



U GRO Capital | Q4'22 & FY22 Investor Presentation

Catalyzing the future of credit access for MSMEs

NSE: UGROCAP | BSE: 511742

May 25th, 2022

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Table of Contents

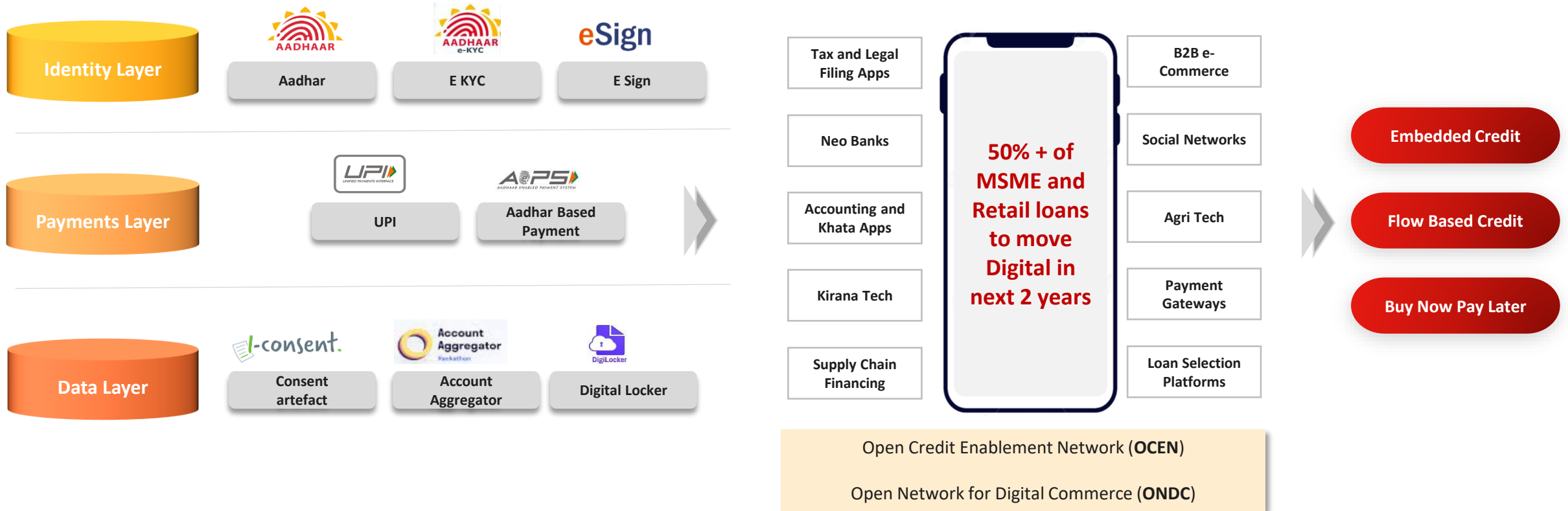
- 01** **Executive Summary**
- 02** **Portfolio Performance**
- 03** **Operating and Financial Metrics**
- 04** **Board and Management Team**
- 05** **Annexures**



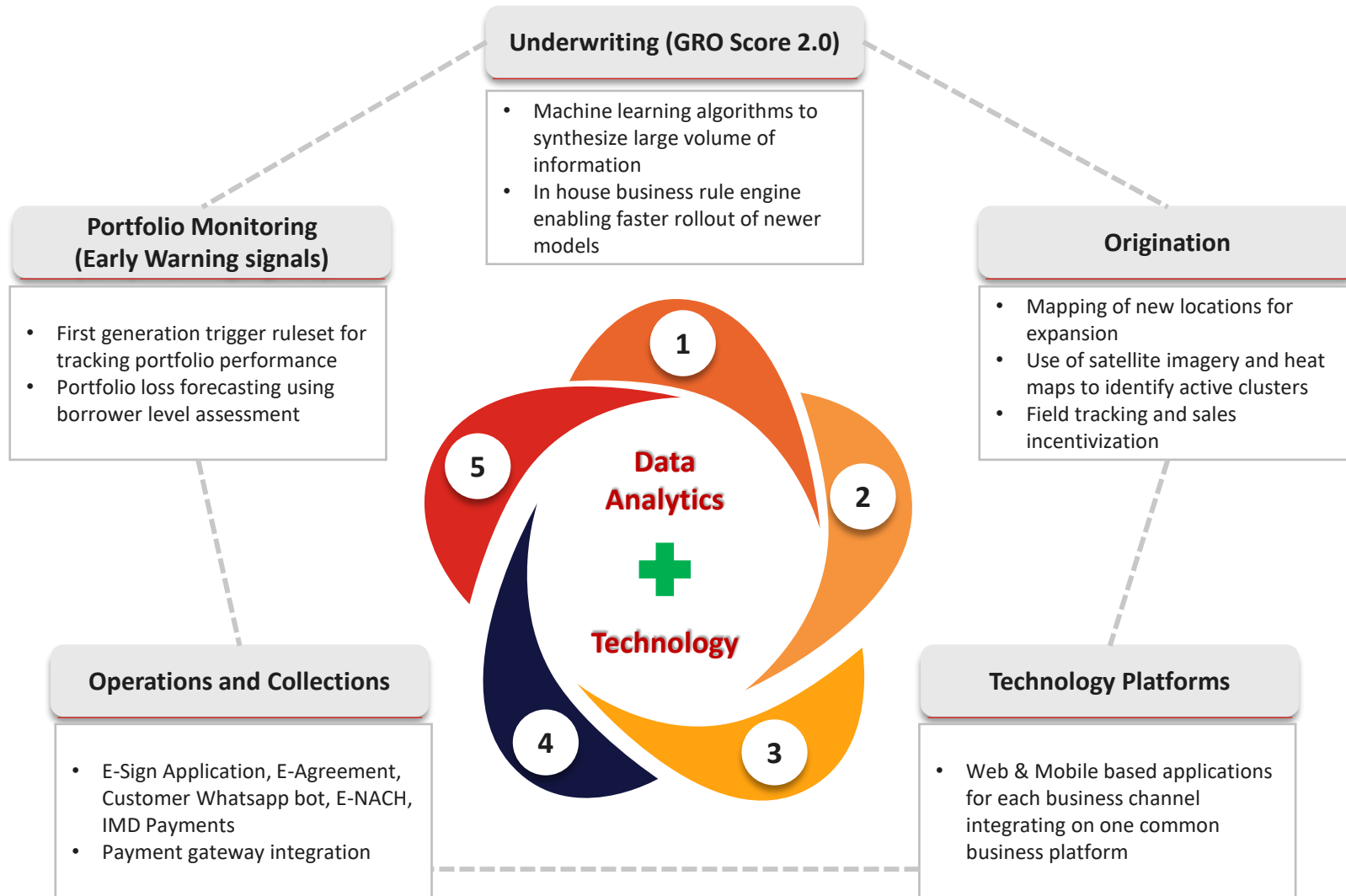
Executive Summary

It has been proven that data can be the engine for SME credit in India

End to End MSME Digital Lending is now a reality



Evolved to a Data Tech Company within 3 years of inception



Powered by Data & Tech

- ✓ Leading NBFC transition to “Lending as a service”
- ✓ Faster customer TAT and credit decisioning
- ✓ Robust underwriting using alternate data
- ✓ Higher adaptability to market changes
- ✓ Industry pioneers in Co-lending

Data driven proprietary scoring model powered by AI / ML Models

Ability to capture alternate data from banking and bureau..



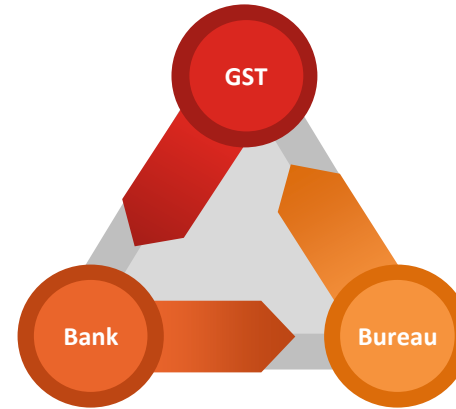
Machine generates 25,000+ data features from an applicant's bureau record and bank statement

Across Multiple parameters

- Turnover and transaction intensity
- Borrowing mix and nature
- Cheque bounces & bank charges
- Frequency and magnitude of defaults
- Payment cycles
- History of high cost debt/ credit card usage
- Obligations as % of turnover
- Balances and withdrawals
- Counterparties & relative strengths
- Pace of borrowing

... and to draw meaningful insights out of unorganized data

GRO 2.0
Credit Bureau Data + Banking Data



Matches Banking & Bureau Scorecards to generate one single score which further gets augmented with GST data as an external input

| | | |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Artificial Intelligence Engineering of making Intelligent Machines and Programs | Machine Learning Ability to learn without being explicitly programmed | Deep Learning Learning based on Deep Neural Network |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|

- Historical aggregation** – several pages of statement going back 12 months can be summarized instantly
- Normalization** – convert absolute values to scale, for even comparison
- Trending** – changes over time, create standardized measure of comparison across diverse nature of entities, sectors, geographies

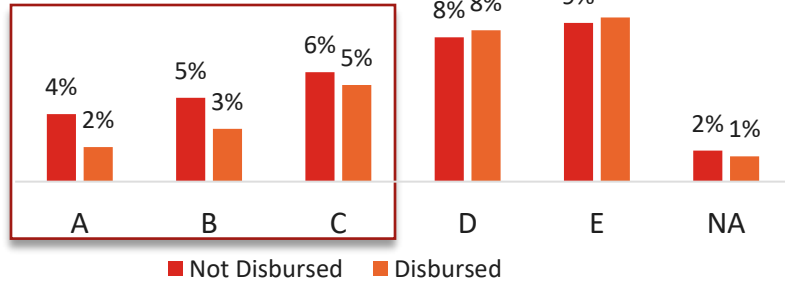
Scoring of each case into one of the five bands of A – E with A being the best and E being the worst



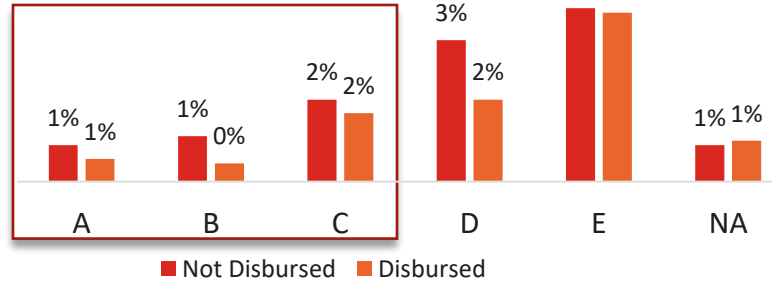
GRO Score 2.0 – Proof of Concept

Performance of Recent Logins (May-21 to Oct-21)

30+ DPD % in 6 months

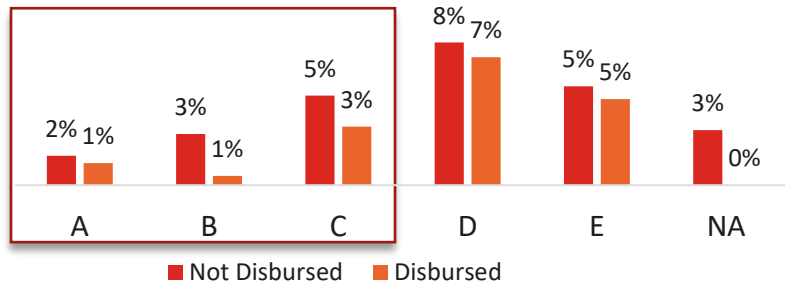


90+ DDP % in 6 months

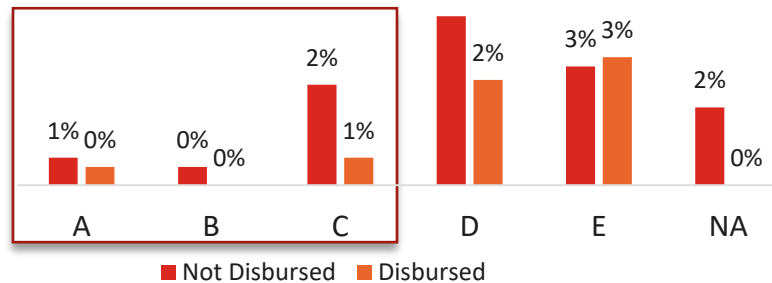


| Score Band | Disbursed cases count | Non Disbursed cases count |
|------------|-----------------------|---------------------------|
| A | 2,352 | 4,885 |
| B | 1,346 | 3,381 |
| C | 585 | 2,779 |
| D | 228 | 1,360 |
| E | 567 | 3,573 |
| NA | 212 | 525 |

30+ DPD % in 6 months



90+ DDP % in 6 months



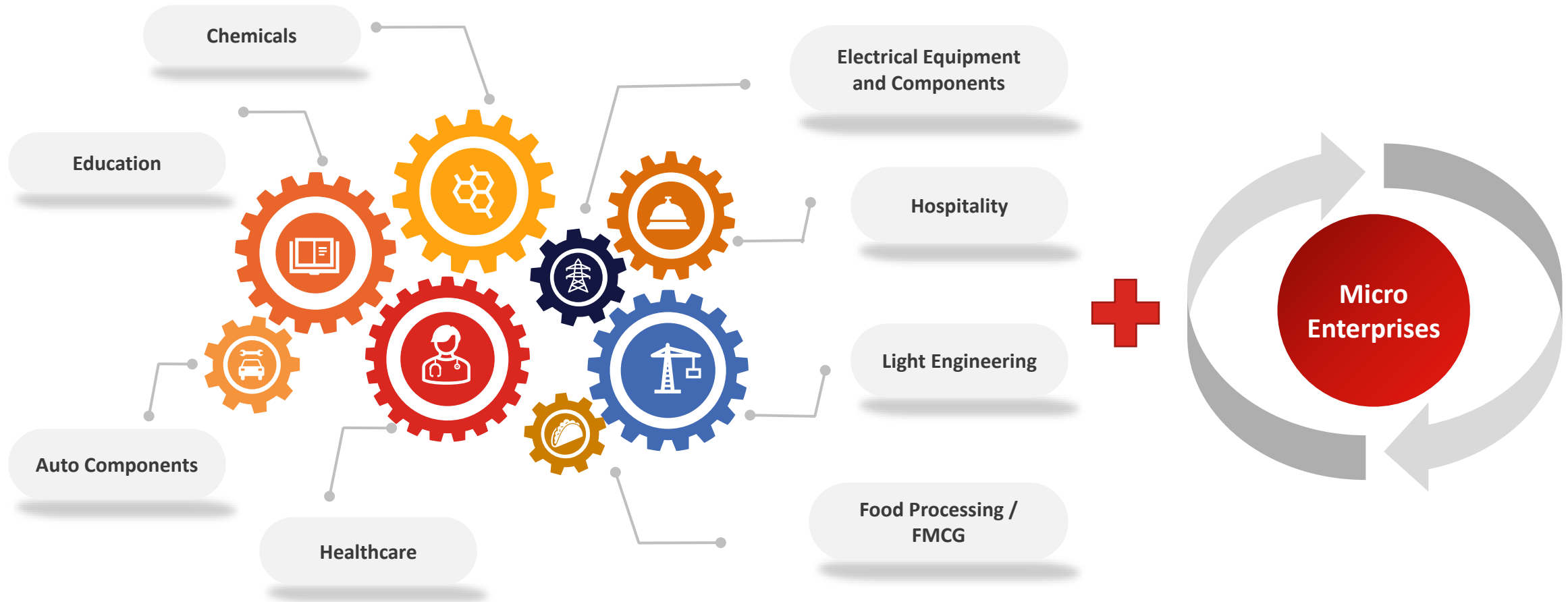
| Score Band | Disbursed cases count | Non Disbursed cases count |
|------------|-----------------------|---------------------------|
| A | 780 | 1,152 |
| B | 437 | 755 |
| C | 158 | 549 |
| D | 43 | 270 |
| E | 106 | 959 |
| NA | 81 | 234 |

Market performance of cases withing 6 months of Disbursements – A to C scored cases show striking outperformance

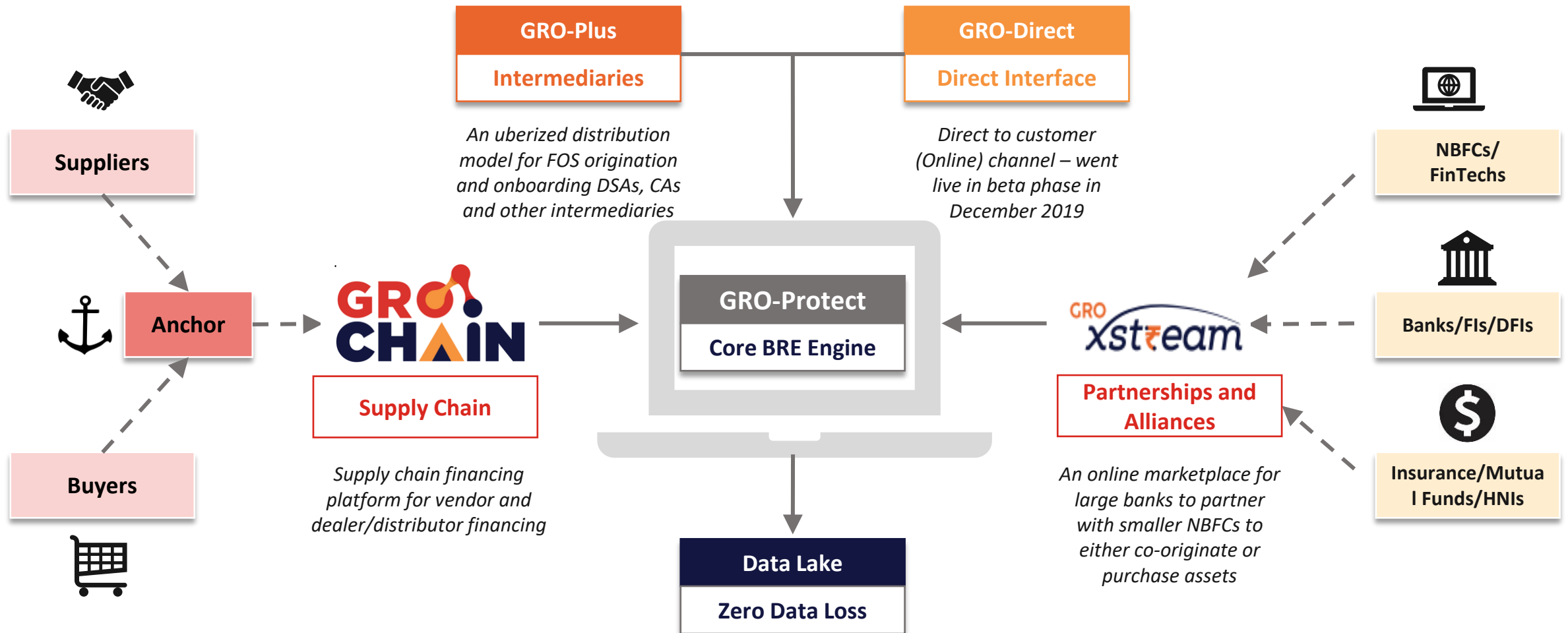
Deep analysis of Macro and Micro Economic Factors to develop sector focus

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

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

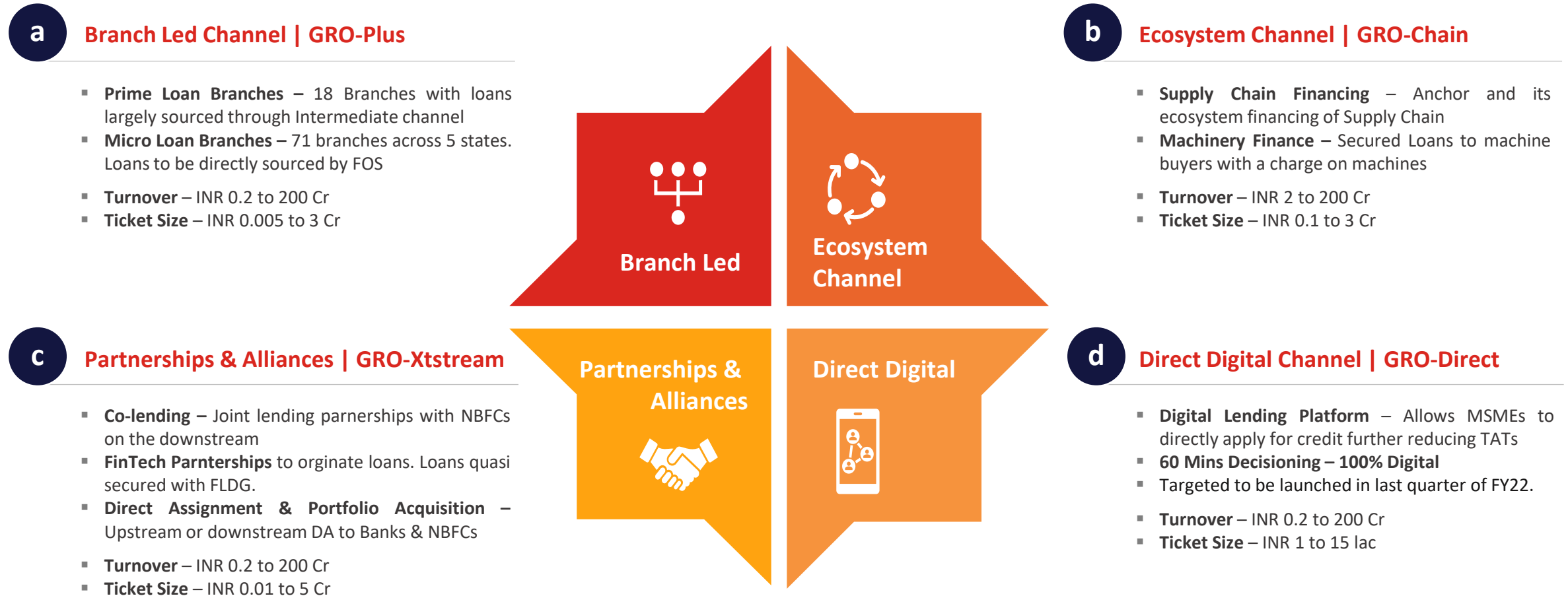


Development of System Architecture for full-Suite SME Lending



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

Multi pronged approach led by 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

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 Signed in Oct'21



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

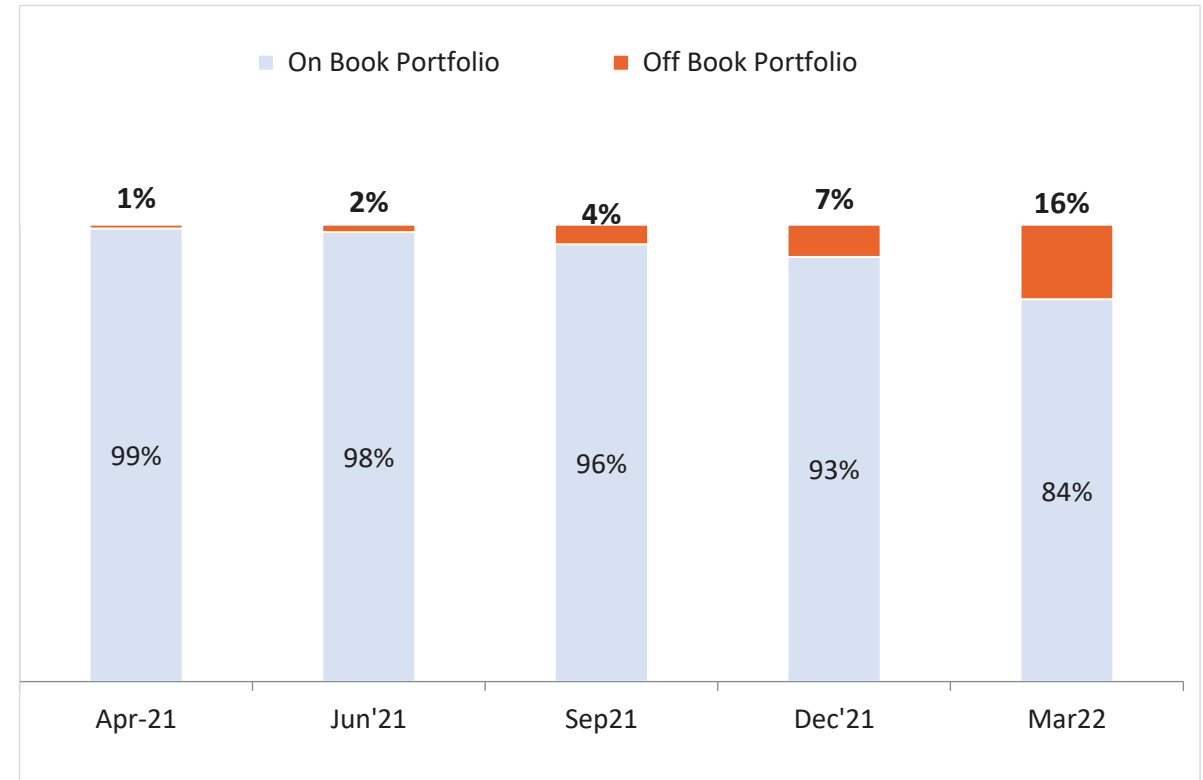


- Secured Business Loans
- Agreement signed in Feb'22

1 SFB

2 Leading NBFCs

Increasing Mix of Off Book AUM



| | | | | |
|--------------------------|-----------------|----------------|------------|-----------|
| 18 Active Discussions | 6 Pvt. Banks | 5 PSU Banks | 5 NBFCs | 2 SFBs |
|--------------------------|-----------------|----------------|------------|-----------|

Business Model Evolving to Generate Significant Cashflow

| | FY22 | Q4FY22* | FY23P | FY25P |
|------------------------|-------|---------|---------------|---------|
| AUM (INR Cr) | 2,969 | 2,969 | 7,000+ | 20,000+ |
| Off Book AUM % | 16% | 16% | 35% + | ~ 50% |
| Yield | 14.3% | 15.4% | ~ 14.5% | ~ 15.0% |
| Cost of Borrowing % | 10.7% | 11.2% | ~ 10.75% | ~ 9.5% |
| NIM % | 7.1% | 7.3% | ~ 7.0% | ~ 7.5% |
| Other operating Rev. % | 1.8% | 3.0% | ~ 7.5% | ~ 9.0% |
| Cost to Income Ratio % | 71.8% | 73.3% | ~ 60.0% | ~ 45.0% |
| Credit Cost % | 1.5% | 1.5% | ~ 1.5% | ~ 1.5% |
| ROTA % (Avg.) | 0.6% | 0.8% | ~2.0% | ~ 4.5% |
| ROE % (Avg.) | 1.5% | 2.4% | ~ 6.0% - 8.0% | ~ 18.0% |
| Leverage | 1.86x | 1.86x | ~ 2.4x^ | ~ 3.8x^ |

* Annualized ratios

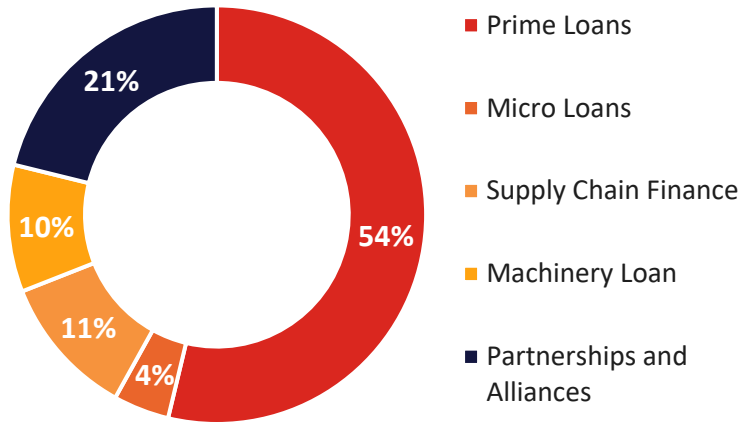
^ Presumed infusion of equity capital



Portfolio Performance

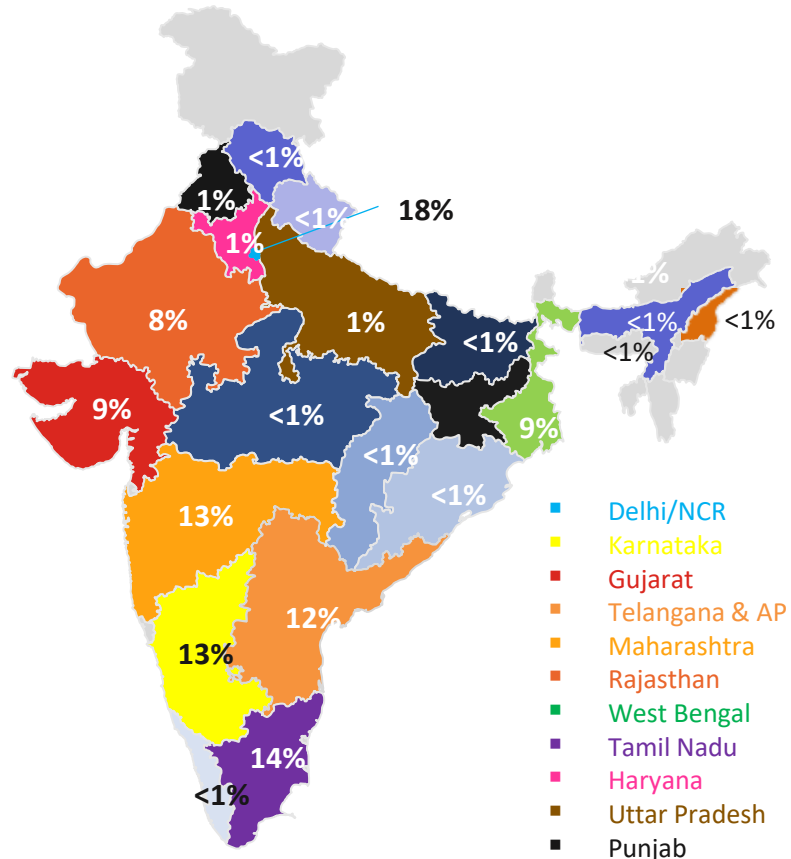
Well Diversified and Granular Portfolio

Product Mix

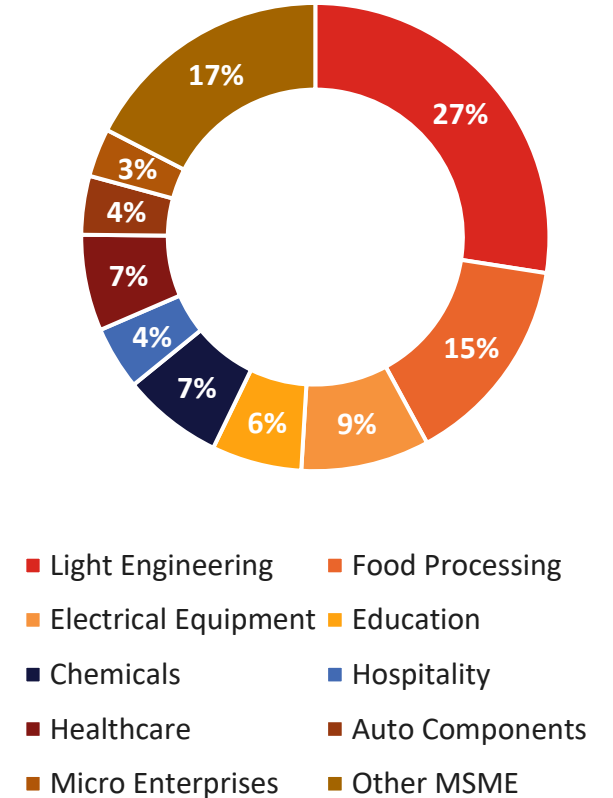


| Product category | On Book AUM (Cr) | ROI (%) | Ticket size (Lakh) |
|----------------------------|------------------|--------------|--------------------|
| Prime Loans | 1,319 | 14.9% | 31.9 |
| Micro Loans | 106 | 21.8% | 5.4 |
| Supply Chain Finance | 269 | 14.7% | 41.7 |
| Machinery Loan | 241 | 13.2% | 43.1 |
| Partnerships and Alliances | 519 | 21.8% | 6.6 |
| Grand Total | 2,454 | 16.4% | 18.3 |

Geography Mix

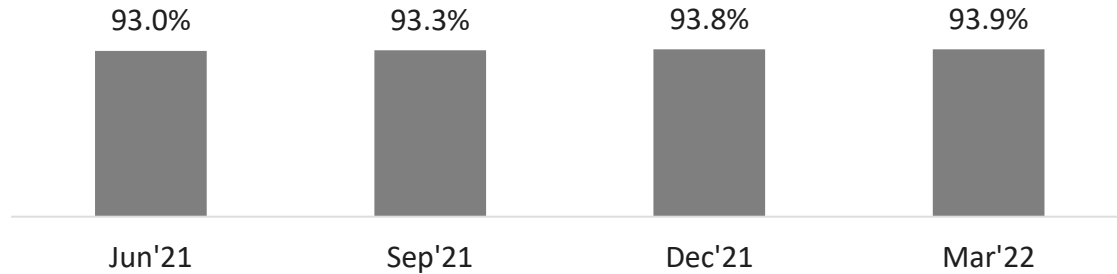


Sector Mix



Portfolio Provisioning, Collection Efficiency & Restructuring Highlights

Overall Collection Efficiency Trend



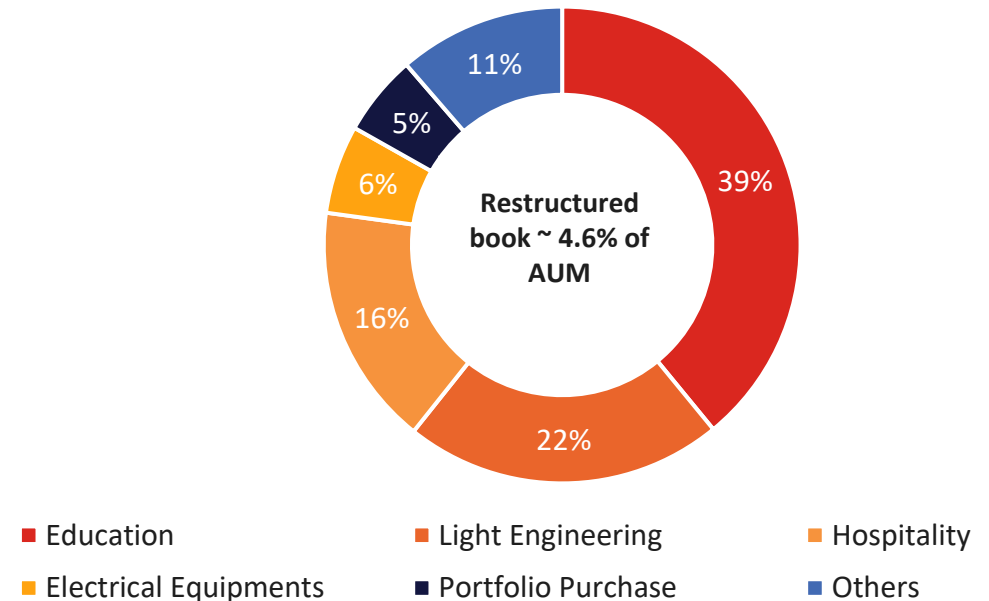
ECL Data

| All figures in ₹ Cr | Loan Exposure | Loan Exposure (%) |
|---------------------|----------------|-------------------|
| Stage 1 | 2,366.2 | 96.4% |
| Stage 2 | 32.4 | 1.3% |
| Stage 3 | 55.3 | 2.3% |
| Total | 2,453.9 | 100.0% |

- Total provisions as of Mar-22 stood at ₹40.6 Cr (1.7% of the AUM) vs the regulatory requirement of INR 27.2 Cr. ~49% above the provision prescribed by IRACP and RBI
- GNPA stood at 2.3% and NNPA stood at 1.7% as of Mar-22, 2.3% GNPA is post adoption of the Asset Classification circular of Nov'21

- Majority of the restructuring was done in the Branch Led Portfolio within the Education & Hospitality sector.
- ~82% of the restructured portfolio is current as of Mar'22. The NPA column incorporates the total NPA's including those classified on account of new IRAC asset classification norms/account classification on account of restructuring

Sectoral Break up of Restructured AUM





Operating and Financial Metrics

Key Highlights – We have scaled up across all parameters

| All Fig in ₹ Cr |
|-------------------------------------|
| AUM |
| Gross Disbursements |
| Net worth |
| Branches |
| Lenders |
| Employees |
| Interest Income |
| Interest Expense |
| NII |
| Other Revenue |
| Op. Expense |
| Impairment on financial instruments |
| PBT |
| Portfolio Yield [§] |
| Borrowing Cost * |
| Cost to Income Ratio |
| D/E Ratio |

| Q4FY21 | Q3FY22 | Q4FY22 |
|--------|--------|---------------|
| 1,317 | 2,589 | ↑ 14.7% 2,969 |
| 449 | 1,053 | ↓ 8.5% 963 |
| 952 | 959 | ↑ 0.7% 966 |
| 34 | 82 | ↑ 11.0% 91 |
| 29 | 50 | ↑ 10.0% 55 |
| 361 | 944 | ↑ 17.7% 1,111 |
| 43.7 | 73.4 | ↑ 28.2% 94.0 |
| 16.3 | 38.4 | ↑ 29.4% 49.7 |
| 27.4 | 35.0 | ↑ 26.8% 44.3 |
| 4.9 | 11.9 | ↑ 69.7% 20.2 |
| 21.3 | 32.4 | ↑ 45.8% 47.3 |
| 8.7 | 9.4 | ↓ -1.0% 9.3 |
| 2.4 | 5.1 | ↑ 58.3% 8.0 |
| 15.5% | 16.0% | 16.4% |
| 10.4% | 10.1% | 10.3% |
| 65.8% | 69.1% | 73.3% |
| 0.80x | 1.84x | 1.86x |

| FY21 | FY22 |
|-------|----------------|
| 1,317 | ↑ 125.4% 2,969 |
| 1,147 | ↑ 173.6% 3,138 |
| 952 | ↑ 1.5% 966 |
| 34 | ↑ 167.6% 91 |
| 29 | ↑ 89.7% 55 |
| 361 | ↑ 207.8% 1,111 |
| 146.8 | ↑ 85.3% 272.2 |
| 44.6 | ↑ 208.3% 137.4 |
| 102.3 | ↑ 31.8% 134.8 |
| 6.5 | ↑ 534.4% 41.3 |
| 77.0 | ↑ 64.1% 126.4 |
| 19.6 | ↑ 49.9% 29.4 |
| 12.1 | ↑ 66.4% 20.2 |
| 15.5% | 16.4% |
| 10.4% | 10.3% |
| 70.8% | 71.8% |
| 0.80x | 1.86x |

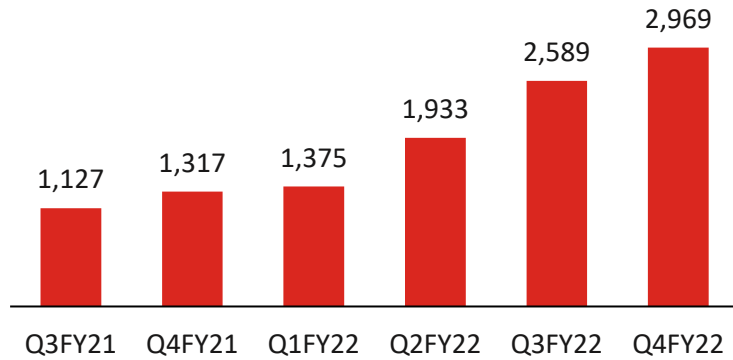
*Restated cost of debt from weighted average costing to IRR based costing

§ Weighted Average AUM yield as on Period End

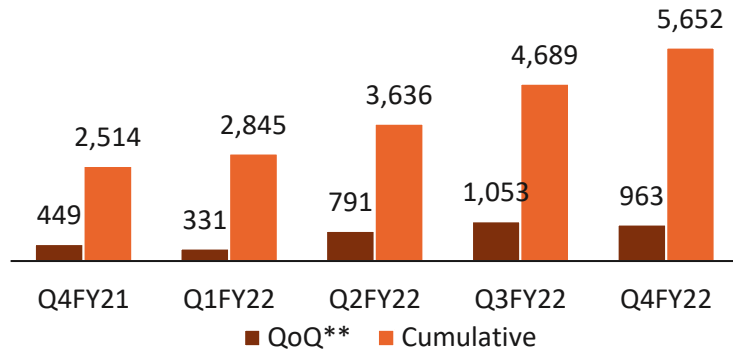
Operating & Financial Metrics (1/2)

Consistent expansion of AUM with strong Equity & Debt support

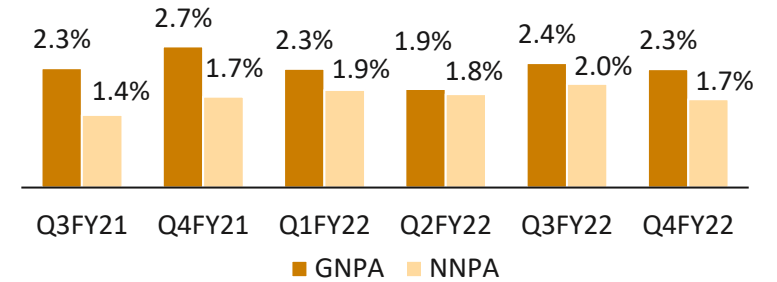
AUM (INR Cr)



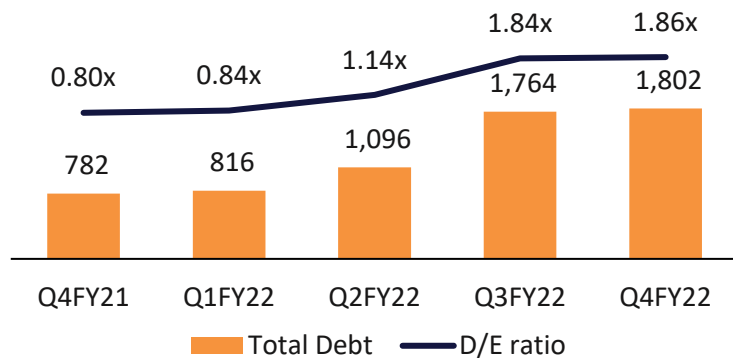
Disbursals (INR Cr)



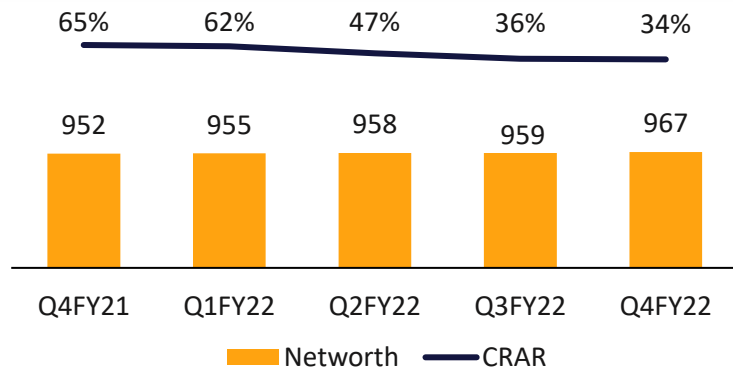
GNPA and NNPA (in %)



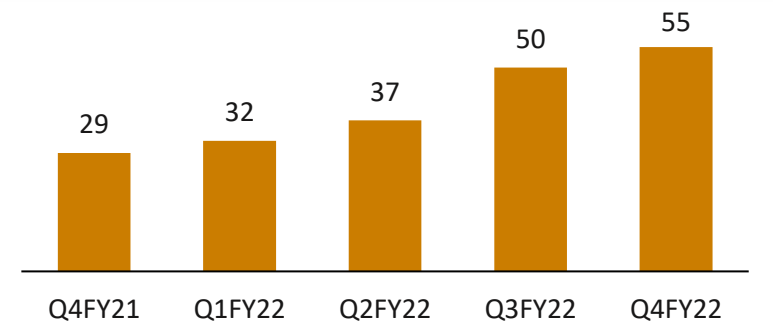
Total Debt (INR Cr) & Leverage Ratio



Net Worth (INR Cr) & CRAR



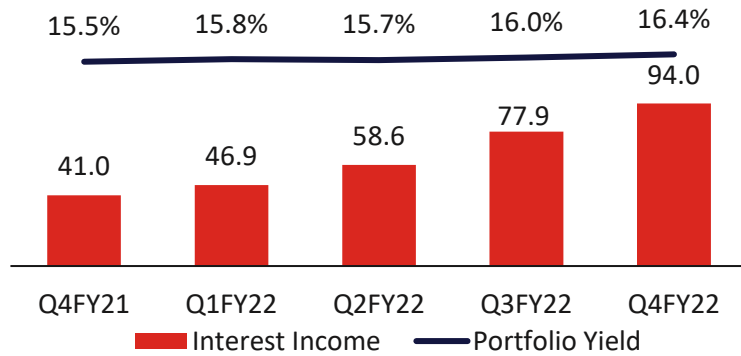
Count of Lenders



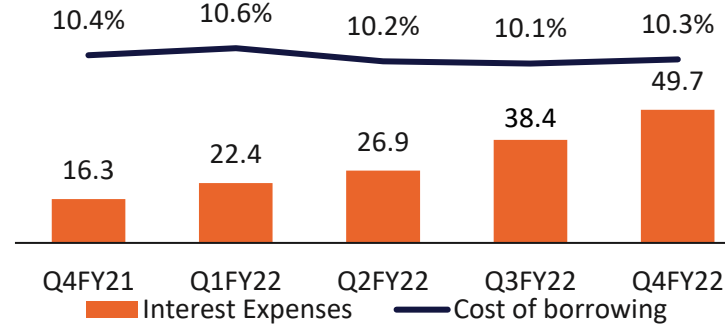
Operating & Financial Metrics (2/2)

Operating & financials ratios continue to improve with scale

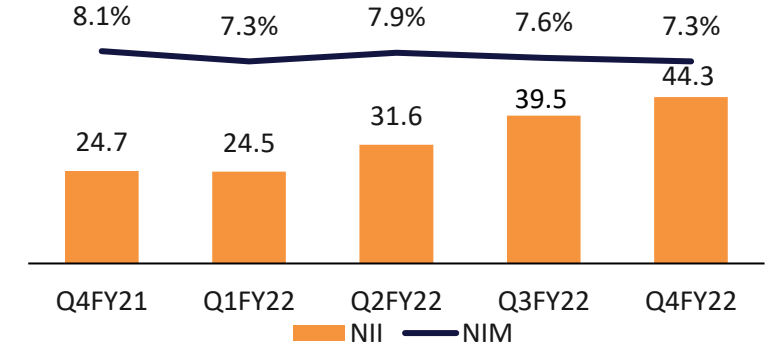
Operating Income (INR Cr) & Portfolio Yield[§]



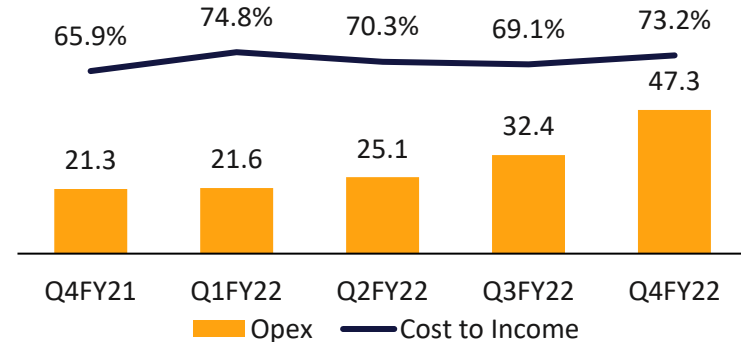
Finance Cost (INR Cr) & Cost of Debt*



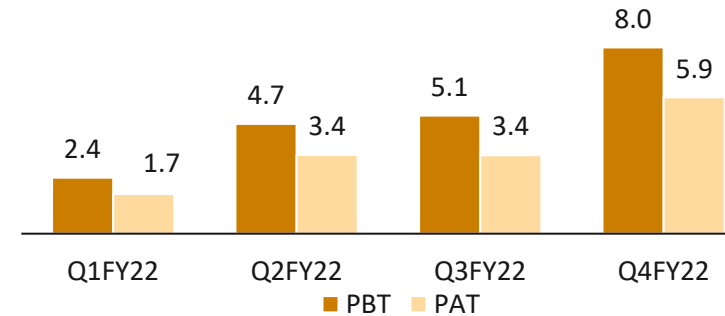
NII (INR Cr) and NIM%[^]



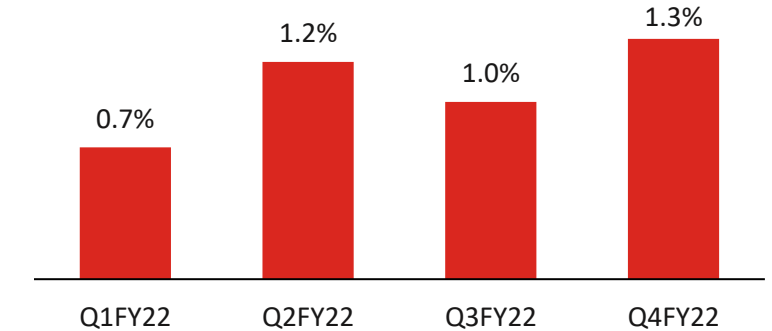
Opex (INR Cr) & Cost to Income Ratio



PBT and PAT (in %)



PBT as % Avg. On book AUM (Annualized)



*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

Finance | Income Statement & ROA Tree

| Income Statement (₹ Cr) | Q4 FY21 | Q3 FY22 | Q4FY22 | ROA Tree* | FY21 | FY22 | ROA Tree ^ |
|------------------------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|
| Interest Income | 43.7 | 73.4 | 94.0 | 15.4% | 146.8 | 272.2 | 14.3% |
| Interest expenses | 16.3 | 38.4 | 49.7 | 8.2% | 44.6 | 137.4 | 7.2% |
| NII | 27.4 | 35.0 | 44.3 | 7.3% | 102.3 | 134.8 | 7.1% |
| Gain on derecognition of financial instruments | 0.6 | 6.3 | 16.1 | 2.6% | 1.3 | 28.5 | 1.5% |
| Other Operating Income | 0.8 | 2.6 | 1.9 | 0.3% | 1.7 | 6.6 | 0.3% |
| Other Income | 3.5 | 3.0 | 2.1 | 0.4% | 3.5 | 6.1 | 0.3% |
| Total Income | 32.4 | 46.9 | 64.5 | 10.6% | 108.8 | 176.0 | 9.3% |
| Employee Cost | 12.9 | 18.9 | 28.0 | 4.6% | 45.3 | 72.9 | 3.8% |
| Other expenses | 5.2 | 10.4 | 15.5 | 2.5% | 20.0 | 41.2 | 2.2% |
| Impairment on financial instruments | 8.7 | 9.4 | 9.3 | 1.5% | 19.6 | 29.4 | 1.5% |
| Depreciation and amortization expenses | 3.1 | 3.1 | 3.8 | 0.6% | 11.7 | 12.3 | 0.6% |
| PBT | 2.4 | 5.1 | 8.0 | 1.32% | 12.1 | 20.2 | 1.1% |
| Tax | 0.8 | 1.7 | 1.9 | 0.3% | -16.6 | 5.6 | 0.3% |
| PAT | 1.6 | 3.4 | 6.1 | 1.0% | 28.7 | 14.6 | 0.8% |

* As a % of Quarterly On Book Average AUM

^ As a % of Annual On Book Average AUM

Finance | Balance Sheet

| Balance Sheet (₹ Cr) | FY21 | FY22 |
|-------------------------------------|----------------|----------------|
| Financial Assets | | |
| Cash and Bank Balance | 316.0 | 188.4 |
| Derivative financial instruments | 0.0 | 0.2 |
| Loans | 1,282.7 | 2,450.5 |
| Investments | 55.2 | 69.4 |
| Other financial assets | 6.8 | 7.9 |
| | 1,660.8 | 2,716.4 |
| Non Financial Assets | | |
| Property, plant and equipment | 4.7 | 4.3 |
| Right of use asset | 10.9 | 25.4 |
| Capital work in progress | 0.0 | 0.2 |
| Intangible assets under development | 3.9 | 5.7 |
| Other intangible assets (Software) | 20.6 | 26.0 |
| Deferred tax assets (net) | 42.9 | 43.8 |
| Other Non Financial Assets | 10.9 | 32.4 |
| | 94.0 | 137.8 |
| Total Assets | 1,754.8 | 2,854.2 |

| Balance Sheet (₹ Cr) | FY21 | FY22 |
|-----------------------------------------|----------------|----------------|
| Financial liabilities | | |
| Trade payables | 3.3 | 6.8 |
| Debt securities | 315.6 | 703.8 |
| Borrowings (other than debt securities) | 450.1 | 1,098.1 |
| Other financial liabilities | 21.2 | 47.2 |
| | 790.1 | 1,855.9 |
| Non-financial liabilities | | |
| Current tax liabilities (net) | 1.4 | 1.3 |
| Provisions | 9.4 | 26.9 |
| Other Non Financial Liabilities | 1.4 | 3.6 |
| | 12.2 | 31.8 |
| Equity | | |
| Equity share capital | 70.5 | 70.6 |
| Other equity | 881.9 | 896.0 |
| | 952.4 | 966.6 |
| Total Liabilities & Equity | 1,754.8 | 2,854.2 |



Board and Management Team

Eminent Board of Directors

Legend: **Independent Directors**, **Non-executive Directors**



Satyananda Mishra – Non Executive Chairman

Ex-Chairman, MCX, Ex-CIC, GOI, Ex-Director - SIDBI



Rajeev K. Agarwal - Chairman, Stakeholder Committee

Ex-Whole Time Member, SEBI



S. Karuppasamy - Chairman, Compliance Committee

Ex-Executive Director, RBI



Smita Aggarwal – Independent Director

Global Investment Advisor at Flourish Ventures



Abhijit Sen - Chairman, Audit Committee

Ex-CFO, Citi-India



Amit Gupta (New Quest Nominee)

Founding Partner of NewQuest



Karnam Sekar – Independent Director

Ex - MD & CEO of Indian Overseas Bank



Chetan Gupta (Samena Nominee)

Managing Director at Samena Capital



Hemant Bhargava – Independent Director

Ex-Chairman in charge and MD of LIC



Manoj Sehrawat (ADV Nominee)

Partner at ADV

Strong Leadership Team with 190+ years of cumulative experience



Shachindra Nath - Vice Chairman & Managing Director

25+ Years of Experience



J Sathiayan - Chief Business Officer

29+ Years of Experience



Amit Mande - Chief Revenue Officer

20+ Years of Experience



Pia Shome - Chief People Officer

15+ Years of Experience



Anuj Pandey - Chief Risk Officer

20+ Years of Experience



Rishabh Garg - Chief Technology Officer

17+ Years of Experience



Amit Gupta - Chief Financial Officer

18+ Years of Experience



Nirav Shah - Chief Strategy Officer & Head of IR

16+ Years of Experience



Sunil Lotke – Chief Legal & Compliance Officer

18+ Years of Experience



Subrata Das - Chief Innovation Officer

16+ Years of Experience



Annexures

About UGRO

- ◆ U GRO Capital limited is a BSE and NSE listed, technology focused, small business lending platform.
- ◆ Built on 5-pillars of Data, Technology, Strong Corporate Governance, Experienced Management Team and Large Institutional Capital
- ◆ The company was formed in FY18 by raising ~INR 920 cr capital from marquee Private Equity Players like ADV, New Quest, PAG, Samena Capital
- ◆ As on March 22, it has scaled its operations to an AUM of ~INR 3,000 Cr with a Net worth of INR 966 Cr.



The Company envisions to spearhead India's transition of MSME Lending to the new age of 'on-tap financing'

Vision / Mission

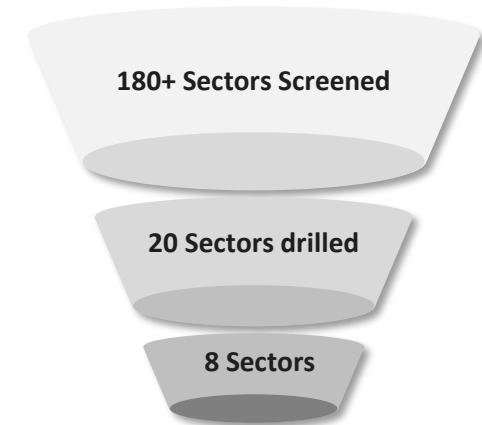
Mission: 'To Solve the Unsolved'

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

We aspire to capture 1% market share (INR 20,000 Cr) of the total MSME lending market by 2025

Our Thesis

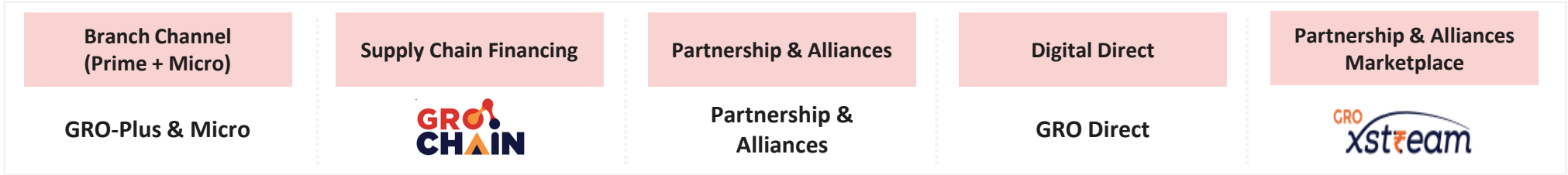
- ◆ Problem of MSMEs can be solved by
 - ◆ Bringing homogeneity to a non-homogeneous Sector
 - ◆ Building deep expertise around core sectors with a data centric, technology-enabled approach



Shortlisted 8 sectors from 180+ sectors in an extensive study carried out alongside CRISIL

Platforms further integrated with rich data enrichment layer

Sourcing Channel
A Plug and Play Distribution Module



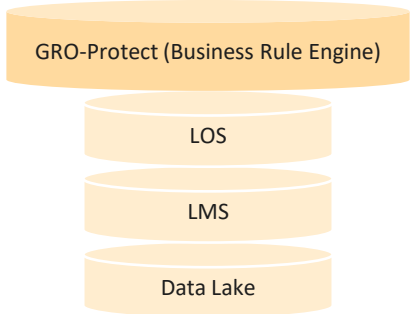
API Framework
Due Diligence powered by APIs



Customer Onboarding
Seamless experience through multi mode



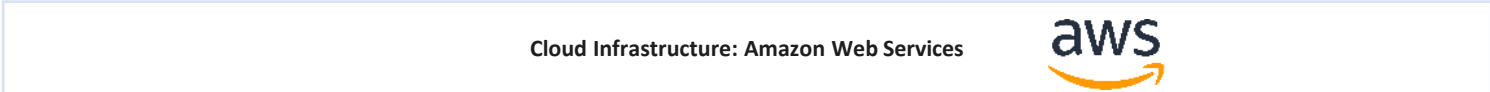
Credit Workflow



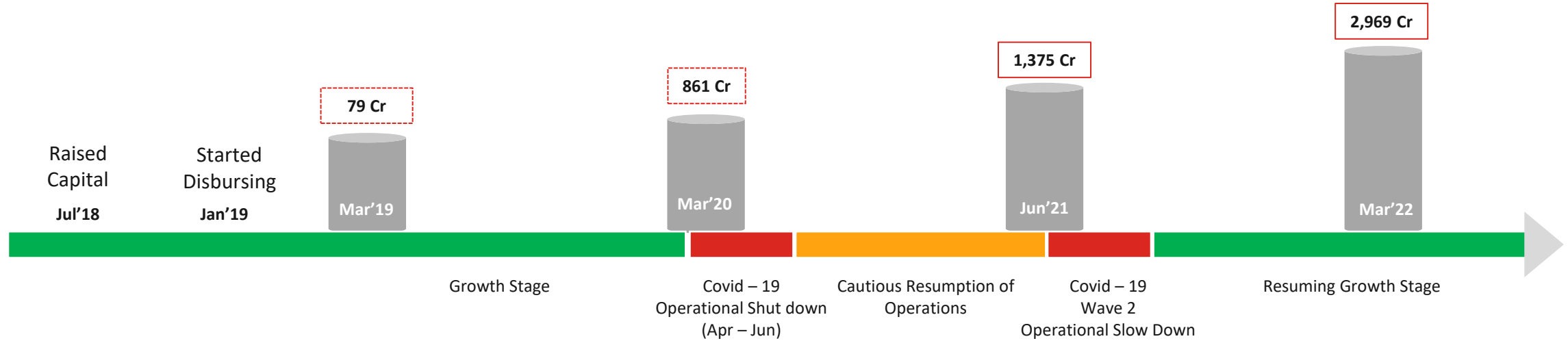
Disbursal



Post Disbursal



UGRO Capital – Journey since inception



Jul'18 – Mar'19 Mar'19 – Apr'20 During Covid – 19 Wave 2 Post Resuming Growth Stage

- ◆ Gro Score 1.0
- ◆ Sector and Subsector Selection
- ◆ Initial hiring
- ◆ LOS design and Go Live
- ◆ Prime Loan Branches (9)

- ◆ SCF Launch
- ◆ D2C Pilot
- ◆ Credit Rating

- ◆ Products : Sanjeevani, Saathi
- ◆ Machinery Finance
- ◆ Micro Loan Branches (25)
- ◆ Video PD and KYC
- ◆ Digital Agreement

- ◆ Gro Score 2.0
- ◆ Co – Lending
- ◆ Partnerships and Alliances
- ◆ GeM Sahay
- ◆ 5 Prime Loan Branches & 16 Micro Loan Branches

Period end AUM

Thank You

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