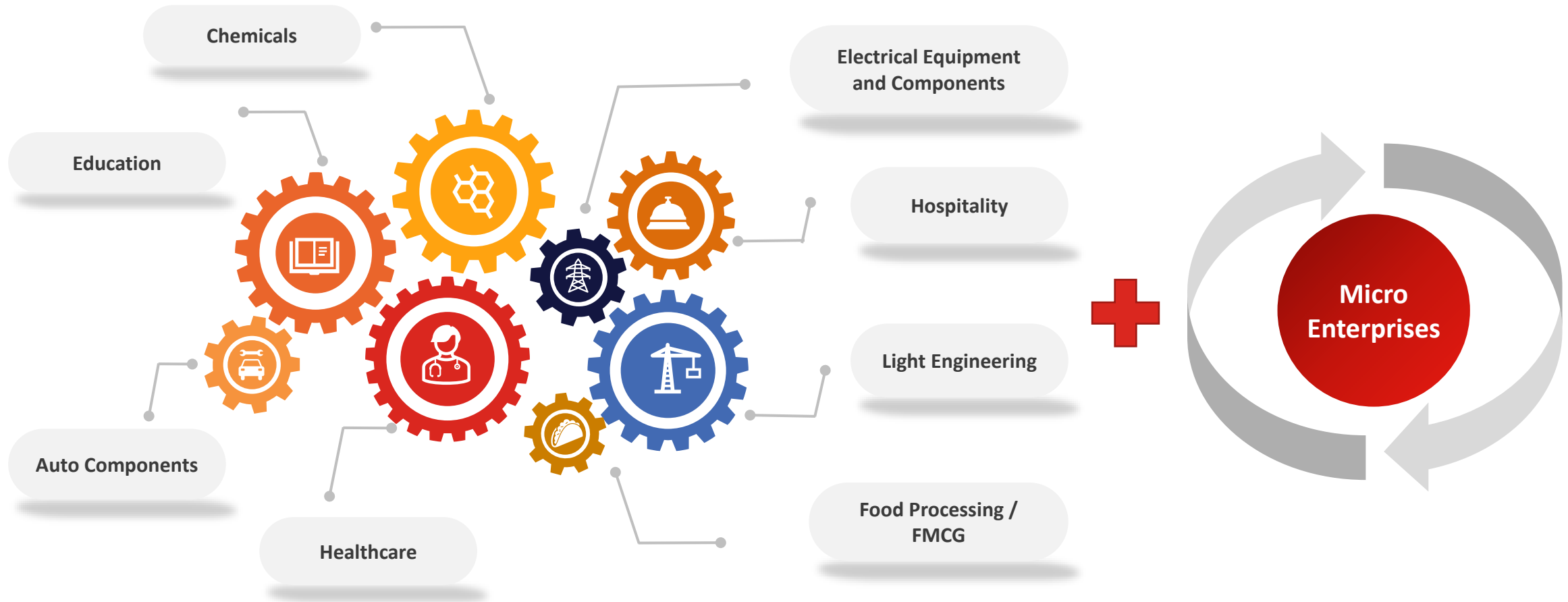
Deep analysis of Macro and Micro Economic Factors...

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



...to arrive at a set of Specialized Sectors

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



... and further narrowed down based on their ecosystems



Healthcare

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



Education

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



Chemicals

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



Hospitality

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



Electrical Equipment and Components

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



Microenterprises

Key sub-sectors: Kirana stores, family run businesses, first generation entrepreneurs
Key clusters: Mumbai, Kolkata, NCR, Hyderabad, Bengaluru and numerous Tier II and Tier III locations



Food Processing/FMCG

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



Auto & Light Engineering

Key sub-sectors: Casting and forging, medical equipment and devices, engine parts, drive transmissions etc.
Key clusters: NCR, Chennai, Pune, Kolkata, Ludhiana, Bengaluru, Ahmedabad and Rajkot

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

“Risk Management” through ‘Expert Scorecards’ for all Sub-sectors

- ❖ Entity is observed through various parameters and their associated weightages
- ❖ The parameters and their associated weightages vary widely across sectors and subsectors, and can vary within subsectors too (e.g., traders of medical equipment as compared to manufacturers of the same)
- ❖ Efficacy of parameters, factors and weightages are monitored and back-tested at regular intervals
- ❖ Adjustments can be informed by market changes or accrual of incremental subsector specific knowledge

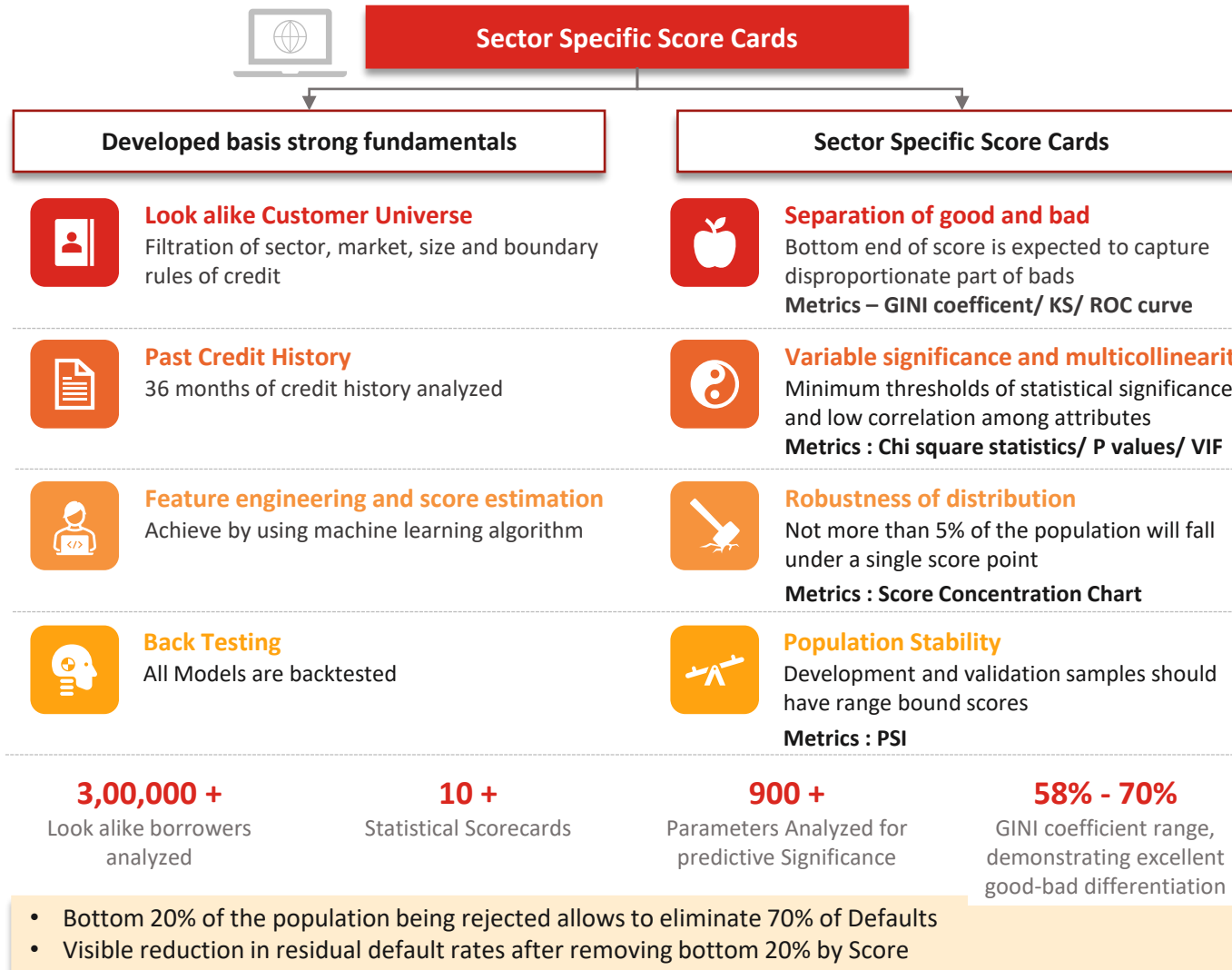
Light Engineering & Medical Equipment Manufacturers

Parameter	Factor	Weightage
Entity related	Vintage of the entity	25%
	Experience of Promoter	25%
	Category of equipment manufactured by the firm	50%
Revenue related	Share of revenues from exports	25%
	Share of bidding versus regular orders	30%
	Client concentration (of top 3 customers)	15%
	Average length of relationship with top 3 customers	10%
	Concentration of top 3 vendors/raw material suppliers	10%
	Average length of relationship with top 3 suppliers	10%
Cost & Efficiency	Receivable days	50%
	Certification and awards (related to quality)	35%
	Rejection rate	15%

Education K-12 Schools

Parameter	Factor	Weightage
Entity related	Vintage of the school	30%
	School Principal’s Experience	25%
	Association with any reputed brand/group	25%
	Exam Board with which the school is affiliated	10%
	Typical income profile of students’ families	10%
Service related	Sources of non-fee income	30%
	Provision of transport facilities	45%
	Availability of Smart Boards and Robotics Lab	25%
Staff related	Average overall experience of teachers	20%
	Teacher attrition rate	20%
	Average student to teacher ratio	35%
	Pass rate of students in board exams	25%
Revenue related	Number of Students	25%
	Capacity utilization	20%
	Number of operational shifts	15%
	Average fees relative to other schools of the same exam board	10%
Cost related	Proportion of students who delay fee payment	10%
	Frequency of fee payment	10%
	Average annual tuition fee increase	10%
	Average annual increase in teachers’ salary	40%
	Employee costs as a proportion of revenue	60%

...leading to data analytics driven sector specific scorecards



Parameters used to filter Model Development Datasets

- Bureau Footprint**

 - Commercial bureau presence used for scorecard development
- No new-to-credit**

 - All borrowers have minimum bureau vintage and footprint thickness
- Lending institutions**

 - All borrowers have taken loans from Banks/ NBFCs (vis-à-vis MFIs)
- Geographical presence and Ticket size**

 - Loans in U GRO locations and Loans between 1 lakh to 5 Cr. Borrowers with exposure > 50 Cr are excluded
- Historical delinquency / adverse events**

 - Excluded from model database

- We have observed that scorecard is a scientific tool to eliminate risk
- Post score filter is applied, it becomes more difficult to incrementally reduce risk by handpicking



Our acceleration: How have we evolved - 2021

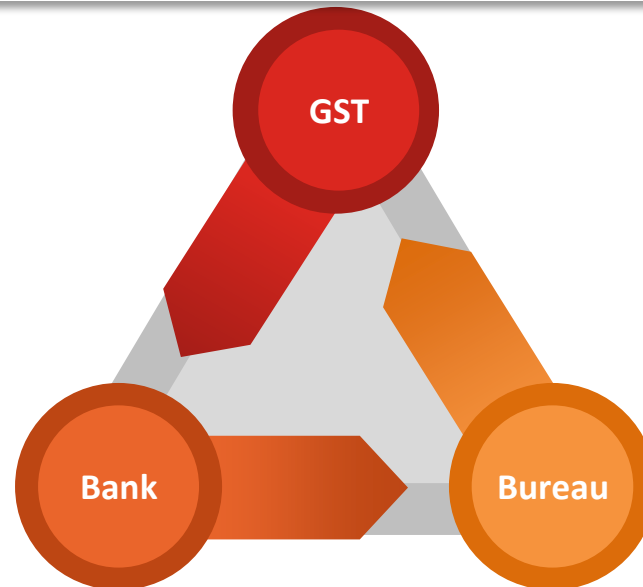
First lender to completely move to Data Tripod

GST Statement Analysis

- 400+ data parameters
- Validate **monthly sales, expenses, gross margins**
- Insight into borrower's **business network** and concentration
- Digitized **sector identification**
- **State-wise break up** providing information on operating markets

Bank Statement Analysis

- Information related to **bank statement analysis** obtained from Perfios through an API integration customized to U GRO requirements
- Ability to validate **business transaction** trends (sales, expenses, margins), cheque **bounce** patterns, loan/EMI details, **supplier & vendor** identification and **concentration**



Bureau Statement Analysis

- ~ **100 different product variants** basis bureau standard definitions classified into **ROI/tenor buckets**
- **Product level ROI, tenor assumptions** to compute obligations
- **Product specific obligations computation encoded**
- Process replicated for **all financial applicants** for **footprint across both Commercial and Consumer bureaus**

GRO Score 2.0 - A superior underwriting framework



Bank

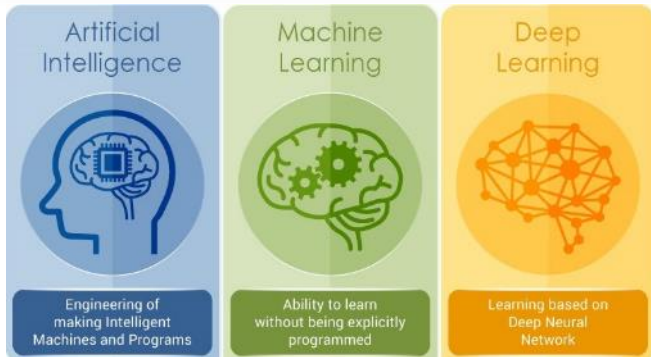


Entity



Individual

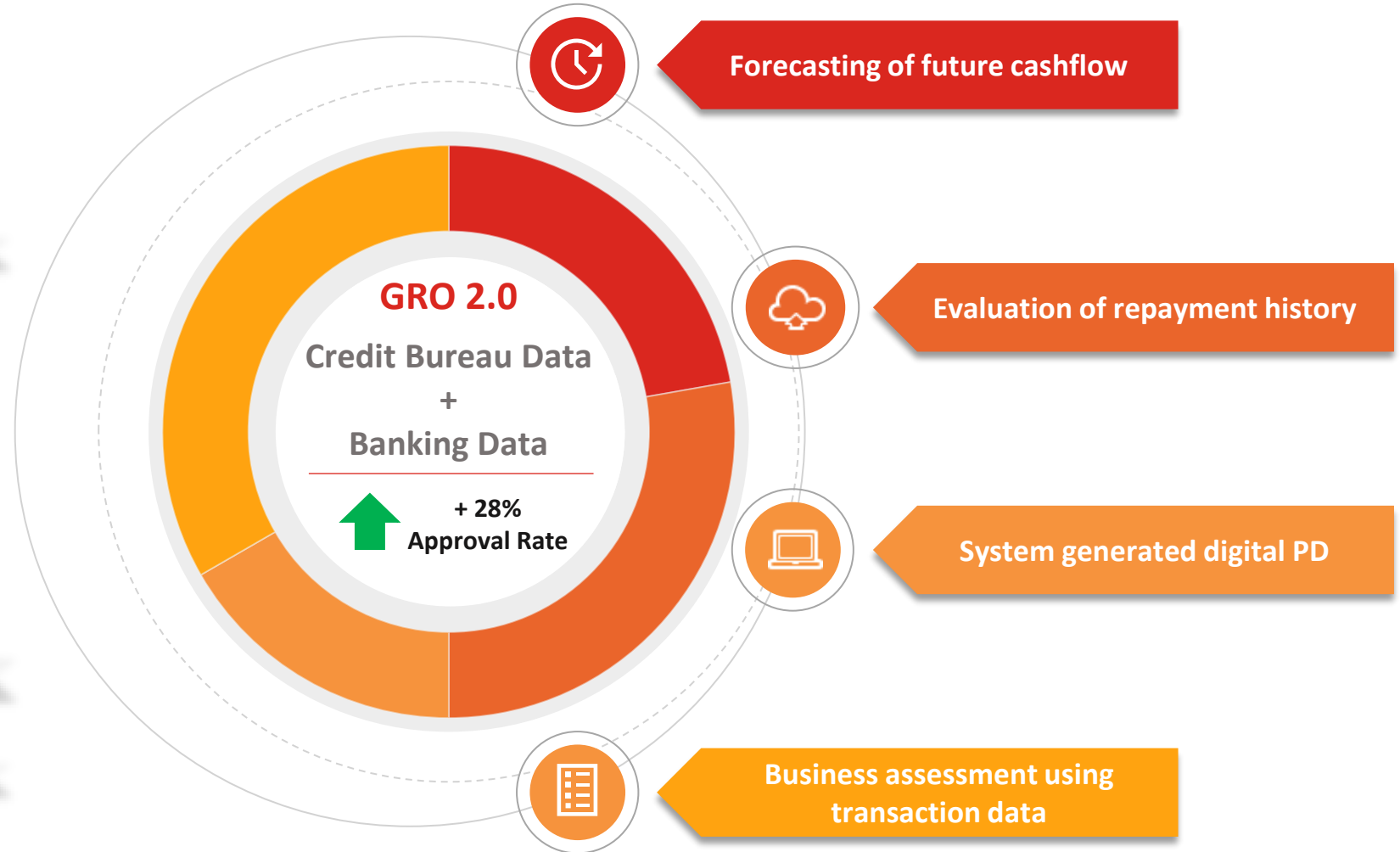
One Single Model capturing all data



Trained on own data – eliminates “Look Alike” bias

No specific bureau dependency

Ability to deploy new models in weeks

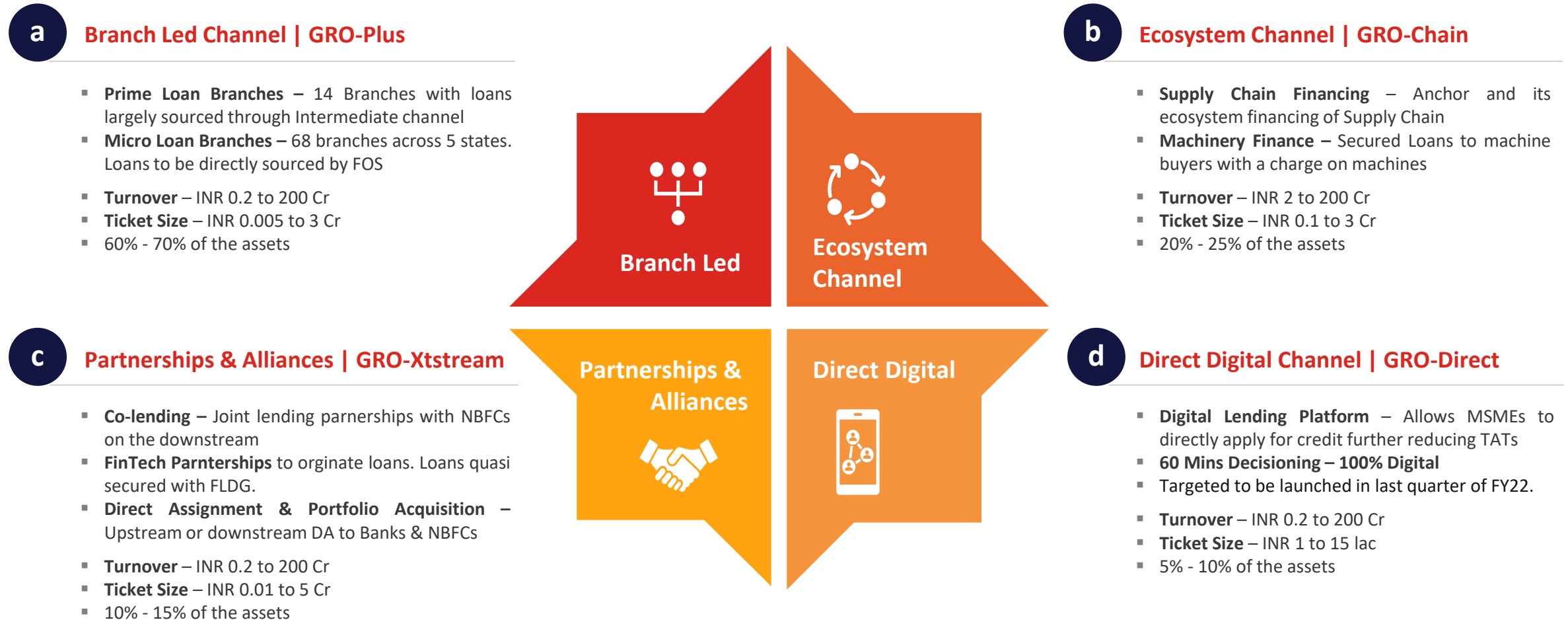




How we are reaching to customers

Vast geography, varying needs, multiple sources of origination

Multi pronged approach led by offline presence and tech capabilities



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

a Branch Led | Network of 82 Branches spread across the country



Prime Loan Branches

- 14 Branches across 8 states in top metro cities
- Locations identified through SME cluster analysis and portfolio benchmarking
- Distribution led by DSAs

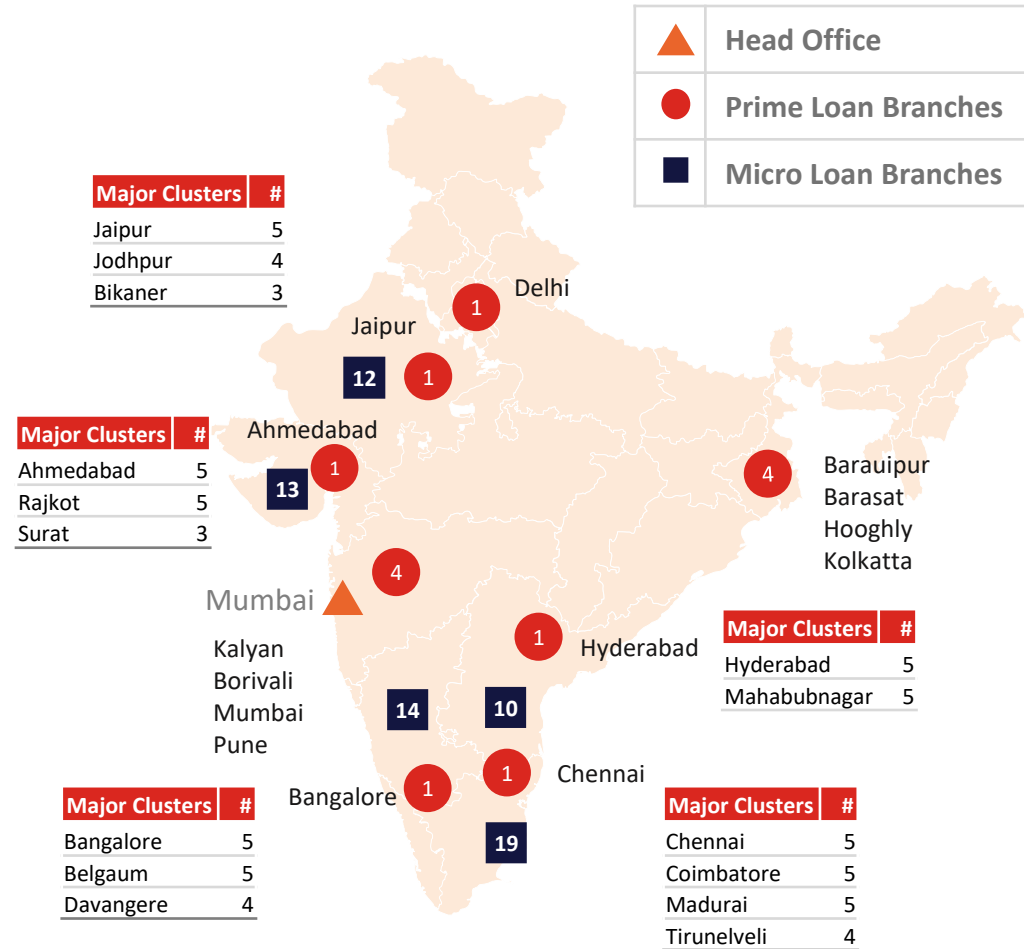


Micro Loan Branches

- 68 branches across 6 states
- 27 branches commissioned during the quarter
- Top locations with history of low delinquency & high loan demand identified
- Distribution through Feet on Street manpower employed on U GRO rolls



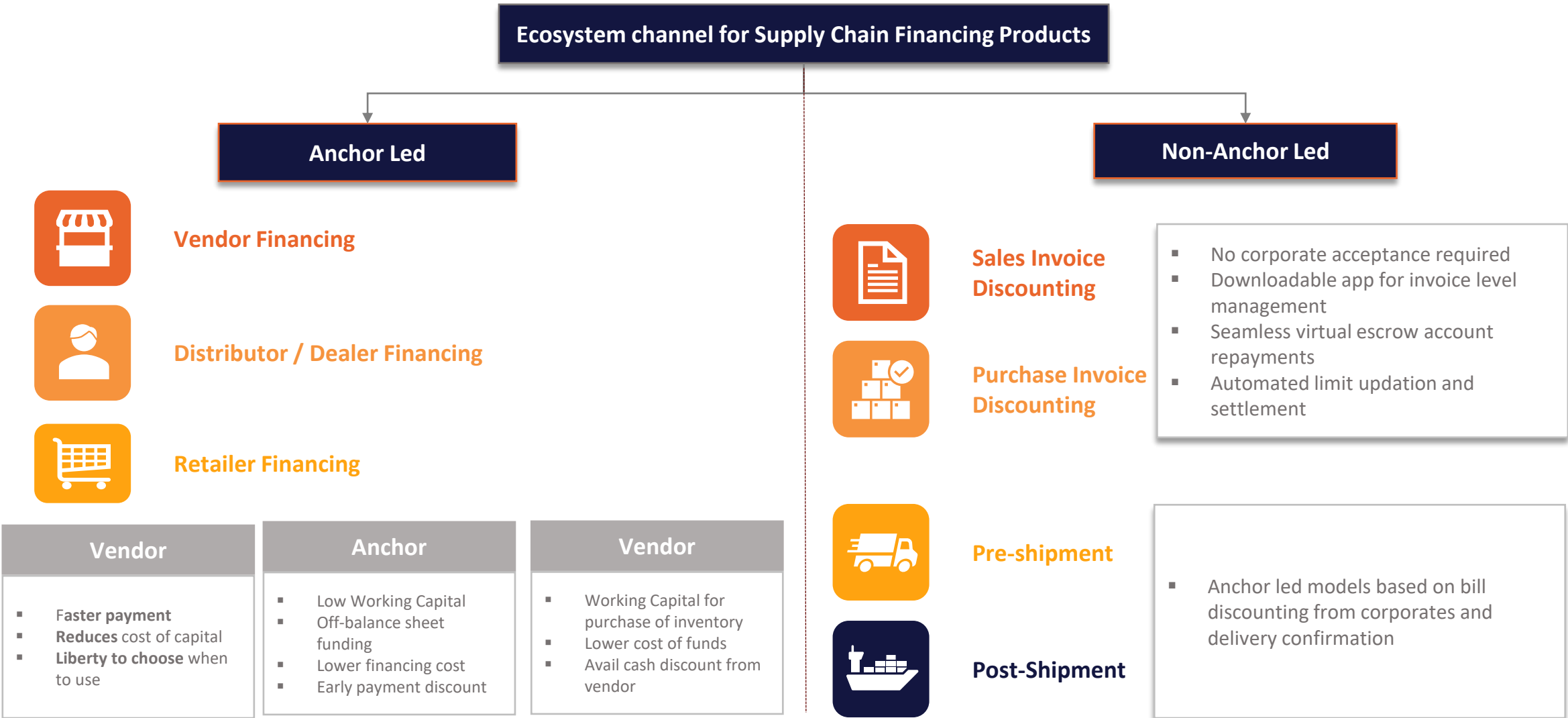
Total 82 Branches as on Dec-21



a

Branch Led | Loan products curated to service entire pyramid of borrowers

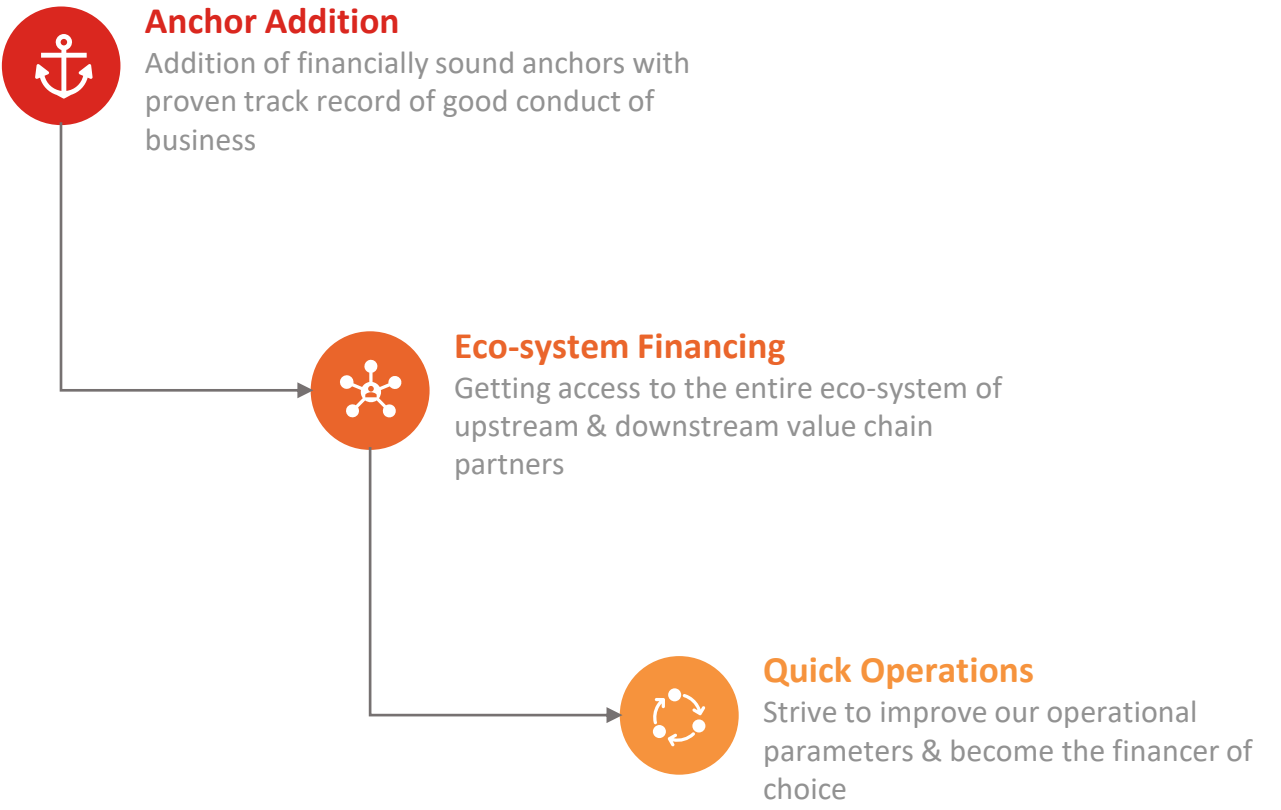




b Supply Chain Finance I Anchor Led Approach Overview

Supply financing across the ecosystem value chain of the anchor i.e. right from supplier of raw materials to the retailer

Approach to supply chain financing



We have a diverse pool of Anchors & FinTech Partners

Anchors

FinTech Partners

b

Ability to build and manage e-market platforms like GeM Sahay

U GRO was one of the first lenders on GeM Sahay platform

Government e-Marketplace (GeM) is the National Public Procurement Portal for an online, end-to-end Marketplace for open, efficient & transparent procurement of goods and services by Central and State Government organisations. It is a **path breaking revolution** in India's public procurement

Number of Seller : **3.7 Mn+ Sellers and Service Providers**

Value supplied by Sellers : **INR 1,90,000+ Cr**

Special lending program to maximise credit penetration through GeM-Sahay based on

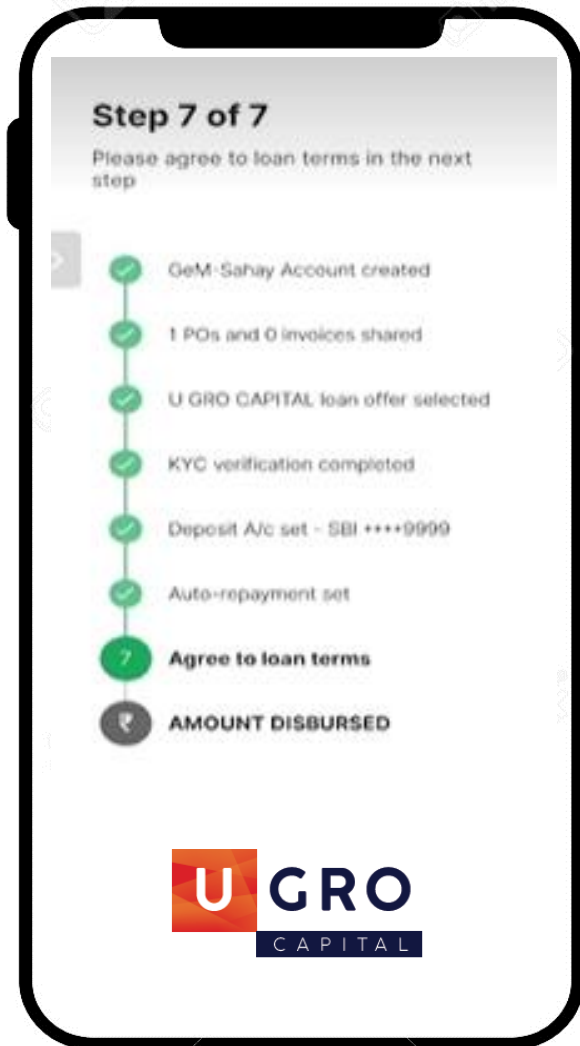
Business
Vintage

Order history
on GeM portal

Seller delivery
and reliability
rating

Repayment
track record

Turnover and
consistency



b Machinery Finance | Positioned to tap opportunity across value chain

Holistic approach to Machinery Finance to tap all the aspects of the Machinery Finance value chain



OEMs as U GRO's Leads

- ❖ Approve OEMs that have steady stream of order book
- ❖ Actively develop relationship with all the approved OEMs
- ❖ Onboard OEMs as partners for lead generation & sales



Dealership Driven Sales

- ❖ Company owned Dealerships – Single RM covers multiple dealers & cases are passed to U GRO for financing
- ❖ 3rd Party owned Dealerships – RM's regularly meet dealers to finance all cases



Repeat Purchase

- ❖ Field Staff actively remains connected with the past customers
- ❖ High focus on tapping repeat purchases

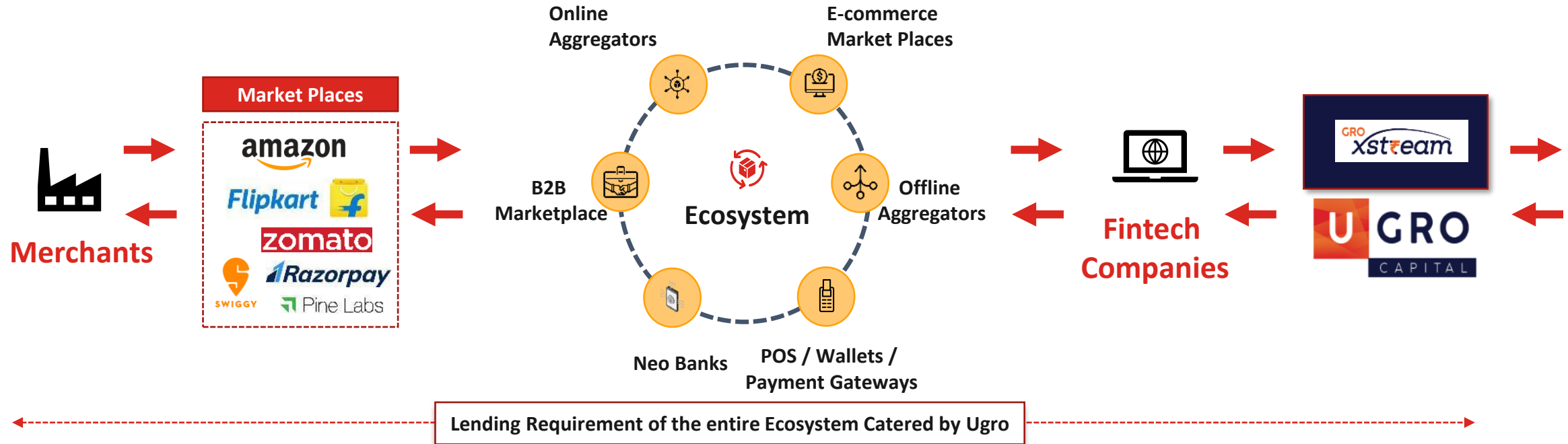
Pre-Approved List of Machinery

- ❖ Plastic/injection molding
- ❖ Light Engineering
- ❖ Pharma
- ❖ Medical Equipment
- ❖ Allied sector – Printing, Packaging & Gensets, Stabilizer, Scissors, compressors



c Partnership Channel | Actively partner with FinTech's/NBFCs to improve distribution reach

Highly customized, **API driven tech platform** for large and emerging lending institutions to collaborate on **upstream and downstream activities** while leveraging GRO score



Ugro choses to fund the Fintech companies rather than directly funding the merchants as it allows the company to source a granular portfolio of INR 1 – 5 lakhs with sufficient coverage of credit by way of FLDG (5% - 15%)



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



Acquisition

Micro-targeting of customer and partner audiences for onboarding

Sector-Focused Partnerships

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

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 and Marketing

Innovation driven by Micro-Level Focus within Sub-sectors

Product Development

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

Marketing

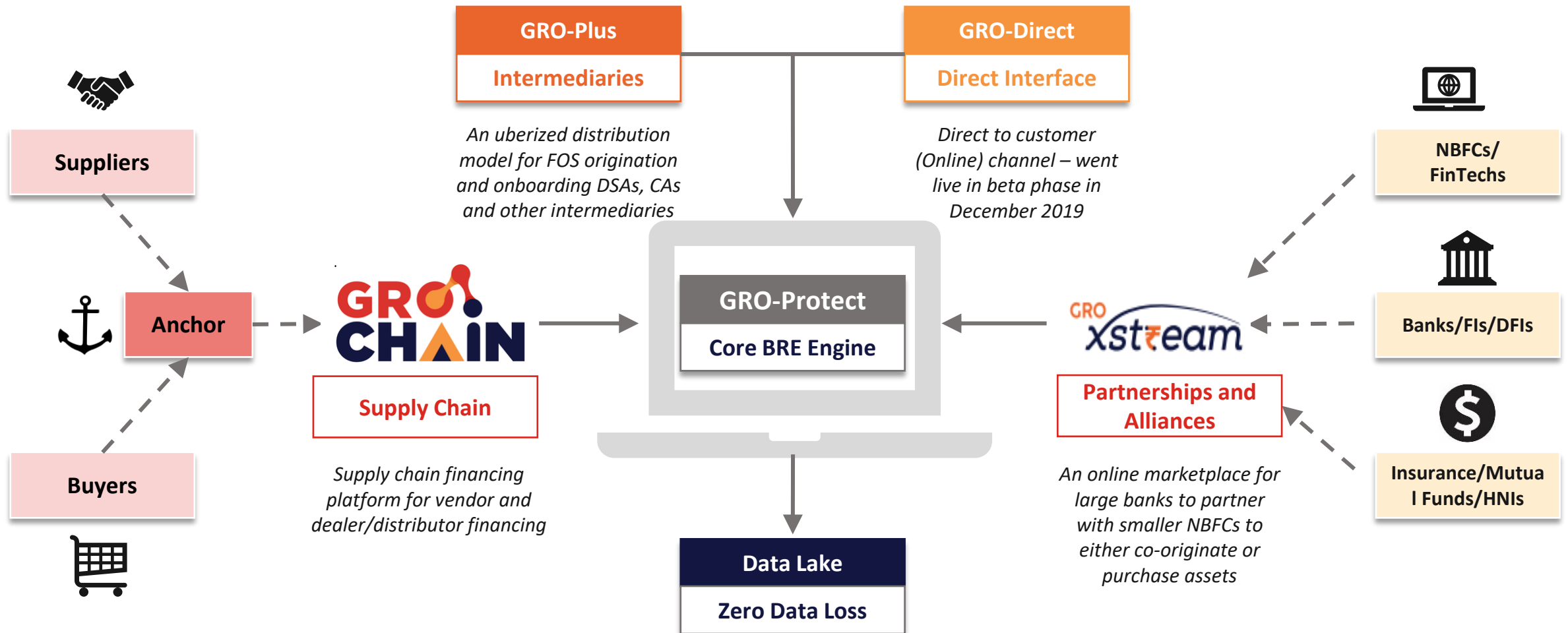
- Customer Data Identification
- **Push & Pull Marketing Campaigns**
- Personalised Communication
- Personalised on-boarding journey (**ChatBots**)

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

Development of System Architecture for full-Suite SME Lending



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

Platforms further integrated with rich data enrichment layer

A paperless, and seamless customer onboarding & underwriting process supplemented by physical underwriting

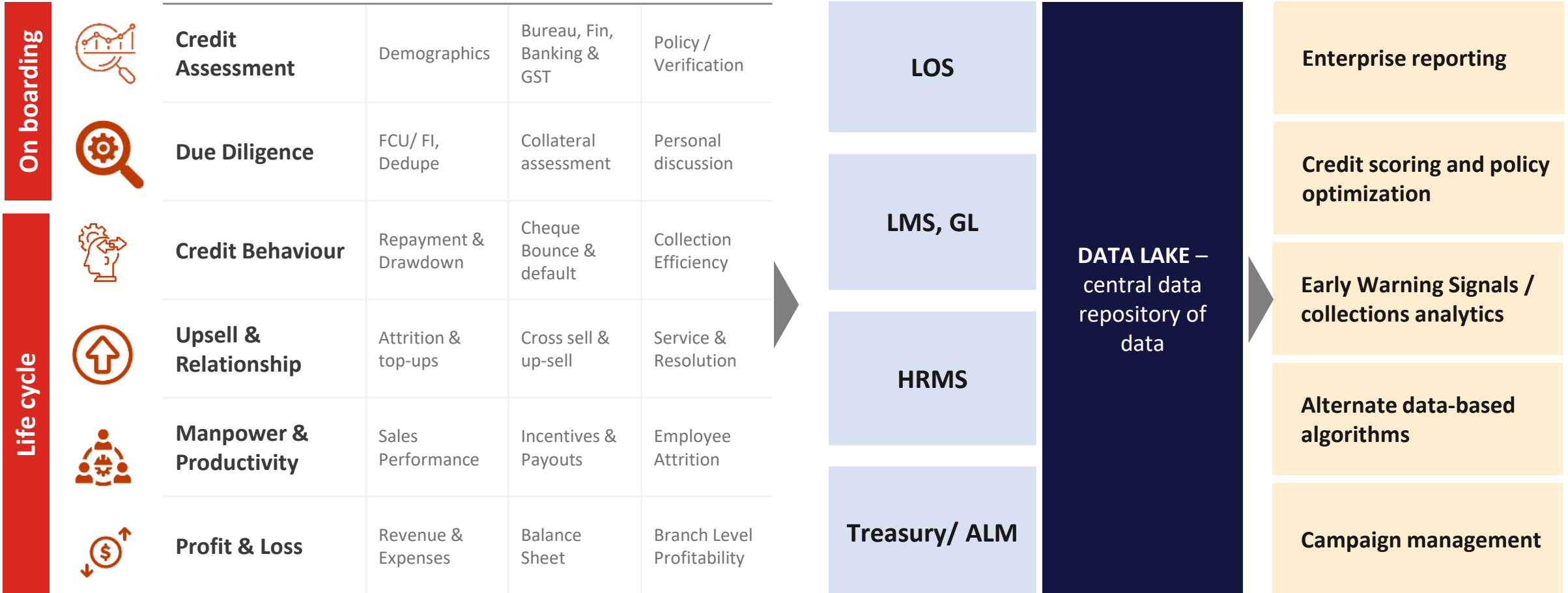


“Zero Data Loss” – Captures end to end data to enable deeper adoption of analytics

360-degree data from all stages of borrower life cycle...

..ingested through source systems into Data Lake

..enabling data driven end use



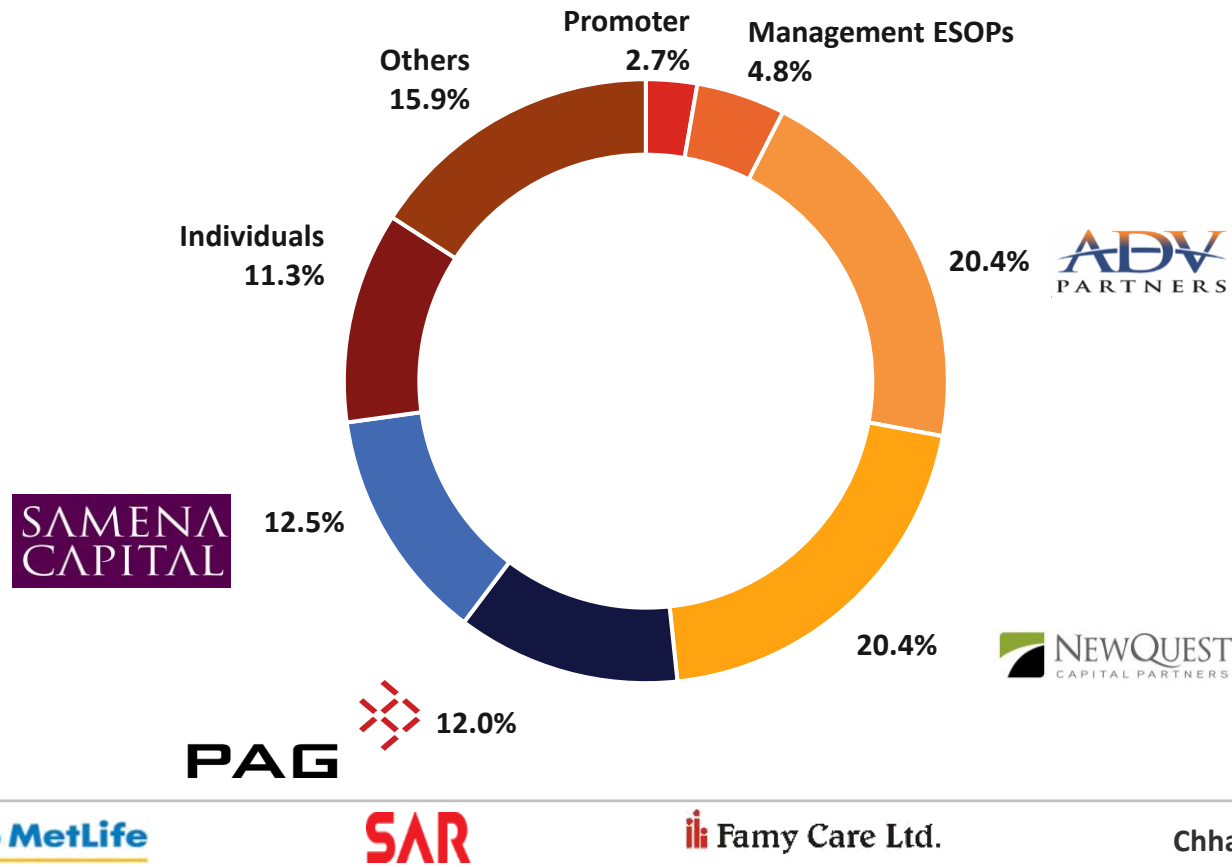


How we are funding our customers' need

Backed by large institution equity and debt

Backed by marquee Private Equity Funds

Shareholding Pattern on a Fully Diluted basis (Dec-21)



Majority of U GRO's shareholding is institutionally owned

Tri-Pronged on the liability side: Lending as a Service

- **Relationship with 50 partners including Banks, NBFCs & DFIs**
- **Diverse liability mix** to include – all major banks, debentures, capital market and insurance companies
- **Access funding** from new sources of funding such as **multilateral agencies, DFIs, impact funds**, development bank etc.

U GRO Balance Sheet

- **Partnerships already signed with Bank of Baroda, IDBI Bank, SBI and Central Bank of India**
- **Co-Lending with larger banks** to originate higher ticket loans
- **Early conversations with banks** to secure debt and co-lending partnerships

Co-Lending with Larger Banks/NBFCs

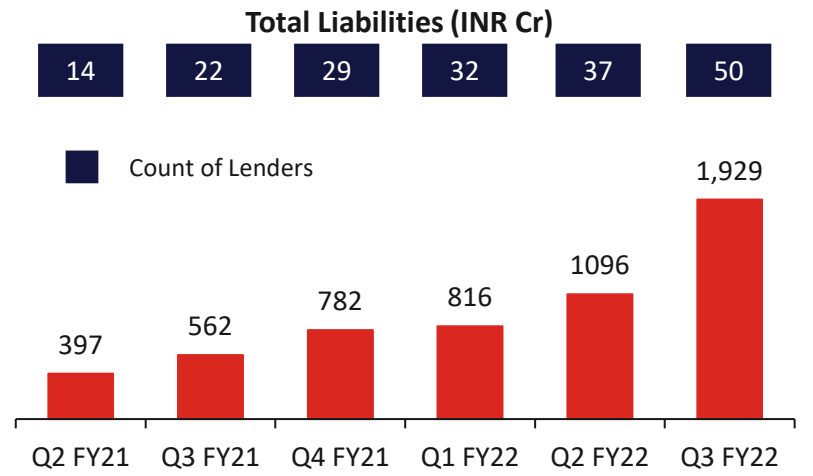
- Policy of **actively securitizing the loan book** to ensure that the mismatch in the greater than 5-year bucket is funded by equity
- **Minimize asset liability mismatch**

Assignment to Financial Institutions

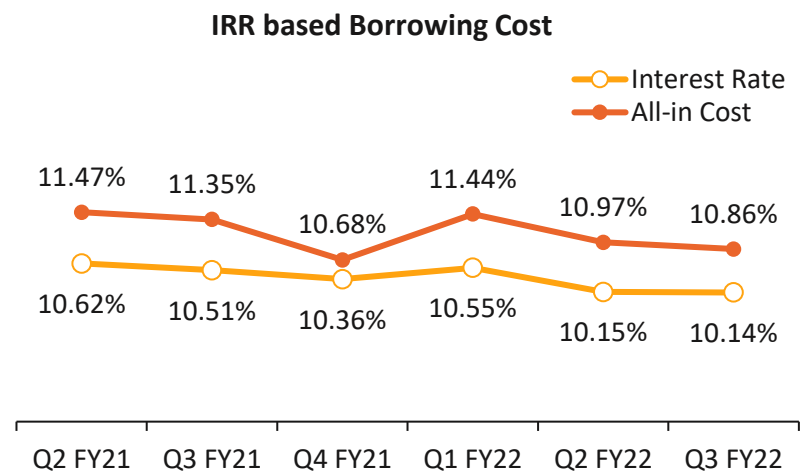


Expanded lender universe to 50; Continued build-out of liability book

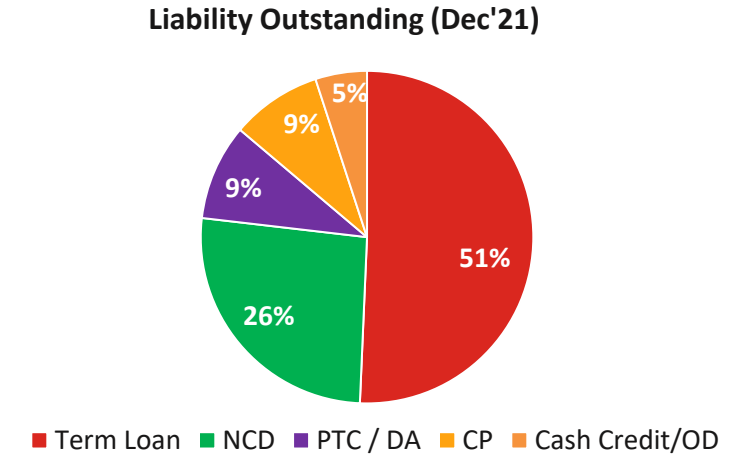
Total Liabilities



Cost of Borrowing



Liability Mix



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

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

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



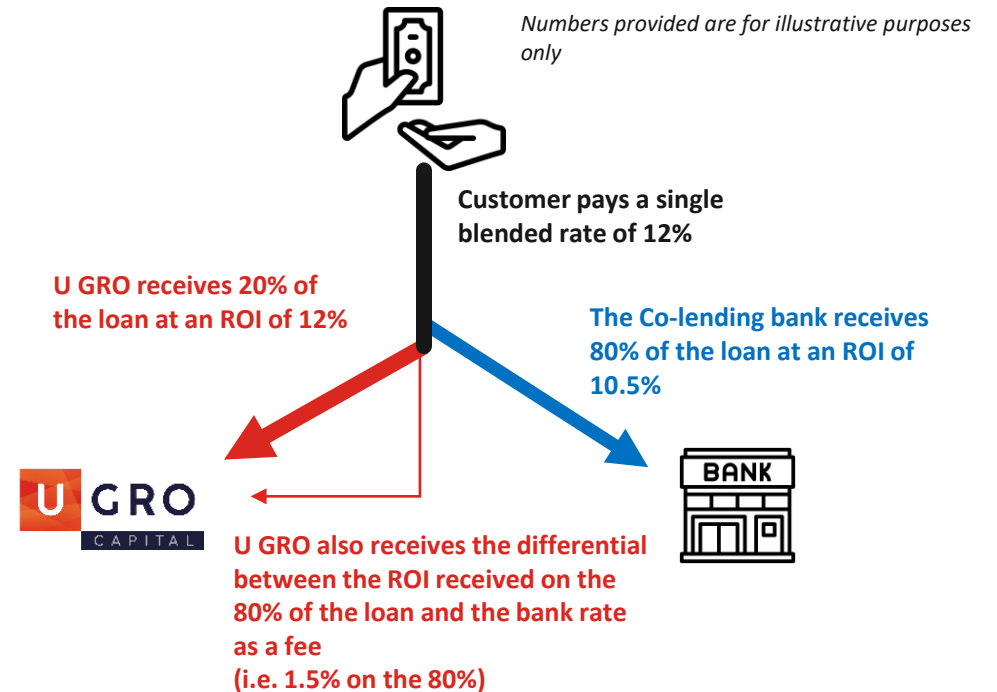
- Secured Business Loans
- Agreement Singed in Oct'21



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

Co-Lending is a value accretive strategy

Example of Co-Lending Model



A decorative graphic on the left side of the slide, consisting of a square filled with overlapping, semi-transparent orange and red geometric shapes, creating a complex, abstract pattern.

Our Governance & Team

Financial Services succeed only because of quality of Governance and tenacity of management teams

Strong Corporate Governance framework enshrined in the AoA

Listed Vehicle

- High degree of regulatory oversight and transparency
- An institution created with a long-term view, designed for continued operational efficiency
- Access to permanent capital
- Over 80% owned by Institutional Investors

Processes and policies

- 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 3/4th approval of the Board



Reputed Auditors

- As per our AoA & MoA, we shall appoint a Statutory Auditor with good reputation, and in line with RBI directions and other applicable laws.
- MSKA & Associates is our statutory auditor and Khimji Kunverji & Co is our Internal Auditor



Strong 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**

Board Members comprises of diverse industry experience (1/2)



Satyananda Mishra – Chairman, CSR Committee

- Ex-Chairman, MCX, Ex-CIC, Gol, Ex-Director - SIDBI
- Over 40 years with the IAS (Batch of 1973)
- Director at Pradeep Phosphates, Invesco Trustee, SME Mavens
- M.A., Utkal University, M.Sc., London School of Economics



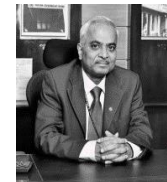
S. Karuppasamy - Chairman, Compliance Committee

- Ex-Executive Director, RBI
- Over 40 years of experience with RBI
- Member of the RBI services board, & director ARCIL & Vivardhana (MFI)
- PGD in Bank Mgmt; IIBF; CAIIB (Honorary Fellow) & MA (Economics)



Abhijit Sen - Chairman, Audit Committee

- Ex-CFO, Citi-India
- Over 40 years of experience with Citi, CEAT, Tata
- Advisor to EY, Independent Director at Trent, Cashpor Microcredit, Kalyani Forge, Manappuram, Ujjivan Financial Services
- PGDM from IIM Calcutta; B. Tech from IIT Kharagpur



Karnam Sekar – Independent Director

- Ex - MD & CEO of Indian Overseas Bank
- Over 30+ years of total BFSI Industry experience
- Dy MD of SBI, contributed to the Board level deliberations of the Nation's Largest Commercial Bank for more than four years
- Operated as nominee director on the Boards of CCIL & NeSL
- Selected as Managing Director of Public Sector Bank and has the rare distinction of heading two public Sector Banks during very critical Juncture of their history



Hemant Bhargava – Independent Director

- Ex-Chairman in charge and MD of LIC
- Over 38 years of experience at LIC
- Currently on the Board of L&T, The Tata Power Company and ITC
- Masters in economics and Masters in Financial Management from JBIMS



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
- Currently a Board member at Trust Asset Management & Star Health

Specialization:
SEBI Regulations



Legend: Independent Directors, Non-executive Directors

Board Members comprises of diverse industry experience (2/2)



Amit Gupta (New Quest Nominee)

- **Founding Partner of NewQuest**
- Was the Non-Executive Director of Ujjivan Financial Services Limited
- B.Tech. - REC, Kurukshetra University. PGDM – IIM Bengaluru, Karnataka



Chetan Gupta (Samena Nominee)

- **Managing Director at Samena Capital**
- Board Member of RAK Logistics, Softlogic Holding & Tejas Networks
- CFA, CAIA; Master's in Mgmt (Finance) from Univ of Mumbai



Manoj Sehrawat (ADV Nominee)

- **Partner at ADV**
- 22 years of exp in FS across PE investments, structured finance, distress debt acquisition & resolution, corporate & financial restructurings
- Chartered Accountant; B.Com (Hons) – Delhi University



Management Team have execution expertise of setting-up large institution



Sachindra Nath
Exec Chairman & MD
 Experience – ~25+ years



Amit Mande
Chief Revenue Officer
 Experience – ~20 years



Anuj Pandey
Chief Risk Officer
 Experience – ~20 years



Amit Gupta
Chief Financial Officer
 Experience – ~18 years



Sunil Lotke
Chief – Legal & Compliance Officer
 Experience – ~18 years



J Sathiayan
Chief Business Officer
 Experience – ~29 years



Pia Shome
Chief People Officer
 Experience – ~15 years



Rishabh Garg
Chief Technology Officer
 Experience – ~17 years



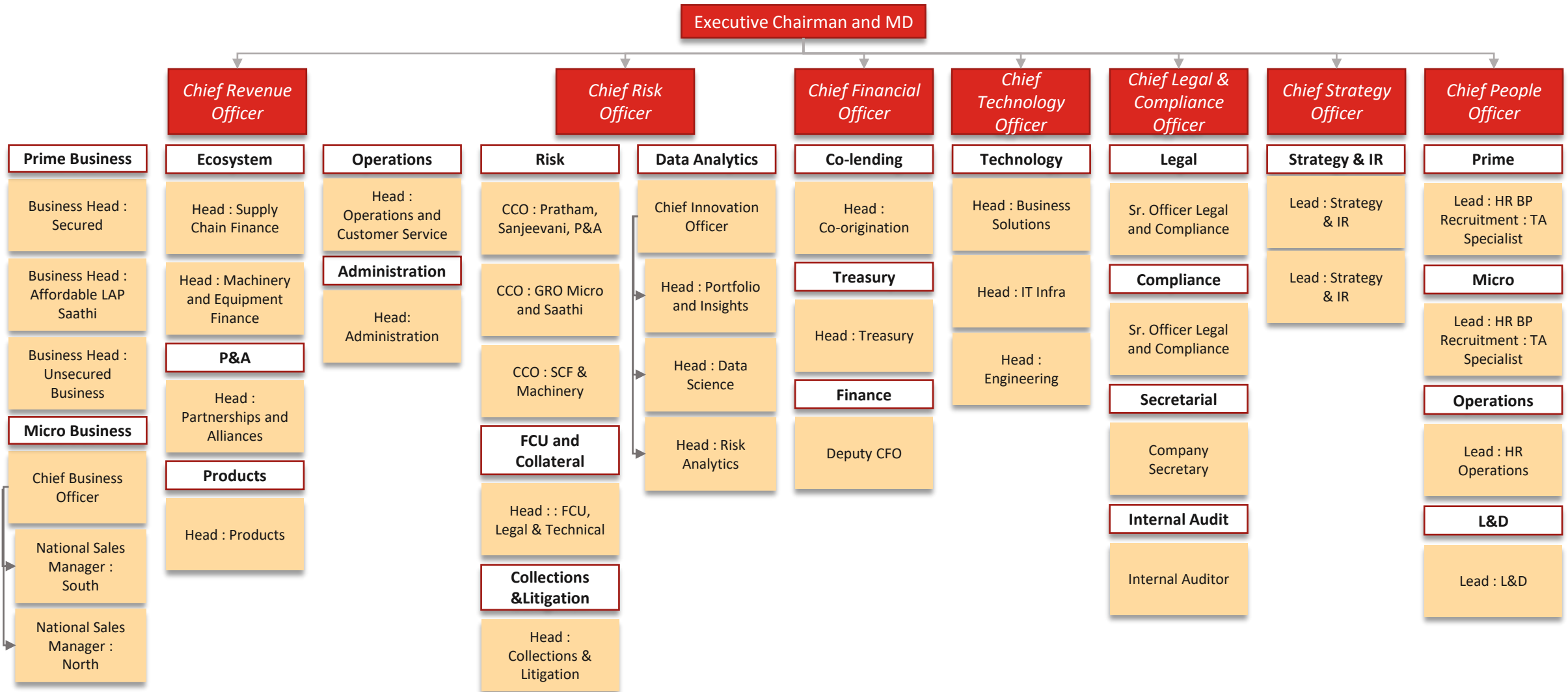
Nirav Shah
Chief Strategy Officer & Head of IR
 Experience – ~16 years



Subrata Das
Chief Innovation Officer
 Experience – ~16 years



Executive Committee supported by strong second layer of management

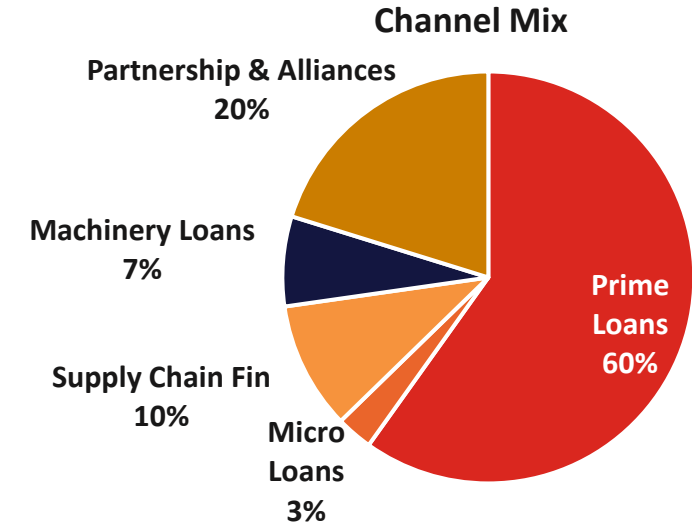
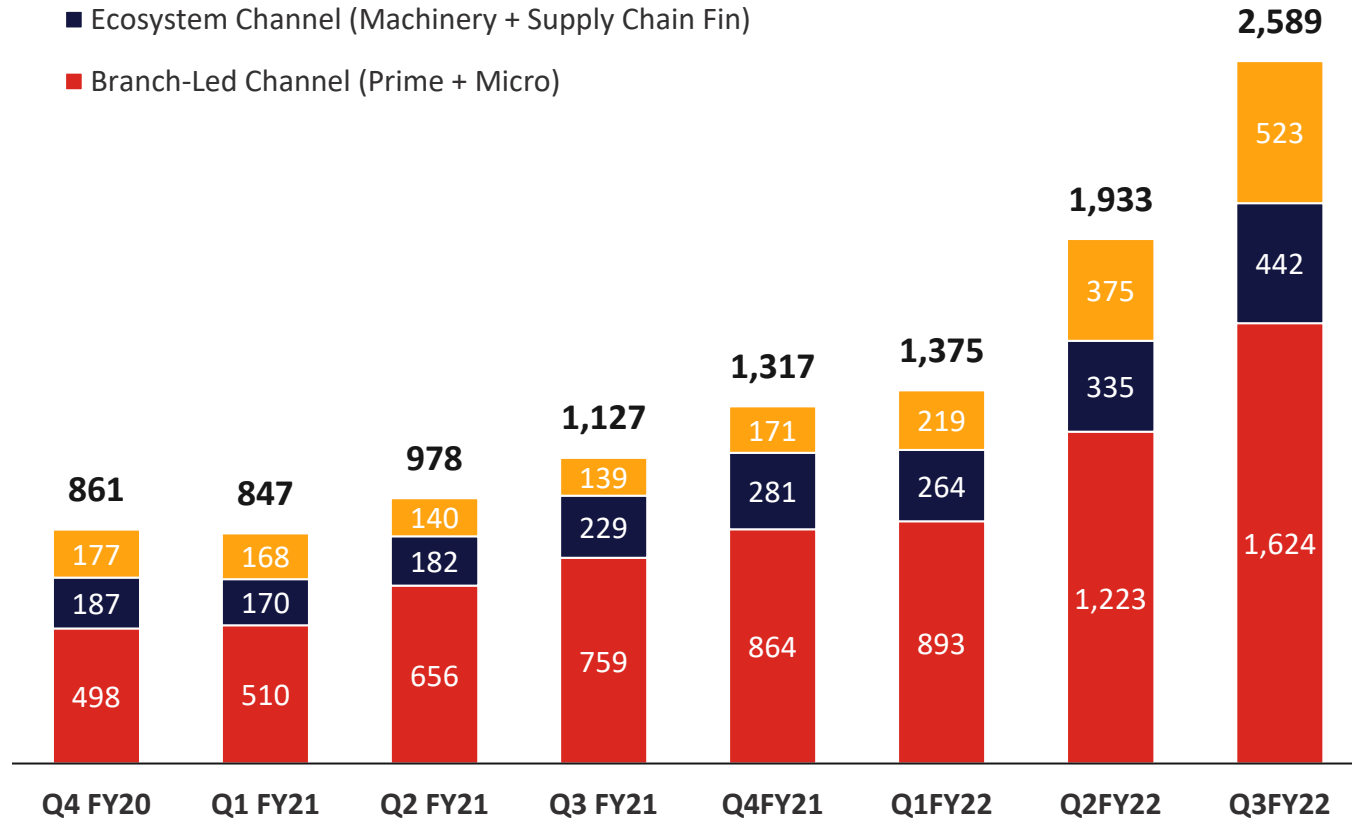




Portfolio Overview

AUM Growth Channel Wise

- Partnership and Alliances Channel
- Ecosystem Channel (Machinery + Supply Chain Fin)
- Branch-Led Channel (Prime + Micro)

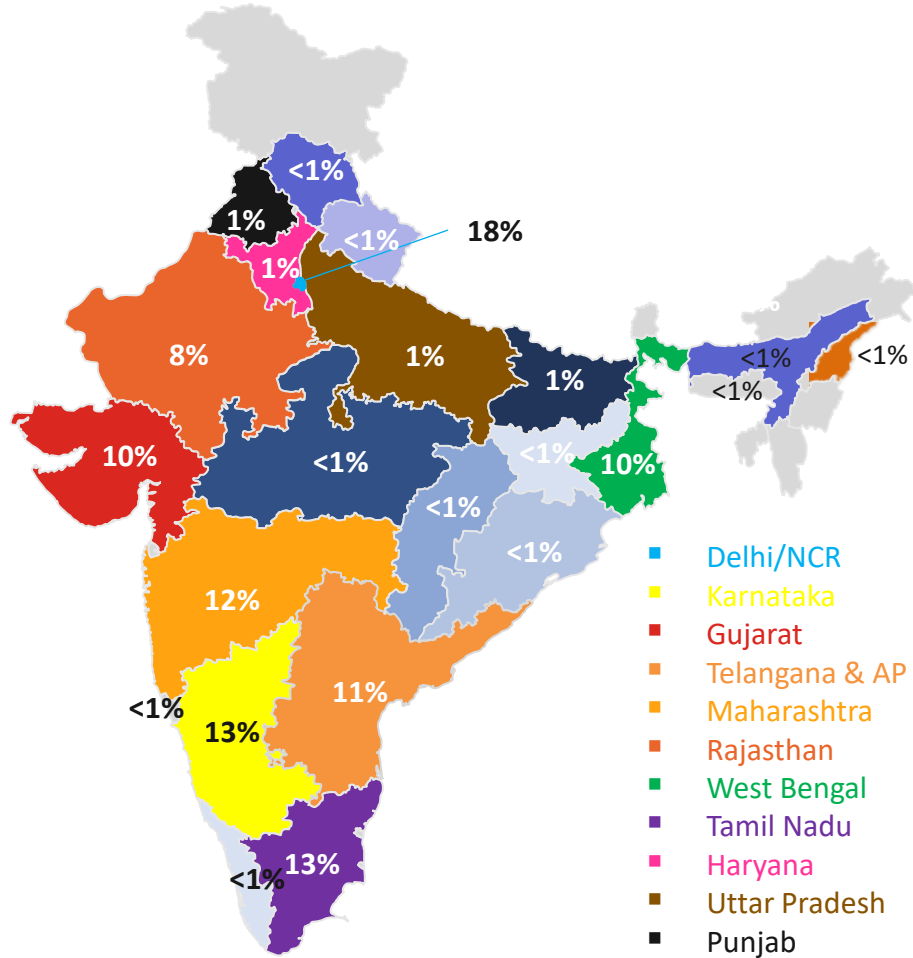


Product category	POS (Cr)	ROI (%)	Ticket size (Cr)
Prime Loans	1549.9	14.9%	0.31
Micro Loans	73.9	21.6%	0.06
Supply Chain Finance	259.4	13.3%	0.21
Machinery Loans	182.6	13.2%	0.41
Partnerships and Alliances	523.1	20.9%	0.06
Grand Total	2,588.9	16.0%	0.16

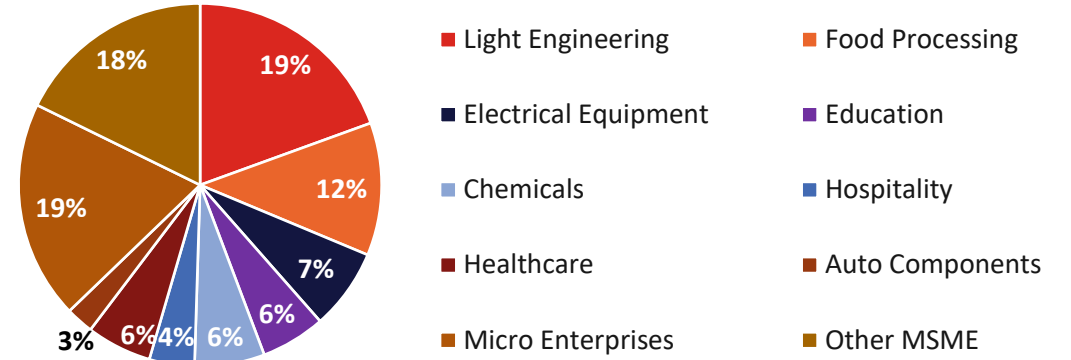
■ Portfolio growth picked up in Q3FY22 with overall pick up in disbursements

Portfolio Region Snapshot | AUM (as of Dec'21)

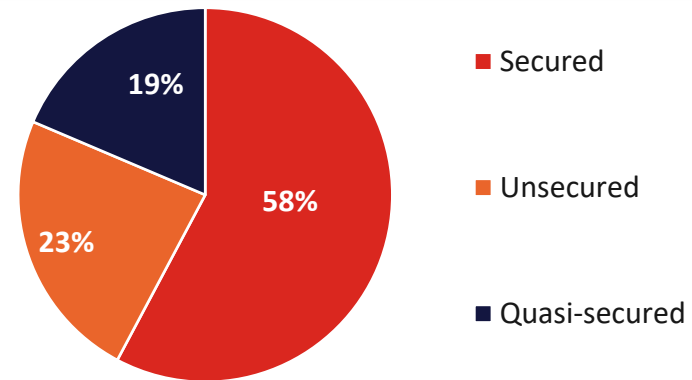
Geographical Mix



Sectoral Mix

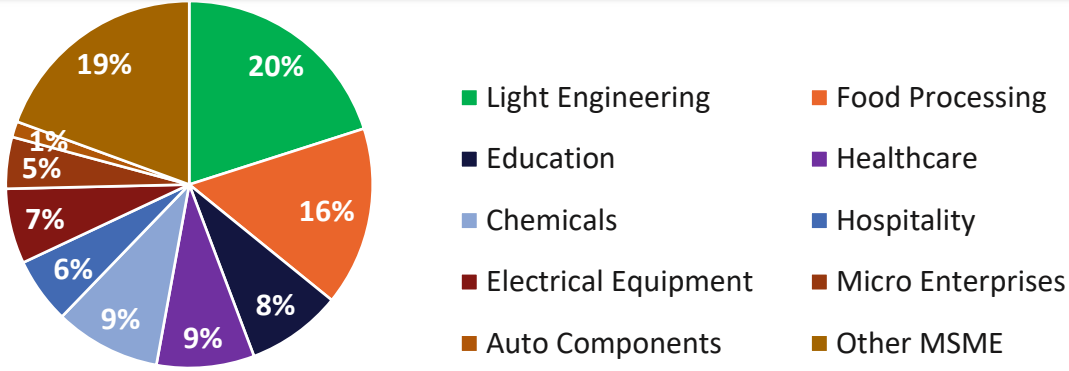


Secured Mix

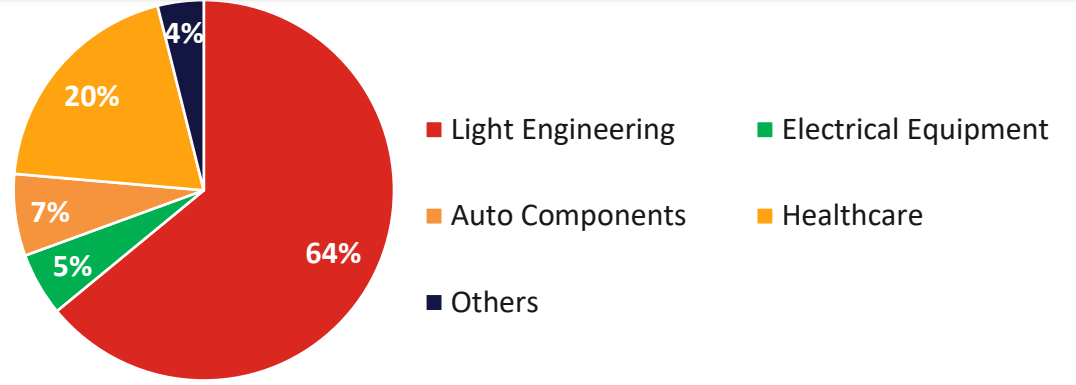


Portfolio Sector Snapshot | AUM (as of Dec-21)

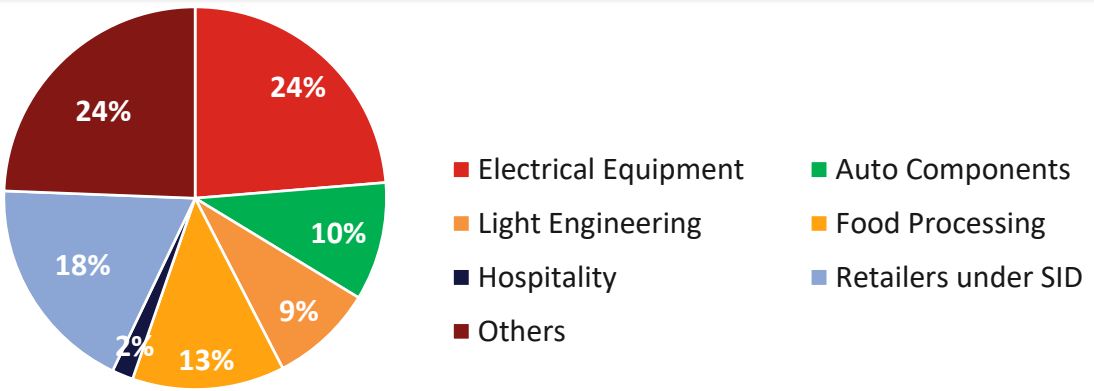
Branch-Led Sectoral Mix (AUM : 1,624 Cr)



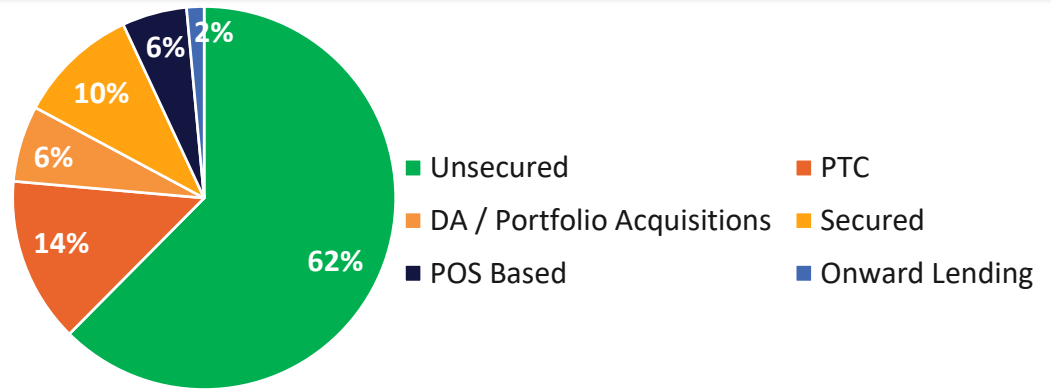
Machinery Finance Sectoral Mix (AUM : 183 Cr)



Supply Chain Finance Sectoral Mix (AUM : 259 Cr)



Partnerships & Alliances (Micro Enterprises) Sectoral Mix (AUM : 523 Cr)



Unsecured, Secured & POS based AUM covered by 5% to 15% FLDG

Portfolio Provisioning, Collection Efficiency & Restructuring Highlights

Collection Efficiency and Bounce rates

Dec-21 Figures	Collection Efficiency	Bounce Rate
Branch Led Channel	94.0%	17.6%
Eco-System (Machinery Only)	97.0%	8.4%
Partnerships & Alliances	94.0%	8.5%

ECL Data

All figures in ₹ Cr	Loan Exposure	Loan Exposure (%)
Stage 1	2,270.4	95.7%
Stage 2	45.7	1.9%
Stage 3	55.6	2.3%
Total	2,370.2	100.0%

- Total provisions as of Dec-21 stood at ₹33.2 Cr (1.4% of the AUM) vs the regulatory requirement of INR 26.9 Cr. ~23% above the provision prescribed by IRACP and RBI
- GNPA stood at 2.38% (INR 56.7 Cr EAD) and NNPA stood at 1.98% as of Dec-21

- Restructured 5.3% (136.4 Cr) of our portfolio as on Dec-21. 85% of the restructured pool was current as of Dec-21
- Majority of the restructuring was done in the Branch Led Portfolio.
- Education, Hospitality (Covid 1.0) & Light Engineering (Covid 2.0) were the most affected part of our portfolio

Channel	Sector	Restructured	% of Total Restructured	% of AUM restructured
Branch-Led	Auto Components	0.7	0.5%	3.1%
	Chemicals	5.3	3.9%	3.6%
	Education	52.7	38.7%	38.7%
	Electrical Equipment	4.7	3.5%	4.4%
	Food Processing	5.8	4.2%	2.3%
	Healthcare	2.8	2.1%	2.0%
	Hospitality	22.5	16.5%	24.5%
	Light Engineering	27.4	20.1%	8.4%
	MSME	0.7	0.5%	0.2%
	Eco-system Channel	SCF - Electrical Equipment	0.4	0.3%
SCF - Others		3.0	2.2%	2.5%
Machinery - Light Engineering		1.9	1.4%	1.2%
Machinery - Healthcare		1.0	0.7%	27.3%
Partnerships & Alliances	Onward Lending	5.0	3.6%	64.2%
	DA & Portfolio Acquisition	2.4	1.8%	9.4%
Total		136.4	100.0%	5.3%



Update on Financials

(Q3 & 9M FY22)

Financials | Income Statement & Balance Sheet

Income Statement (₹ Cr)	FY21	Q1 FY22	Q2 FY22	Q3 FY22	9M FY22
Income					
Interest Income & income from investment	148.5	50.7	60.6	79.7	190.9
Sale of Services	3.5	-	1.0	3.0	4.0
Other operating revenue	1.3	0.6	1.1	2.6	4.3
Total Income (A)	153.3	51.3	62.7	85.3	199.2
Expenses					
Finance Costs	44.6	22.4	26.9	38.4	87.7
Employee Benefits Expenses	45.3	12.3	13.7	18.9	44.9
Depreciation, amortization and impairment	11.7	2.6	2.9	3.1	8.6
Provision for loan loss	19.6	4.9	5.9	9.4	20.2
Other expenses	19.9	6.7	8.6	10.4	25.7
Total Expenses (B)	141.2	48.9	58.0	80.2	187.1
Profit Before Tax (C) = (A-B)	12.1	2.4	4.7	5.1	12.1
Tax Expenses (D)	(16.6)	0.7	1.3	1.7	3.7
Profit After Tax (E) = (C-D)	28.7	1.7	3.4	3.4	8.4

Balance Sheet (₹ Cr)	FY21	9M FY22
Financial Assets	1,656.9	2,659.9
Loans	1,278.8	2,350.7
Cash and Investments	371.3	173.5
Other Financial Assets	6.8	135.7
Non-Financial Assets	94.0	116.0
Total Assets	1,750.9	2,775.9
Financial Liabilities	793.2	1,808.8
Trade/Other Payables	10.2	23.1
Borrowings & Debt Securities	765.7	1,762.3
Other Financial Liabilities	17.3	23.4
Non-Financial Liabilities	5.2	8.0
Total Equity	952.4	959.1
Equity Share Capital	70.5	70.5
Other Equity	881.9	888.6
Total Liabilities + Equity	1,750.9	2,775.9



Mission 2025 – 1 Mn Customers; 1% MSME Market Share

AUM : INR 20,000 Crores

We have a clearly articulated vision to achieve our goals

Asset Side Strategy

- Opening of new branches in line with our plans and training & specializing frontline sales to achieve growth targets
- Rapid build out of partnerships to steadily ramp up our partnership channel
- Addition of financially sound anchors & improve from our experiences

Organizational Build-up

- Become an employer of choice by groom internal talent for leadership roles
- Hire the right talent and cross train manpower to assume bigger roles
- Focus on training and development to ensure continuous upskilling of manpower



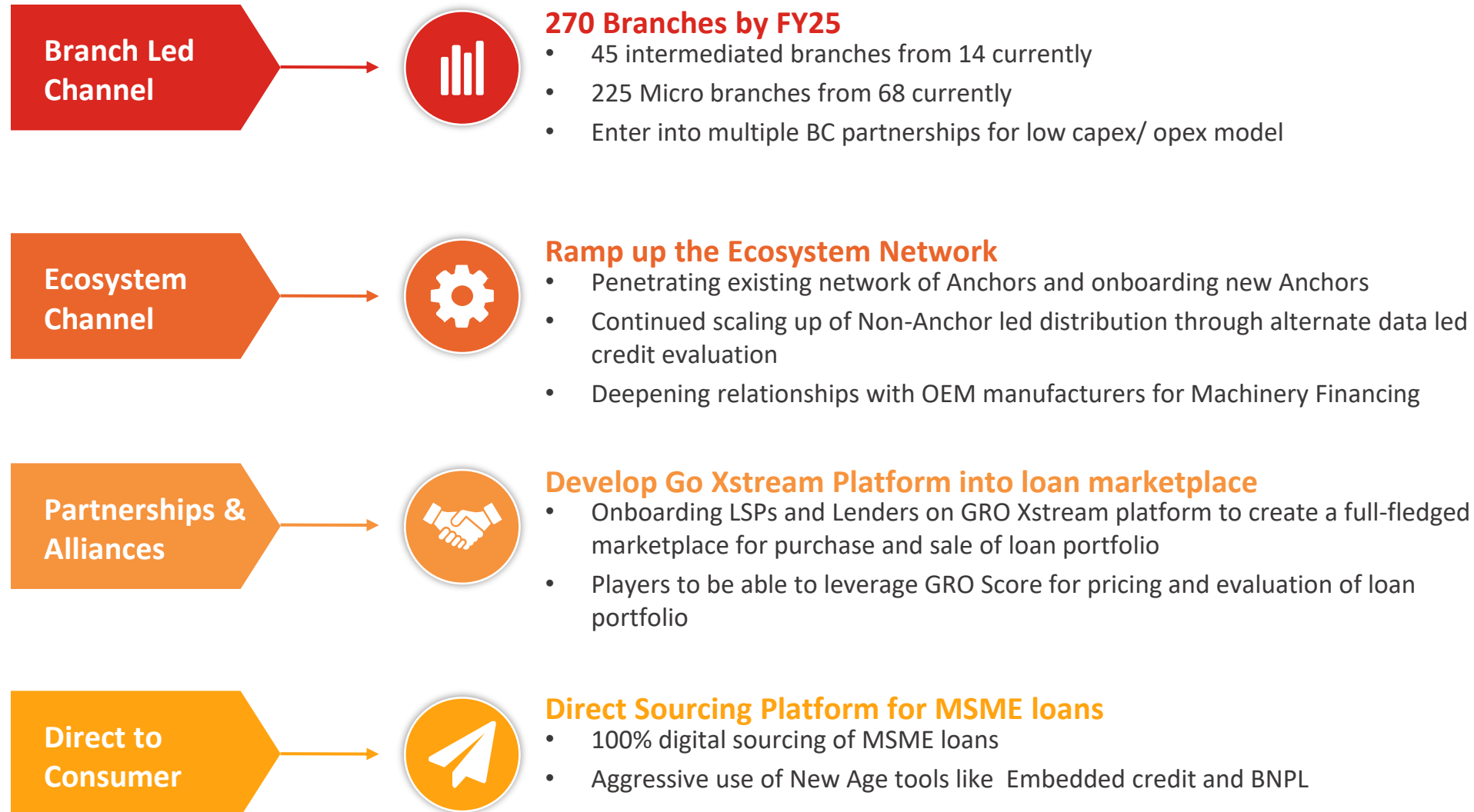
Liability Side Strategy

- Adequately raise debt to fuel the build out of asset
- Raise long term, low-cost debt from DFIs & large banks
- Achieve high credit rating through build-out of quality portfolio
- Continued focus on Co – Lending & Securitization
- Maintain focus on ALM

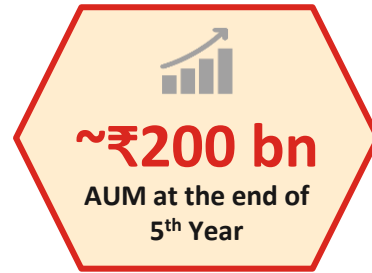
Technology Vision

- Launch a NeoBank for GRO Micro Vertical
- Build India most efficient data stack for MSME Financing
- Capture customer data point at every touch point & improve our forecasting algorithm through AI/ML models

Distribution channel wide approach



Where we want to be in next 5 years



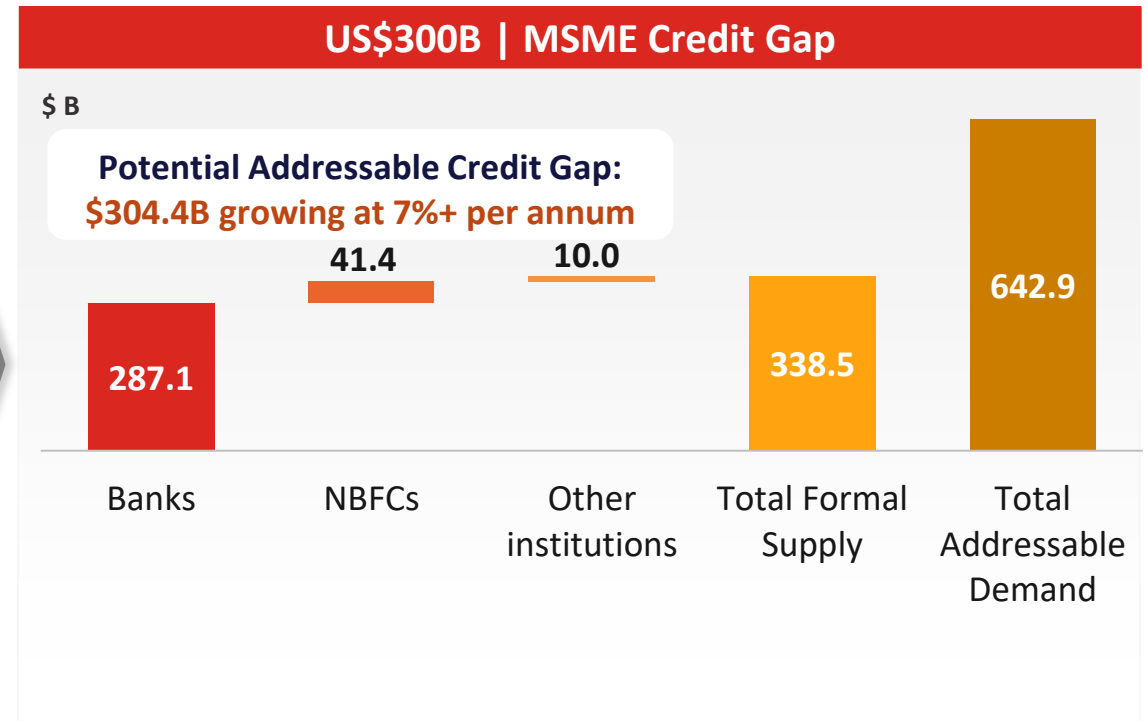
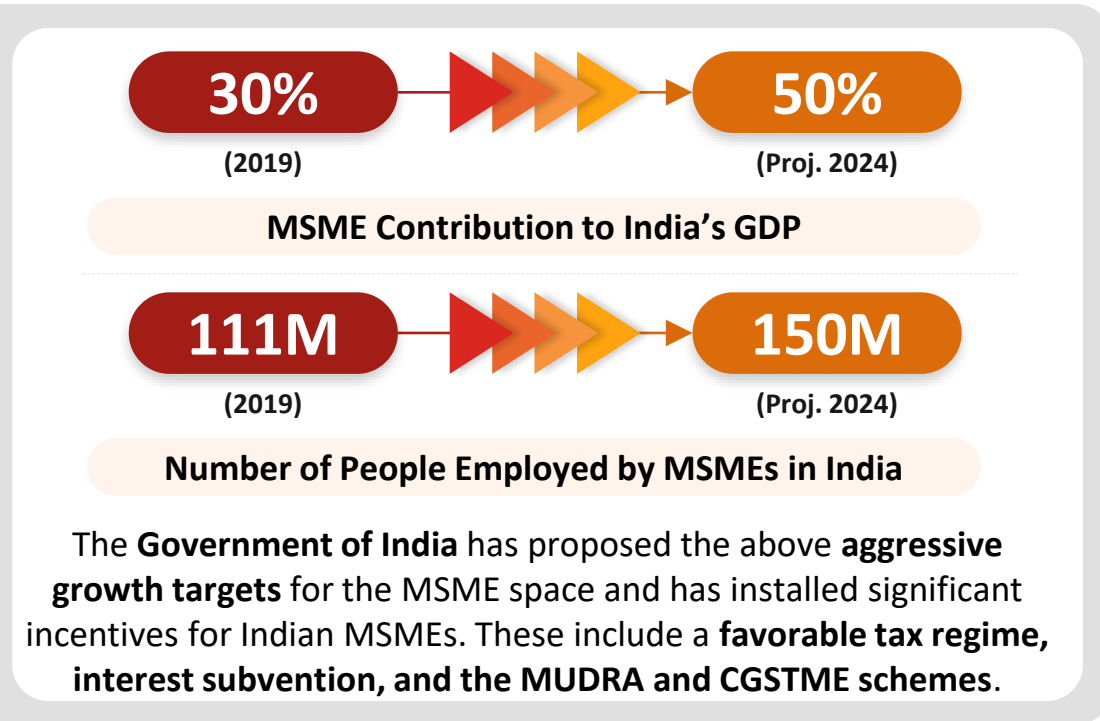
{	16.3%	}	Interest Yield
{	9.5%	}	Borrowing Costs
{	8.5%	}	Net Interest Margin (NIM)
{	4.2%	}	Return on Assets
{	18.8%	}	Return on Equity
{	3.8x	}	Debt/Equity Ratio

ROA Tree (Projected)	
Interest Income	16-17%
Cross-sell	0.2-0.5%
Co-lending/Assignment Income	0.4-0.6%
Other income	0.5-1%
Interest on cash	0.5-1%
Total Income	17.5-19.5%
Borrowing Costs	7.5-9%
Employee Expenses	2-3%
Provisions	0.4-0.8%
Other operating expenses	1.4-1.6%
Total Expenses	12-14%
PBT	~5.5%
Tax	~1-2%
PAT	~4-5%
ROE	~18.8%



UGRO Impact

UGRO Capital is addressing the US\$ 300bn credit gap in the MSME sector



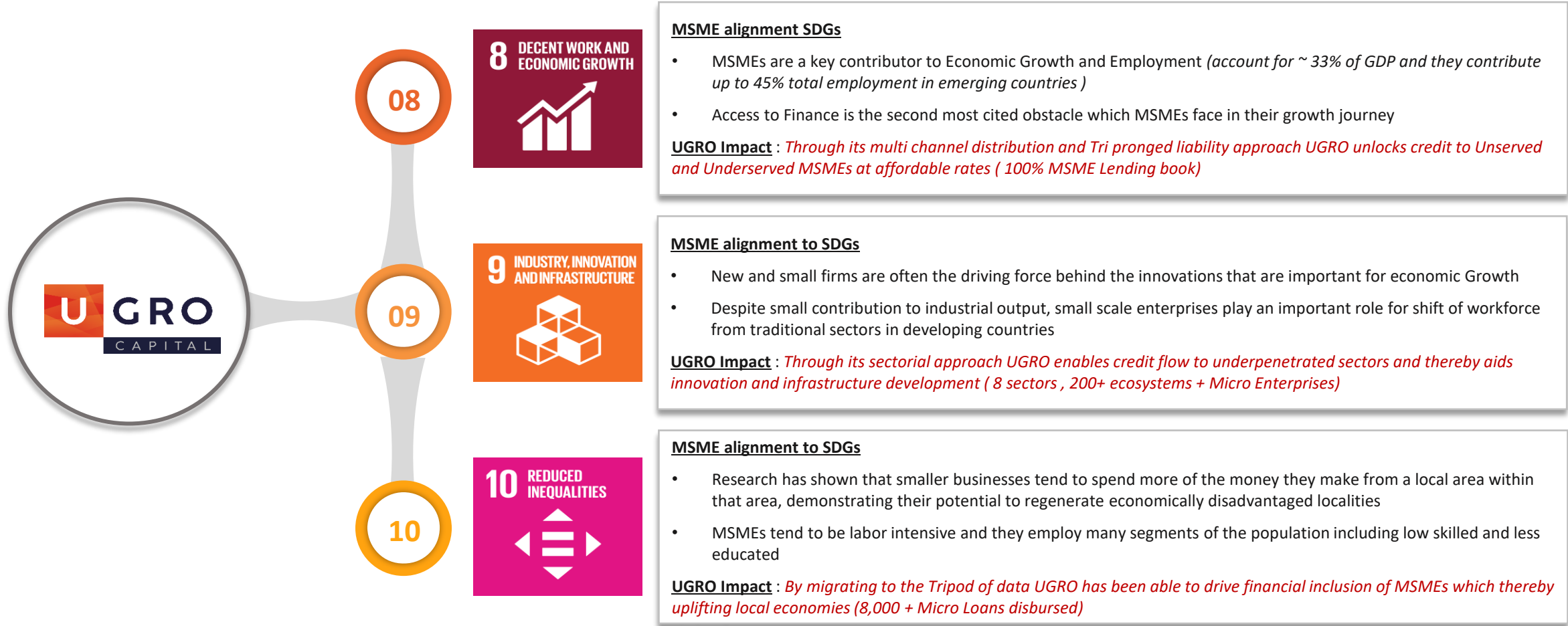
63M
MSMEs in India

USD 765 B
Gross Value Add

20%
MSMEs with Access to Credit

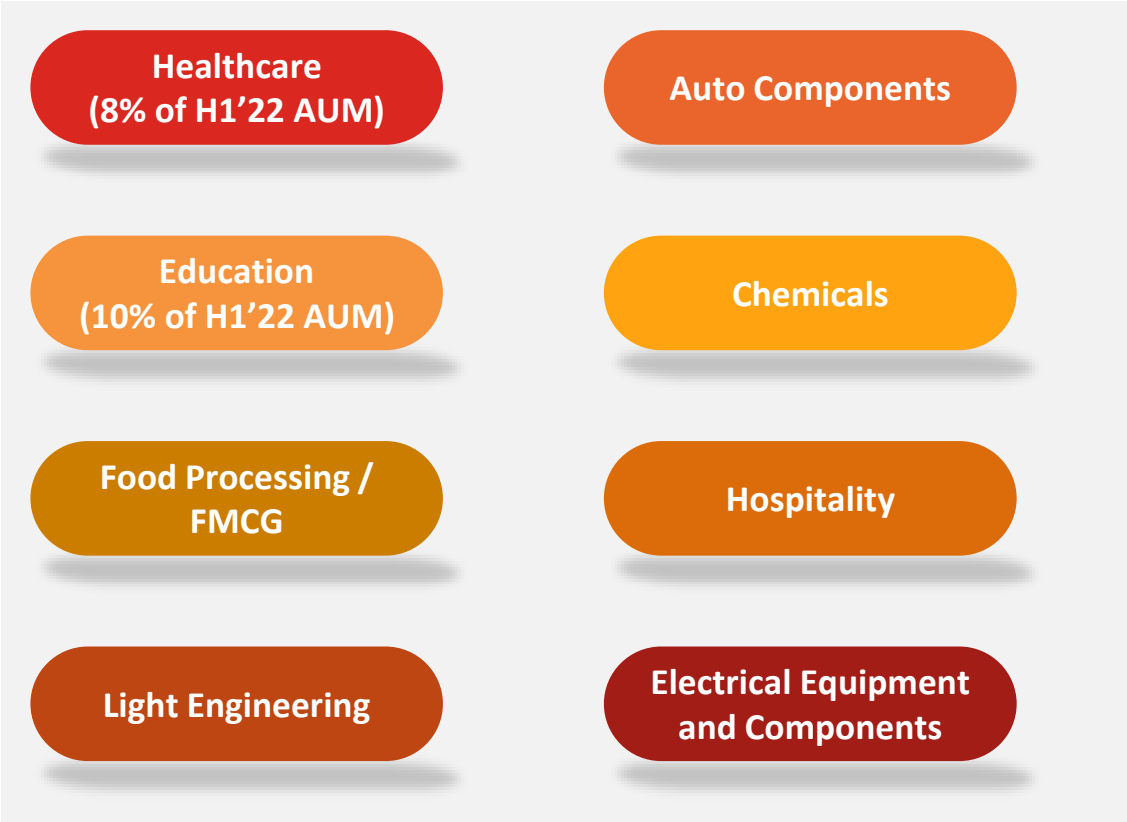
The Indian Government is looking to bolster the MSME sector to greatly increase financial inclusion | The MSME Credit Gap is a barrier to growth and inclusion in the MSME space | U GRO is targeting the Credit Gap using an innovative mix of Knowledge + Technology

MSME sector contributes significantly to the economic and social development of our country by fostering entrepreneurial spirit and self-employment aligning to the United Nations SDG's – 8,9 and 10



UGRO Capital – SDG contribution through sectorial lending approach

8 sectors & 200+ Ecosystem representing ~50% of the total MSME Lending market



- Large lending opportunity
- +
- Lower impact of regulatory changes
- +
- Relatively less competition from banks
- +
- Secular consumption driven growth
- +
- Low geographical concentration

UGRO Capital – Organizational Impact Framework

Employment Generation



- Direct Employment generation at organizational level
- Indirect job creation by lending to MSMEs (housing 42% of total jobs in India)
- Creating local job opportunities by opening branches in remote areas

Customer Type



- Focusing on equitable distribution of credit by penetrating up to tier 6 cities for Micro funding
- Uplifting MSMEs across communities, caste and creed

Financial Inclusion



- Magnifying credit through co-lending model (16.7x credit multiplier v/s 10.0x for traditional NBFCs)
- Catering to underserved and unbanked customers
- Enhancing flow of credit to MSMEs through multiple channels

Business Earnings and Infrastructure



- Enabling growth and creation of capacity for MSMEs through lending
- MSMEs contribute ~30% to India's GDP

Women Empowerment



- Promoting equal employment opportunities for men and women
- Aiding growth of Women entrepreneurs through lending

Geography



- Operating across 3,000+ pin codes with sourcing reach ranging from Tier 1 – Tier 6 cities
- Operating in 5 states with 69 branches



UGRO Capital – Organizational Impact Numbers



3,200+ Pin codes

Spread of Current Loan Book



11,000+

MSME Customers as on date



~1800

Loans extended to Micro Enterprise



10%

AUM in Education Sector



8%

AUM in Healthcare Sector



~300,000

Employment Supported

UGRO Capital – Mission 2025



1%

Market share of MSME lending space that U GRO will capture by FY25



1 Mn+

MSMEs to be supported through various loan products



2 Mn+

Jobs to be directly supported through our debt funding



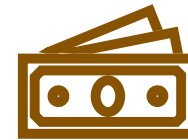
600,000+

Women jobs to be directly supported



0.4%

GDP contribution of the MSME's that will get loan support by us



~1 Mn+

People that will be lifted out of poverty in the next 5 years

Thank You

Contact Information :

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