



UGRO Capital Limited

DataTech Empowering Small Businesses (MSME) Lending

NSE: UGROCAP | BSE: 511742

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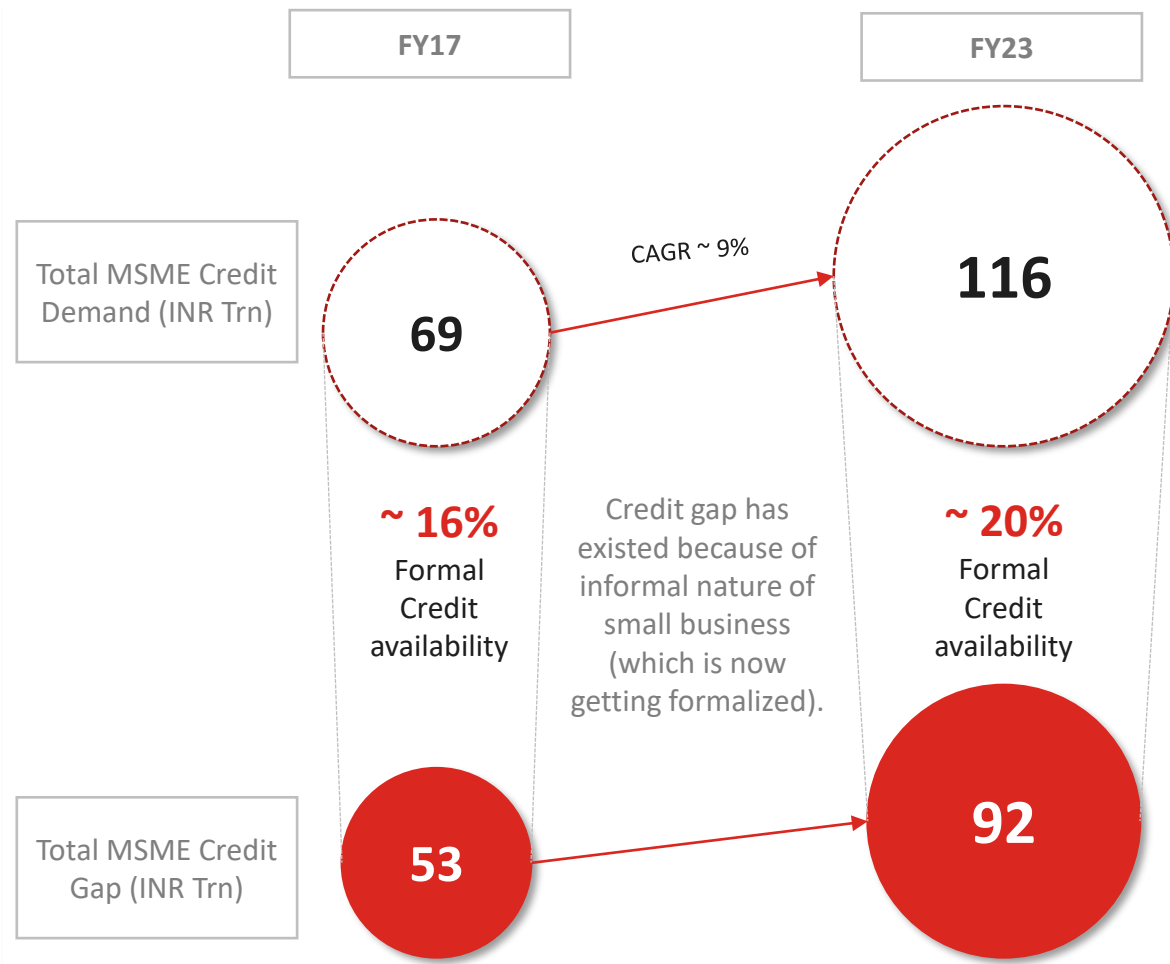
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MSME Lending: India's largest credit opportunity

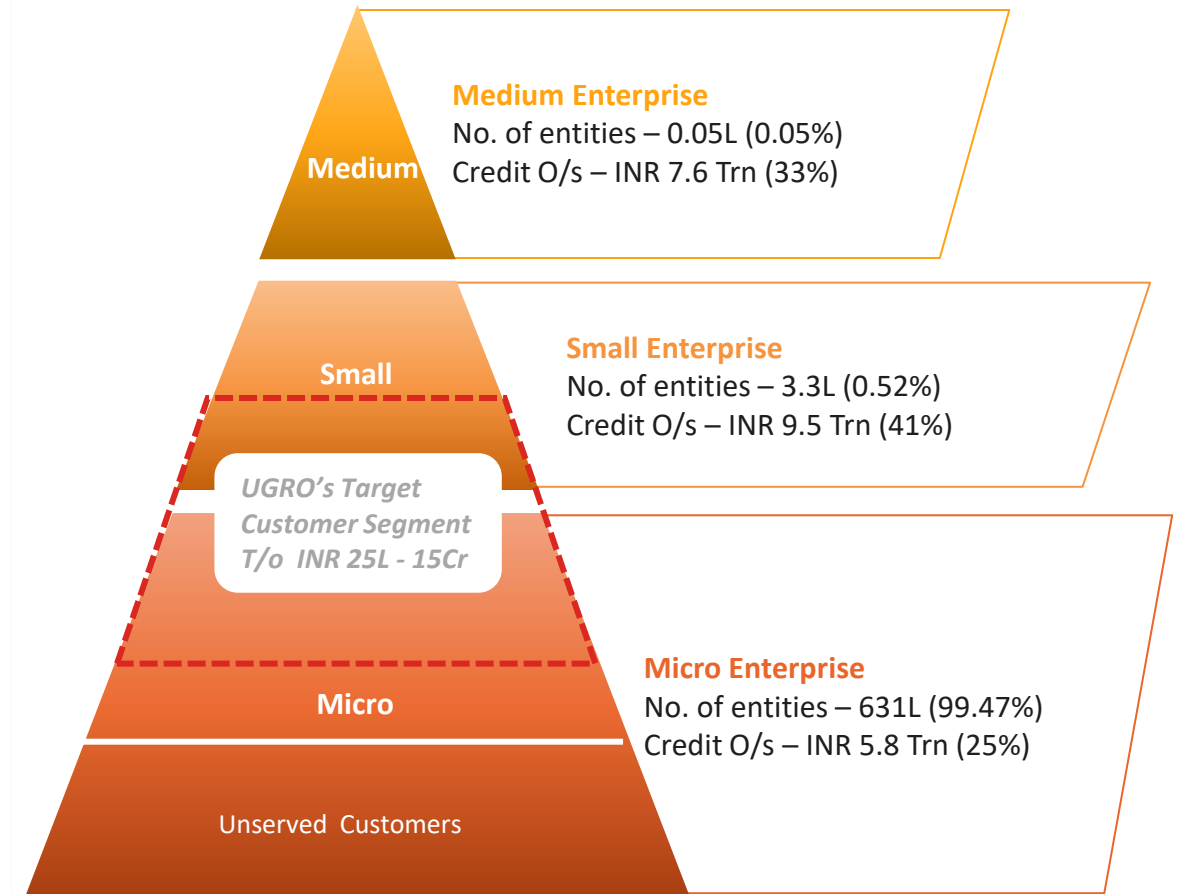
Building a large institution for MSME financing is a real possibility

Explosion of Credit in MSME Segment: INR 92 Trn MSME Credit Gap Presents a large Market Opportunity

Total MSME Credit gap is INR 92 trn








Credit Gap of our customer segment constitutes 95%



Data would drive the cash flow-based credit underwriting for MSME

Digital Framework disrupts lending models...

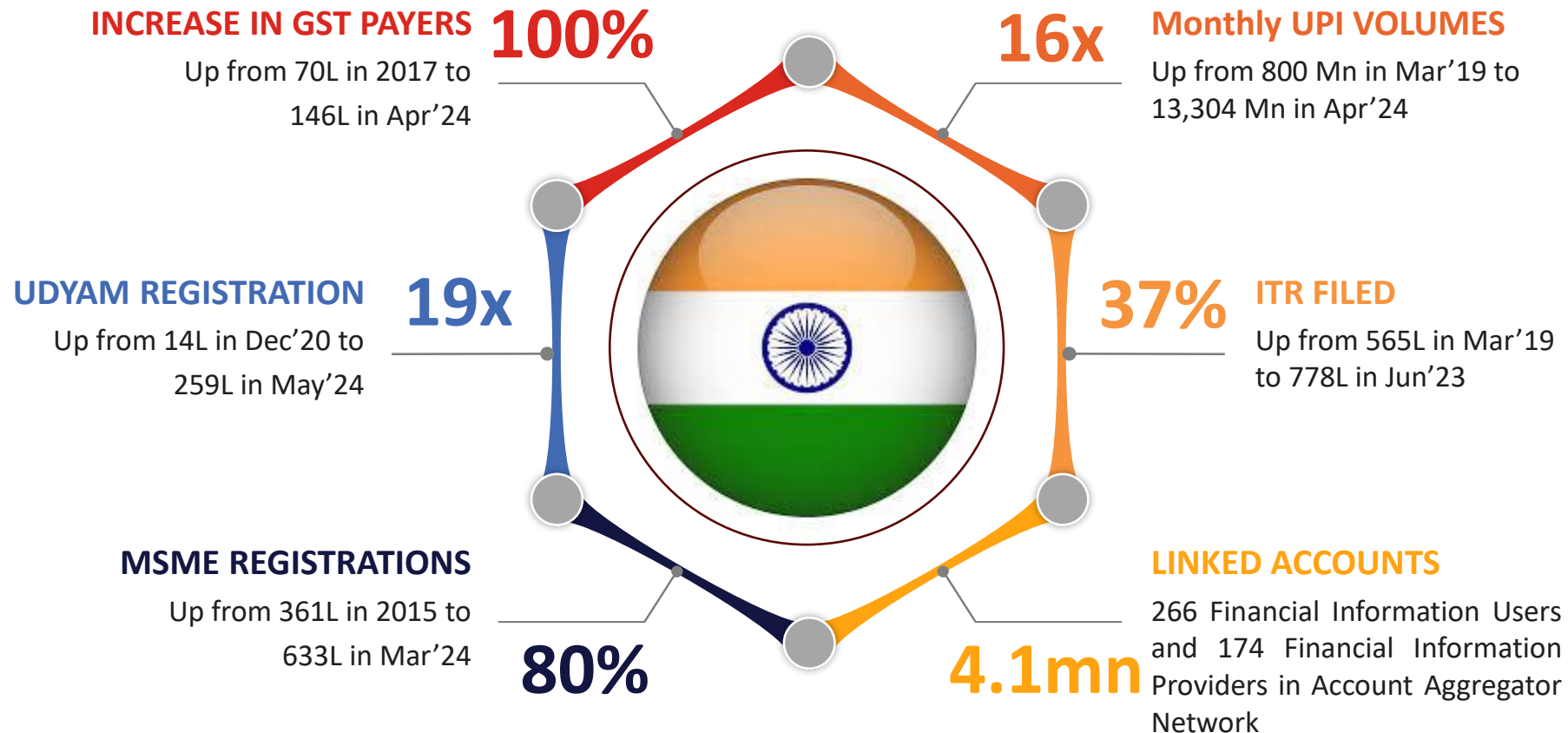
Lenders old way		Lenders new way
Based on balance sheet	 Risk Assessment	Based on cash flow
Manual Intervention	 Process	100% Digital
Vanilla products of similar types	 Product	Variety of products: expanded range of the ticket sizes and tenures
Long periodic gaps (lend and forget)	 Engagement	Continuous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

...and helps overcome

- Credit Dissemination
- High Distribution Cost
- Assessing Credit worthiness
- Sufficient Data for Underwriting
- Lender coverage
- High Risk (Loan Monitoring)

India's data repository will support Data driven MSME credit expansion

Increasing MSME Data availability is a key lever



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Our Evolution & Capital Structure

Our Capital Raises have been geared to create a Large Institution

Acquisition of Chokhani Securities
Raised **INR 916 Cr** capital from **Institutional / PE Investors**

INR 1,265 Crores through **Capital Commitment (CCDs + Warrants)**
(2024E infusion from CCDs (100%) + Warrants (25%):
~**INR 510 Cr**; Balance within 18 months from allotment)

1994-2017

1994: Formation of Chokhani
1995: Listing on the BSE
2004: 14 Years profitable track record of small investment company

2017-19

TPG NQ, ADV, PAG
Samena anchored the investment

2023

INR 340 Cr equity raise
INR 240 Cr was raised from **IFU of Denmark Government**

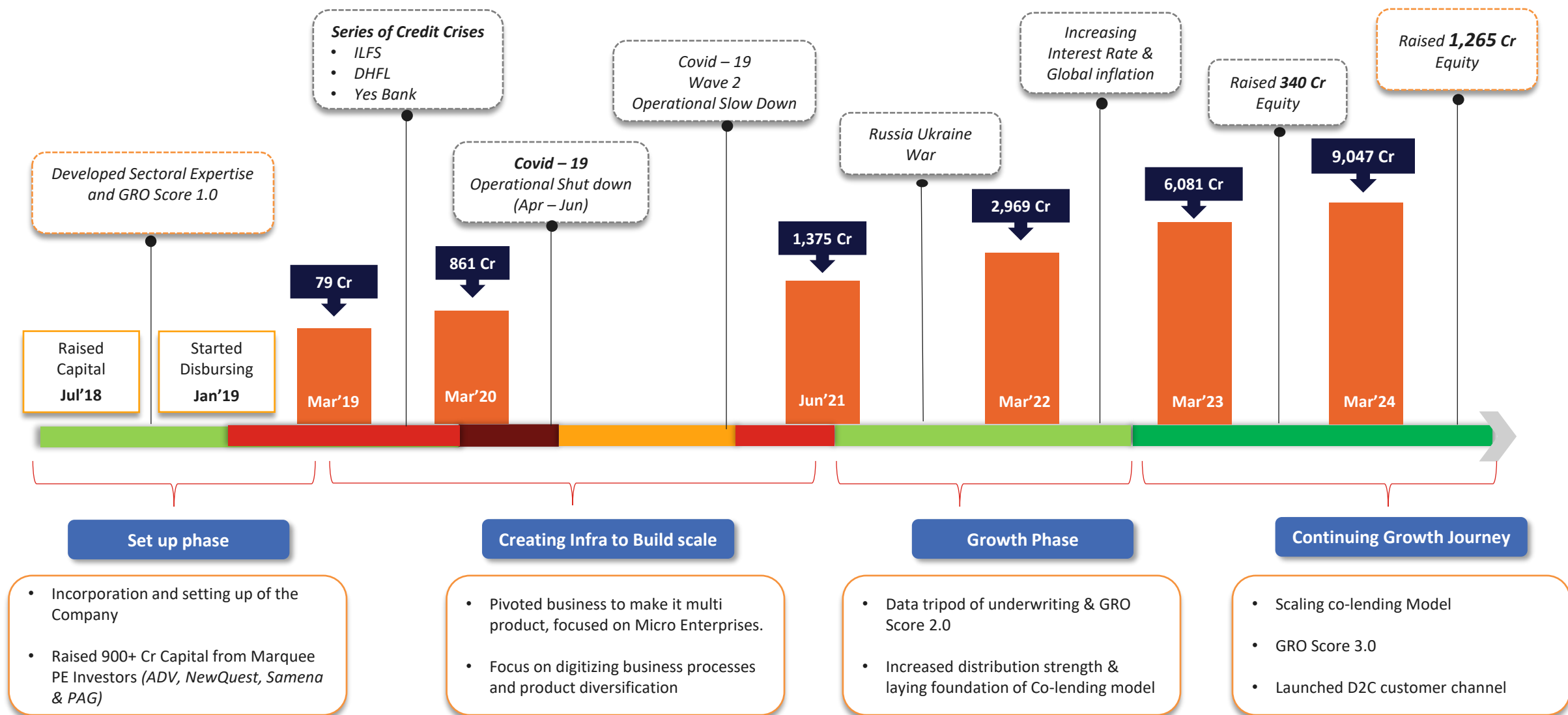
2024

INR 500 Cr committed by existing Investor **Samena Capital**

Our key investors across our fundraising rounds

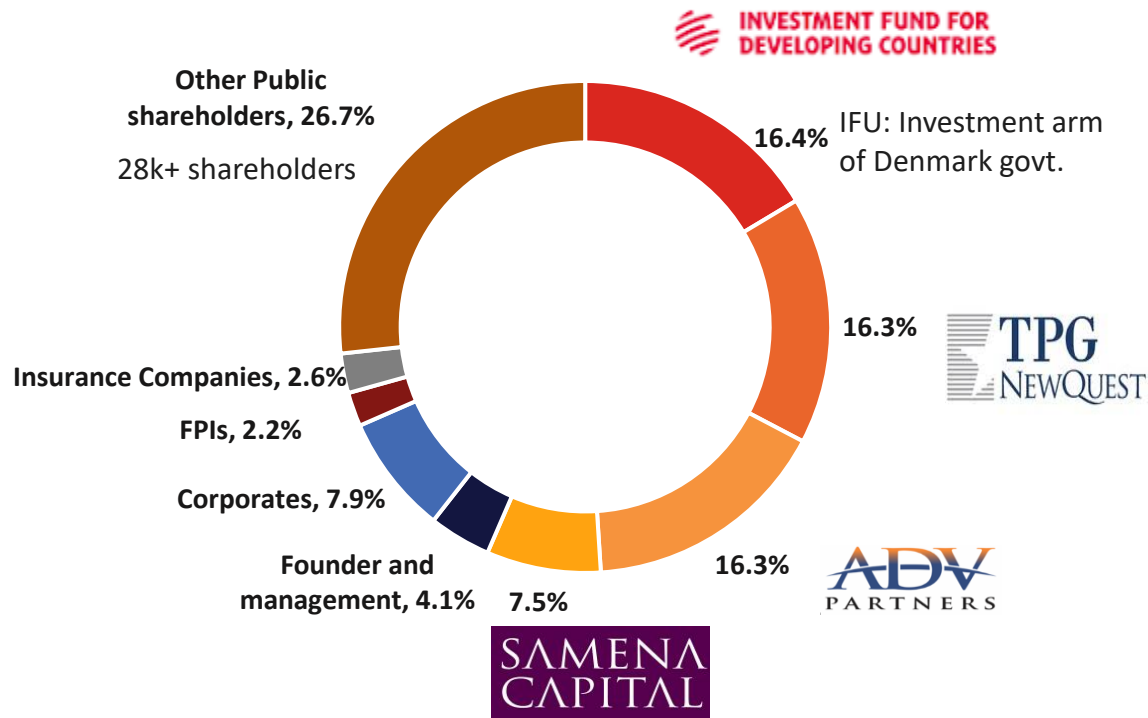


We have been delivering towards our objective, despite multiple challenges

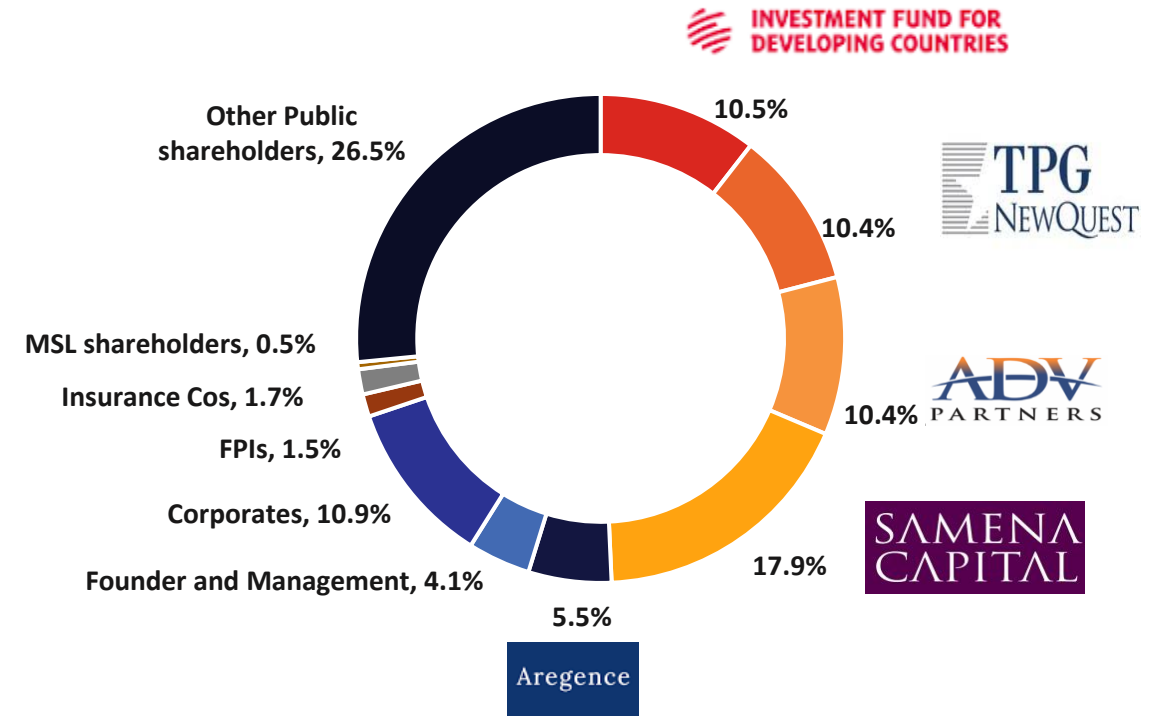


We are Institutionally Owned: Majority held by Institutional Investors

Shareholding pattern as on March 31, 2024



Fully diluted shareholding pattern*



Management to potentially own 6 Mn shares on a fully diluted basis; vesting conditions linked to share price performance (ranging between Rs 261-538 till 2026) over next 2 years, thereby aligning management's goals towards company's performance and ultimately shareholder returns

*considering full allotment of shares issued on preferential basis

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Board, Governance & Management

We are Independently supervised by eminent Board of Directors

Non-Executive Chairman



Satyananda Mishra –
Chairman, Corporate Social
Responsibility Committee
Ex-Chairman, MCX, Ex-CIC, GOI,
Ex-Director - SIDBI



Independent Directors



Karnam Sekar
Ex - MD & CEO of
Indian Overseas Bank



Committee Chairman
Risk Management



Hemant Bhargava
Ex-Chairman in
charge and MD of LIC



Committee Chairman
Audit



Rajeev K. Agarwal
Ex-Whole Time
Member, SEBI



Committee Chairman
Nomination & Remuneration,
Stakeholder Relationship, Securities
allotment and transfer committee



S. Karuppasamy
Ex-Executive Director, RBI



Committee Chairman
IT Strategy
Compliance



Tabassum Inamdar
Ex Goldman Sachs,
UBS Securities, Kotak
Securities



Nominee Directors



Chetan Gupta
(Samena Nominee)
Managing Director
at Samena Capital



Manoj Sehrawat
(ADV Nominee)
Partner at ADV

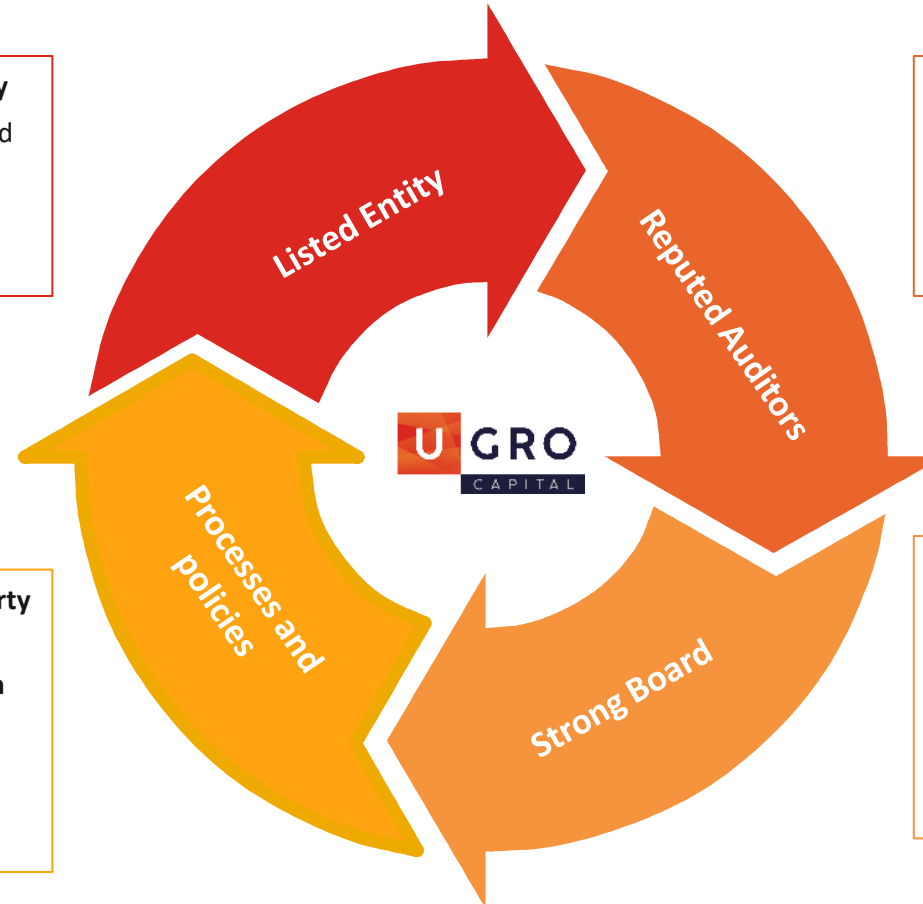


Rohit Goyal
(IFU Nominee)
VP at IFU



With 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**



- **Reputed Audit Firm** to be appointed as the statutory auditors
- **Sharp and Tannan** appointed as the **statutory auditor** and **Khimji Kunverji & Co** appointed as the co-sourced firm for **internal audit**

- 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**

- **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

Professionally Managed: Leadership team has 165+ years of cumulative experience



**Shachindra Nath -
Founder & Managing Director**
26+ Years of diversified financial
services experience across asset
management, lending, capital
markets & insurance



**Amit Mande
Chief Revenue Officer**
24+ Years of Experience



**Anuj Pandey
Chief Risk Officer**
25 Years of Experience



**Kishore Lodha
Chief Financial Officer**
23+ Years of Experience



**Sunil Lotke
Chief Legal & Compliance Officer**
21+ Years of Experience



**Rajni Khurana
Chief People Officer**
24+ Years of Experience



**Sharad Agarwal
Chief Operating Officer**
25+ Years of Experience



Leadership is supported by strong second layer of management



Monika Kapoor
CBO - Intermediated Business
21+ Years of Experience



J Sathiayan
CBO - Micro Enterprises
25+ Years of Experience



Ajit Kumar
CBO - Equipment Finance
& Green Asset Financing
25+ Years of Experience



Tanya Chadha
CBO - Digital Business
& Alliances
19+ Years of Experience



Rishabh Garg
Chief Technology Officer
20+ Years of Experience



Irem Sayeed
Chief Credit Officer
25+ Years of Experience



Subrata Das
Chief Innovation Officer
19+ Years of Experience



Arun Arora
Head - FCU, Collateral & Technical
19+ Years of Experience



Prabhakaran Sundaraj
Head - Collections & Litigations
27+ Years of Experience



Satyabrata Mohapatra
Head - Operations & Customer service
24+ Years of Experience



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Our Data & Tech Platform

Data driven by AI/ML powers our core underwriting : **GroScore**

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

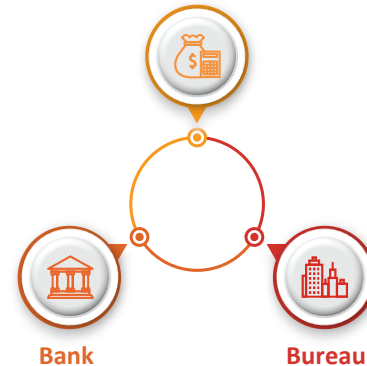
Pace of borrowing

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

GRO 2.0
Credit Bureau Data + Banking Data

GRO 3.0
Credit Bureau Data + Banking Data + GST

GST



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



... and decide whether to disburse or not disburse the loan within 60 minutes.

GRO Score 3.0 lies at the heart of our underwriting

India's first statistical scorecard triangulating repayment history, banking behavior and GST returns data for holistic assessment of MSME, now live in production



API LAYER

API integrations facilitating data flow directly from source

Repayment history

All credit facilities for all loan applicants with 36 months history

Bank statement

Twelve months' transaction data of all submitted bank statements

GST transaction data

Previous two FY's monthly data for sales and purchases



FEATURE LAYER

Knowledge-rich feature library enabling unparalleled discovery process

Repayment history

Borrowing history | Composition of debt | Previous repayment discipline | Pace of debt build up

Banking transactions

Consistency of credits | Transaction intensity | Stability of account balance

GST transaction report

Sales & purchase momentum | Consistency and growth | Counterparty relationships

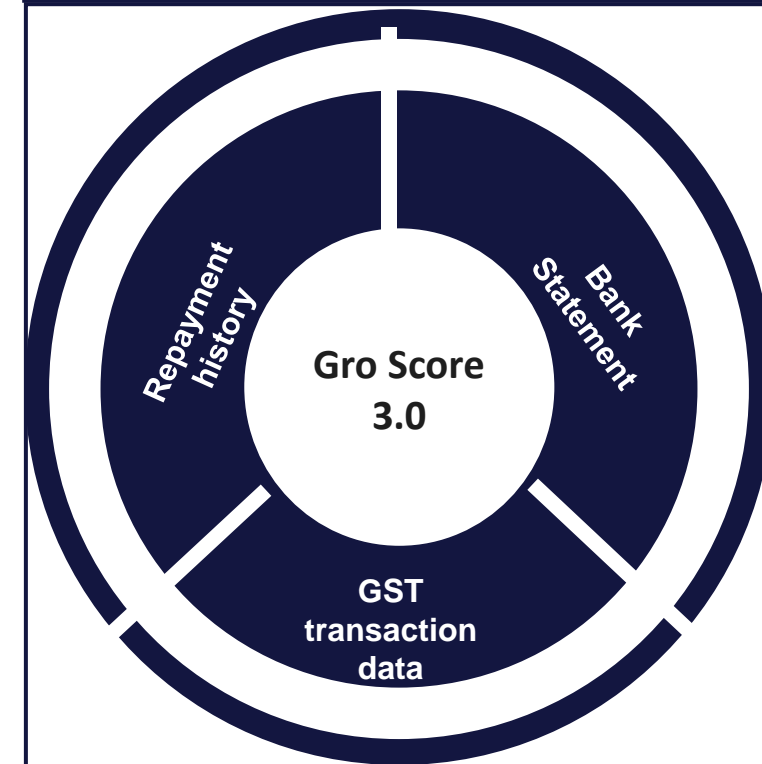
Triangulation

Debt to banking turnover | Banking turnover to GST sales



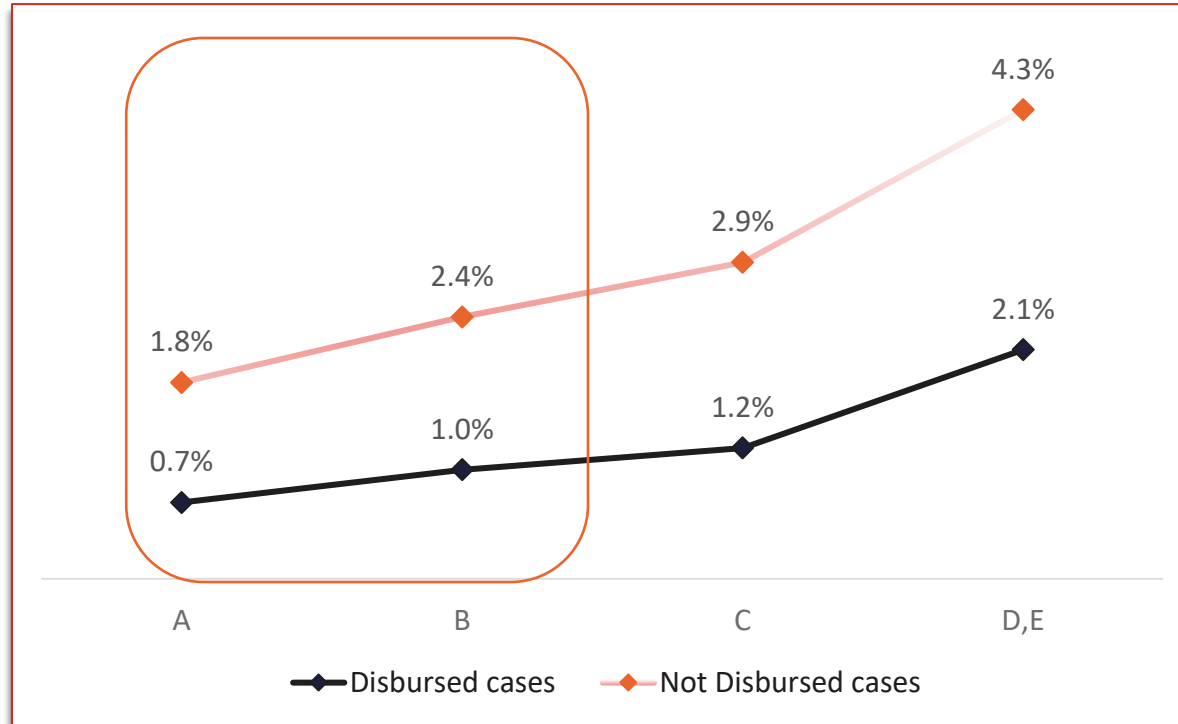
ALGO LAYER

Power of machine learning algorithms creating bespoke data-driven underwriting models which are configured on rule engine



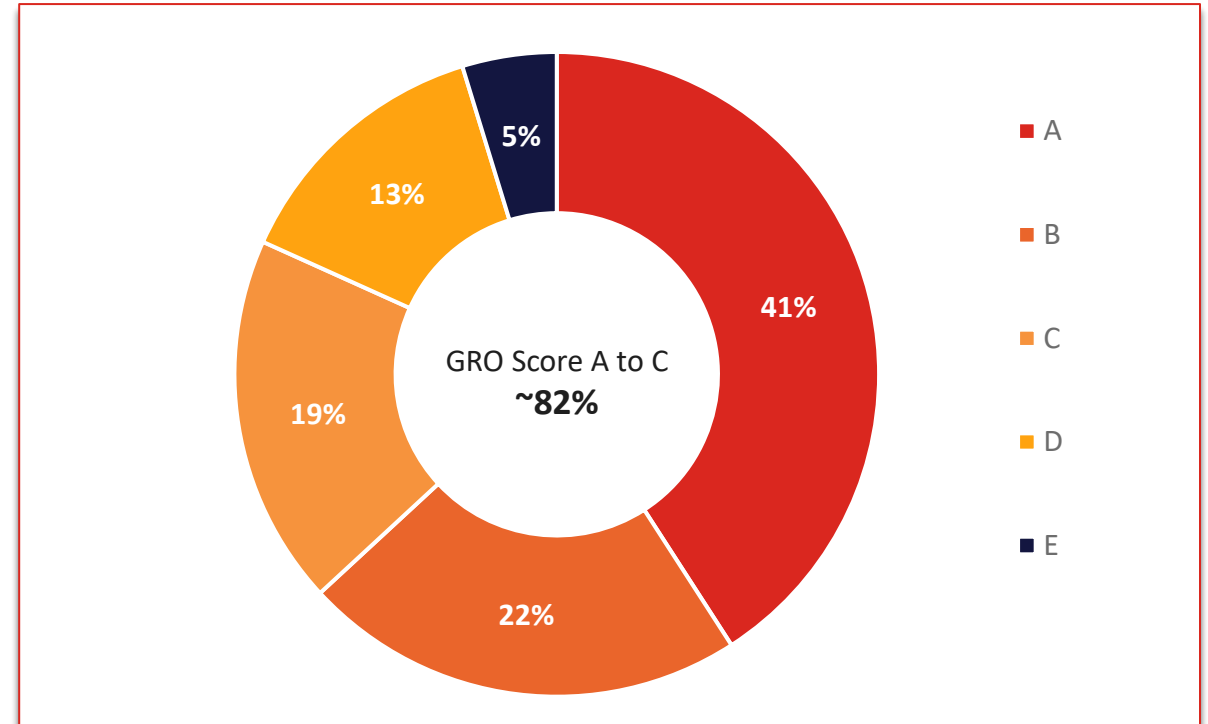
GRO Score – Risk Bands Stacking up on Historical Portfolio

Default rates across score bands – All customers assessed Since Inception



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

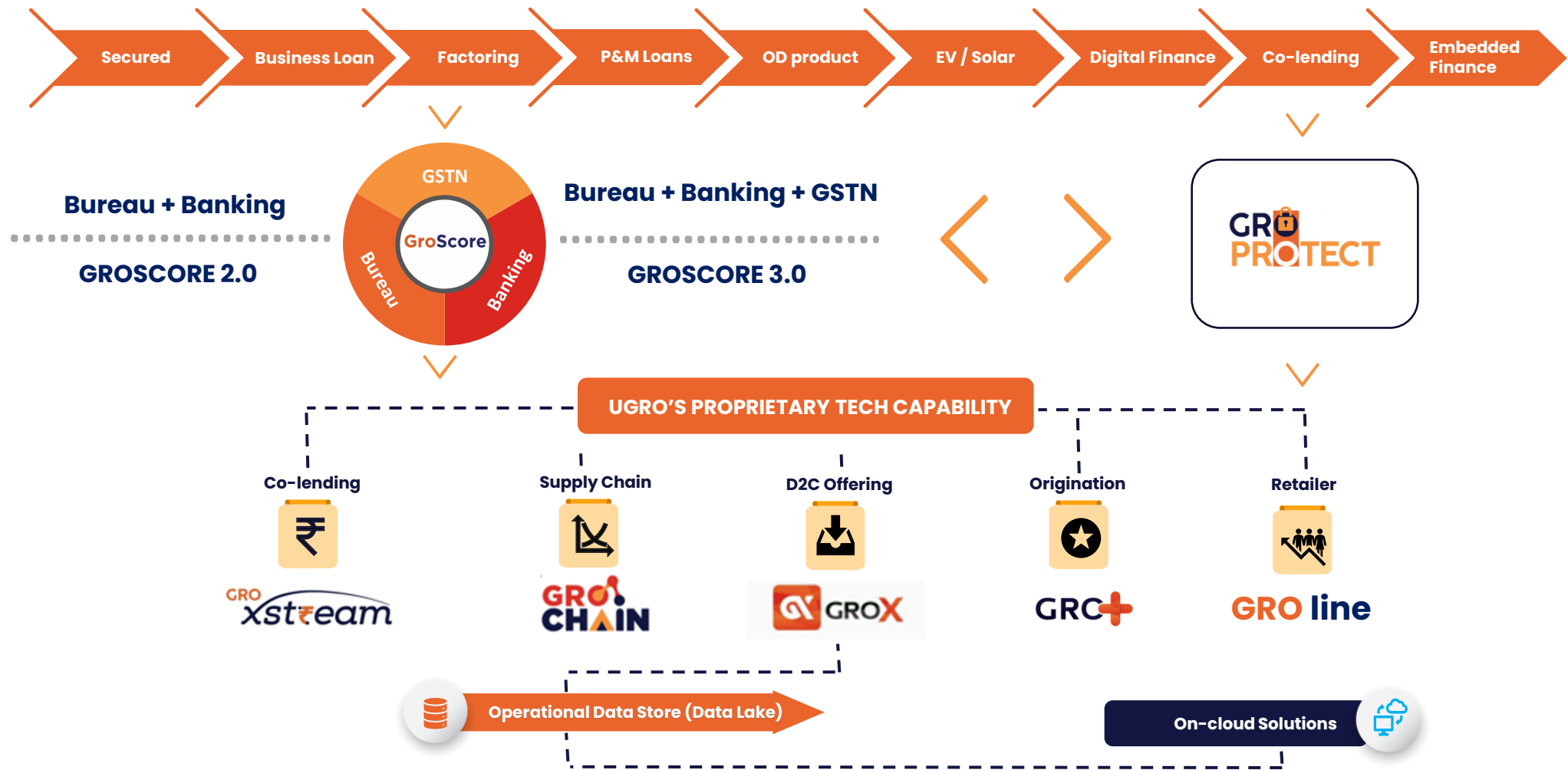
Score Band wise break up of recent disbursals (Oct 23 – Mar 24)



To that effect we have analysed both sets of data i.e cases disbursed and rejected by UGRO. Performance across risk bands was observed to be stacking up for both sets of data

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

Our Tech Platforms support operational efficiencies across all facets of business



A FEW KEY API ECOSYSTEM PARTNERS



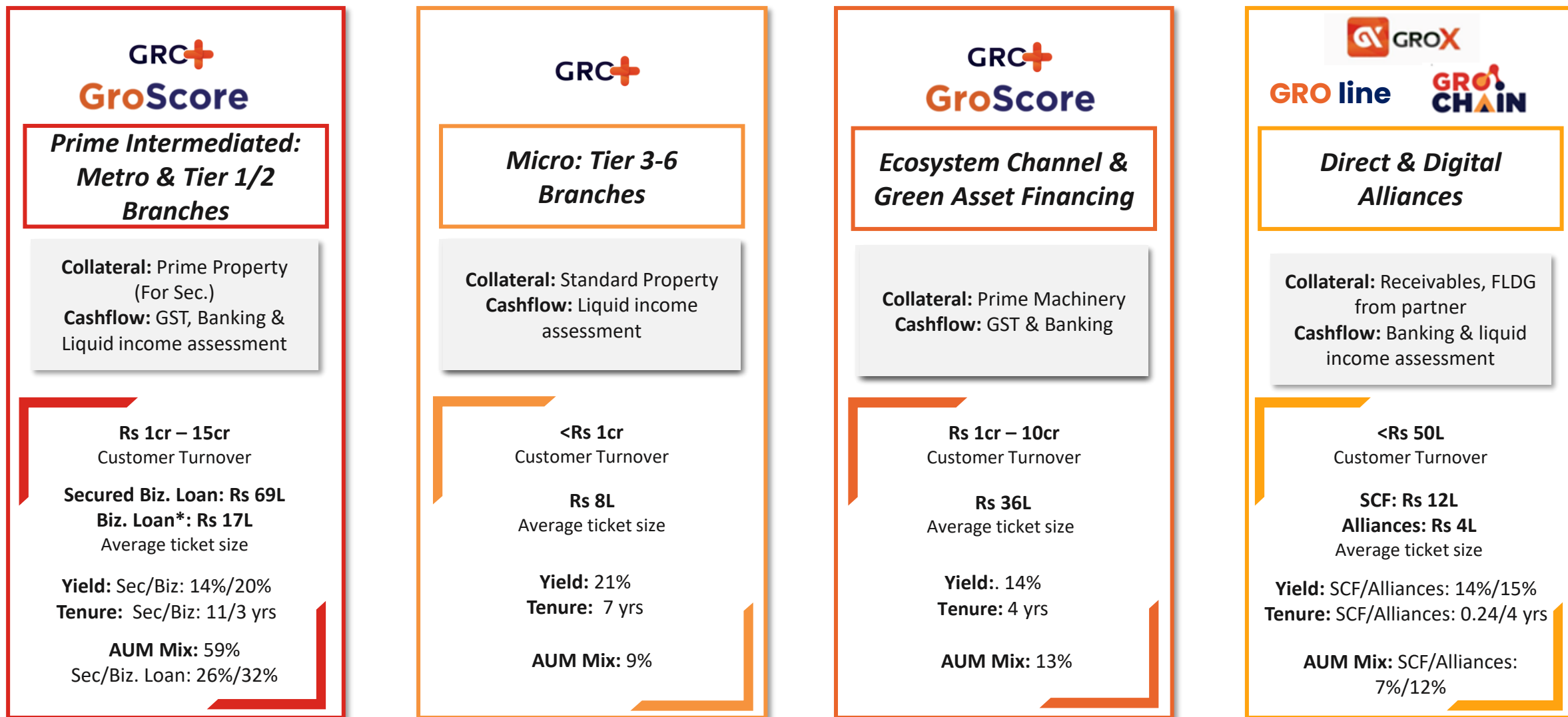
DEVELOPMENT PARTNERS





Our Asset Engine

Of our addressable market, we serve a diverse set of customers

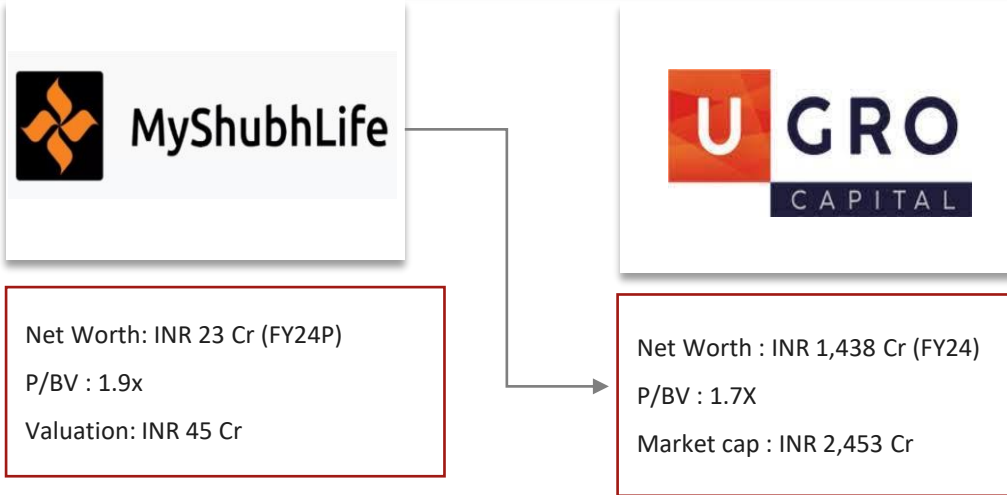


*CGTMSE backed.

Products sold across channels: Intermediated: Secured Biz. Loan, Biz. Loan, Rooftop Solar and Machinery; Micro: Secured Biz. Loan, Rooftop Solar and Machinery; Equipment finance and Green Asset Financing: Direct distribution and across other channels; Digital business & Alliances: Digital business and retailer finance

Recently acquired embedded fin. platform (MSL) to expand our digital business

Transaction Structure



Acquisition of MyShubhLife through a combination of 64:36 Equity Cash transaction

MSL marquee investors



Transaction Rationale

- 1 Embedded finance for Small Retailers is the future of direct digital lending. The market is valued at INR 1.1 trillion
- 2 UGRO wants to focus on the higher yielding retailer financing portfolio, thereby improve its overall portfolio yield and granularity
- 3 MSL is a leading Embedded Finance Fintech platform partnered with Pine Labs, Fino, Airtel Payment Banks, Mobikwik, Spice Money etc.
- 4 MSL has cutting edge tech stack with underwriting powered by data science and machine learning
- 5 MSL has potential to add 2L new customers (retailers) in next 3 years, unlocking substantial growth for UGRO
- 6 UGRO anticipates an incremental AUM of INR 1,500 Cr, PAT of INR 100 Cr with MSL as its subsidiary in next 3 years

MSL's current integrated partnerships

pine labs

Fino

MobiKwik

Payments Bank

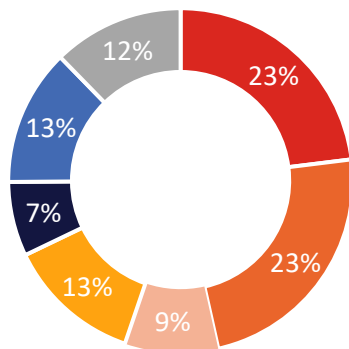
Easy Pay
Organizing the Unorganized

Spice money

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Our Risk Engine : Portfolio Performance

Product Mix (AUM)

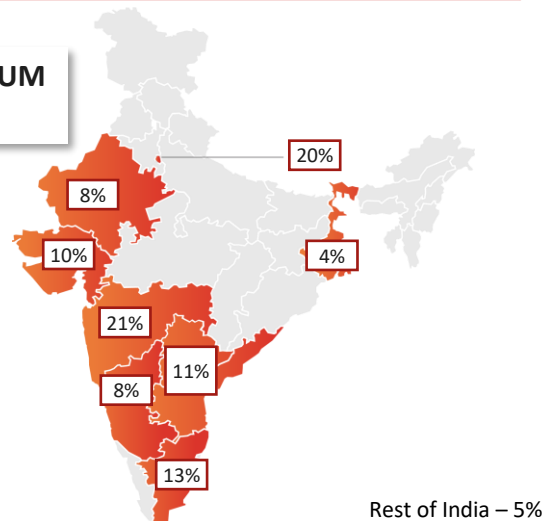


Guaranteed by CGTMSE

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

Portfolio Concentration in key geographical areas

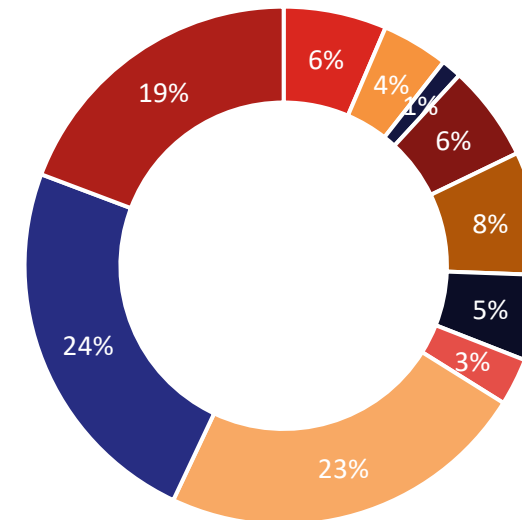
State wise AUM coverage *



Rest of India – 5%

State wise branches	Micro	Prime	Total
Tamil Nadu	25	1	26
Rajasthan	23	2	25
Gujarat	14	1	15
Karnataka	15	1	16
Telangana	14	1	15
Maharashtra		6	6
Madhya Pradesh	11	3	14
Andhra Pradesh	13	2	15
Other States	12	6	6
Total	127	23	150

Our Sectoral Focus



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

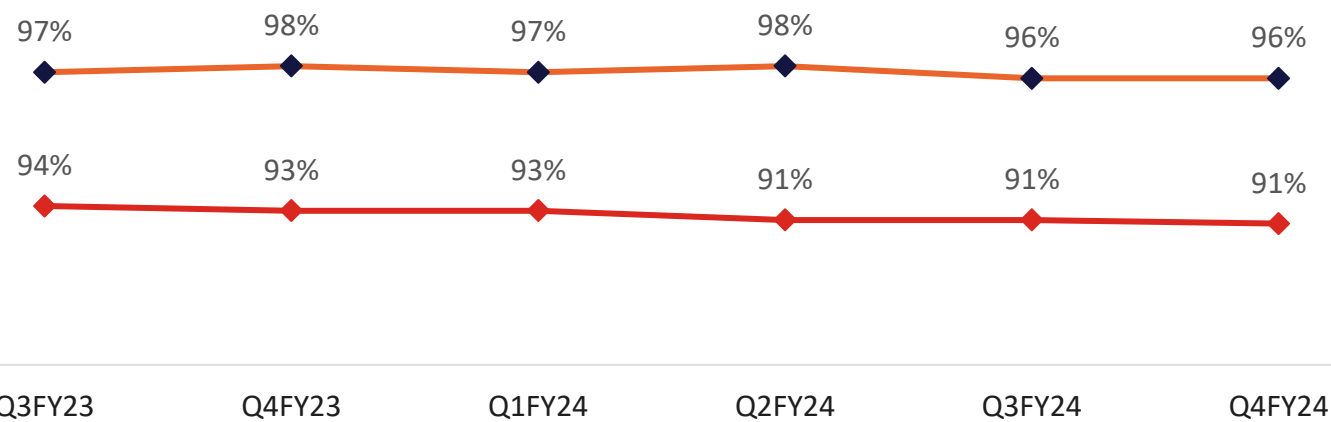
* Includes Secured Business Loans, Business Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending

Our collection efficiencies and portfolio performance remains stable

Current Month and Overall Collection Efficiency remains robust

◆ Current Month Collection (excluding overdue) / Current Month Demand

◆ Total Collections* (including overdue) / Current Month Demand



Key highlights:

- **GNPA / NNPA as a % of Total AUM stood at 2.0% / 1.1% as of Mar'24**
- **Stage 3 provisioning coverage stood at ~48% (on-book AUM)**
- Total Restructured portfolio stood at 0.3% of Total AUM
- Total provisions as of Mar'24 stood at ~ INR 117.5 Cr (1.3% of Total AUM)

*Excluding foreclosures

ECL Data (Mar'24)

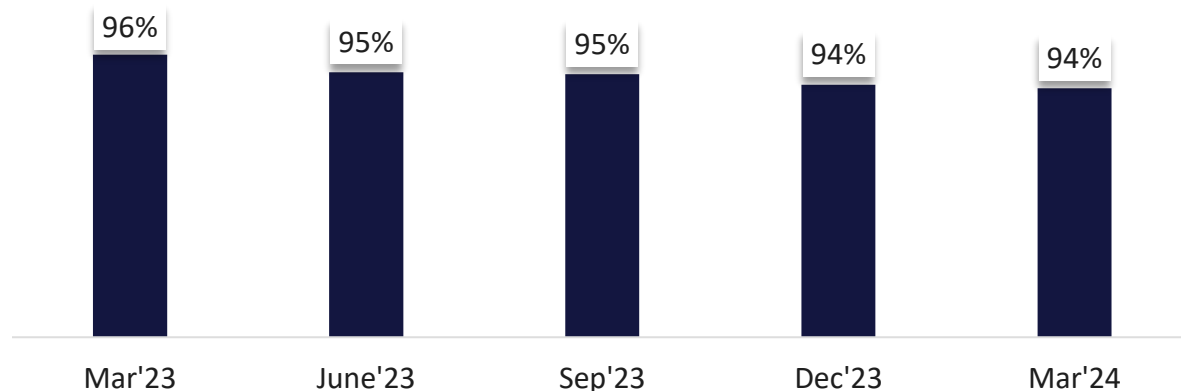
(In Cr)	Loan Exposure	Loan Exposure (%)
Stage 1	8,509	94.1%
Stage 2	355	3.9%
Stage 3	183	2.0%
Total	9,047	100.0%

Product wise GNPA

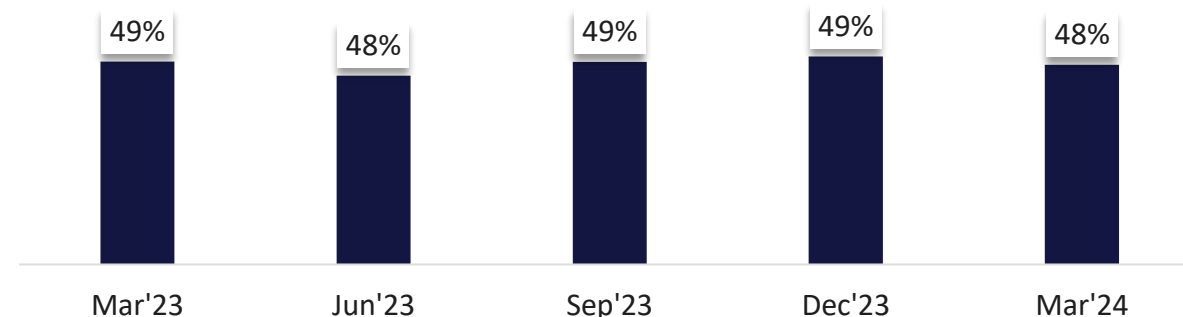
Product Category	AUM (INR Cr)	GNPA(%)
Secured Business Loans	2,385	0.6%
Business Loans	2,936	3.6%
Micro Enterprise Loan	813	2.7%
Supply Chain Financing	632	4.2%
Machinery Loan	1,168	0.9%
Partnerships & Alliances	1,112	0.0%
Grand Total	9,047	2.0%

Our collection efficiencies and portfolio performance remains stable

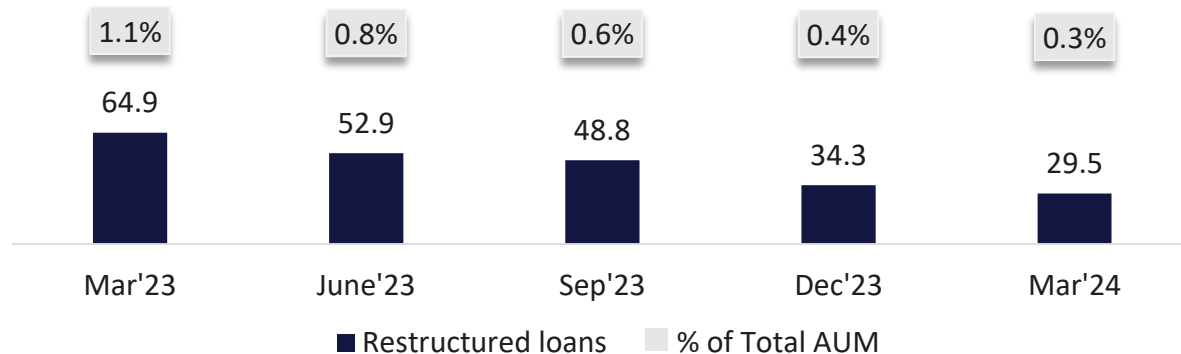
Stage 1 reaching stable state



Provision Coverage Ratio



Restructured Loans (standard portfolio)



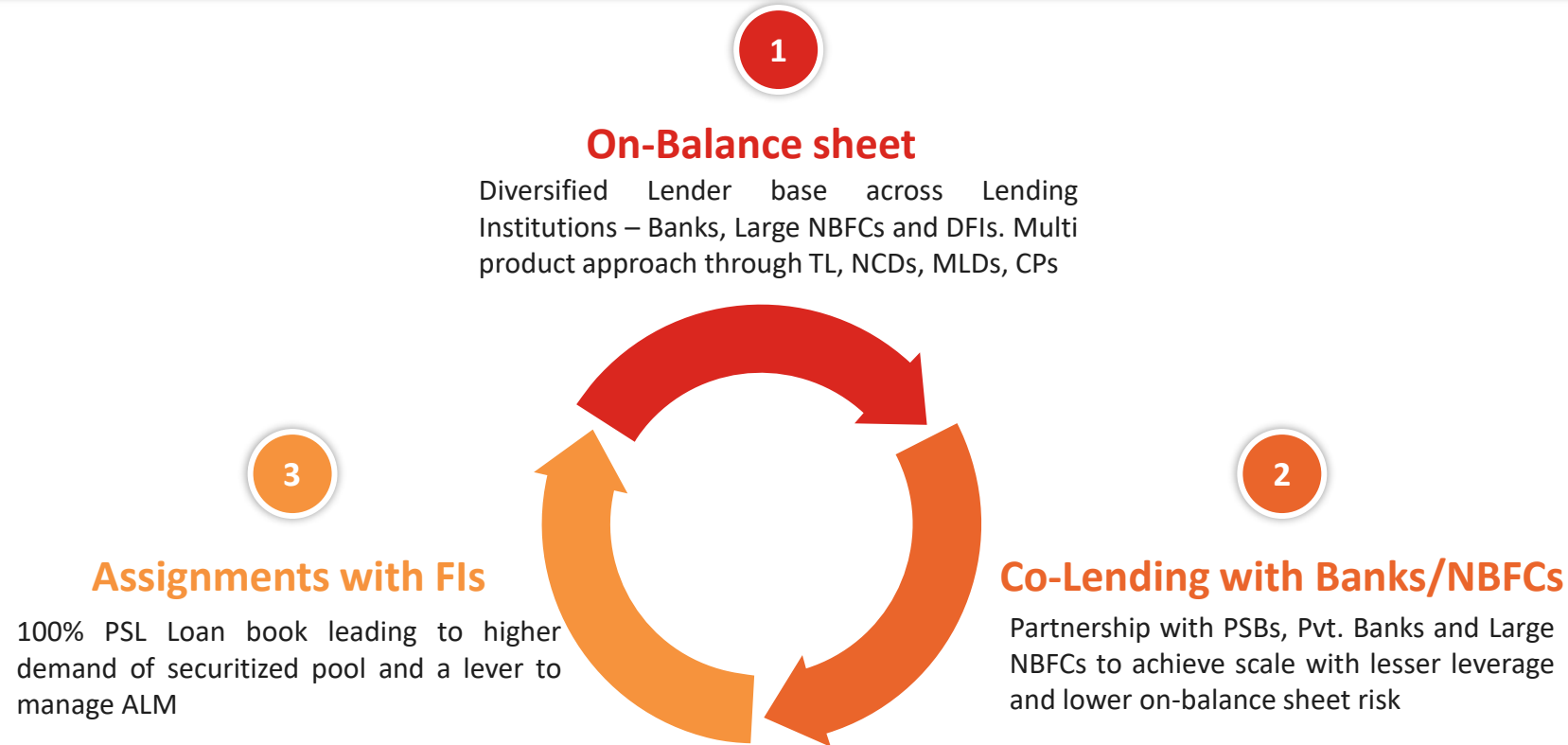
- Stage 1 assets have been at ~95% over past 5 quarters
- Restructured loans have decreased from INR 64.9 Cr (1.1% of Total AUM) as on Mar'23 to INR 29.5 Cr (0.3% of Total AUM) as on Mar'24
- Stage 3 PCR has averaged at 48% over last 5 quarters.

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Our Liability Engine

We have a unique capital light liability strategy

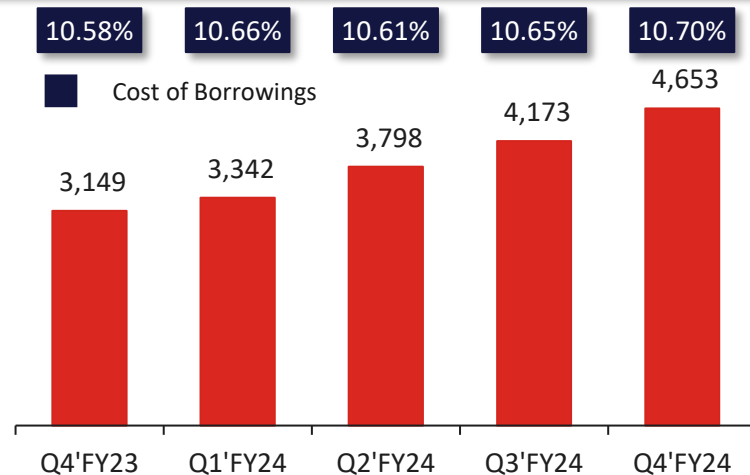
Demonstrated ability to manage a prudent mix of on-balance sheet and off-balance sheet approach



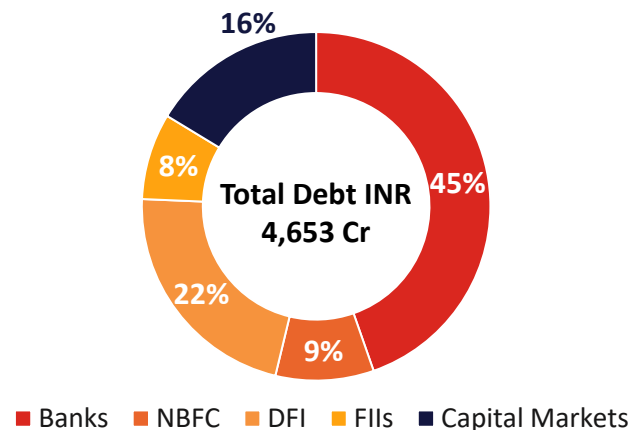
Actively partnering with liability providers and focus on building a long-term relationship

Diversified Lender base and continued build-out of liability book

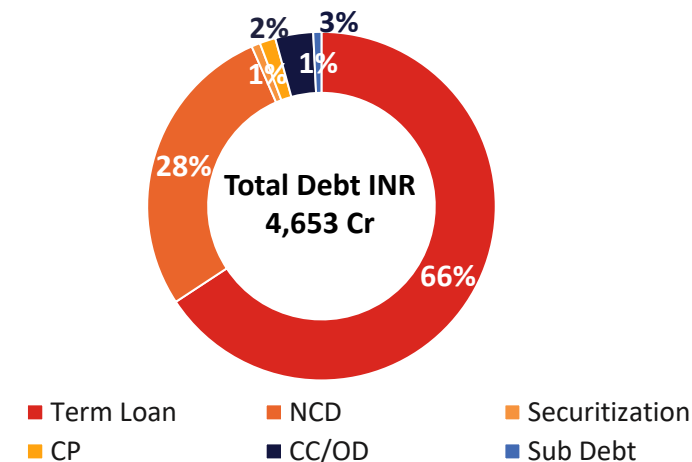
Total Debt (INR Cr) and Cost of borrowings



Liability mix by lender profile



Liability mix by product



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

Public Sector Banks and institutions



Private Sector Banks



DFI

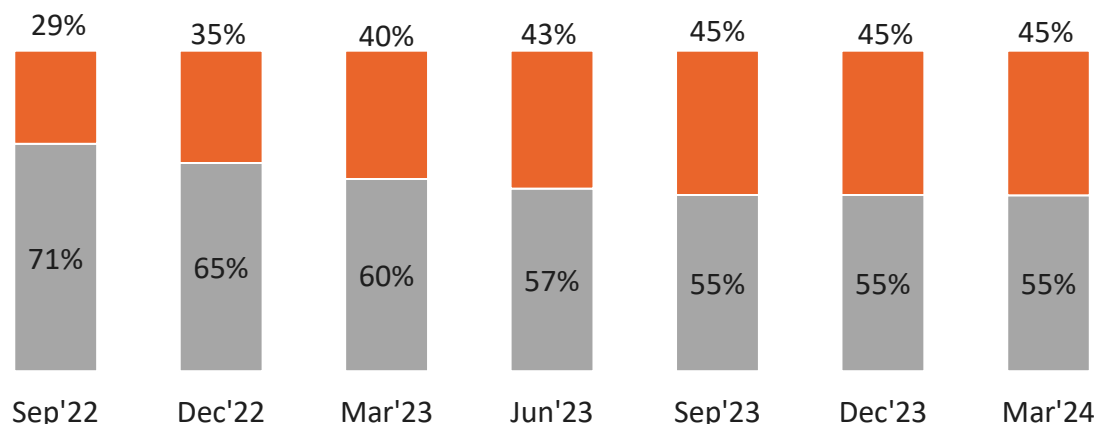


SFBs and NBFCs



Increasing Mix of off - Book AUM

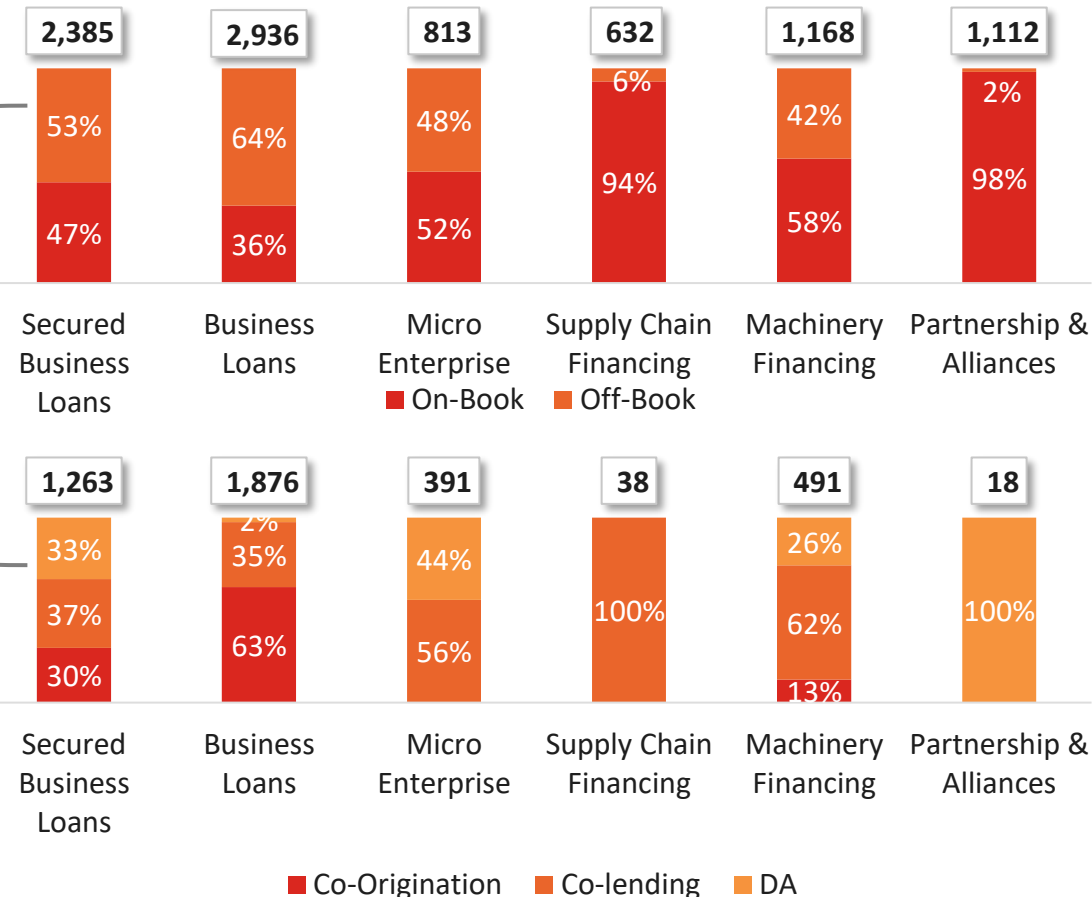
■ On Book Portfolio ■ Off Book Portfolio



	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23	Mar'24
Off Book AUM	1,272	1,775	2,442	2,929	3,405	3,765	4,078
Co-Origination*	619	915	1,181	1,457	1,604	1,615	1,610
Co-lending	332	505	773	943	1,166	1,474	1,685
DA	322	355	488	530	635	676	784

*Co-origination with NBFCs with avg. FLDG of 5%

Product wise Mix of off - Book AUM (Mar'24)



Co-lending Partnership with 7 Banks and 6 NBFCs



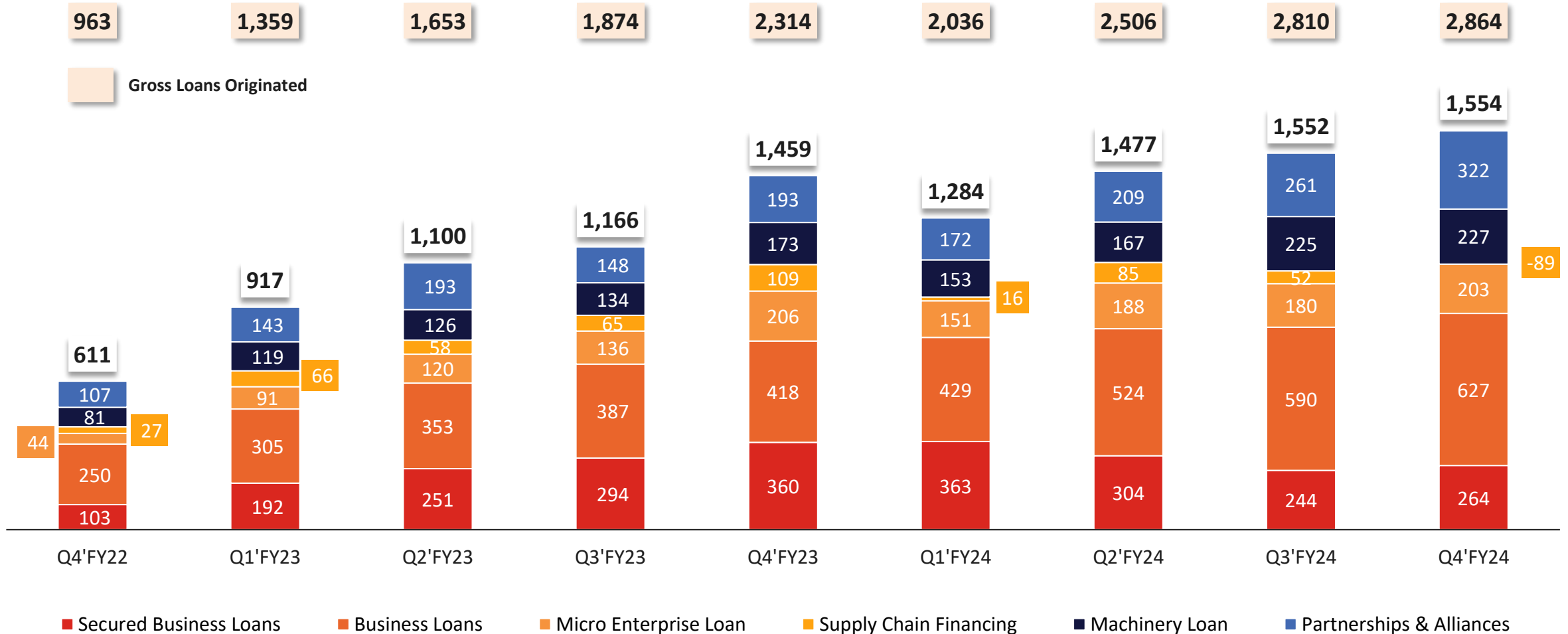
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Financial Performance Highlights

We continue to deliver strong Net Loan Origination

Amount in INR Cr

Net loans originated increased to INR 1,554 Cr in Q4'FY24 from INR 1,552 Cr in Q3'FY24 and INR 1,459 Cr in Q4'FY23.

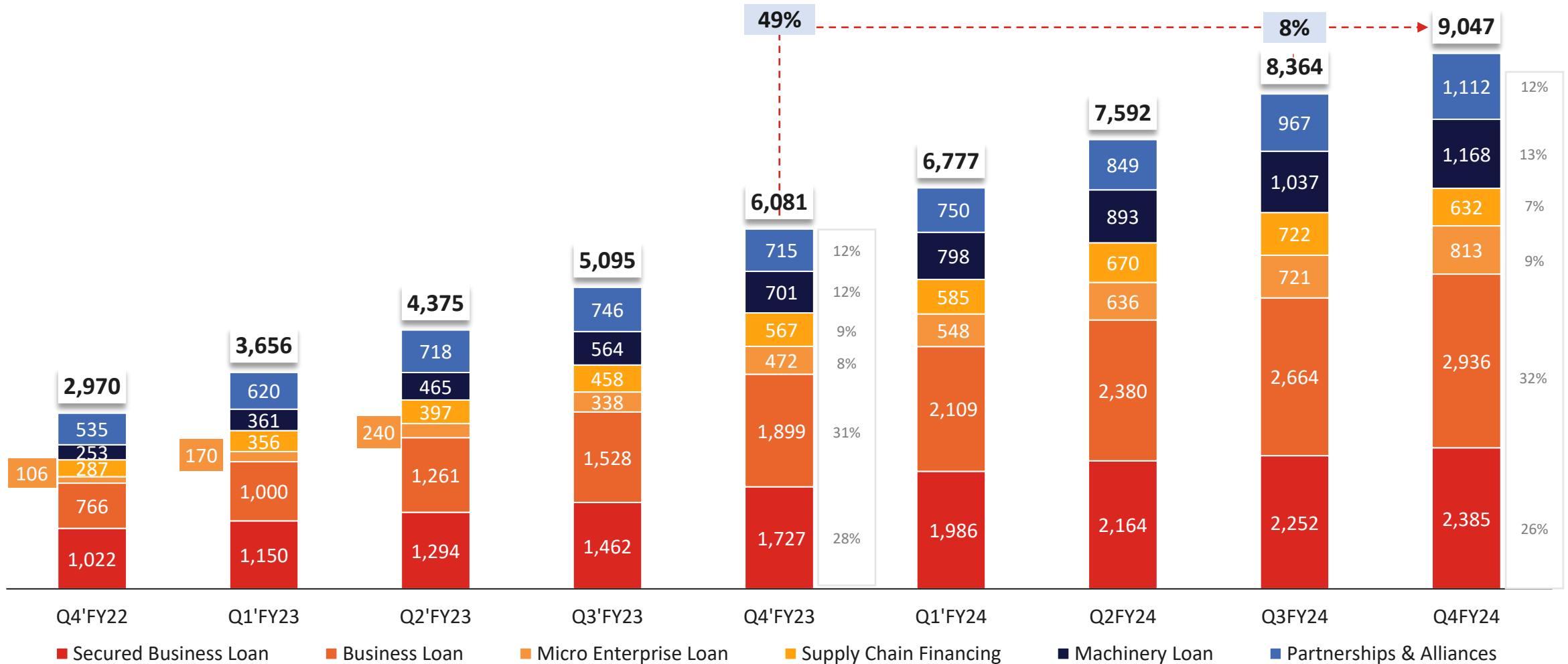


*Secured Business Loan is secured by property, Business Loan is secured by CGTMSE, Micro EL is secured by property, SCF is secured by receivables, Machinery Loan is secured by machinery, Partnerships & Alliances is secured by FLDG.

And strong AUM

Amount in INR Cr

AUM increased to INR 9,047 Cr as on Mar'24 from INR 8,364 Cr as on Dec'23 (+8%) and INR 6,081 Cr as on Mar'23 (+49%).

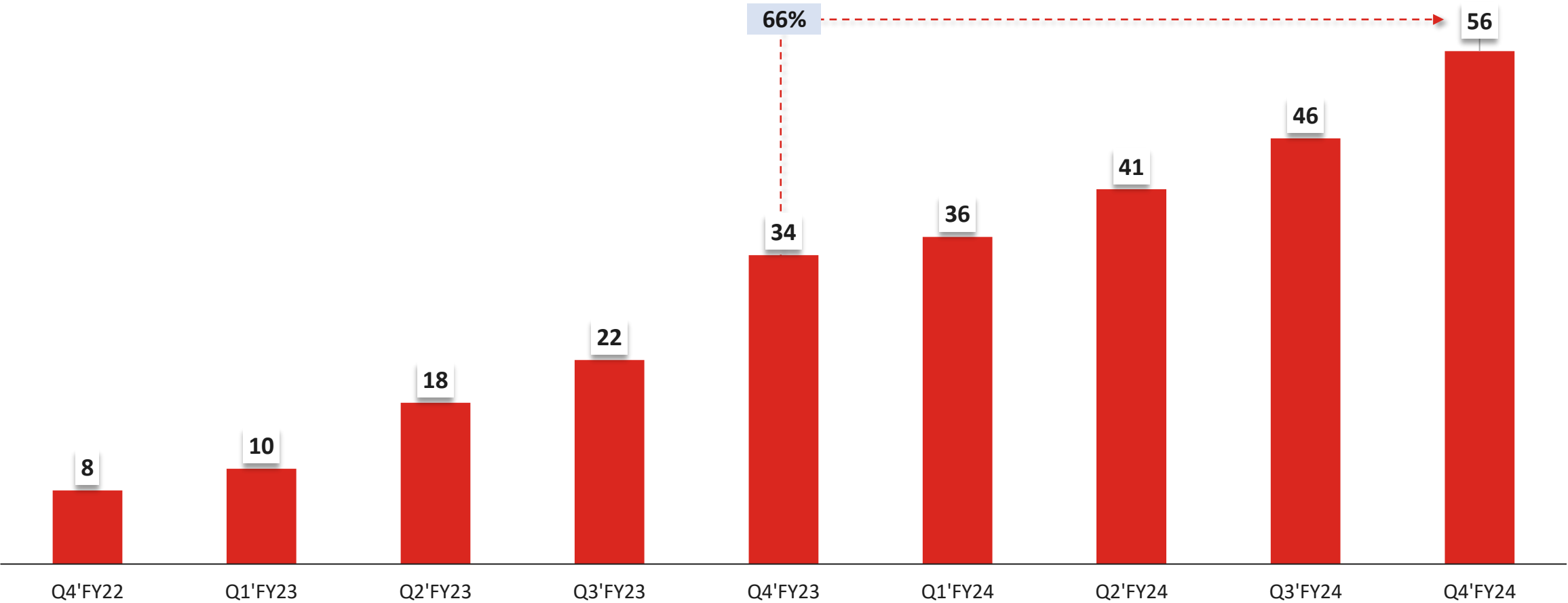


*Percentages represent product wise portfolio mix. Secured Business Loan is secured by property, Business Loan is secured by CGTMSE, Micro EL is secured by property, SCF is secured by receivables, Machinery Loan is secured by machinery, Partnerships & Alliances is secured by FLDG.

Which is delivering operating leverage

Amount in INR Cr

Consistently increasing PBT over past 8 quarters



Our performance highlights for Q4'FY24 and FY24

	Q4FY24	Q4FY23		FY24	FY23	
AUM (INR Cr)	9,047	6,081	↑ 49%	9,047	6,081	↑ 49%
Net Disbursement (INR Cr)*	1,554	1,459	↑ 6%	5,867	4,641	↑ 26%
Off-book AUM (%)	45%	40%	↑ 13%	45%	40%	↑ 13%
Pre-Tax Profit (INR Cr)	56	34	↑ 66%	179	84	↑ 113%
PAT (INR Cr)	33	14	↑ 133%	119	40	↑ 200%
Net Total Income % [§]	15.2%	13.7%	↑ 11%	13.5%	12.2%	↑ 11%
Cost to Income Ratio	52%	56%	↓ 7%	54%	62%	↓ 14%
ROA	2.2%	1.4%	↑ 61%	2.3%	1.1%	↑ 103%
ROE	9.2%	5.8%	↑ 60%	9.9%	4.1%	↑ 142%

EPS on current rate
INR 13.39 per share
for FY24

Book Value per Share
INR 157.0
as on Mar'24

Price to Earnings Ratio (P/E)
16.40x
as on Mar'24

*Price as on 28th March 2024

*Gross Disbursements – Repayment received in Supply Chain Financing during the period

§On Average Gross on-books AUM

Finance | Income Statement & ROA Tree

Income Statement (₹ Cr)	FY24	FY23	Y-o-Y	FY22
Interest Income	707.9	482.9	47%	272.1
Income on Co-Lending / Direct Assignment	307.5	154.1	100%	26.9
Other Income	66.3	46.8	42%	13.1
Total Income	1,081.7	683.8	58%	312.1
Interest Expenses	442.9	293.3	51%	137.3
Net Total Income	638.8	390.5	64%	174.9
Employee Cost	182.9	140.7	30%	72.9
Other Expenses	160.9	109.1	47%	52.4
PPOP	295.0	140.6	110%	49.6
Credit Cost	116.3	56.8	105%	29.4
PBT	178.8	83.8	113%	20.2
Tax	52.5	23.5	124%	5.6
Adjusted PAT	126.2	60.4	109%	14.6
Deferred Tax write-off	6.9	20.6	-	-
PAT	119.3	39.8	200%	14.6

ROA Tree	FY24	FY23
<i>As a % of Gross On Book AUM</i>		
Total Income	22.9%	21.4%
Interest Expenses	9.4%	9.2%
Net Total Income	13.5%	12.2%
Opex	7.3%	7.8%
Credit cost	2.5%	1.8%
PBT	3.8%	2.6%
PAT	2.5%	1.2%
Key Ratios (Annualized)	FY24	FY23
ROA (% Avg. Total Assets)	2.3%	1.1%
Leverage	3.2x	3.2x
RoE	9.9%	4.1%

Finance | Balance Sheet

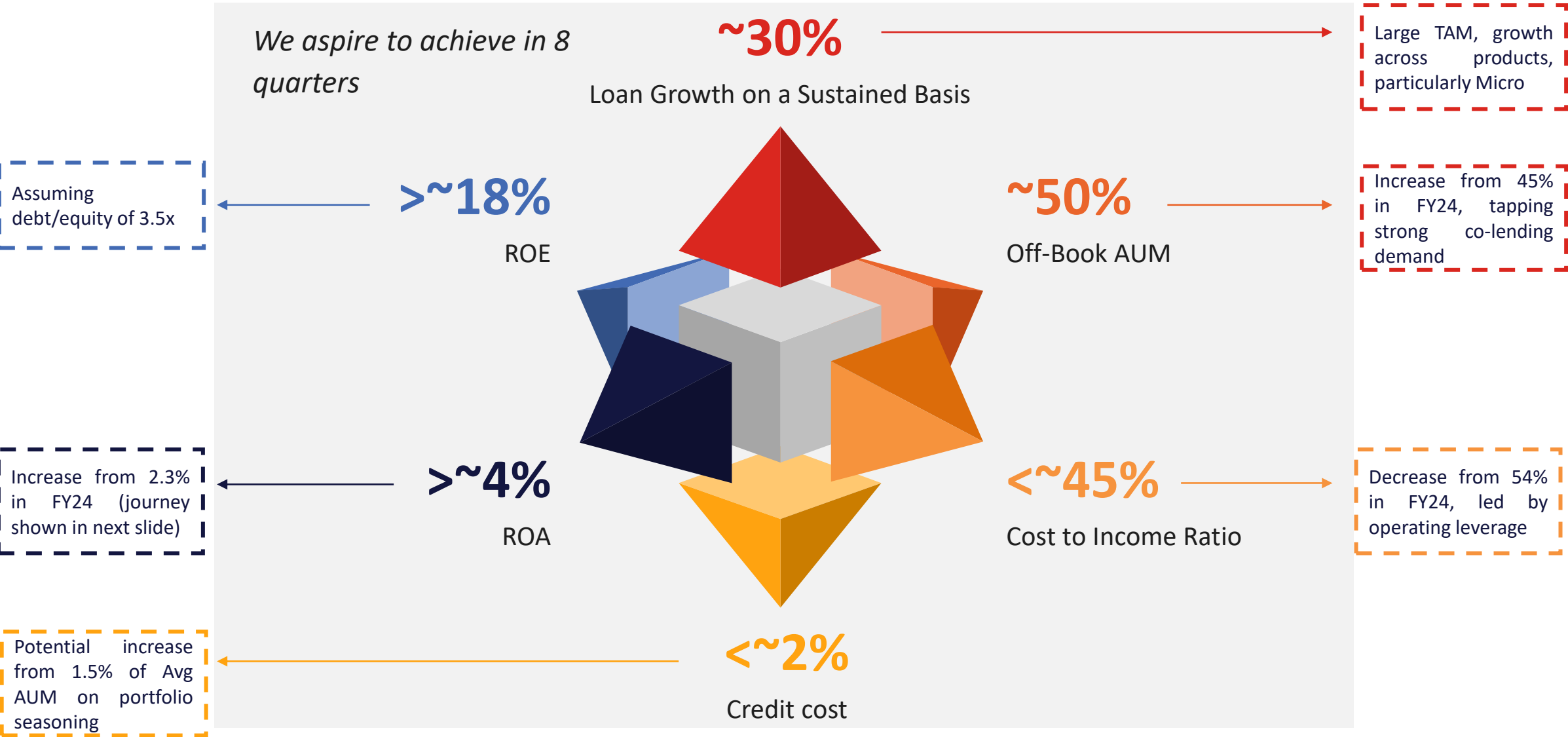
Balance Sheet (₹ Cr)	Mar-24	Mar-23
Assets		
Cash and Bank Balance	455	212
Loans	5,432	3,806
Investments	59	60
Other financial assets	20	25
Financial Assets	5,966	4,104
PPE, Intangible assets, ROU etc	130	99
Current and Deferred tax assets (net)	6	28
Other non-financial assets	178	75
Non-Financial Assets	313	202
Total Assets	6,280	4,306

Balance Sheet (₹ Cr)	Mar-24	Mar-23
Liabilities		
Trade payables	14	14
Debt securities	1,395	1,144
Borrowings (other than debt securities)	3,223	2,005
Subordinated Liabilities	35	-
Other financial liabilities	77	75
Financial liabilities	4,744	3,238
Non-financial liabilities	98	83
Equity share capital	92	69
Other equity	1,347	915
Equity	1,438	984
Total Liabilities & Equity	6,280	4,306

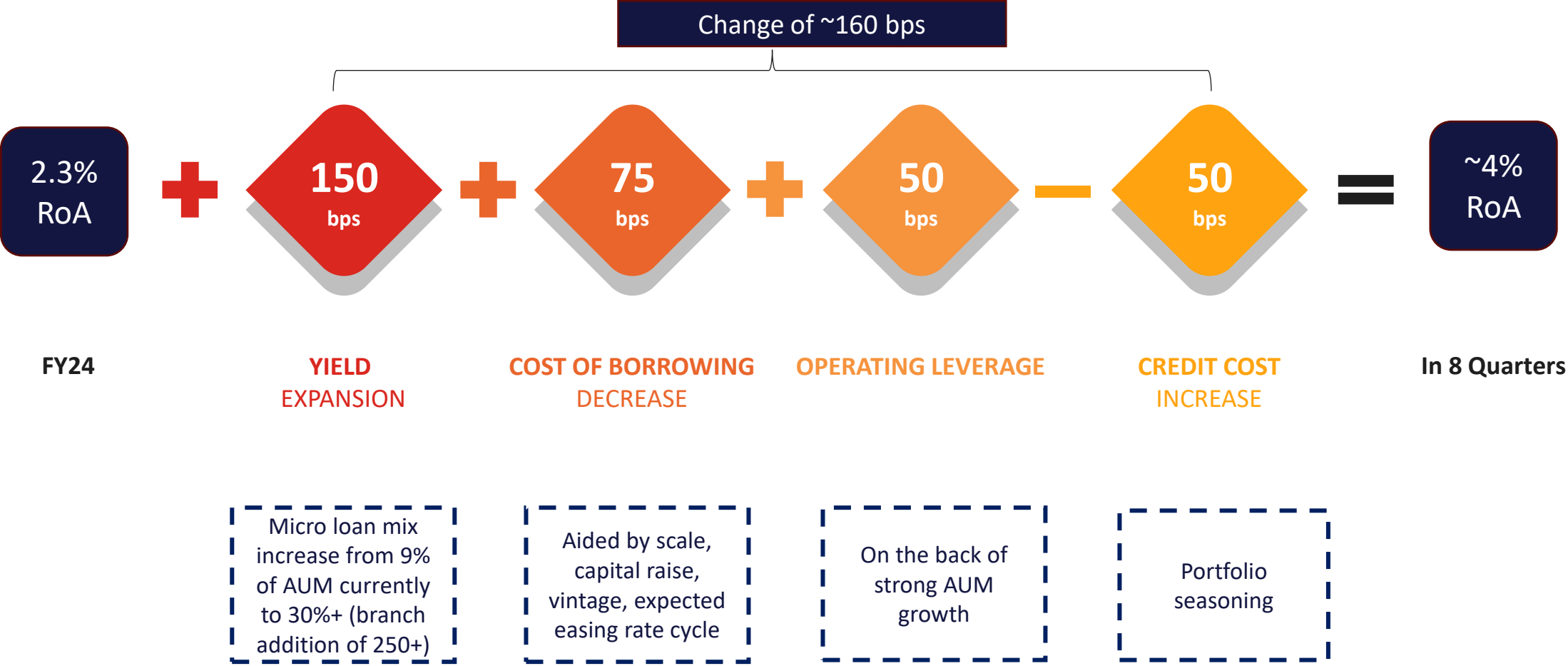
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Medium & Long Term Goals

We are targeting long term sustainable goals



We have clear path to 4% ROA



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U GRO Impact

UGRO Capital Social Impact Report 2023-24



UGRO Capital: Creating a strong social impact since inception

UGRO's Impact journey from Previous report (1/2)

UN SDG	PARTICULARS	CURRENT (2023-24)	PREVIOUS (2022)
	1. Percentage of female borrowers who are owners	9%	NA
	2. Percentage of female borrowers who are owner/co-owner	72%	NA
	Increase in revenue of borrowers (based on impact survey)	94%	80%
	AUM of portfolio pertaining to 104 Micro branches (branches located in Tier 3 and beyond geographies)	871 Cr	73 Cr
	Total number of customers	62,928	16,594

U GRO Capital Social Impact Report 2023-24

UGRO's Impact journey from Previous report (2/2)

UN SDG	PARTICULARS	CURRENT (2023-24)	PREVIOUS (2022)
	AUM in healthcare industry	374 Cr	142 Cr
	AUM in clean water and sanitation industry	151 Cr	-
	AUM in clean energy industry	134 Cr	9 Cr
	AUM in education industry	97 Cr	142 Cr

U GRO Capital Social Impact Report 2023-24

Thank You