

12th May 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Subject: Intimation of Schedule of Analyst / Institutional Investor meetings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we would like to inform you that the officials of the Company, U GRO Capital Limited (UGRO) will be attending the virtual investor conference hosted by DAM Capital on 12th May 2021.

This is to further inform that the Presentation to be made to the Investors / Analysts is enclosed herewith for your information and for information of members / participants and public at large.

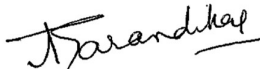
This information is submitted to you pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015

Kindly note that changes may happen due to exigencies on part of Host / Company / Funds.

Request you to kindly take the same on record.

Thanking You,

For UGRO Capital Limited

A handwritten signature in black ink, appearing to read 'Aniket Karandikar'.

Aniket Karandikar
Company Secretary

UGRO CAPITAL LIMITED

Registered Office Address: Equinox Business Park, Tower 3, 4th Floor, LBS Road, Kurla (West), Mumbai - 400070

CIN: L67120MH1993PLC070739

Telephone: +91 22 48918686 | **E-mail:** yougrow@ugrocapital.com | **Website:** www.ugrocapital.com

Tech focused Small Business Lending Platform

May 12th, 2021

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

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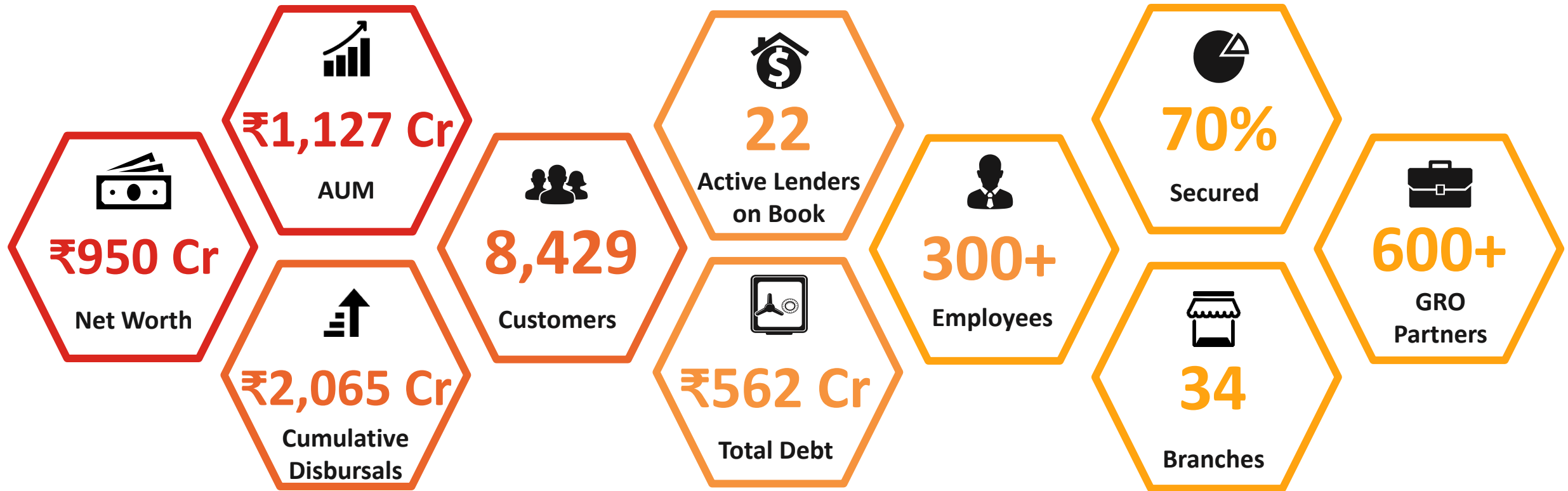
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Executive Summary

Where we stand now



Focus in the current quarter has been on operationalising 25 Micro Branches and Disbursement through our distribution channels

1) AUM & Disbursements

- Cumulative Disbursements crossed ₹**2,000 Cr** milestone in Q3FY21
- AUM stood at ₹**1,127 Cr** as on Dec'20 (₹978 Cr as on Sep'20), ~15% increase on Q-o-Q basis
- **Blended portfolio yield** was at ~**14.8%** in Q3FY21 up from 14.4% in Q2 FY21

2) Net Interest Income (NII)

- NII was ₹**27.1 Cr** for Q3 FY21 compared to ₹**24.4 Cr** for Q2 FY21
- Net Interest Margin (NIM) stood at ~**10.3%**. As we further leverage our balance sheet, NIMs will eventually stabilise

3) Liability Management

- Diversified lender base of **22** active lenders, up from 14 in the previous quarter
- Borrowing costs on a sequential downtrend; average cost of debt stood at ~**10.1%** in Q3 FY21 compared to ~**12.0%** in Q3 FY20

4) Opex Management

- Cost to income ratio has been trending downwards, stood at **68%** in Q3
- Management implemented measures to save cost during COVID period and redeployed saving in expansion.

5) Credit Costs

- Proforma 90+ DPD stood at **2.3%** and NNPA stood at **1.4%** (Proforma without taking the benefit of Supreme Court suspension on NPA classification).
- Maintained conservative stance to provisioning with stage 3 PCR at 38%
- Cheque bounce rates on a downtrend & collections efficiencies remain high at 96% for secured loans and 92% for unsecured loans in Dec'20
- Selectively restructured around 3.9% of our portfolio for fundamentally sound businesses with short term cash flow issues

6) Profitability

- Continue to remain profitable in-spite of conservation approach to provisioning and early build out of our growth stage.

7) Net Worth

- Net worth stood at ₹**950 Cr** in Dec'20 and CRAR was **78%** far above industry average
- Debt-to-equity ratio stood at **0.59x** indicating a long runway for growth as we leverage our balance sheet

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 dynamic, low-poly effect.

U GRO Capital - Overview



A highly specialized, technology enabled small business lending platform

Strong Corporate Governance
Board Controlled, Management Run

Experienced Management Team
250+ Years of Experience

Large Institutional Capital
~\$130M Of Equity Raised

Knowledge
Deep domain expertise

Technology
Data driven approach

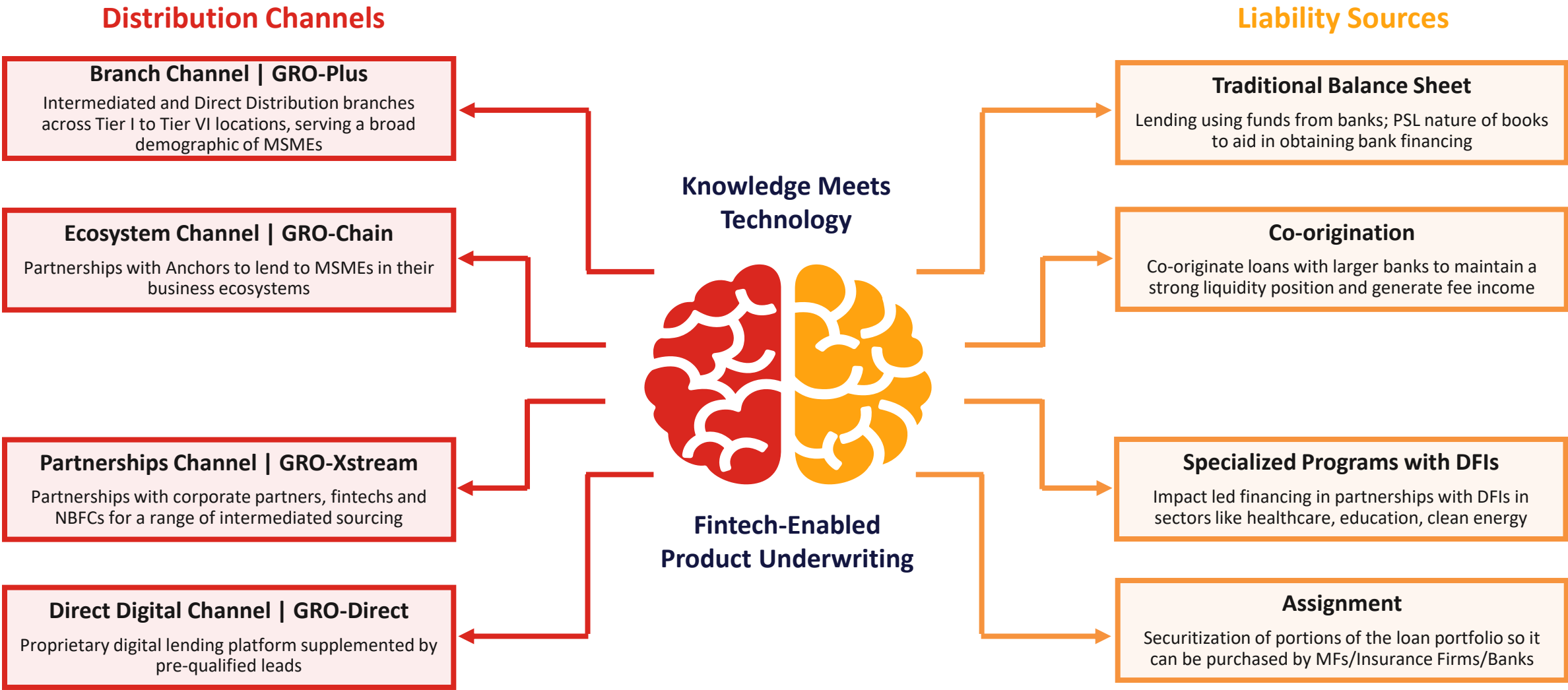
We aspire to capture 1% market share of the total MSME lending market by 2025

‘To Solve the Unsolved’

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



Our Business Model



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



Strong Corporate Governance

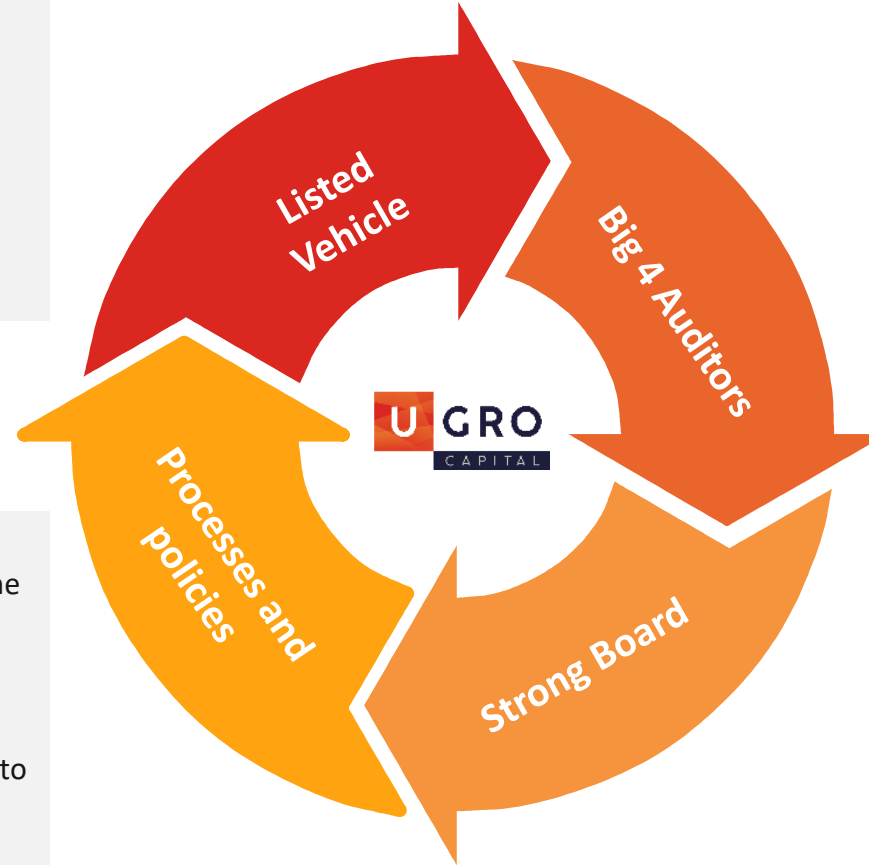
Board led Management run Institution

Strong Corporate Governance framework enshrined in the Articles...

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

BOM: 511742

- 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**



- As per our AoA & MoA, we shall appoint a **Statutory Auditor with good reputation, and preferably having international affiliates.**
- **MSKA & Associates** appointed as the **statutory auditor** and **Deloitte** appointed as the **internal auditor**

**Deloitte Touche
Tohmatsu**

**MSKA
& Associates**
Chartered Accountants

- **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

...supervised by an Independent Board comprising of Industry luminaries (1/2)



Shachindra Nath – Executive Chairman and MD

- 26 years of experience in creating institutions across the financial services domain
- 6-year stint as the Group-CEO of Religare Enterprise
- Qualified lawyer and a University Rank holder from BHU (India)



Satyananda Mishra - Chairman, CSR Committee

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



Specialization:
Personnel Mgmt



NK Maini - Chairman, Risk Management Committee

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



Specialization:
Credit, SME



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, India First Life Insurance
- PGDM from IIM Calcutta; B. Tech from IIT Kharagpur



Specialization:
Finance Function



Ranjana Agarwal - Chairman, NRC Committee

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



Specialization:
Audit, Tax



S. Karupphasamy - Chairman, Compliance Committee

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



Specialization:
RBI Regulations

...supervised by an Independent Board comprising of Industry luminaries (2/2)



Navin Puri

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

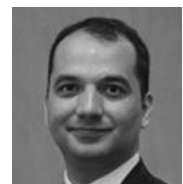
Specialization:
Retail Banking



Rajeev K. Agarwal - Chairman, Stakeholder Committee

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

Specialization:
SEBI Regulations



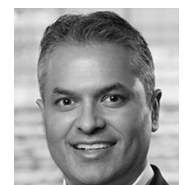
Chetan Gupta

- 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

- 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



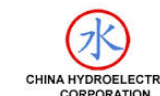
Kanak Kapur

- Partner and PM at PAG
- 27 years of experience in financial services across investment banking, trading & distressed asset investment.
- MBA – NYU Stern School of Business



Amit Gupta

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



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Experienced Management

Over 250+ years of combined experience

Founder with experience creating Institutions across Financial Services...



Mr. Shachindra Nath

Executive Chairman and Managing Director

26 years of experience in providing strategic direction to institutions across the financial services domain

Lending

SME Lending

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

Housing Finance

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

Capital Markets

Retail Broking

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

Wealth Management

JV with Macquarie providing wealth management solutions to ultra HNI clients

Investment Banking

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

Asset Management

Asset Management

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

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

Insurance

Life Insurance

Life insurance JV with AEGON NV of the Netherlands

Health Insurance

One of India's first specialized health insurance companies which achieved scale and significant value creation.

As entrepreneur in financial services realise that focus on governance and the desire to create impact on social ecosystem are the best way to create institution – which created UGRO : An Institutional platform dedicated to small businesses.

- Born in a small town – worked first 10 Years in rural market outside financial services.
- Worked 15 Years in Financial Services across different segments.
- Worked in leadership role for 5 Years and was presented the “CEO of the Year” award at the Asia Banking, Financial Services & Insurance Excellence Awards in August 2015
- Exited on misalignment on governance and dedicated himself to build a institutional platform.
- Started his entrepreneurial journey in 2016.

...backed by Leadership Team with execution expertise in setting-up large institutions...



Anuj Pandey
Chief Risk Officer
Experience – ~22 years
 




Sandeep Zanvar
Chief Financial & Operations Officer
Exp – ~20 years
  



J Sathiayan
Chief Business Officer
Experience – ~29 years
 



Pia Shome
Chief People Officer
Exp – ~15 years
  




Amit Gupta
Chief Treasury Officer
Experience - ~18 years
 



Sunil Lotke
Chief – Legal & Compliance
Exeprience – ~18 years
  



Nirav Shah
Chief Strategy Officer
Experience – ~15 years
 


350+
employee
count

**Fully
formed
team**

4/5
Rated
employees

Deep and large ESOP
Pool which vest basis RoA
and AuM Performance

...and a deep second layer Management Team with extensive experience across BFSI space

Business



Vijay Bhatt
Head, Pratham
Exp – 17 years



Sanjeet Kwatra
Head, Supply-Chain
Exp – 17 years



Credit & Risk



Irem Sayeed
Chief Credit Officer
Partnership, Sanjeevani &
Pratham
Exp – 19 years



Tech, Analytics & Product



Subrata Das
Chief Innovation Officer
Exp – 16 years



Collections, Marketing & Operations



Prabhakaran S
Head, Collections &
Litigations
Exp – 20 years



Manoj Kumar
Head, Saathi
Exp – 20 years



Nilesh Asher
Head, Machinery &
equipment Finance
Exp – 24 years



Anshuman Tiwari
Chief Credit Officer
SCF & Machinery Channel
Exp – ~17 years



Rishabh Garg
Chief Technology Officer
Exp – 20 years



Mukesh Thakur
Marketing, Cross sell, PR
Exp – 18 years



Kuntadev Kumar
Head, Sanjeevani
Exp – 25 years



Mohd Afzal Khan
Head, Co-lending
Exp – 20 years



Makarand Mandke
Chief Credit Officer
Saathi & Micro Branches
Exp – ~25 years



Tushar Jadhao
Head, Products
Exp – ~9 years



Rohit Bagal
Head, Central Operations
Exp – ~20 years

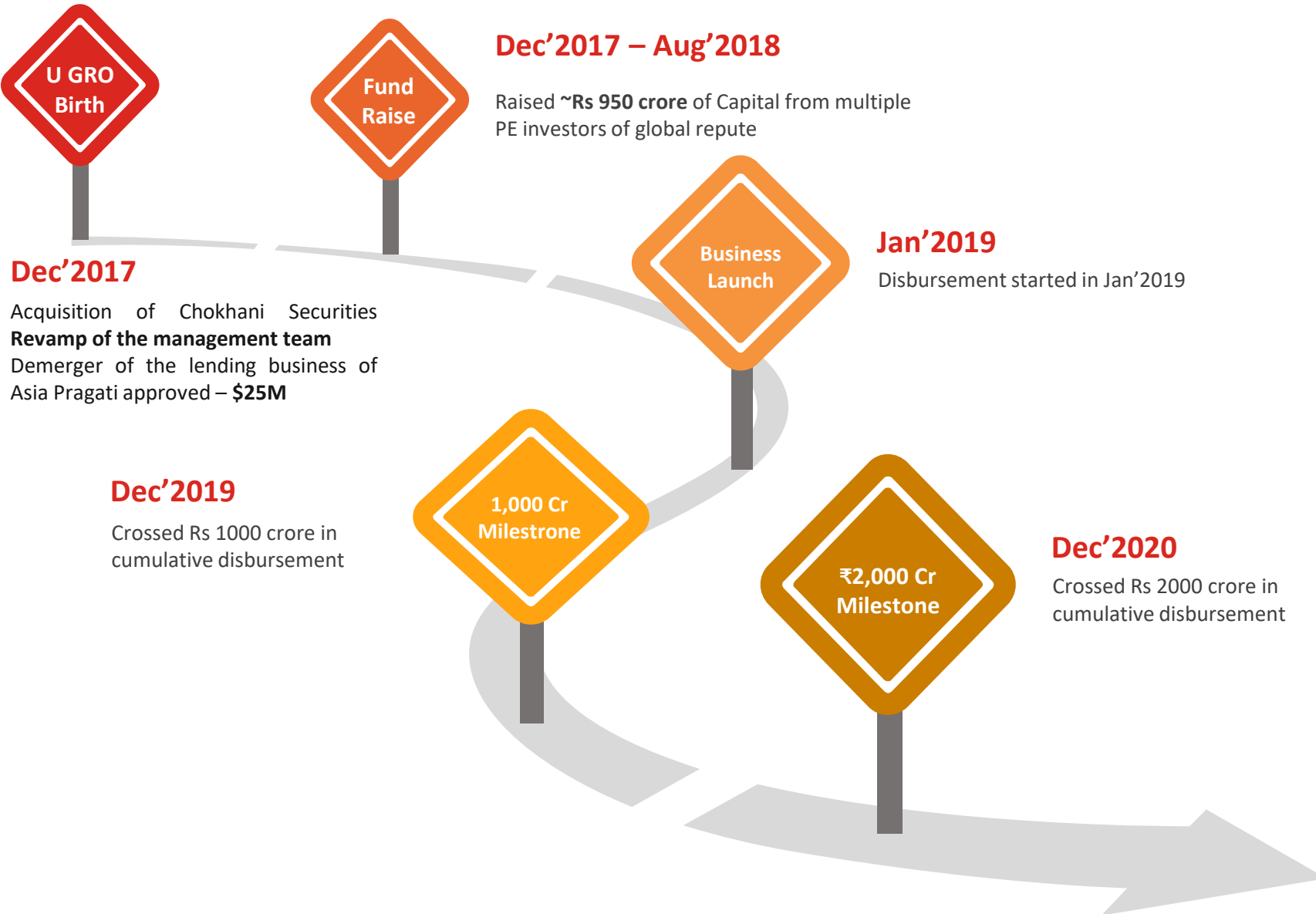


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Large Institutional Capital

Backed by Marquee Institutions & reputed lenders

In spite of several sectoral headwinds, U GRO has had an illustrious journey



Private Equity Funds



Public Market Funds



Chhattisgarh
Investments

Insurance Firms



Family Offices



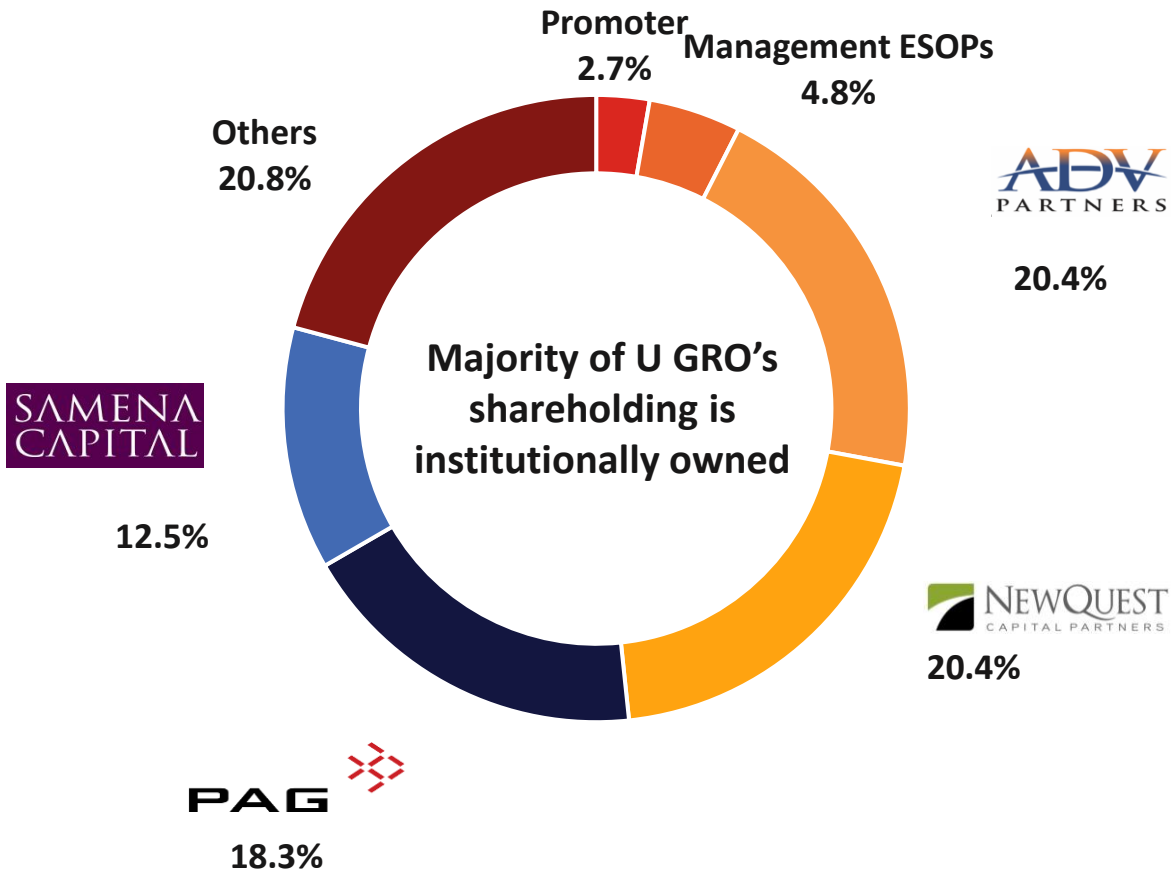
Himatsingka
family

Famy Care Ltd.
Taparia family

Jaspal Bindra

Backed by strong Equity and Debt Partners

Shareholding Pattern on a Fully Diluted basis (Dec-20)



Liability Backed by Top Banks & Financial Institutions

Public Sector Banks

Private Sector Banks

DFI

SFBs and NBFCs and others



Knowledge

Sector based approach to specialization

Specialized SME Lenders are better positioned to bridge the MSME Credit Gap

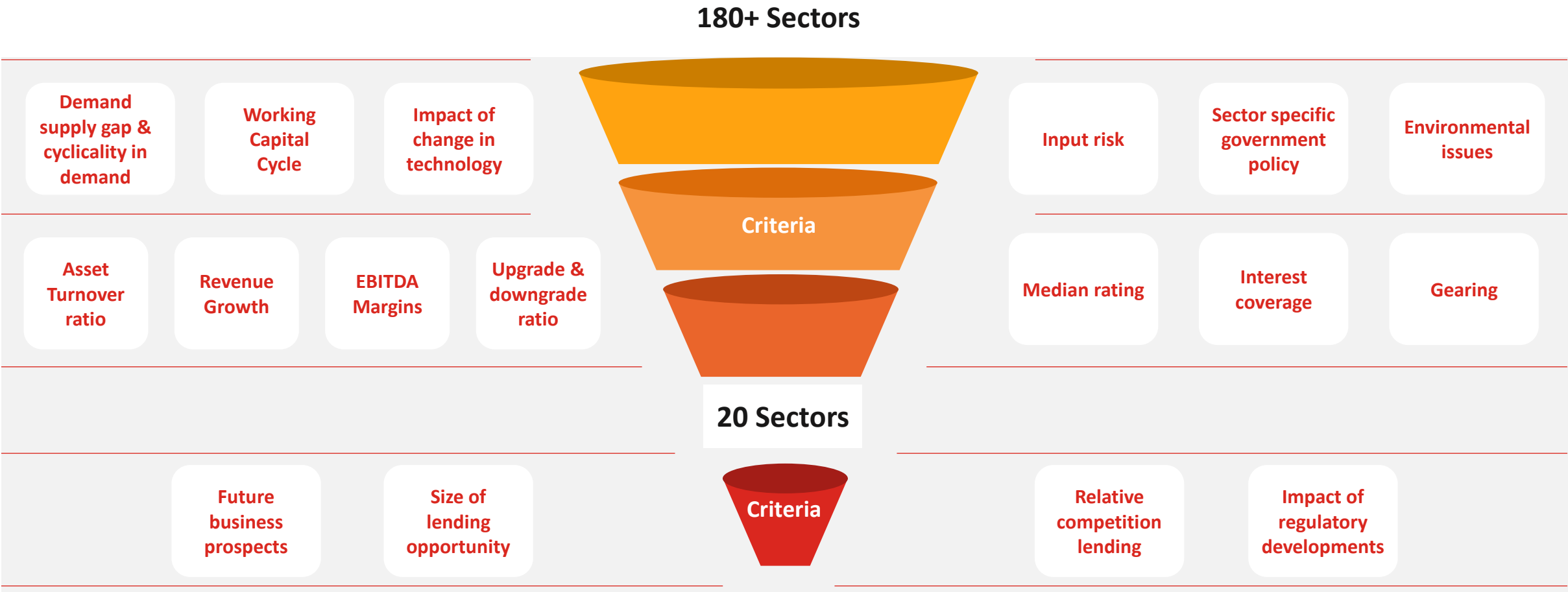
| | Specialized SME Lenders | Traditional NBFCs | Banks |
|-------------------------|--|--|---|
| Product | Customized products based on the nature of business, non-financial parameters, end use, payment capacity/ frequency of underlying customer | Loans against property, supply chain financing, unsecured loans | Loans against property, supply chain financing |
| Distribution | Omnichannel Ecosystem based lending | Branch/DSA led | Branch/DSA led |
| Credit Appraisal | Sector specific approach, Cash Flow Based Automated Review | One size fits all Collateral/Bureau score | One size fits all Collateral/Bureau score |
| Turn-Around Time | 4-5 days | 15-20 days | 30-45 days |
| Documentation | Combining traditional and non-traditional sources. Use of information available in public and private domains. Digital document submission | Financial Statements, P&L Account, Balance Sheets, Bank Statements | Project Reports. Projected financials, Bank Statements. |

U GRO Lies at the intersection of Specialized NBFCs and FinTechs



U GRO intends to create a specialized, scalable platform optimized for end-to-end lending

Deep analysis of Macro and Micro Economic Factors...



Reached Targeted 9 Sectors

An 18-month 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 & Micro Enterprises** and their allied 200+ ecosystems
- Focus on **Micro & Small Businesses clusters** in India
- **~50%** - Contribution of the 8 sectors to the overall MSME lending market in India
- **Partnership with CRISIL** to deep dive into sub-sectoral developments on a monthly and quarterly basis

Keen focus on lending to MSMEs



Large lending
opportunity



Lower impact of
regulatory changes



Relatively less
competition from banks



Secular consumption
driven growth



Low geographical
concentration

These sectors were 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



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



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

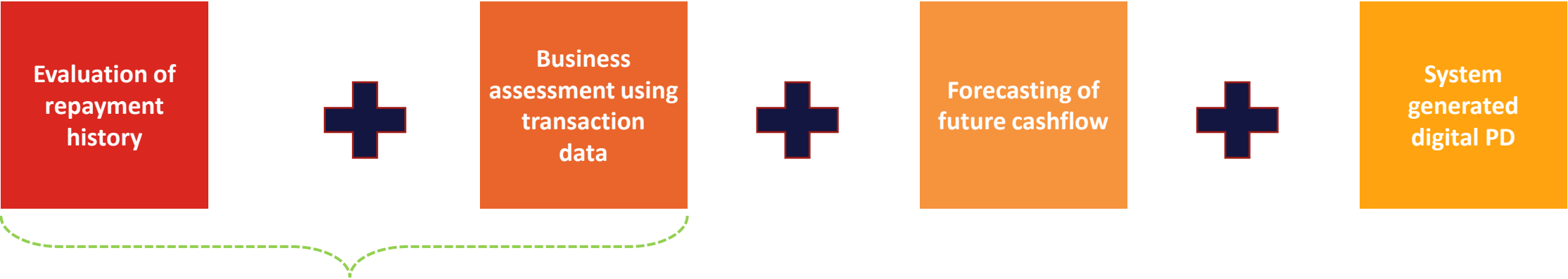
Key sub-sectors: Dairy and dairy products, non-alcoholic beverages, consumer foods, poultry, sea food, food and beverage traders
Key clusters: NCR, Mumbai, Chennai, Hyderabad and Pune

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

GRO Score, a superior underwriting framework, launched to make our selection sharper



We are on track to achieve 100% digital underwriting in SME lending



Gro Score 2.0 - first credit score combining commercial and consumer bureau with bank statement now in place

First in-house prototype is ready

First prototype coming by March 2021

GRO 2.0 combines credit bureau & banking data into one model

| Credit bureau | | Banking | |
|--------------------------|------------------------------------|-------------------------------------|-------------------------------|
| Pace of borrowing | History of raising costly debt | Transaction intensity | Balances and utilization |
| Product mix | Default with prime lenders | Turnover | Cash withdrawals and deposits |
| Overdues | Business activity under individual | Purchases | Cheque bounces & bank charges |
| Frequency of default | Credit card usage | Counterparties & relative strengths | Ecommerce |
| Nature of past borrowers | NBFC/ PSU relative contribution | Payment cycles | Utility payments |

GRO Score combines Credit Bureau Data & Banking Data and provides superior performance through use of ML models

- Combines entity + individual + banking into **ONE model**
- Trained on own data – eliminates “**look-alike**” sector definition bias
- **No** specific bureau **dependency**
- Potentially **28% higher** approval rates with similar or lesser risk

“Risk Management” through ‘Expert Scorecards’ for all Sub-sectors (1/2)

- Post filtering out the various sub-sectors, its very important to scale the risk associated with an entity present in the sub-sector
- The 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)
- The 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

Case Study 1: 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% |

“Risk Management” through ‘Expert Scorecards’ for all Sub-sectors (2/2)

Case Study 2: 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% |
| | Proportion of students who delay fee payment | 10% |
| | Frequency of fee payment | 10% |
| | Average annual tuition fee increase | 10% |
| Cost related | Average annual increase in teachers' salary | 40% |
| | Employee costs as a proportion of revenue | 60% |

Advanced Bank, GST and Bureau Analyzers to Size Up the Customer's Cash Flows, Ability to Repay, Risk-Return Metrics and Estimate Loan Exposure

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



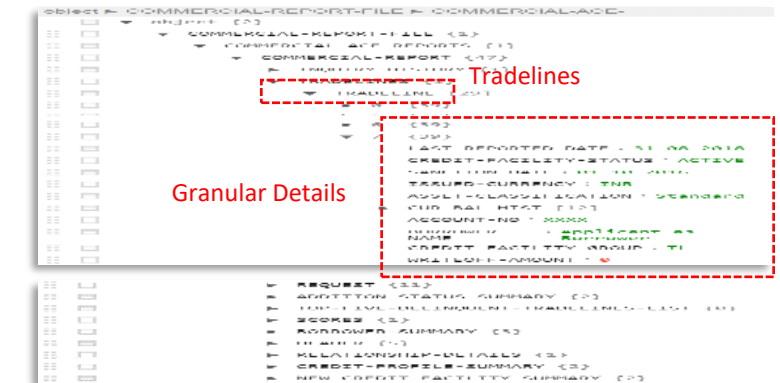
GST Statement Analysis



Bank Statement Analysis



Bureau Record 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**

- ~ **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

| Internal De-dupe | BIFR | AML | Courts and Tribunals |
|--|--|---|--|
| <p>LOS</p> <ul style="list-style-type: none"> Case logged in through another channel for same product Rejected in last 6 months due to default/ fraud <p>LMS</p> <ul style="list-style-type: none"> Automated existing customer check In case of duplication, good-bad logic is run – checking bounces/ defaults in last 3 months Group exposure Family exposure | <ul style="list-style-type: none"> Array of BIFR Cases Status of the BIFR Case Name of the Entity BIFR Case Number / Year Address of the Entity Last date of Order | <ul style="list-style-type: none"> OFAC Interpol (Red and Yellow Notices) UN Sanctions and Wanted Lists Development Bank Blacklists (World Bank, ADB, KfW, AFDB) NIA Terrorist Lists Wanted List under COFEPOSA | <ul style="list-style-type: none"> Access to court records of Indian District, High and Supreme Courts API Integration through eCourts Services Comprehensive checks against database of 900,000+ cases |
| | <p>NCLT</p> <ul style="list-style-type: none"> Name of Advocate Status of Case Names of all parties Interim Orders Date of Order Order/Judgement | | <pre> "status-code": "101", "request_id": "35df6830-fe03-11e7-a9bd", "result": { "filing_number": "105812/2016", "next_hearing_date": "2016-04-18", "cnr_number": "MHCC020049262016", "case_transfer_details": [{ "registration_number": "2800748/", "from_court_no_and_judge": "28 -", "transfer_date": "12-07-2011", "to_court_no_and_judge": "47 -" }] } </pre> |

Comprehensive de-dupe including internal LMS de-dupe, AML, litigation search covering BIFR, NCLT, all district courts, high courts, supreme courts, DRT, DRAT, ITAT

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.

Technology

Credit Process Enabled by Integrated Technology

Technology is essential to achieve a Specialized Model at Scale

DISTRIBUTION

- Quick and easy **integration with distribution partners**
- **Paperless login** enabled by API integrations and OCR
- Lower **turn-around time**
- Faster **product launches** and **process iterations**
- **Direct to customer** interface and **pre-approved programs**

CREDIT UNDERWRITING

- Access and process the large trove of **private and public data**
- **Centralize underwriting** knowledge
- Customized **scorecards**
- **Automate processes** to reduce errors and increase throughput
- Access and analyze **surrogate data**

| **Better Assessment**
| **Shorter TAT** |
Personalized
Customer Journeys |

OPERATIONS

- Comprehensive notification/trigger mechanism for best-in-class **client servicing**
- Banking integration for **automated disbursement, deductions**
- Digital **self service** and support
- Digital process enablers such as eSign, eKYC, eStamping
- **Processing at scale**

COLLECTIONS

- Automated, analytics led **early warning systems**
- **Cash less** EMI collections
- **Geo-tagging** of customers

Technology has created a new breed of fin-tech lenders in India | Digital lending to increase 10-15 times by 2023, scaling up to ~\$100B in annual disbursements

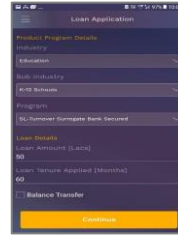
Technology platform to power the multi-pronged distribution channels

Technology Platforms

a

GRO-Plus

Branch Led

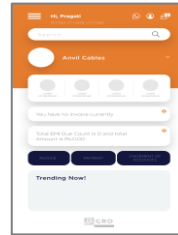


An uberized distribution model capable of onboarding DSAs, CAs and other intermediaries

b

GRO-Chain

Supply Chain



Supply chain financing platform for vendor and dealer/distributor financing

c

GRO-Xstream

Partnerships

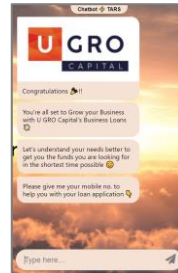


An online marketplace for large banks to partner with smaller NBFCs to either co-originate or purchase assets

d

GRO-Direct

Direct Interface



Direct to customer (Online) channel – went live in beta phase in December 2019

GRO-Protect

Core Engine

Core LMS

System of Records

Platforms further integrated with rich data enrichment layer



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



Distribution Network

Creating multi-channel distribution

Multi pronged approach led by Offline presence and Tech capabilities

a Branch Led Channel | GRO-Plus

- **Teir 1-2 Branches** – 9 Branches with loans largely sourced by DSAs
- **Tier 3-6 Branches** - Launched 25 new branches across 5 states. Loans to be directly sourced by FOS.

b Ecosystem Channel | GRO-Chain

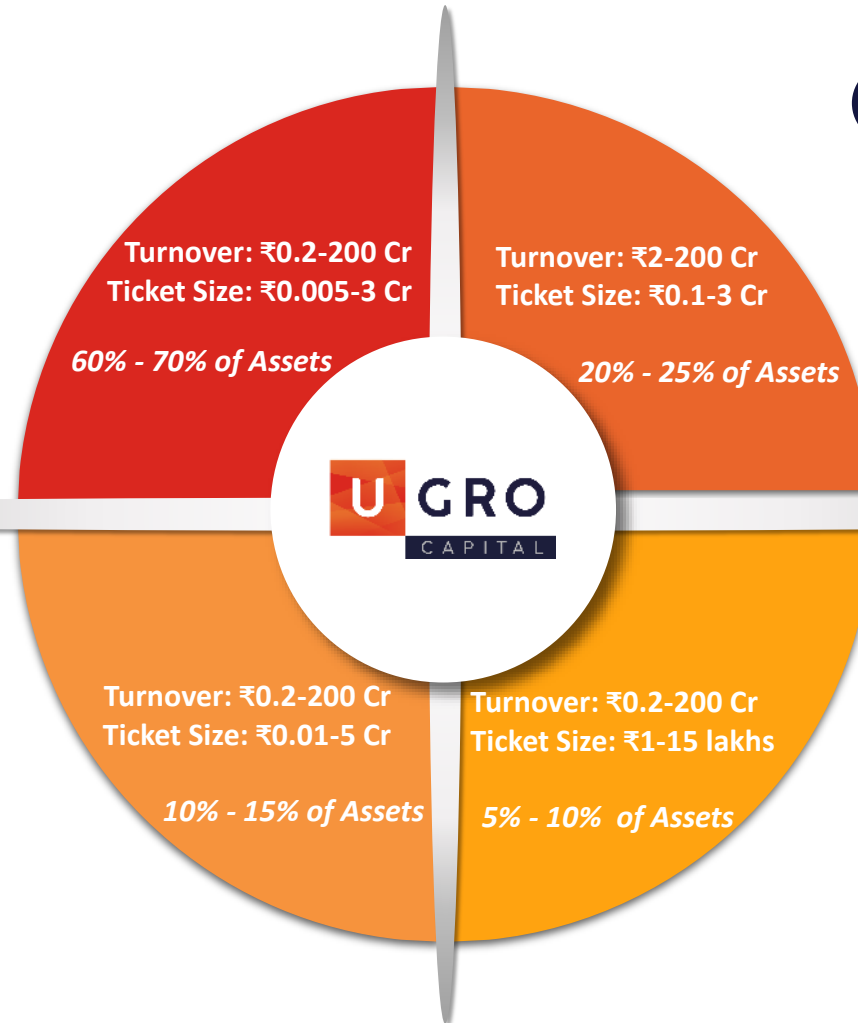
- **Supply Chain Financing** – Anchor and its ecosystem financing of Supply Chain
- **Machinery Finance** – Secured Loans to machine buyers with a charge on machines

c Partnerships & Alliances | GRO-XStream

- **Co-lending** – Joint lending partnerships with NBFCs on the downstream
- **FinTechs** – Partnership with FinTechs to originate loans. Loans quasi secured with FLDG.
- **Onward Lending** – Giving Term loans to smaller NBFCs
- **Direct Assignment** – Upstream or downstream direct assignement to Banks & NBFCs respectively

d Direct Digital Channel | GRO-Direct

- **Digital Lending Platform** – Allows MSMEs to directly apply for credit further reducing TATs
- **Beta Phase launched in Dec'19** – Full scale roll out to happen in 2022



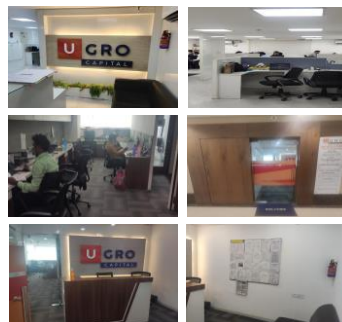
U GRO's distribution model is geared towards catering MSMEs across all geographies and ticket sizes
Tailored products allow for highly structured deployment of capital – optimized for both the distribution channel and customer

Branch Led | Network of 34 Branches spread across the country



Tier 1-2 Branches

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

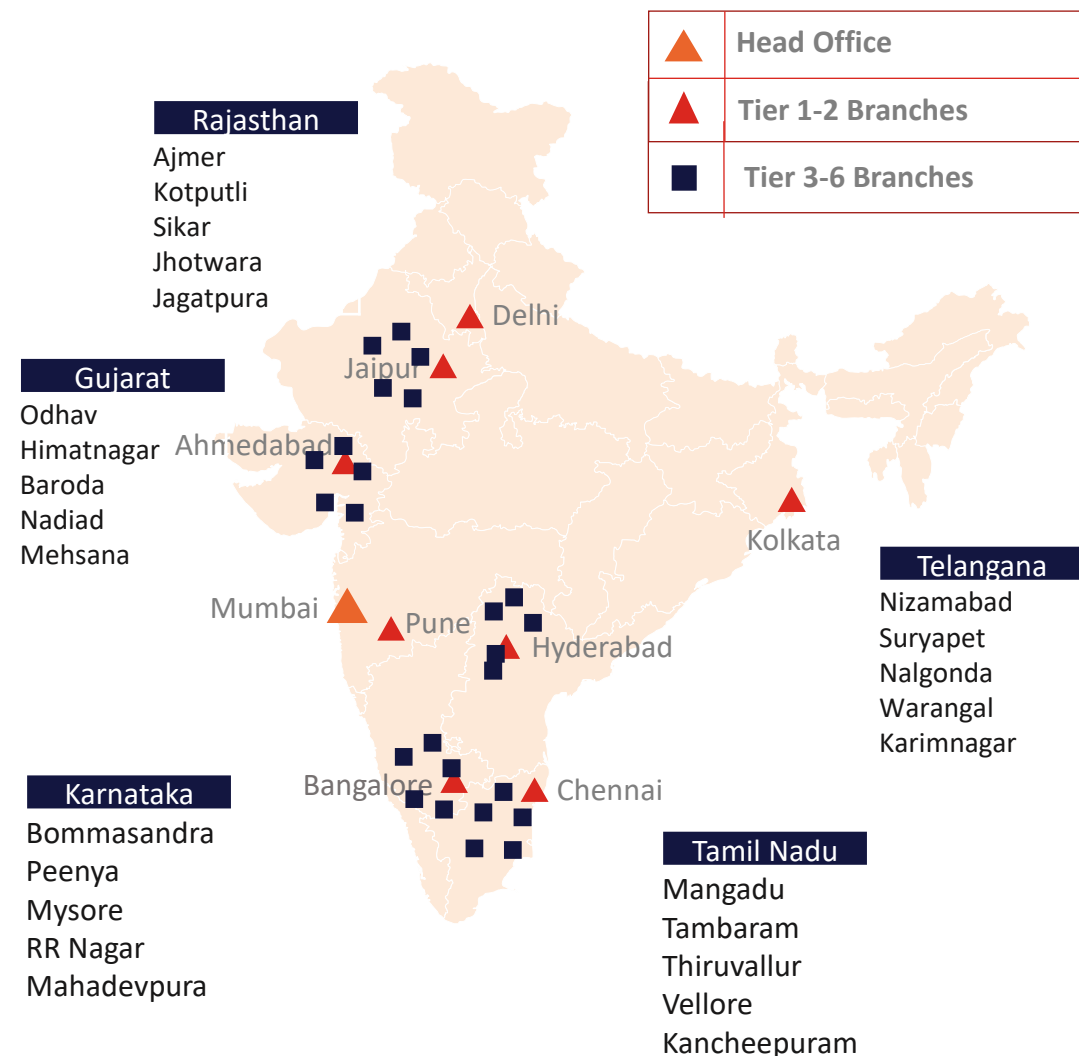


Tier 3-6 Micro Branches

- 25 Branches commissioned in Jan'21 – spread across 5 states
- Top locations with history of low delinquency & high loan demand identified
- Distribution through Feet on Street manpower employed on U GRO rolls

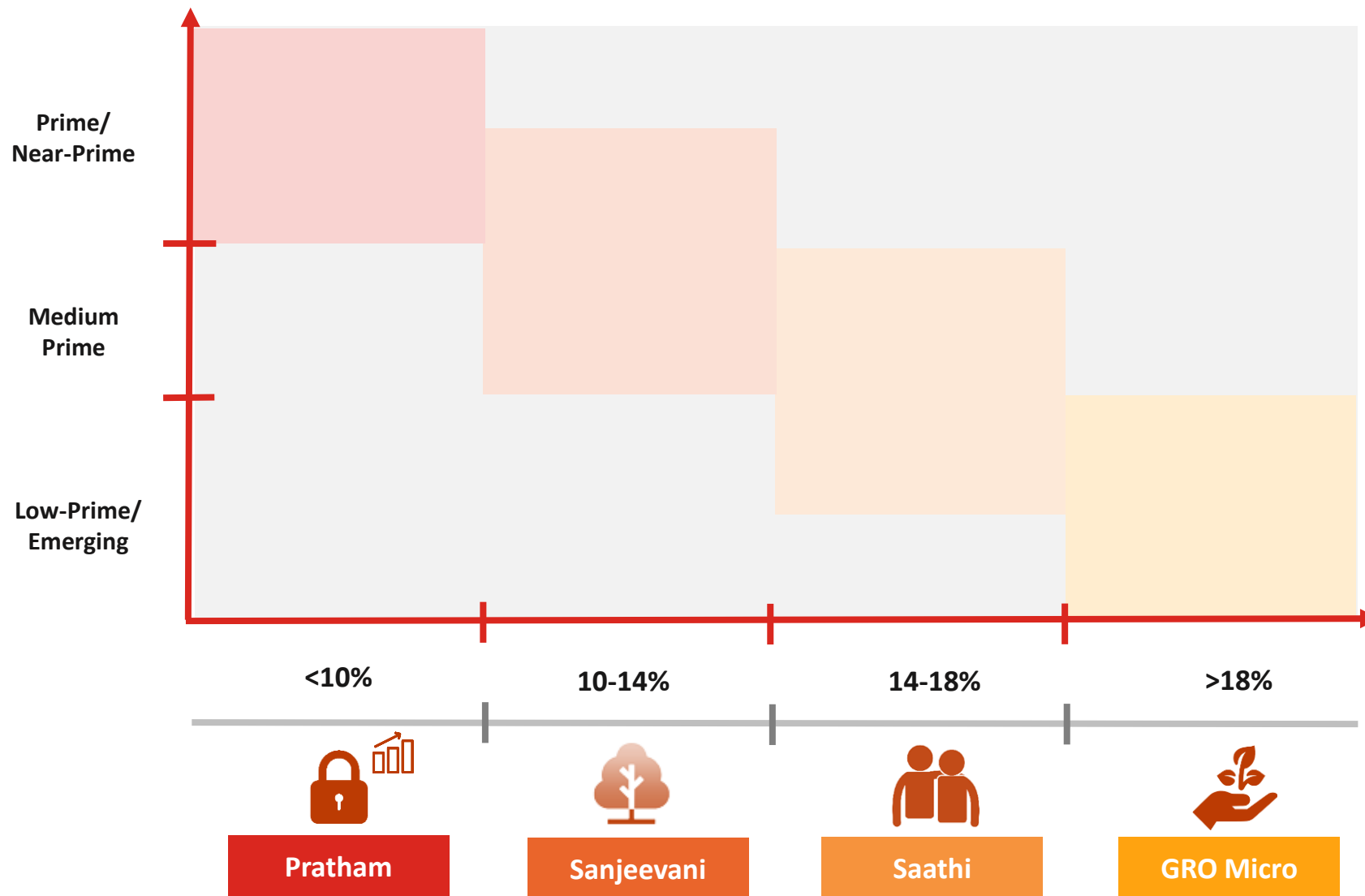


Total 34 Branches

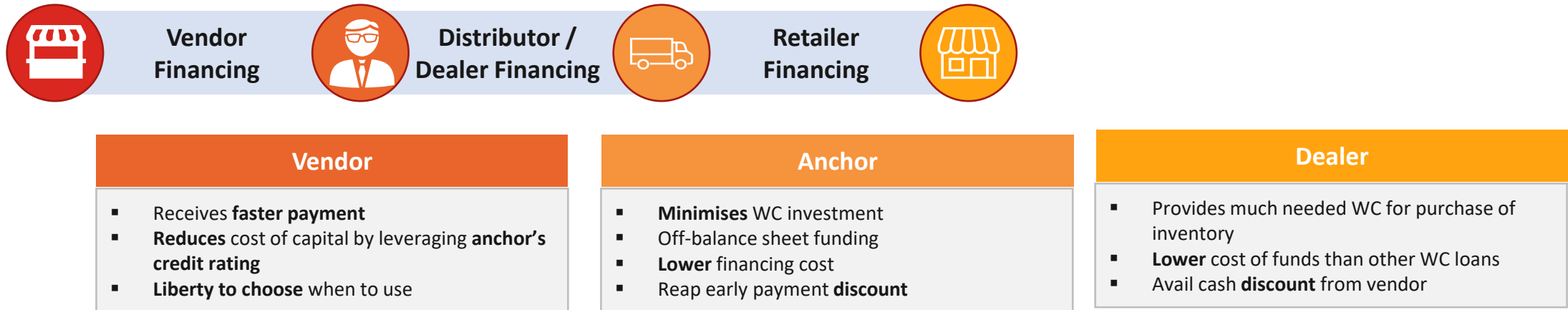


a

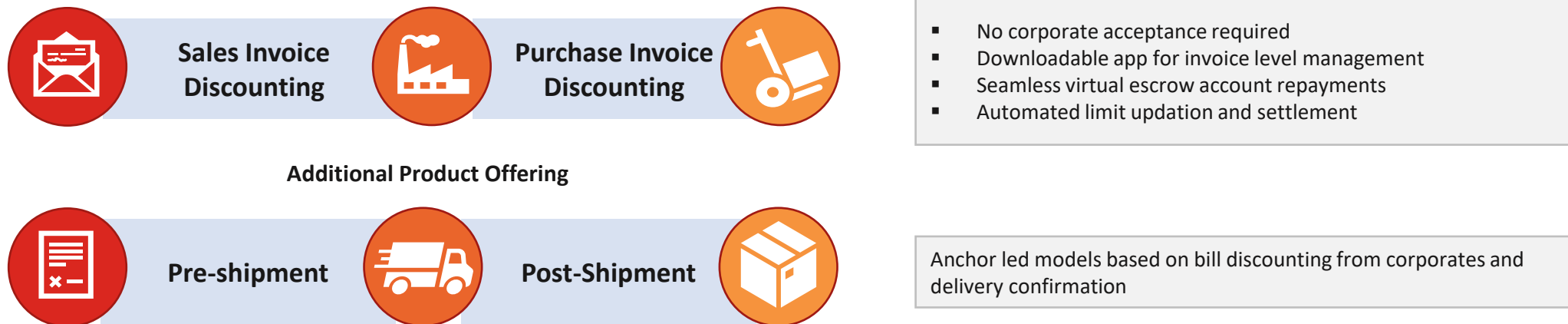
Branch Led | Loan Products curated to cater to the entire pyramid of borrowers



1 Anchor Led

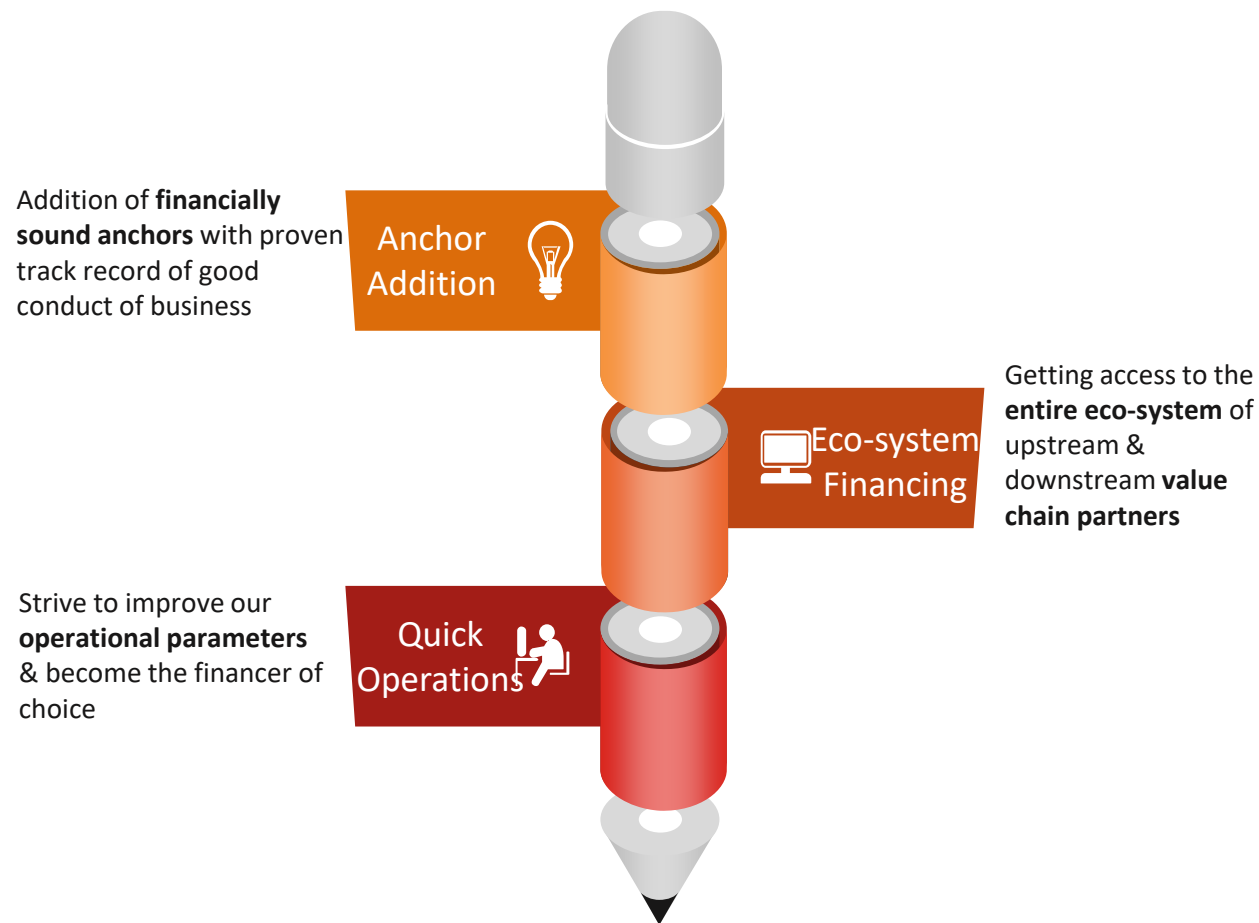


2 Non-Anchor Led



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













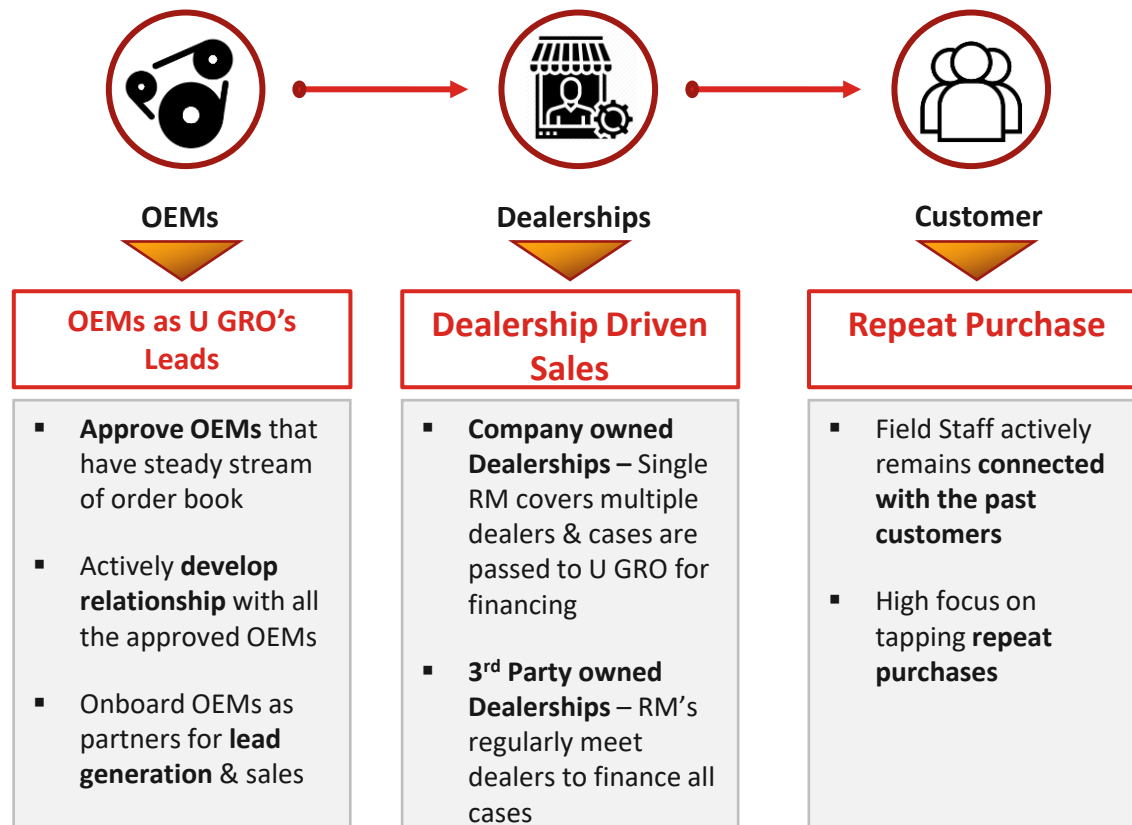







--- and many more

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



Approved List of Machinery that we Finance

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

Product Details



Loan Ticket Size
10 lacs to 300 lacs



Product Yield Band
12% - 14%



Loan to Value Ratio
70 – 80% depending on customer & asset categorisation



Tenor
12 months to 60 months



Collateral
First charge on Machinery

... and another 150 pre-approved OEMs

Partnership Channel | Actively partner with FinTechs/NBFCs to improve distribution reach



| Feature | Particulars |
|-------------------------|--|
| Type of co-lending | Asset Side downstream co-lending with FinTech/ NBFCs |
| Customer Profile | MSMEs pan India |
| Sourcing of Loan | Partner/ U GRO Underwriting policy |
| Products | Small Ticket, Higher yield secured & unsecured loans |
| Share of Loan for U GRO | 80:20/ 90:10 with 5-15% FLDG cover |
| Typical Yield | 14-15% |

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 handling** over app/web or IVR call

Sector-Focused Partnerships

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

Acquisition

Micro-targeting of customer and partner audiences for onboarding

Direct To Customer Campaigns

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

Beta Launched in Dec 2019*

Product Development

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

Product and Marketing

Innovation driven by Micro-Level Focus within Sub-sectors

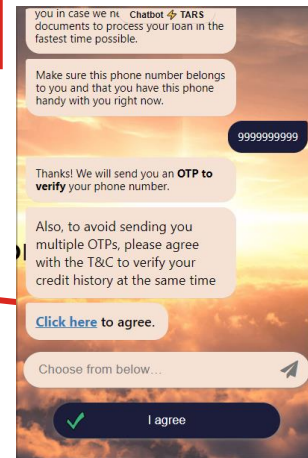
Marketing

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

Underwriting/Fulfilment

60 Mins Decisioning – 100% Digital

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





Liability Management

Backed by a diverse base of Lenders

Liability is an 'Art' – U GRO is designed to perfect this Art..

U GRO's asset strategy would lead to a low cost of capital

Key tenets of our liability strategy

Liability led Asset strategy

- Build a **diversified, granular book catering to prime/near prime customers**
- Start with a primarily secured book and slowly build the unsecured part
- **95% of the book to be Priority sector/Impact lending**
- **Minimal asset-liability mismatch**

Active engagement with stakeholders

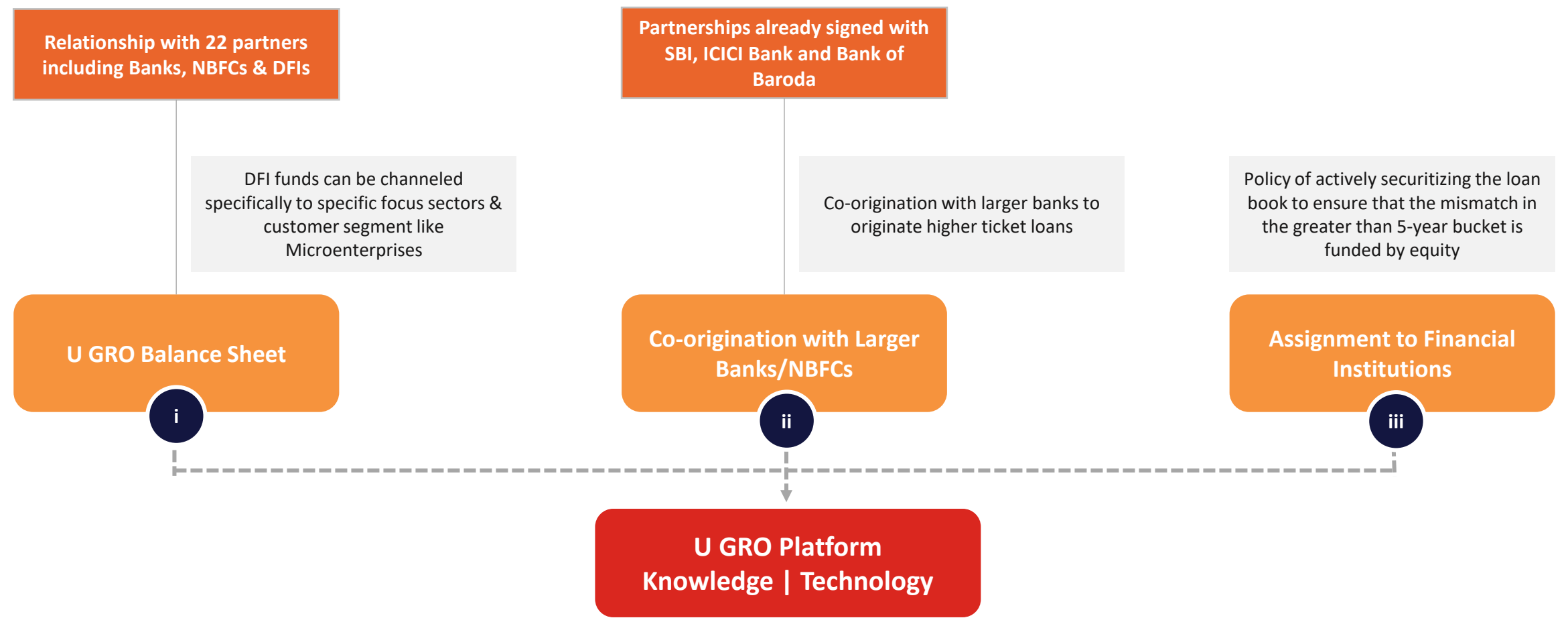
- Enhance ratings through **close partnerships with rating agencies** and by creating a diverse and secure lending book
- **Early conversations with banks** to secure debt and co-lending partnerships

Diversified Liability Base

- **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, impact funds, development bank etc.**
- **A mix of on and off-balance sheet assets**

| Build loan book starting from high equity/low leverage to higher leverage over a period of time | Achieve low cost of borrowing basis high credit rating over a period of time |

Our Liability Strategy | A Tri-Pronged Approach



| Ability to generate significant fee income | More competitive interest rates | Ability to cater to customers of all risk profiles | Increased scale | Minimize ALM mismatch |

Co-origination Partnerships with Three of the Largest Banks in India



Bank of Baroda

(Loan Book: \$67B)

Secured Business Loans
Signed October 5, 2019



State Bank of India

(Loan Book: \$312B)

Small Ticket SBL & UBL
Signed November 8, 2019



ICICI Bank

(Loan Book: \$84B)

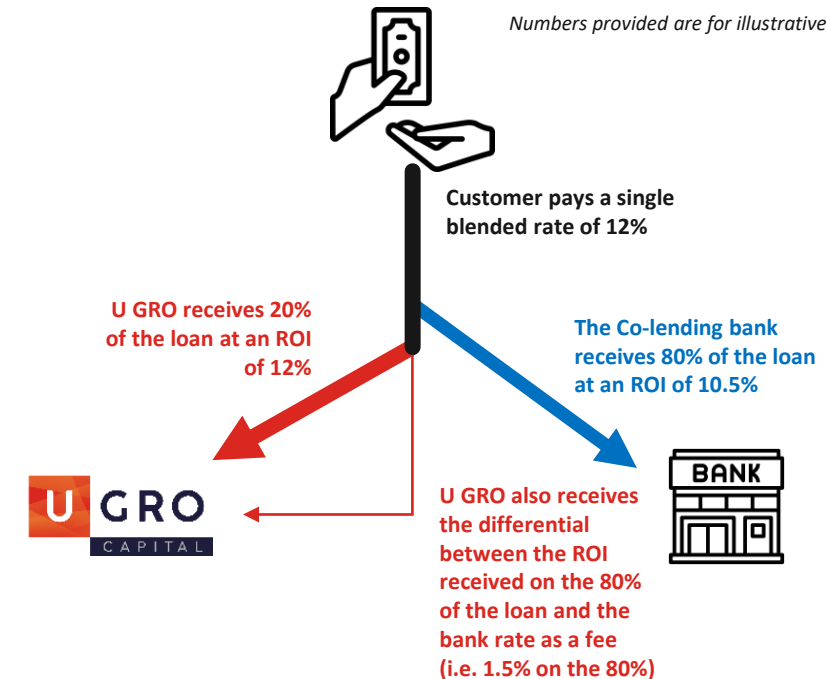
Secured Business Loans
Signed December 13, 2019



Co-origination is a value accretive strategy

Example of Co-origination Model

Numbers provided are for illustrative purposes only

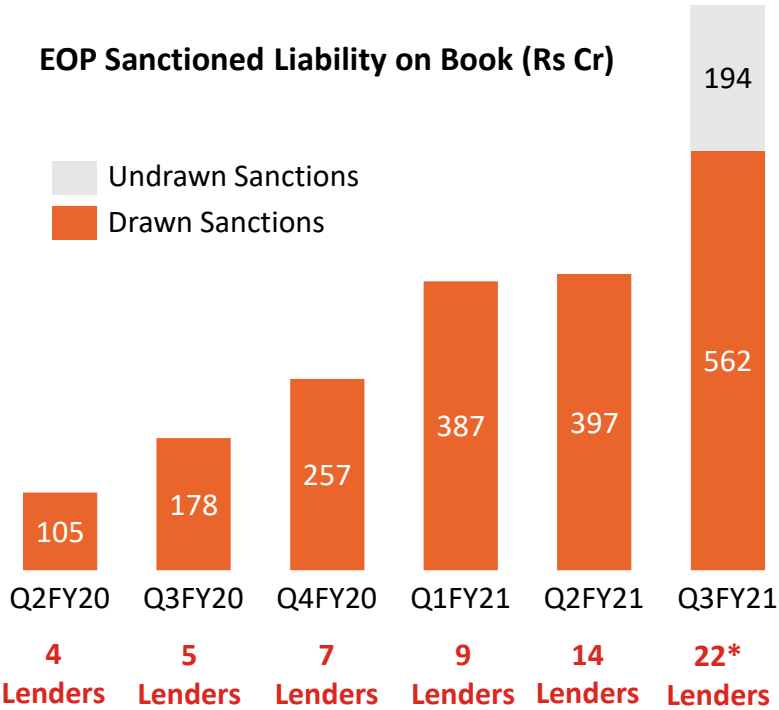


- U GRO achieves a high total income per loan with this model, leading to a **higher ROE**
- Co-origination provides a channel for **quasi-liability** at an attractive cost of debt
- U GRO's income from 80% of the loan is classified as fee income, for which there are **no capital adequacy** requirements
- The full responsibility for **origination, underwriting and collections** (if required) lie with U GRO Capital
- Co-lending model allows U GRO to better cater to **varying risk classes**

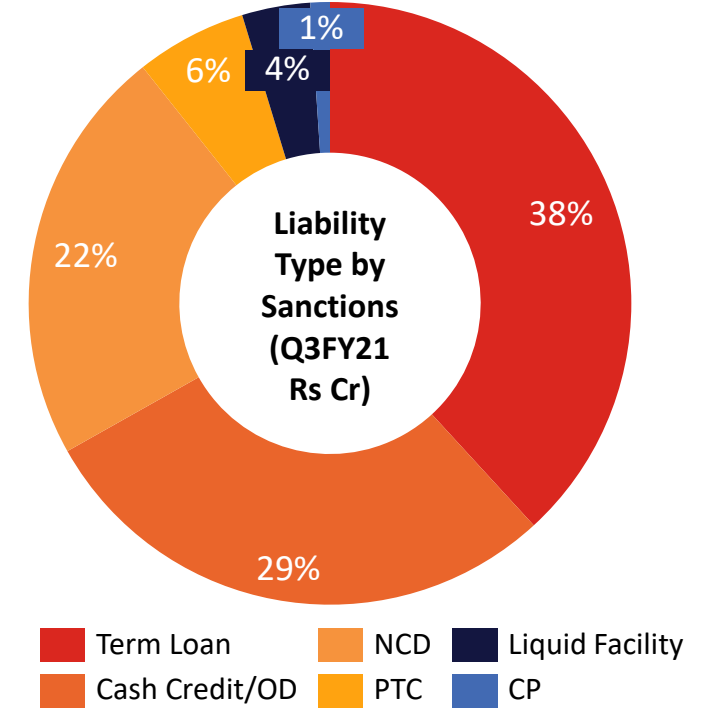
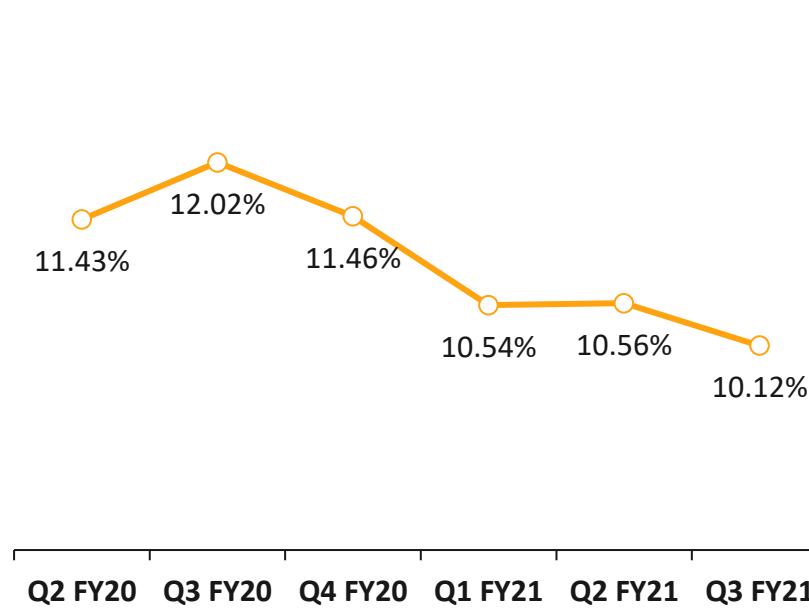
Expanded lender universe from 14 to 22; Borrowing costs also trending downwards

EOP Sanctioned Liability on Book (Rs Cr)

Undrawn Sanctions
Drawn Sanctions



Weighted Borrowing Cost (% , papm)



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

Public Sector Banks



Private Sector Banks



DFI



SFBs, NBFCs & other institutions



* Includes lenders added in Jan'21



Financial & Operating Metrics

As of Q3-FY21

Uptick in Disbursals

- Disbursals back to **pre-COVID levels** as we saw strong momentum in branch led channel
- **Growth** in Partnerships & Alliances channel through focus on **operationalization of existing partnerships**
- Focus on adding more anchors in the eco-system channel

Strengthened Liability Position

- Continue to expand our relationships with lenders, and now have **22 active lenders** – including PSU/Pvt Banks, SFBs, DFIs, foreign banks & other FIs
- Borrowing rates have been on a downtrend & the liability pipeline is strong and includes **INR 194 Cr** of undrawn sanctions (as on Dec' 20)



Launch of Micro Branches

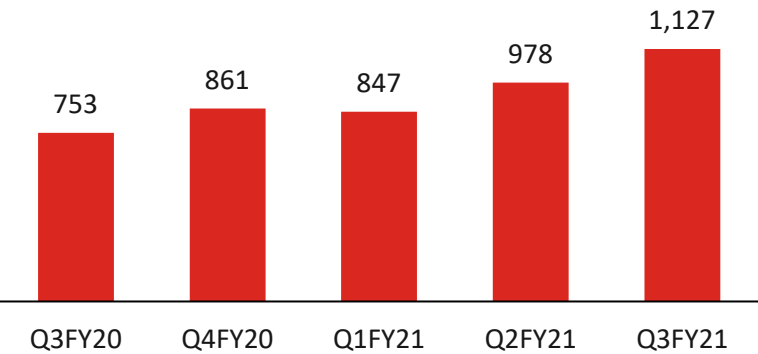
- All **25 GRO Micro branches** across Tamil Nadu, Karnataka, Gujarat, Telangana and Rajasthan have been **inaugurated**
- These branches shall provide lower ticket, higher yield products to Micro Enterprise segment in vicinity of our branches
- **Disbursals** commenced in Feb'21

Technology Advancements

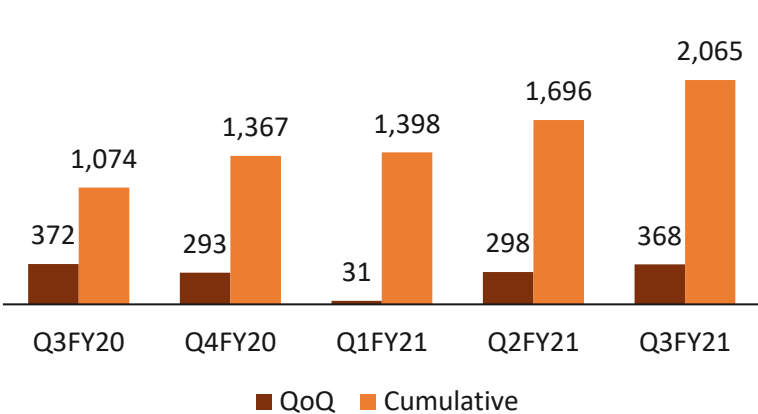
- We continue to enhance & invest in our tech capabilities in line with our vision to become an end-to-end tech-driven firm
- First lender to complete UAT testing on the Government's **GeM Sahay** platform
- Our **GRO Line**, digital supply chain financing platform has completed its first two phases of development & now fully deployed.

Consistent expansion of AUM with strong Equity & Debt support

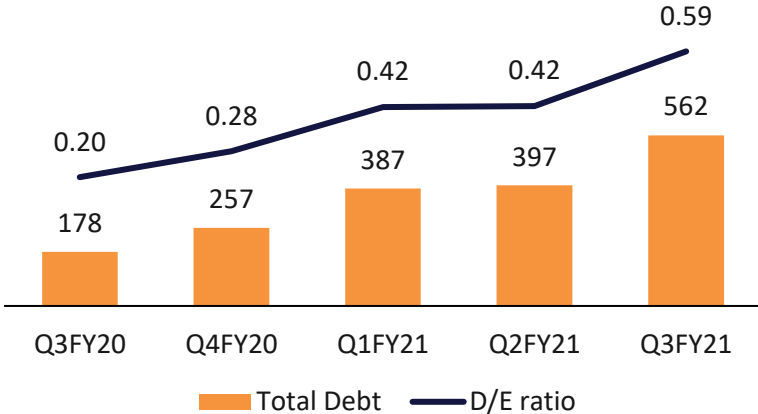
AUM (in ₹ Cr)



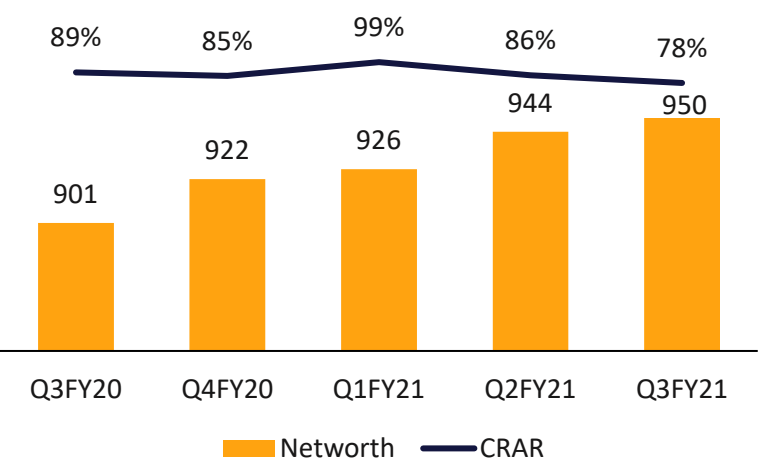
Disbursals (in ₹ Cr)



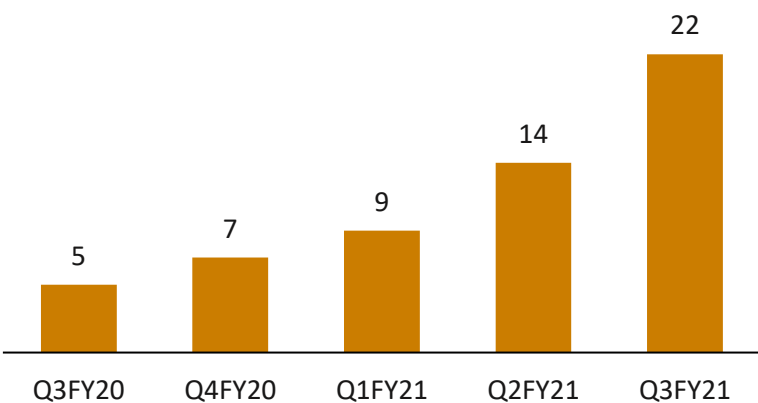
Debt (in ₹ Cr) & Leverage Ratio



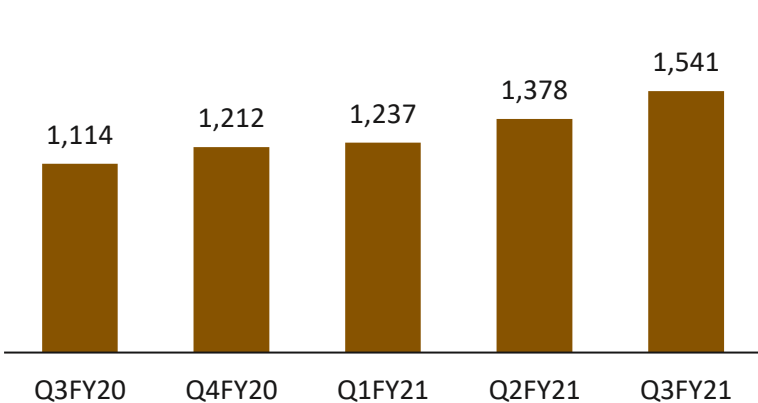
Net Worth (in ₹ Cr) & CRAR (%)



Number of Lenders

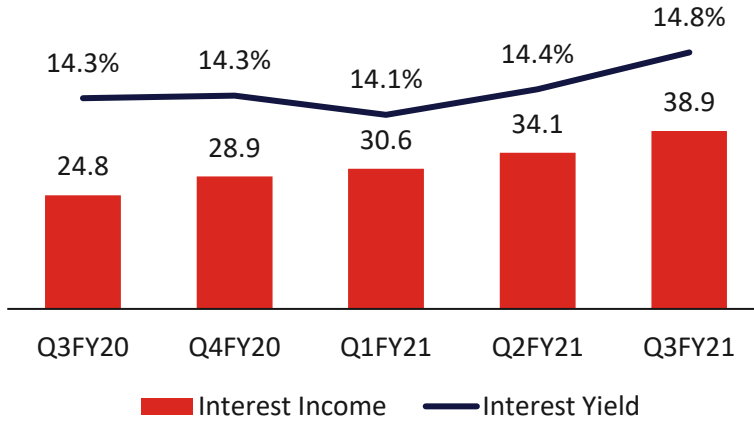


Total Assets (in ₹ Cr)

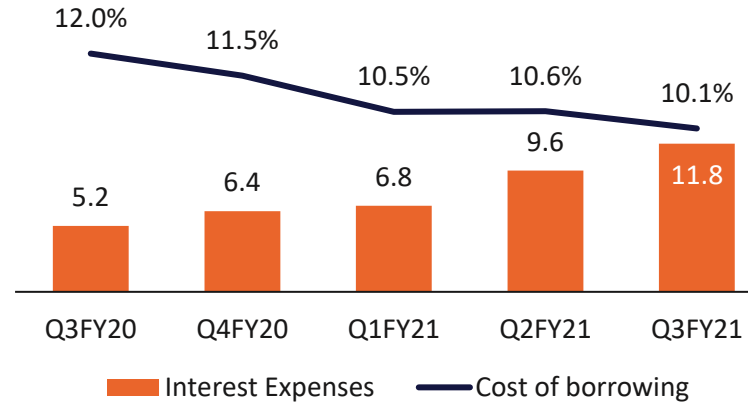


Operating & financials ratios continue to improve as with scale

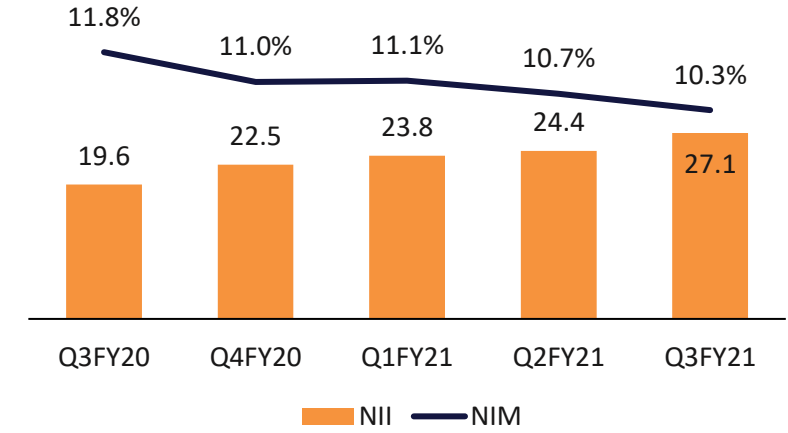
Interest Income (in ₹ Cr) & Yield



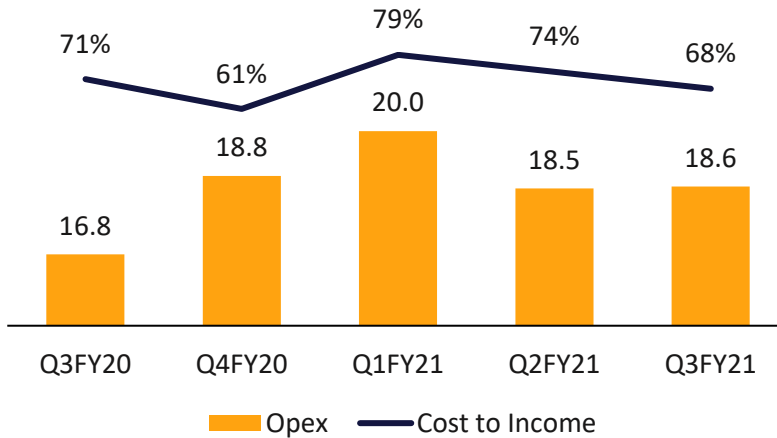
Finance Cost (in ₹ Cr) & Cost of debt



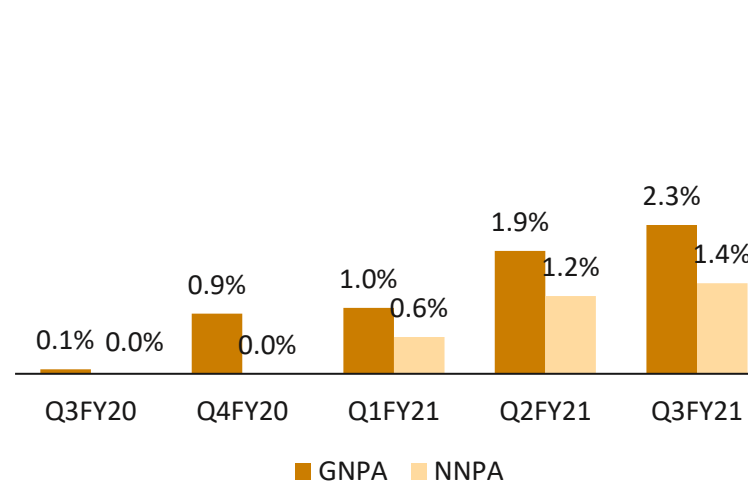
NII (in ₹Cr) and NIM%



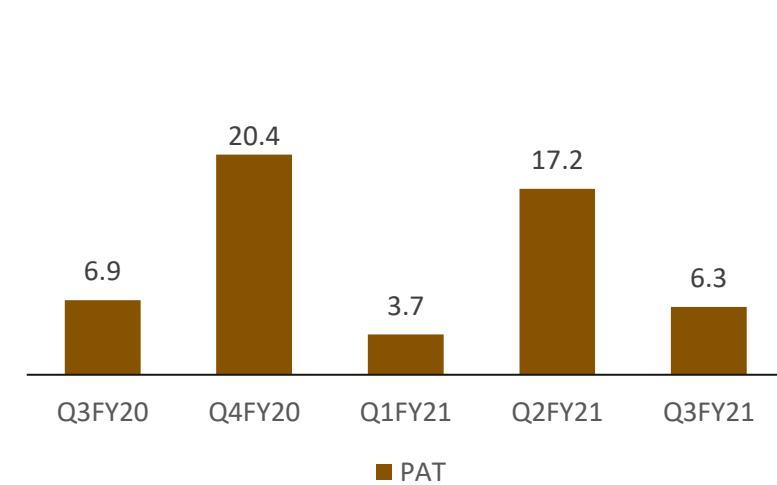
Opex (in ₹ Cr) & Cost to Income Ratio



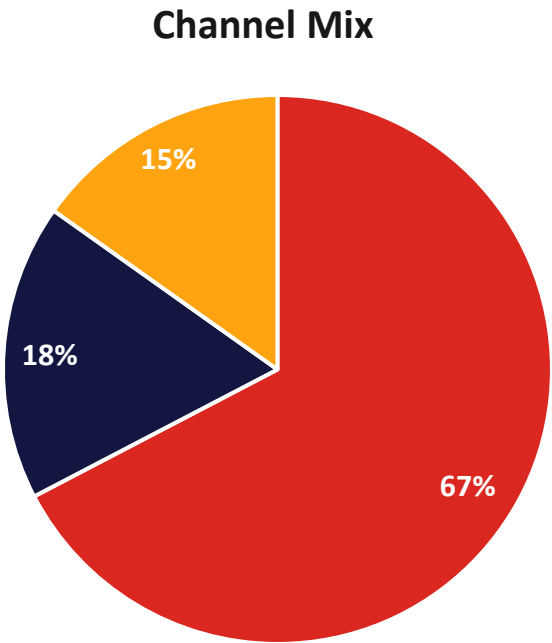
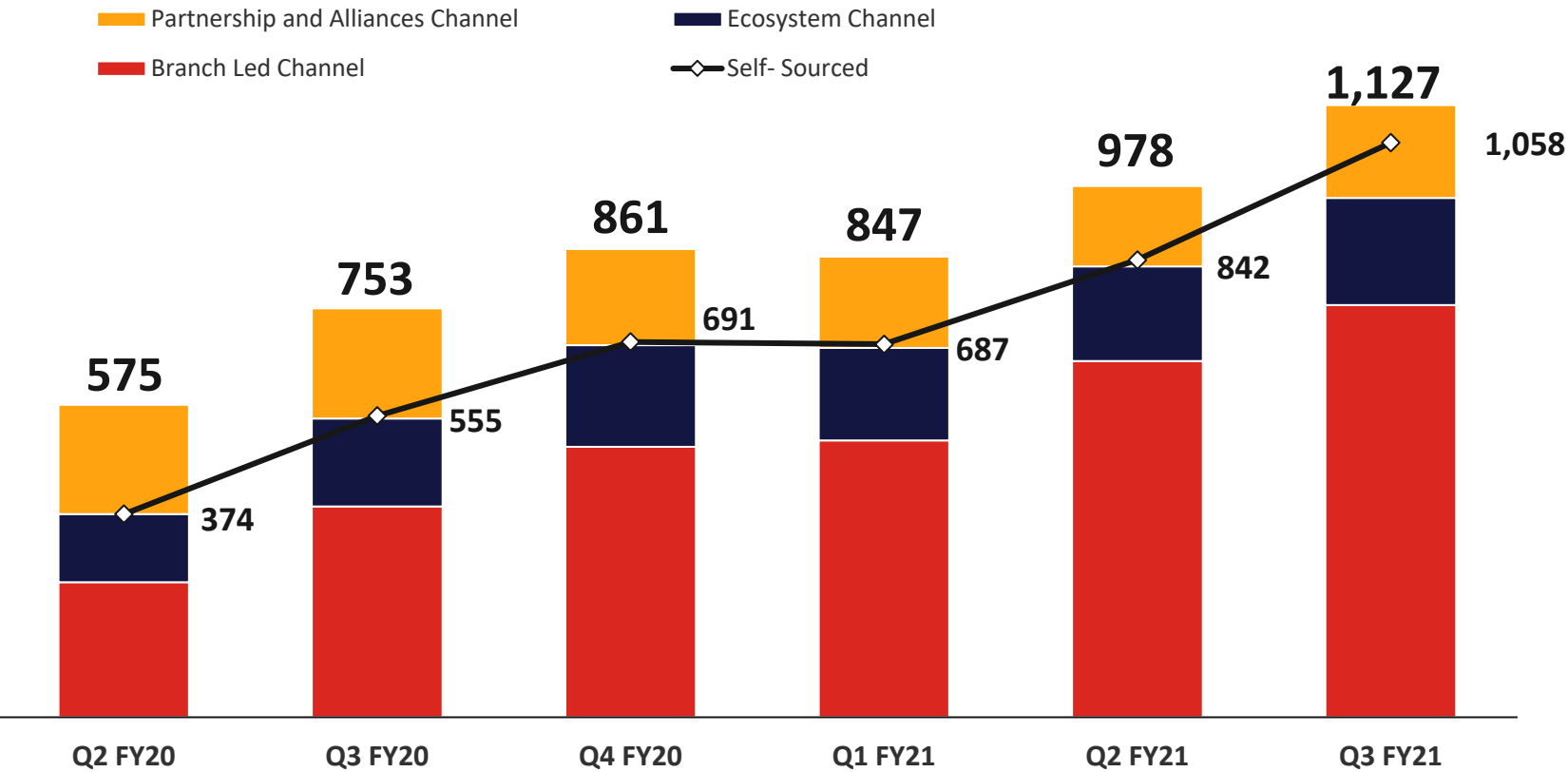
GNPA (90+ DPD) and NNPA (in %)



Profit After Tax (in ₹ Cr)



Steady scale-up of portfolio across distribution channel

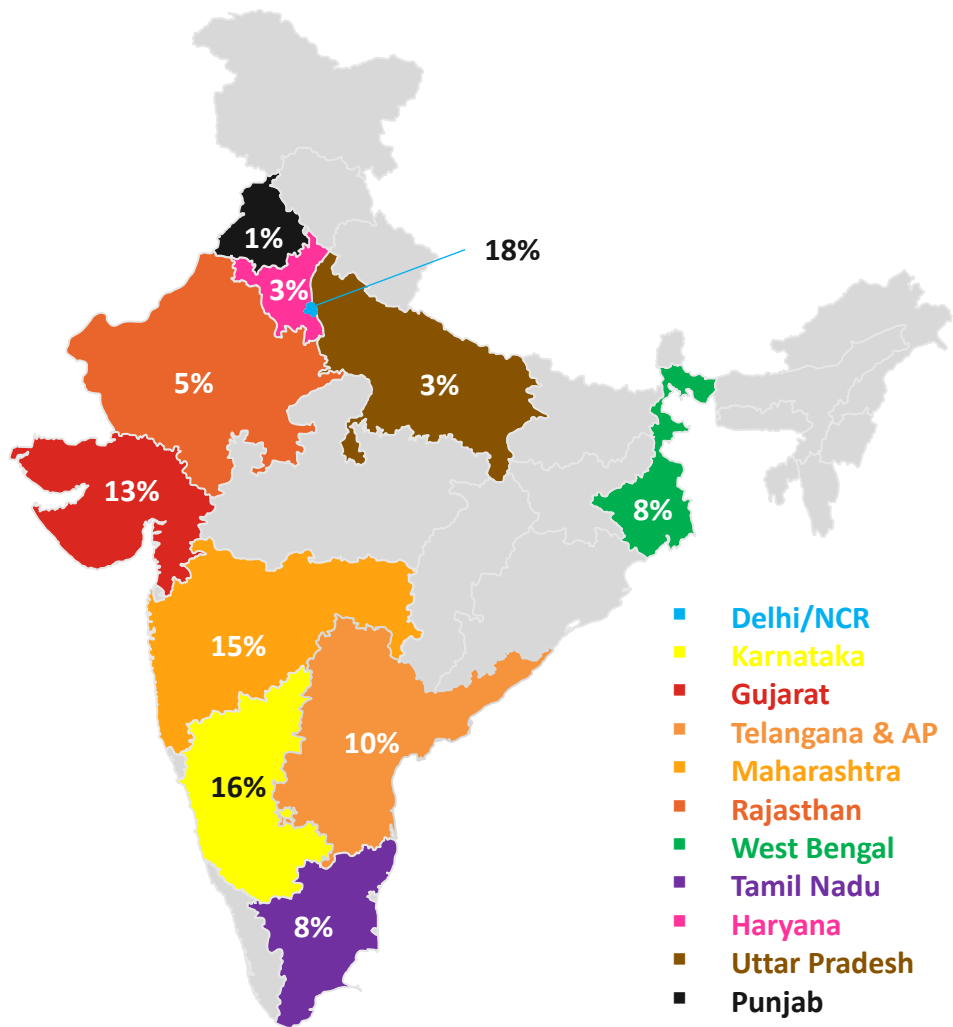


| | | | | | | |
|-----|-----|-----|-----|-----|-----|----------------------------------|
| 249 | 388 | 498 | 510 | 656 | 759 | Branch Led Channel |
| 125 | 162 | 187 | 170 | 174 | 197 | Ecosystem Channel |
| 201 | 203 | 177 | 168 | 148 | 171 | Partnerships & Alliances Channel |

We have put the direct digital channel on hold and are focussing on the launch of our Direct Distribution branches

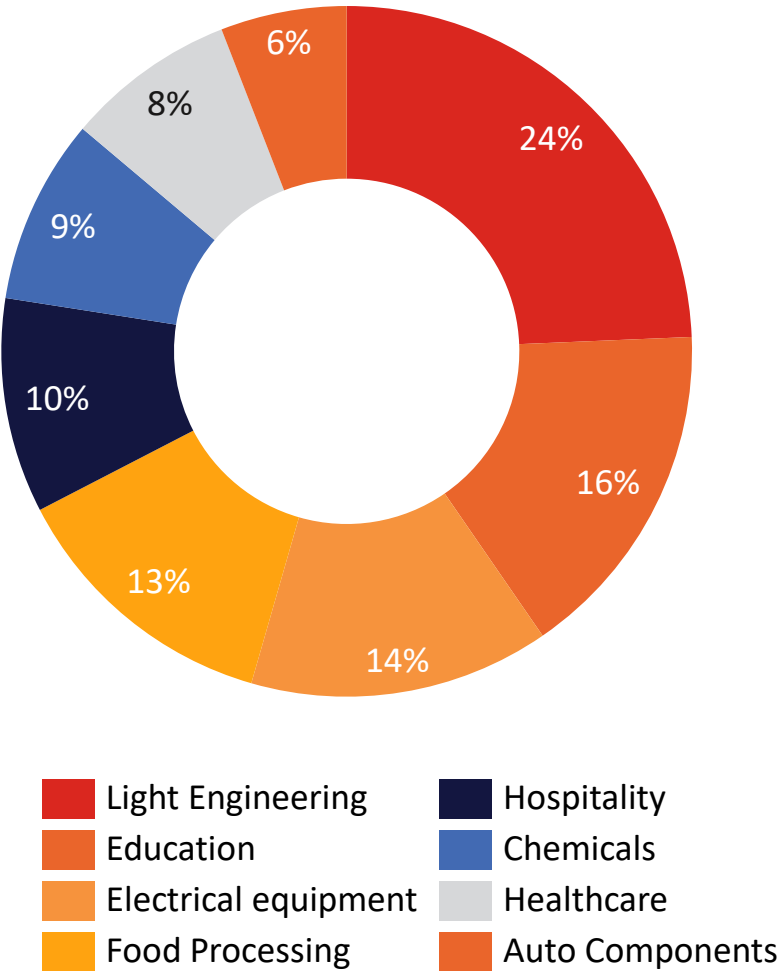
Portfolio remains well diversified by Geography and Sector

Geographical Mix*



*Excluding Partnership & Alliances

Sectoral Mix



Portfolio & restructuring highlights

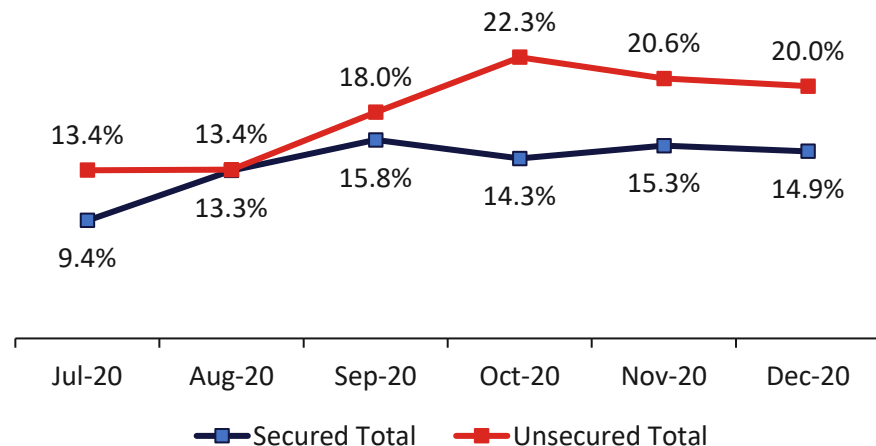
Portfolio split by Channel and ECL Data

| Product category | POS (Cr) | ROI (%) | Ticket size (Cr) |
|----------------------------|--------------|--------------|------------------|
| Branch Channel | 759 | 14.8% | 0.41 |
| Ecosystem Channel | 197 | 13.2% | 1.05 |
| Partnerships and Alliances | 171 | 16.4% | 0.05 |
| Grand Total | 1,127 | 14.8% | 0.15 |

| All figures in ₹ Cr | Loan Exposure | Loan Exposure (%) |
|---------------------|---------------|-------------------|
| Stage 1 | 1,051 | 93.2% |
| Stage 2 | 47 | 4.2% |
| Stage 3 | 29 | 2.6% |
| Total | 1,127 | 100.0% |

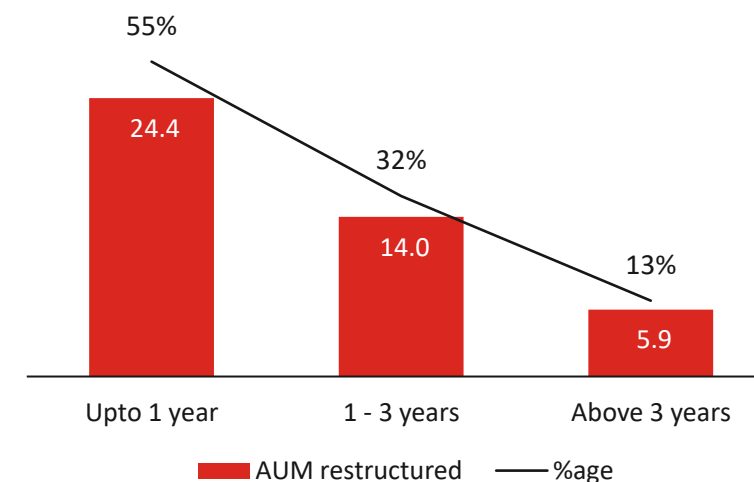
We restructured 3.9% (44.2 Cr) of our portfolio, however, around 90% of the restructured loan accounts were standard. Only 55% of the restructured accounts had an increase in tenor by 1 year.

% Bounce for overall Secured and Unsecured



| Sector | Dec-20 (in Cr) |
|----------------------|----------------|
| Auto Component | 0.35 |
| Chemical | 3.73 |
| Education | 3.95 |
| Electrical Equipment | 1.27 |
| Food Processing | 2.47 |
| Healthcare | 1.71 |
| Hospitality | 11.26 |
| Light Engineering | 5.56 |
| MSME | 0.08 |
| SCF | 13.83 |
| Total | 44.20 |

Restructuring of Portfolio Tenor-wise



Income Statement

| Income Statement (₹ Cr) | Q3 FY21 | Q2 FY21 | Q3 FY20 | 9M FY21 | 9M FY20 |
|---|---------------|----------------|---------------|----------------|---------------|
| Income | | | | | |
| Interest Income | 35.07 | 30.32 | 23.89 | 92.87 | 43.84 |
| Interest from investments | 3.70 | 4.17 | 4.45 | 11.17 | 20.83 |
| Sale of Services | 0.02 | 0.00 | 0.40 | 0.02 | 2.90 |
| Other operating revenue | 0.30 | 0.33 | 0.16 | 0.63 | 0.42 |
| Total Income (A) | 39.08 | 34.82 | 28.89 | 104.68 | 68.00 |
| Expenses | | | | | |
| Finance Costs | 11.78 | 9.64 | 5.23 | 28.26 | 7.25 |
| Employee Benefits Expenses | 10.56 | 10.75 | 10.07 | 32.41 | 35.24 |
| Depreciation, amortization and impairment | 3.01 | 2.88 | 2.26 | 8.60 | 5.27 |
| Other expenses | 10.85 | 8.80 | 5.55 | 25.66 | 22.78 |
| <i>Provision for loan loss*</i> | 5.86 | 3.93 | 1.04 | 10.94 | 4.21 |
| <i>IT and communication expenses</i> | 0.94 | 1.03 | 0.43 | 2.88 | 3.79 |
| <i>Travelling expenses</i> | 0.12 | 0.02 | 0.33 | 0.18 | 1.39 |
| <i>Legal, Professional and other expenses</i> | 3.93 | 3.83 | 3.75 | 11.66 | 13.40 |
| Total Expenses (B) | 36.21 | 32.08 | 23.10 | 94.94 | 70.54 |
| Profit Before Tax (C) = (A-B) | 2.87 | 2.74 | 5.79 | 9.75 | (2.54) |
| Tax Expenses (D) | (3.40) | (14.44) | (1.11) | (17.43) | (1.71) |
| Profit After Tax (E) = (C-D) | 6.27 | 17.18 | 6.89 | 27.18 | (0.83) |

*Including loan loss from COVID-19



Strategy and Long-Term Goals

Growth & ROE focus

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 & improvise 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
- Lower the cost of debt
- Maintain focus on ALM

Technology Vision

- Consistent Improvement through upgradation to latest cutting-edge technology
- Capture customer data point at every touch point & improve our forecasting algorithm through AI/ML models

Way forward



FY25E target to reach 270 total branches, of which 225 direct distribution branches



Target to open 36 Intermediated branches in Tier 2 & 3 cities by FY25E while no plans to open any new such branches in Tier 1 cities



FY25E total cumulative disbursements target of ~Rs 119 bn; ~68% CAGR over FY20-25E



Branch led channel to remain as the largest contributor in total disbursals



Business loan products “Pratham” & “Sanjeevani” and Micro enterprise product “Saathi” to drive disbursals in branch led channels



Partnerships and Alliances to remain a key distribution channel with ~15% contribution to total disbursals by FY25E; Digital channel disbursals to grow substantially over the next 5 years



FY25E AUM target of Rs 200 bn; ~70% contribution from Branch led channels led by Pratham, Sanjeevani and Saathi

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) | FY25E |
|------------------------------|-------------------|
| 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% |

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Appendix

Narrowed down Sub-sectors/ecosystem across our focus sectors

| | Sector | Sub-Sectors | Key Clusters |
|---|------------------------------------|---|--|
| 1 | Healthcare | General nursing homes, eye clinics, dental clinics, diagnostic labs, radiology/pathology labs, pharma retailers | NCR, Mumbai, Bengaluru, Hyderabad and Chennai |
| 2 | Education | K-12 schools, play schools | NCR, Mumbai, Coimbatore, Chennai, Hyderabad and Pune |
| 3 | Chemicals | Dyes and pigments, bulk and polymers, agrochemicals | Mumbai, NCR, Ahmedabad, Vadodara and Surat |
| 4 | Hospitality | Fine dining (standalone), QSRs, fine dining chains, manpower agencies, boutique hotels, guest houses | NA |
| 5 | Electrical equipments & Components | B2B, B2C | NCR, Pune, Bengaluru, Chennai, Aurangabad and Rajkot |
| 6 | Microenterprises | Kirana stores, family run businesses, first generation entrepreneurs | Mumbai, Kolkata, NCR, Hyderabad, Bengaluru and numerous Tier II and Tier III locations |
| 7 | Food Processing/FMCG | Dairy and dairy products, non-alcoholic beverages, consumer foods, poultry, sea food, food and beverage traders | NCR, Mumbai, Chennai, Hyderabad and Pune |
| 8 | Auto & Light Engineering | Casting and forging, medical equipment and devices, engine parts, drive transmissions etc. | NCR, Chennai, Pune, Kolkata, Ludhiana, Bengaluru, Ahmedabad and Rajkot |

Sub-sectors selected based on its contribution to the overall sector credit demand and risk profiles



Healthcare (Nursing Homes, Diagnostic Labs, Eye/Dental Clinics, Retail Pharmacy)

- Sector growing at 22% CAGR & expected to see sustainable growth of 14-15% over long term
- Significant healthcare shortfall in India (0.7 hospital beds/1000 vs global avg 2.7)
- Demand-Supply gap, inadequate infra will drive private investments
- Increasing lifestyle diseases, rising affordability & awareness provide sustainable growth prospects for new general nursing homes, new clinics for eye & dental and new retail pharmacy operators
- Indian diagnostics expected to see 11-12% CAGR over the medium to long term
- Pathology (58% of total diagnostics market) is highly fragmented and offers high Free Cash Flow and better Return on Investments of 45-50% on limited capex



Education (K-12 schools, Playschools)

- Inadequate education infra in India presents huge capital investment opportunity
- With over 15 crore children in 0-6 years age group, India has the largest population of children in world
- Demand for early education and care have led the Indian education sector on a brisk growth track
- The preschool education industry itself in India is currently valued at more than Rs 150 bn, growing at 23% CAGR
- The unorganized sector, which is made up of local home-grown preschools and constitutes around 70-80% of the market, shows huge growth opportunity
- Secondary school enrollment rate at only 54% & 37% of schools not having toilet facilities



Chemicals (Bulk Chemicals, Polymers, Agrochemicals, Dyes & Pigments)

- India Chemical Industry grown at ~11% CAGR over the last decade. Per capita consumption in India is 1/10th of the world's average; presents huge capex opportunity
- Bulk chemicals (~40% of the world's chemical market) expected to grow at ~8% CAGR in next 5 years
- Increasing focus on domestic production of chemicals would entail large investments from private players
- Dyes & Pigments – Highly fragmented industry. India accounts for ~16% of the world production. Demand from textile & associated sectors is the key growth driver
- Agro chemicals industry expected to grow at 8% CAGR till FY25. Increase in awareness level of farmers, improvement in rural income and the pressure for improving productivity are the key drivers



Hospitality (Fine Dining Restaurants, QSRs, Manpower Agencies, Boutique & Guest Hotels)

- India Restaurant industry growing at ~7% led by rising disposable income, nuclear family structure, increasing working population and rapid urbanization and consumerism
- India QSR sector is ~4% of total food service market (vs 20% global avg); presents huge capex opportunity
- Over FY20-25, the QSR market is estimated to be the highest growing sub-segment at 23% CAGR
- Manpower/Security Solutions - India has the lowest per capita spend among most countries. Faster urbanization & inadequate police infra are key growth drivers
- Increasing desire for experiential travel across different segments continues to increase the growing popularity of Boutique Hotels along with Guest Houses in the country



Electrical Equipment and Components (B2B, B2C)

- Govt's focus on infra expansion to create substantial demand for electrical equipment & components
- Favorable demographics (Urbanization, increase in disposable income level, aspiration for good quality products, nuclear families etc.) would catalyze the growth in mid-to long term horizon
- Govt initiatives - Metering of houses and focus on reducing transmission loss of electricity are creating many opportunities in new geographies for supply of electrical products
- Demand for electrical equipment & components for renewables industry shows huge potential considering the focus on changing India's energy profile to a greener one



Food processing (Dairy/Dairy Products, non-alcoholic beverages, consumer foods, poultry, sea food, food and beverage traders)

- 2025 target of doubling milk processing capacity would entail huge private capex
- Growing consumer preference for branded/value-added milk products and increased awareness of nutrition would continue to drive the demand
- Per capita milk consumption is increasing at 3% CAGR (vs 1% CAGR globally)
- Non-Alcoholic beverage consumption on a steady growth trajectory; Rising young population, improving retail penetration across semi-urban and rural markets shows huge potential in sector
- With long coastline, India is best placed for seafood industry developments; shows huge growth potential



Auto and Light Engineering (Casting and forging, medical equipment and devices, engine parts, drive transmissions etc.)

- Auto & Light engineering is a sector that enables other sectors. Industrial Consumables are an integral sub-segment of this industry (mainly consist of products replaced regularly due to wear and tear)
- Focus on manufacturing sector would entail huge capital expenditure in Engineering/Auto sectors
- Moving towards a greener future, Auto Industry's focus on clean vehicle initiatives would propel demand for Industrial products
- 'Make in India' driving local manufacturing of engineering products (currently imported from China)
- 100% electrification of Railways to drive demand of engine parts, drive transmissions & other equipment



Microenterprises (Kirana stores, family run businesses, first generation entrepreneurs)

- Microenterprise segment accounts for over ~97% of the MSME total, particularly important in Lower Income States such as Uttar Pradesh, Bihar, Chhattisgarh
- Kirana stores contribute 11% to India's GDP & 8% of total workforce. MSME employees in sector at 110 million. 85% of country's retail trade is unorganized; supported by small traders, retailers & Kirana stores
- In the food and grocery segment, more than 95% of the business is in the hands of traditional retailers.
- Over 100 million households will be added to the high & upper middle classes by 2030; will drive 60% of consumer spending
- Digitalization/modernization makes Kirana stores an irreplaceable part of the consumer's daily life

THANK YOU



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