



U GRO Capital

Q2 FY21 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

~\$130M Of Equity Raised

U GRO Capital

A technology enabled, highly specialized, small business lending platform

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

INR 920+ Cr of equity raised from marquee investors – A systemically important NBFC (NBFC-NDSI)

Secured Business Loans
Interest Rate – ~12% | Ticket Size: 0.25-5.0 Cr

Unsecured Business Loans
Interest Rate - ~19% | Ticket Size: 0.05-0.5 Cr

Microenterprise Loans
Interest Rate - 18-28% | Ticket Size: 0.01-0.75 Cr

Supply Chain Financing
Interest Rate – ~13.5% | Ticket Size: 0.05-0.5 Cr

Product Offerings



Sector Specialization

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

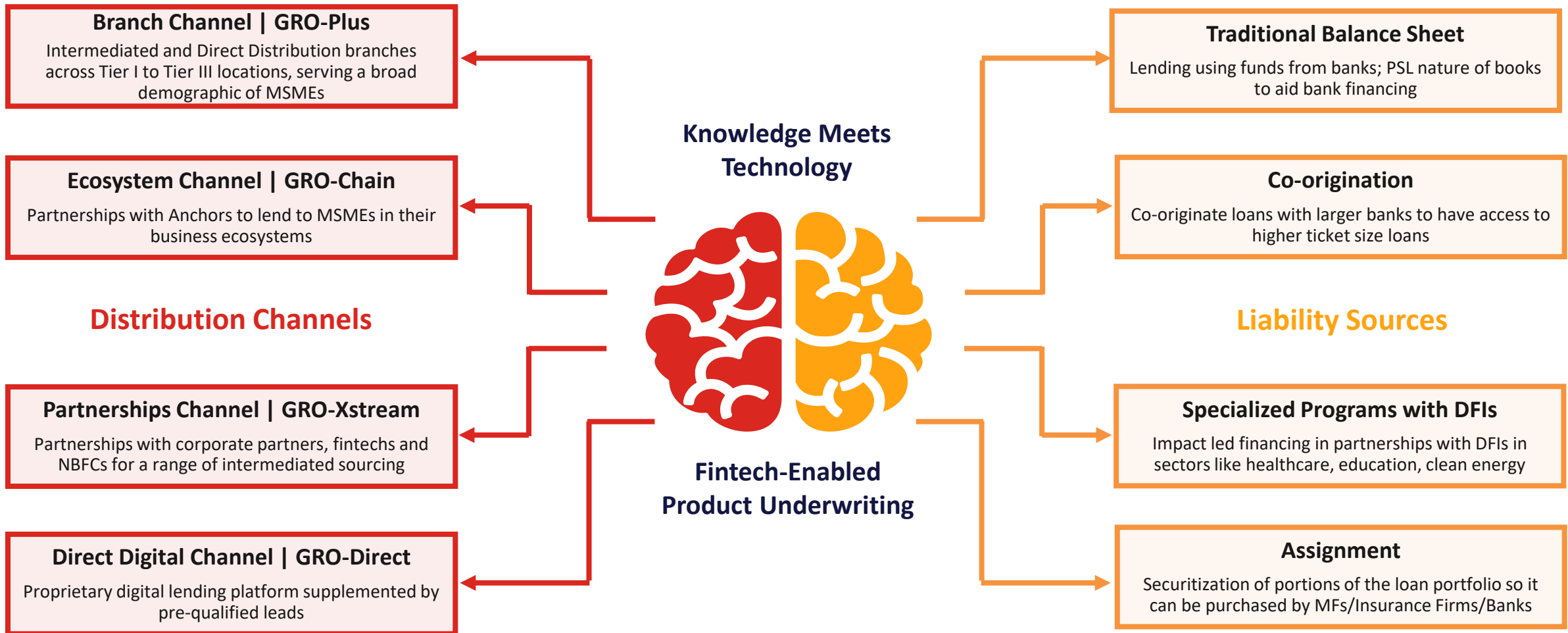
Shortlisted from 180 sectors through an extensive study of macro-economic and sector specific data

9 Sectors | **Sector Specific Statistical Scorecards**

Traditional Channel	New Age Channels
GRO Partners (operating in target segments in Tier I geographies)	Digital Channels (leverage 3 rd party and own platforms for lead sourcing)
U GRO Sales (operating in target segments in Tier II/III geographies)	Ecosystem Led (prioritized segments)
	Corporate and BFSI Partnerships

Distribution Strategy

Our Business Model



U GRO's distribution and liability strategies are both powered by proprietary technology modules



Business Update



Our Q2 focus has been on re-establishing our asset engine – our branch and ecosystem channels are back operating at pre-COVID levels

Data as of 30 September 2020

Business

- Reached **₹1,697Cr** in total disbursements as of the end of Q2FY21
- Q2 saw **disbursements return to pre-COVID levels**, we expect this upwards trend to continue in the coming months
- Nine branches across key Indian SME clusters; **number of employees stands at 194**
- GRO Partner network expanded by **32% QoQ** to a total of **518** spread across key SME clusters

Distribution

- Maintained short-term emphasis on lending through our **Sanjeevani** Program (targeted at providers of essential goods/services) and **Emergency Credit Line Guarantee Scheme (ECLGS)**
- Full lending **operations have recommenced** across our branch and ecosystem channels, we are in the process of adding to and **fully operationalizing our numerous partnership channels**

Technology

- U GRO will be one of the first lenders integrated on the Government's **GeM Sahay platform**, providing access to over **2.4 lakh sole proprietorships** that supply a cumulative value of **₹18,935Cr**
- End-to-end Supply Chain Financing Platform '**GRO-Chain**' being developed alongside **Finagg**
- Multiple **fintech and BFSI partners** have **gone live on GRO Xstream**, our partnerships integration platform

Saathi Program & Direct Distribution

- '**Saathi**' program for microenterprises has successfully launched with first disbursements obtained; this program will allow for us to **improve yields and volumes**, particularly in the near-term
- **Direct distribution** branches to launch across Tier II/III locations in 5 states in Q3 FY21 – this will see a significant expansion in our geographic presence across 5 states and see us cater to **bottom-of-the-pyramid MSMEs**

Portfolio

- Outstanding portfolio of **₹978Cr as of end Q2 FY21**, which is **67% secured** and diversified sectorally and geographically
- After COVID-led disruptions in Q1, portfolio growth is back on track with **AUM having increased by 15.5% Q-o-Q**
- Portfolio quality remains strong, with our loan book having a **GNPA of 1.9% and an NNPA of 1.2%*** respectively
- U GRO has made **₹11.8Cr of total cumulative provisions (1.2% of AUM)**, of which **₹3.8Cr is additional provisions for COVID-19 (0.4% of AUM)**. No separate COVID provisioning has been taken for NPA accounts

Liability

- A total of **₹578Cr of sanctioned liability** raised at a blended average of **10.6%** as of end Q2 FY21
- U GRO's liability book comprises **14 diverse and marquee lenders**, including **PSU/Private/Foreign banks and other FIs**
- U GRO concluded its first outbound direct assignment - **₹5.2Cr of unsecured book** to the **State Bank of Mauritius**
- Incremental liability sanction pipeline of **INR 300 Cr+**
- The Company maintains **liquidity of over INR 288 Cr** on balance sheet, excluding sanctioned liability not drawn down

Financial

- The Company's **total income stands at INR 34.8 crores** for Q2 FY21 with a **PAT of INR 17.2 crores** and **CRAR of 85.8%**
- The net worth of the Company stands at **INR 943.9 crores** as of 30 September 2020 with **book value per share being INR 133.84**

Awards & Recognition

U GRO has won multiple awards for innovation in FY21:

- **Best Tech Platform Award** (Fintech Category at the Internet Entrepreneur Awards)
- **Best Lending Tech of the Year Award** (National Awards for Excellence in Financial Services Marketing)
- **Quick Loan Approval Award** (National Awards for Excellence in Financial Services Marketing)

*GNPA/NNPA numbers are stated without accounting for the Hon'ble Supreme Court dispensation

U GRO's Upcoming Q3 Expansion into the High-Yield Microenterprise Segment

'Saathi' is a line of secured products aimed specifically at microenterprises

New branches to cater high yield, shorter tenor and smaller ticket loans

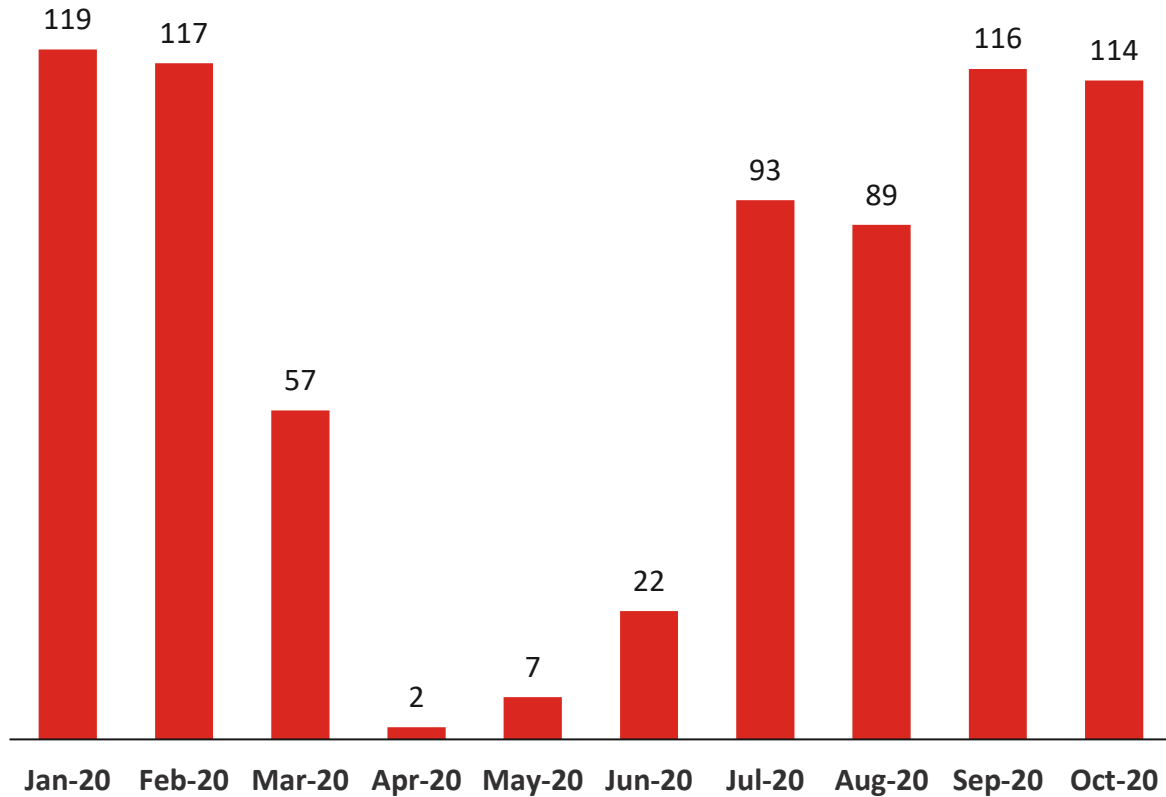
Features	Saathi		
	Plus	Prime	
Ticket Size	15 - 25 L	25.1 - 50 L	50.1 - 75 L
Sector	Sector Agnostic	Ecosystem Approach	
Tenor	60 – 96* months		
Latest Sales Deed	Yes	No	
Pre-Approved Legal	Yes	No	
Single Technical Valuation	Yes	Yes	
Target Segment	Micro SENP/SEP individuals and firms Includes: All manufacturers, traders, services		
Minimum Turnover	None	>100 lakhs p.a.	

Product	Unsecured Business Loans	Secured Business Loans
Ticket Size	≤ ₹5 lakhs	≤ ₹15 lakhs
Sourcing Mode	Direct	Direct
Average ROI	~24%	~20%
Tenor	1-3 years	1-10 years

- U GRO will be launching new branches across **Tier II/III locations** in five states: **Tamil Nadu, Rajasthan, Karnataka, Gujarat and Telangana**
- These branches will be catering **primarily to microenterprises**, including **bottom-of-the-pyramid enterprises** and new-to-credit customers
- The new branches will feature **U GRO sales executives directly originating loans**, unlike extant branches which leverage GRO Partners
- The underwriting for this new segment will leverage **an in-house rule engine** implementing **machine learning-driven banking segmentation**

U GRO will be launching new product lines and branches to better cater to the microenterprise segment in Q3

Disbursal Recovery in the COVID-19 Era (₹ Cr)



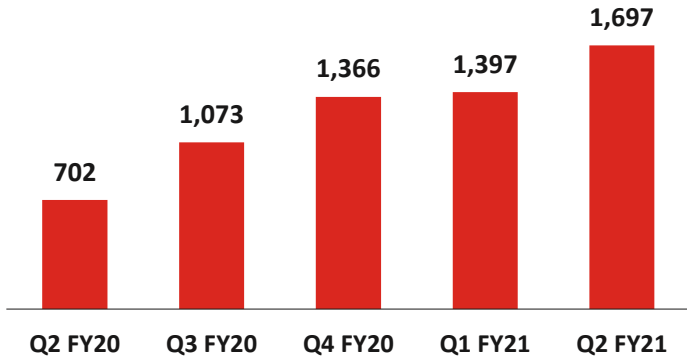
	Secured	Unsecured	SCF	Overall
AUM	₹483Cr	₹321Cr	₹174Cr	₹978Cr
Avg Ticket Size*	₹46.4 lakhs	₹4.9 lakhs	₹97.0 lakhs	₹13.0 lakhs
Avg Yield	11.9%	18.7%	13.3%	14.4%

*Average ticket size on book

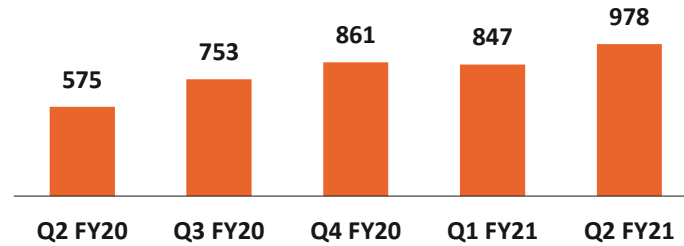
Focus on high-risk thresholds and building a secure, granular and high-quality book

**Q2 FY21 saw our asset engine recover to pre-COVID levels, led by our branch and ecosystem channels
Strong launches of our 'Sanjeevani' and 'Saathi' programs have put us in good stead for future disbursements**

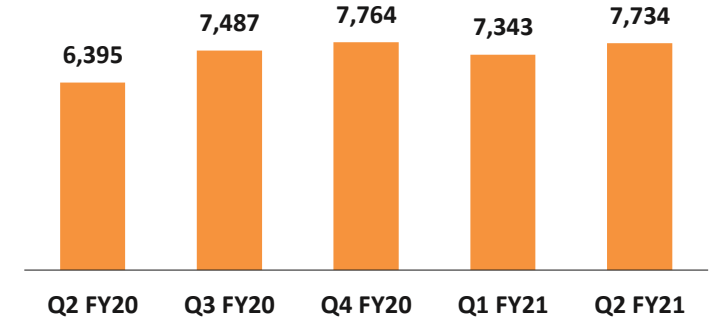
Cumulative Disbursals (₹ Cr)



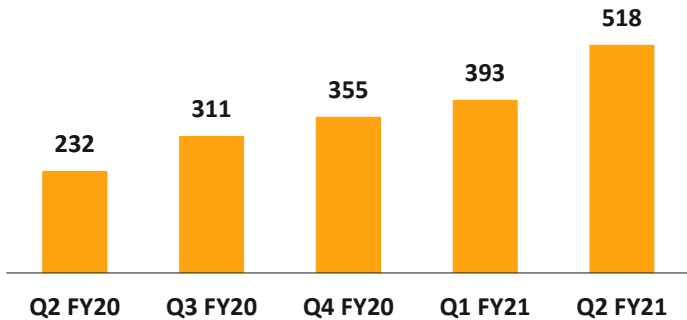
AUM (₹ Cr)



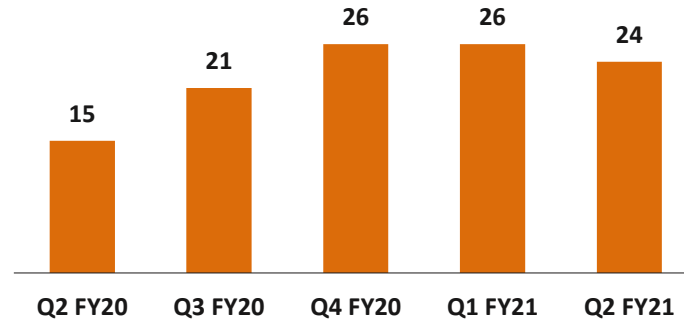
Number of Customers



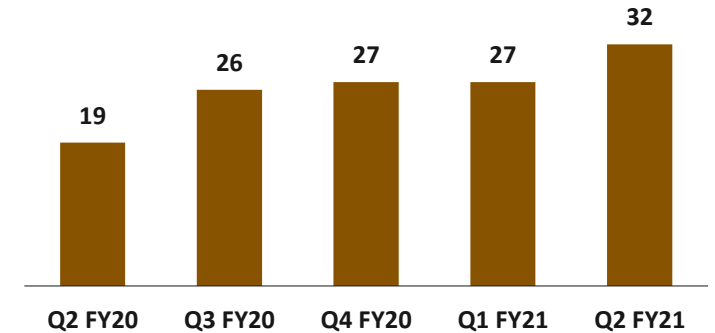
GRO Partners



Ecosystem Partners

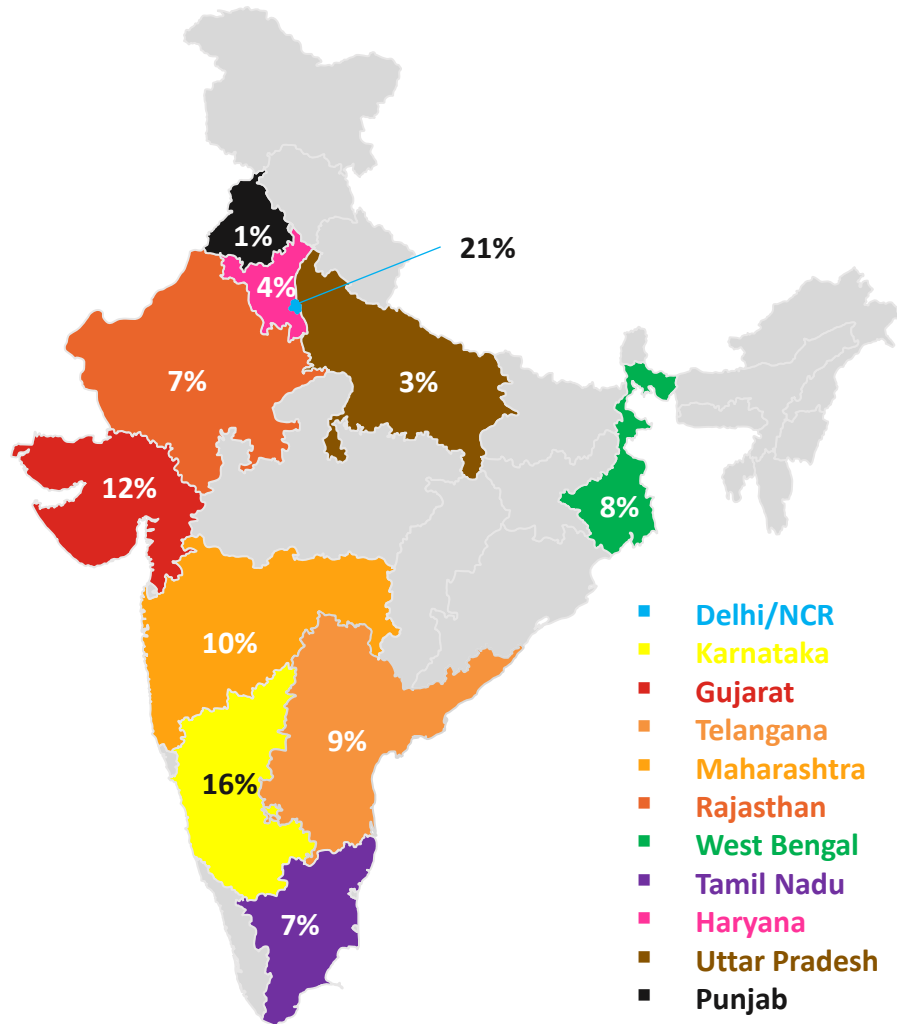


Corporate Partners



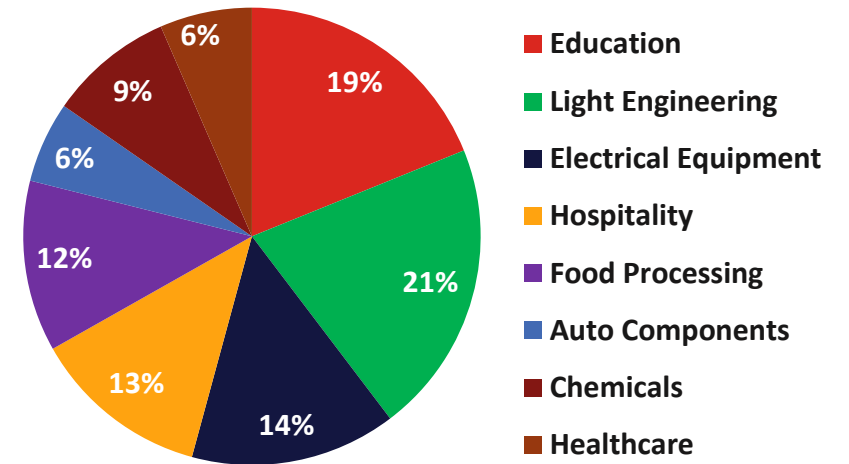
Portfolio Snapshot (As on September 30, 2020)

Geographical Mix*

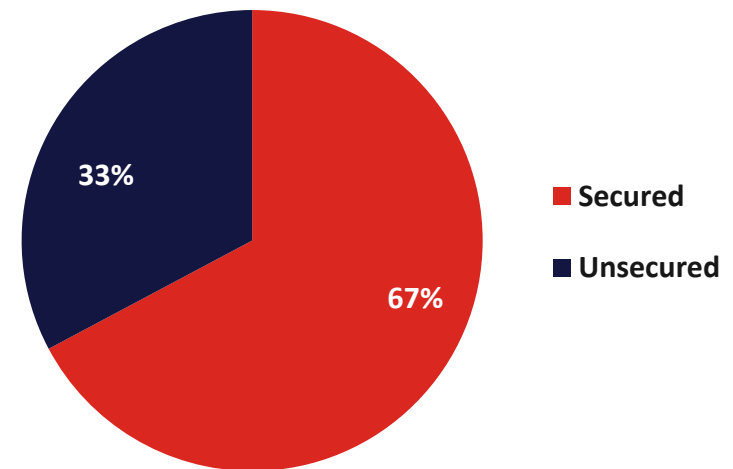


*Does not include Onward Lending or Portfolio Buyouts

Sectoral Mix*



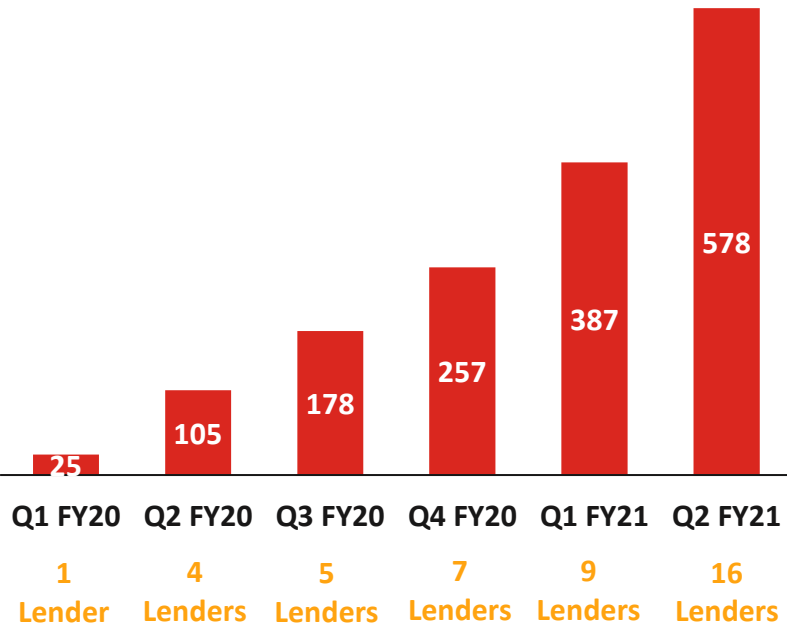
Secured Mix



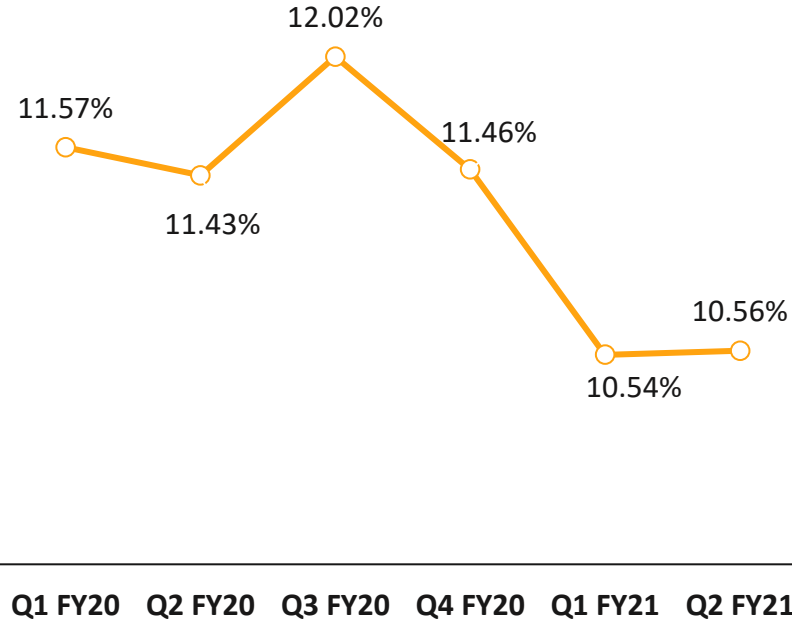
Our portfolio remains well diversified by geography and sector and majority secured in nature

Continued Scale-up of Liability Book

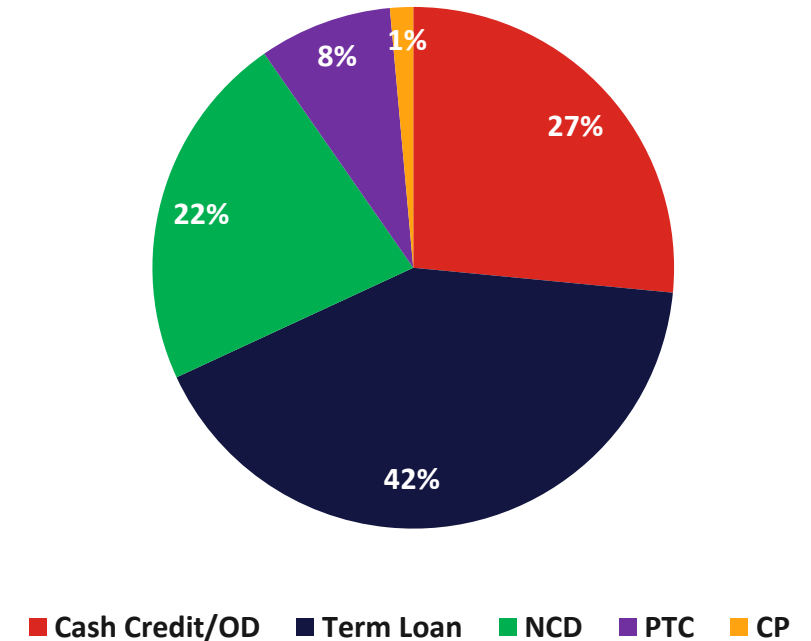
EOP Sanctioned Liability on Book (INR Cr)



Weighted Average Rate (papm, %)



Liability Type by Sanctions (Q2 FY21, INR Cr)



U GRO has built up a strong liability book and pipeline while utilizing government schemes such as TLTRO and PCG to achieve lower borrowing costs | The Company has built a diversified loan portfolio of varying tenors for optimal asset-liability management



Financial Statements and Shareholding Pattern

Balance Sheet

Balance Sheet (₹ Lakhs)	Q1 FY21	Q2 FY21
Financial Assets	116,530	129,099
Loans*	82,789	96,032
Cash and Investments	29,692	28,854
Other Financial Assets	4,049	4,213
Non-Financial Assets	7,250	8,691
Total Assets	123,780	137,790
Financial Liabilities	30,789	42,991
Trade/Other Payables	954	943
Borrowings & Debt Securities	27,919	38,417
Other Financial Liabilities	1,915	3,631
Non-Financial Liabilities	377	408
Total Equity	92,614	94,392
Equity Share Capital	7,053	7,053
Other Equity	85,561	87,339
Total Liabilities + Equity	123,780	137,790

- Remain liquid with nearly ₹300 crores of immediate liquidity on the balance sheet
- **CRAR: 85.8%**
- **GNPA: 1.9%**
- **NNPA: 1.2%**
- **Book Value per Share (BVPS): 133.84**

*AUM as of end Q1 FY21 and Q2 FY21 are ₹847Cr and ₹978Cr respectively, the 'Loans' figure adjusts for net payouts and ECL as per Ind-AS

Income Statement

Income Statement (₹ Lakhs)	Q1 FY21	Q2 FY21
Interest Income on Loans	2,748	3,408
Other Operating Income	331	74
Financing Costs	684	964
Net Income	2,395	2,518
Operating Expenses	1,867	1,851
Provision	115	393
Profit Before Tax	413	274
Tax	40	(1,444)
Profit/(Loss) for the period	373	1,718

- Other operating income for Q4 FY20 included a **one-time income of INR 5.55 crores**
- Financing costs have gone up despite weighted average **borrowing costs reducing** due to a significant build out of our liability book from INR 387 Cr to INR 578 Cr
- Absolute value of **provisioning expense has increased** in Q2 as we are taking a conservative approach to estimating **portfolio impact from COVID**

Shareholding Pattern (as of September 30, 2020)

Illustrative List of Investors

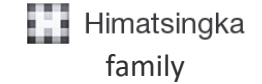
Private Equity Funds



Insurance Firms



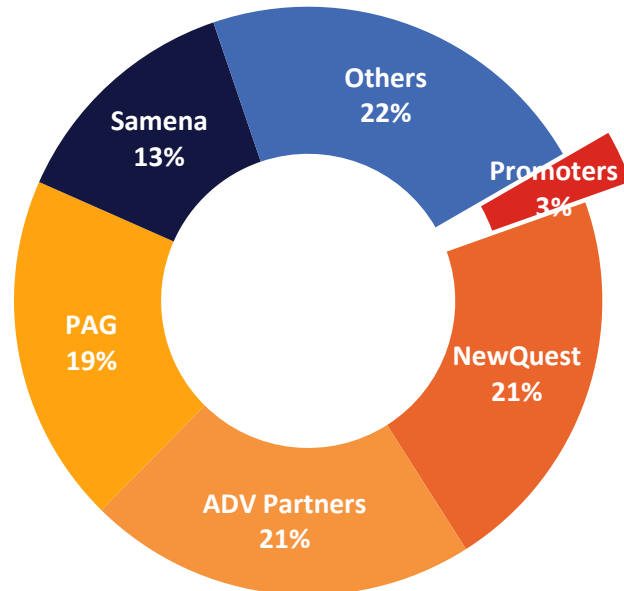
Family Offices



Jaspal Bindra

Gaurav Dalmia

Shareholding Pattern (Fully Diluted Basis, Post the demerger)



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

70,528,550 total shares outstanding with no extant dilutive instruments as of the end of September 30, 2020