



# U GRO Capital

## Q1 FY21 Earnings Update





***A highly specialized, technology enabled small business lending platform***

## **Knowledge**

*Deep domain expertise of target segments to better understand the customer*

## **Technology**

*A scalable, data driven approach to ensure dissemination of knowledge*

**Experienced Management Team**

*250+ Years of Experience*

**Strong Corporate Governance**

*Board Controlled, Management Run*

**Large Institutional Capital**

*~\$130M Of Equity Raised*

## U GRO Capital

**A technology enabled, highly specialized, small business lending platform**

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

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

**Secured Loan**  
Interest Rate – 10.5%-17%  
(Ticket size - INR 1 lakh to 5 Crs)

**Unsecured Loan**  
Interest Rate - 18-30%  
(Ticket size - INR 1 lakh to 50 lakhs)

**Supply Chain Financing**  
Interest Rate – 12.5-16%  
(Ticket size - INR 25 lakhs to 2 Crs)

## Product Offerings



## Sector Specialization

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

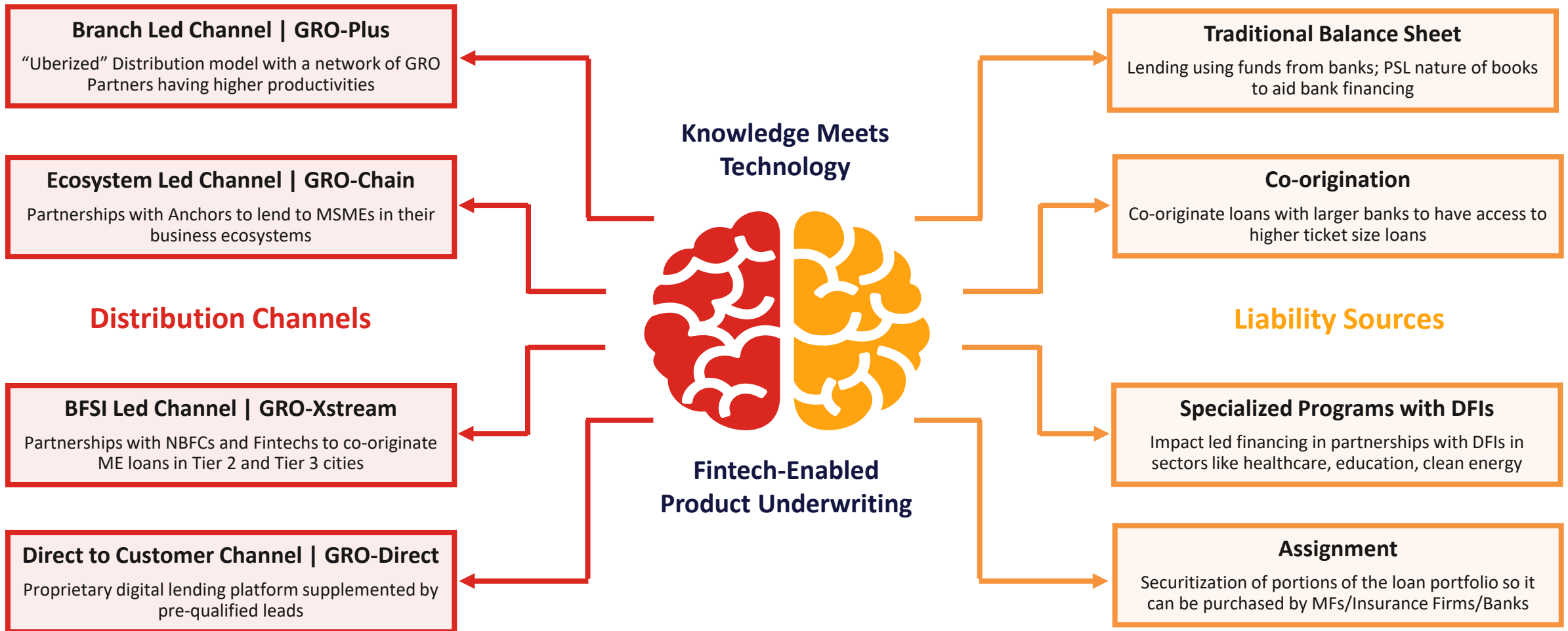
**Shortlisted from 180 sectors through an extensive study of macro-economic and sector specific data**

<b>8 Sectors</b>	<b>Sector Specific Statistical Scorecards</b>
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<b>Traditional Channel</b>	<b>New Age Channels</b>
<b>GRO Partners</b> (operating in target segments / geographies)	<b>Digital Channels</b> (leverage 3 <sup>rd</sup> party and own platforms for lead sourcing)
	<b>Ecosystem Led</b> (prioritized segments)
	<b>BFSI Partnerships</b>

## Distribution Strategy

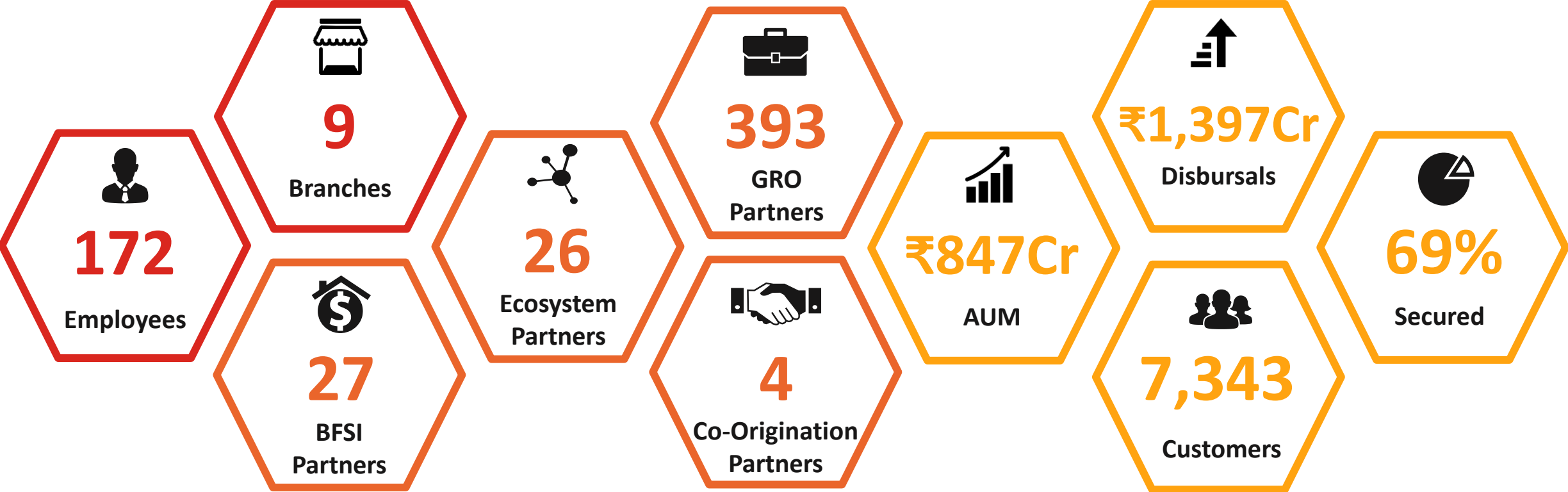
# Our Business Model



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



# Business Update

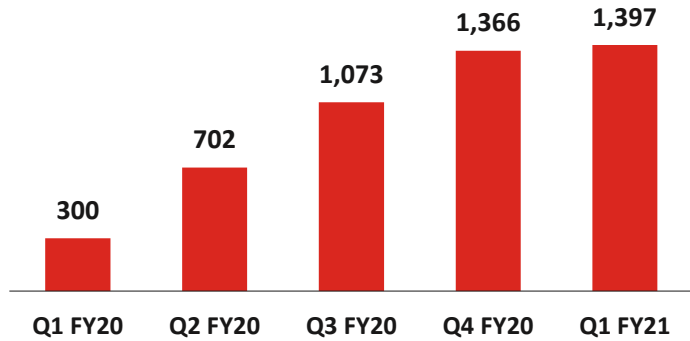


Our Q1 focus has been adapting our business to function optimally in the COVID-19 world and resumption of normal levels of disbursals

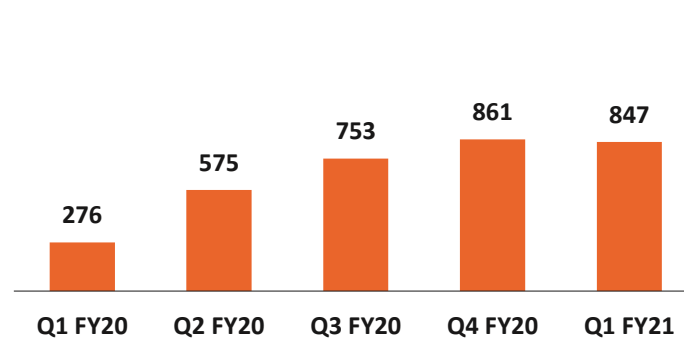
Data as of 30 June 2020

# Q1FY21 Business Overview

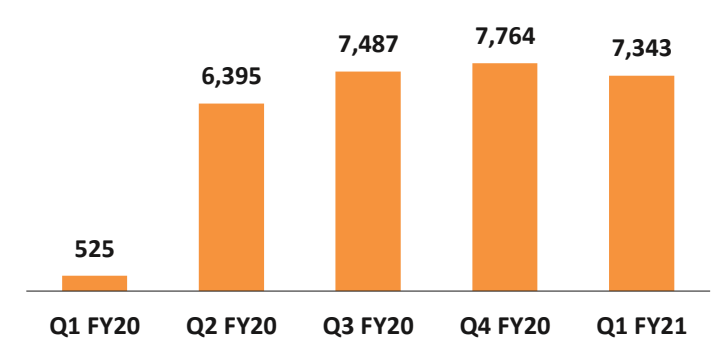
### Total Disbursals (₹ Cr)



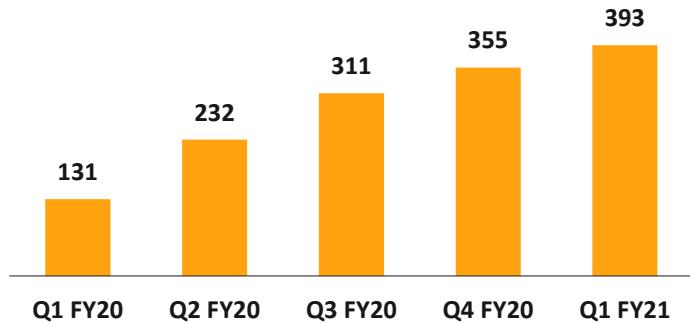
### AUM (₹ Cr)



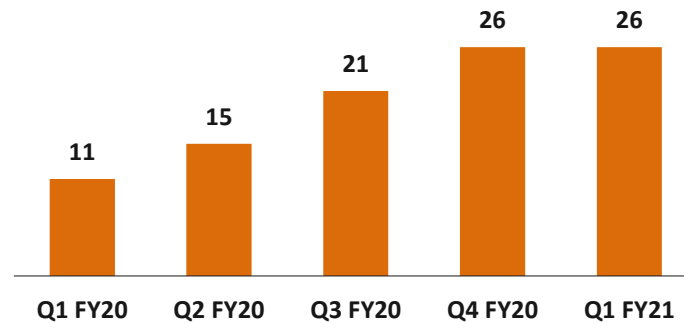
### Number of Customers



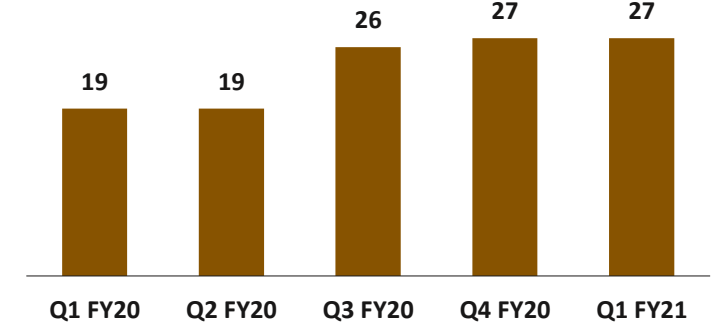
### GRO Partners



### Ecosystem Partners



### BFSI Partners



## Business

- Reached **₹1,397Cr in total disburseals** as of the end of Q1FY21; lending operations were severely hampered this quarter due to COVID-19
- July 2020 saw disburseals in excess of **₹93Cr**, approximately 80% of the monthly distribution levels pre-COVID-19
- Nine branches across key Indian SME clusters; **number of employees stands at 172**
- GRO Partner network expanded by 11% QoQ to a total of **393** spread across key SME clusters

## Distribution

- Emphasis on lending through **Sanjeevani** Program (targeted at providers of essential goods/services) and **Emergency Credit Line Guarantee Scheme (ECLGS)**
- Full lending **operations have recommenced** at all U GRO branches, with on-going **ramp up of partnership-driven channels**

## Technology

- Full **digitalization of underwriting process** (including personal discussions); **checks and balances fully maintained** despite zero physical contact
- Integration of advanced rule engine with **machine learning architecture** into banking segmentation process

## Risk Assessment

- Regular contact with customers to **monitor possible stress** effects on portfolio, with **three comprehensive customer surveys** having been conducted as of the end of Q1 FY21
- Deep study conducted alongside **CRISIL** to fully understand and evaluate **sub-sector level stress**



## Portfolio

- Outstanding portfolio of **₹847Cr as of end Q1 FY21**, which is **69% secured** and diversified sectorally and geographically
- Moratorium coverage has **significantly reduced**, dropping from **over 80% in Moratorium 1.0 to 63% in Moratorium 2.0**
- Portfolio quality remains strong, with our loan book having a **GNPA of 1.02% and an NNPA of 0.57%** respectively
- U GRO has made **₹11.6Cr of total cumulative provisions (1.4% of AUM)**, of which **₹4.5Cr is additional provisions for COVID-19 (0.5% of AUM)**

## Liability

- A total of **₹387Cr of sanctioned liability** raised at a blended average of **10.5%** as of end Q1 FY21
- U GRO's liability book comprises marquee lenders, including the **addition of multiple public sector banks in Q1 FY21**
- U GRO issued its first **commercial papers** in July 2020, with a face value of **₹10Cr**
- Incremental liability sanction pipeline of **INR 200 Cr+**
- The Company maintains **liquidity of over INR 300 Cr** on balance sheet, excluding sanctioned liability not drawn down

## Financial

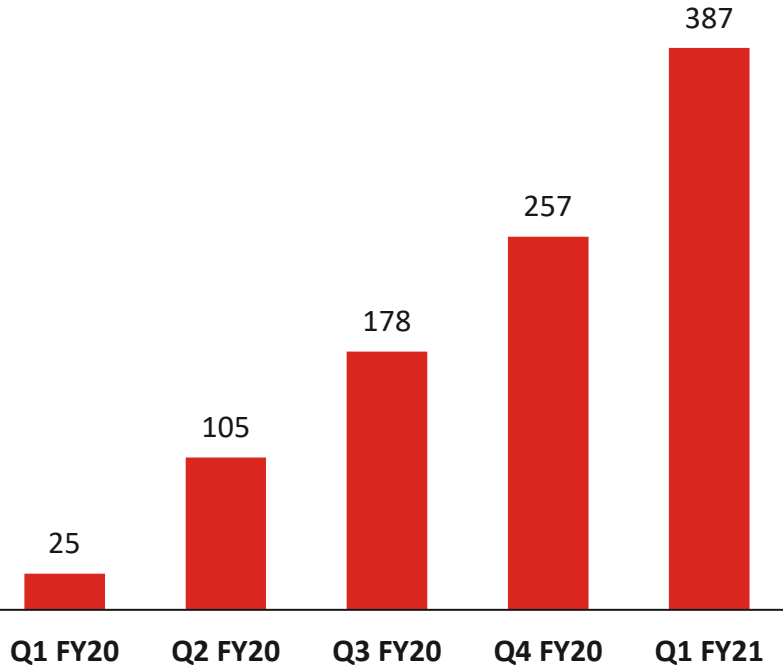
- The Company's **total income stands at INR 30.79 crores** for Q1 FY21 with a **PAT of INR 3.73 crores** and **CRAR of 99.42%**
- The net worth of the Company stands at **INR 926.1 crores** as of 30 June 2020 with **book value per share being INR 131.31**

## Miscellaneous

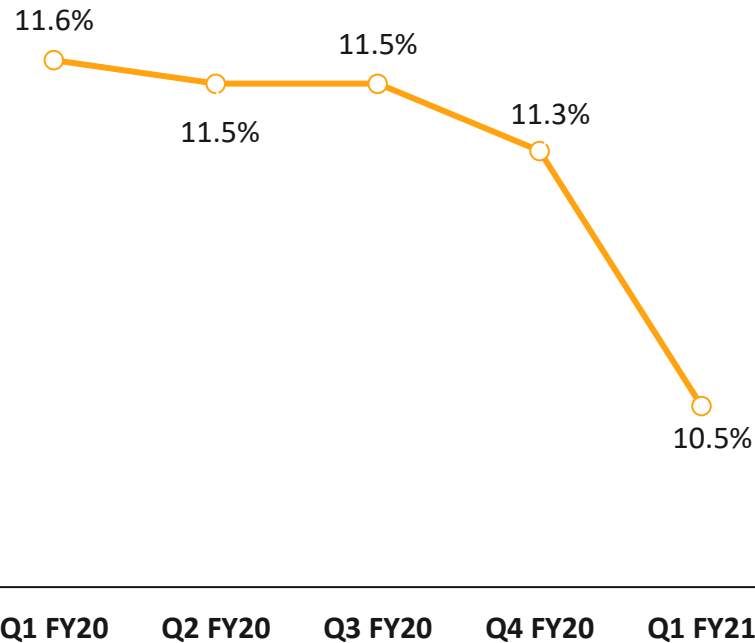
- **Employee safety** remains the highest priority at this time, with the organization transitioning to **full operating efficiency** while in a **work-from-home** mode
- The Company has completed registration under the Credit Guarantee Fund Trust For Micro And Small Enterprises (CGTMSE), with **75% credit guarantee** for eligible credit facilities **INR 2 crores or less**

# Continued Scale-up of Liability Book, with Borrowing Costs Lowering

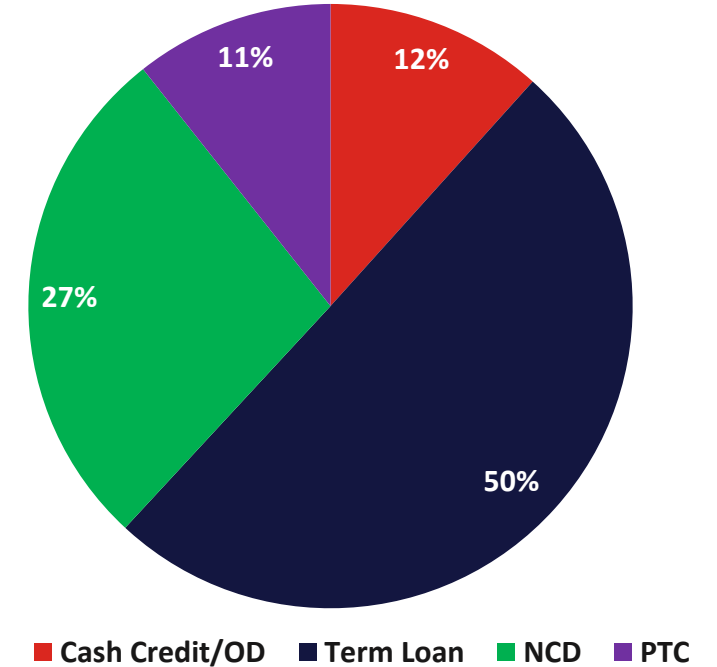
EOP Sanctioned Liability on Book (INR Cr)



Weighted Average Rate (papm, %)



Liability Type by Volume on Book (Q1 FY21, INR Cr)



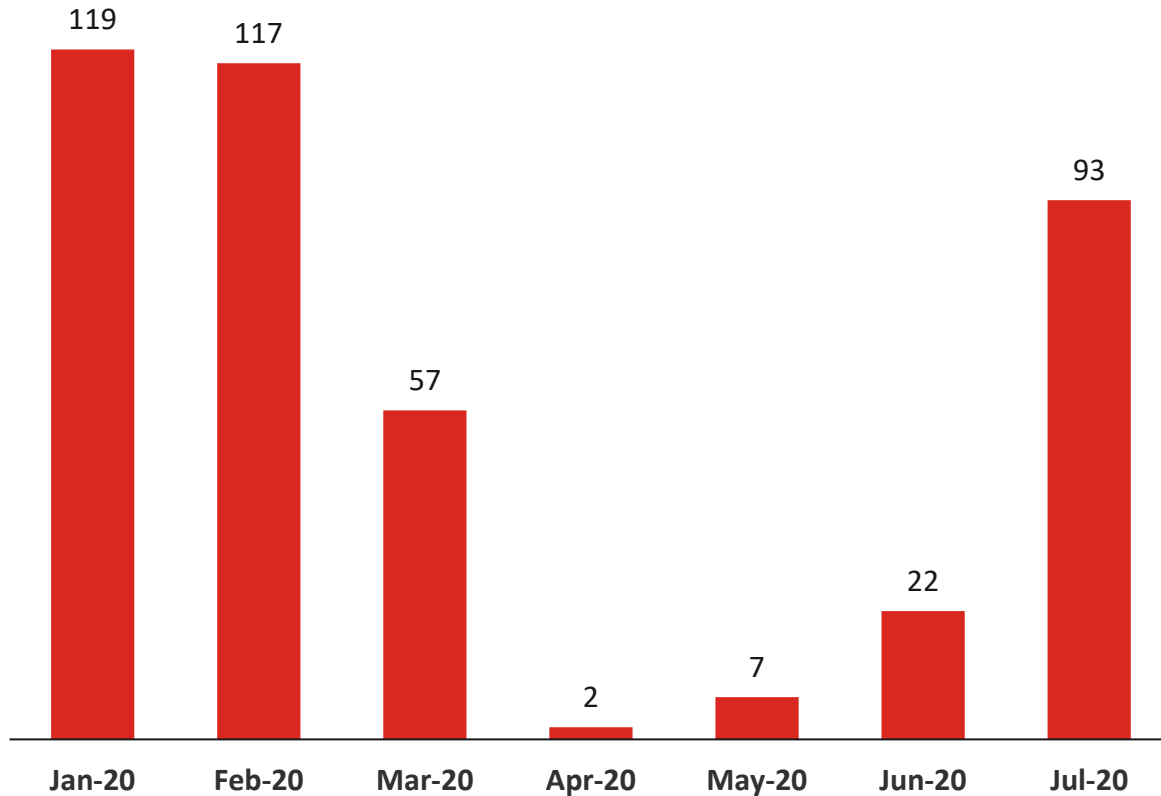
**U GRO has built up a strong liability book and pipeline while utilizing government schemes such as TLTRO and PCG to achieve lower borrowing costs | The Company has built a diversified loan portfolio of varying tenors for optimal asset-liability management**



# Portfolio Overview

# Disbursal and AUM | Q1 FY21 Snapshot

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



	Secured	Unsecured	SCF	Overall
<b>AUM</b>	₹415Cr	₹262Cr	₹170Cr	<b>₹847Cr</b>
<b>Avg Ticket Size*</b>	₹44.0 lakhs	₹4.2 lakhs	₹96.2 lakhs	<b>₹11.5 lakhs</b>
<b>Avg Yield</b>	11.7%	18.5%	13.3%	<b>14.1%</b>

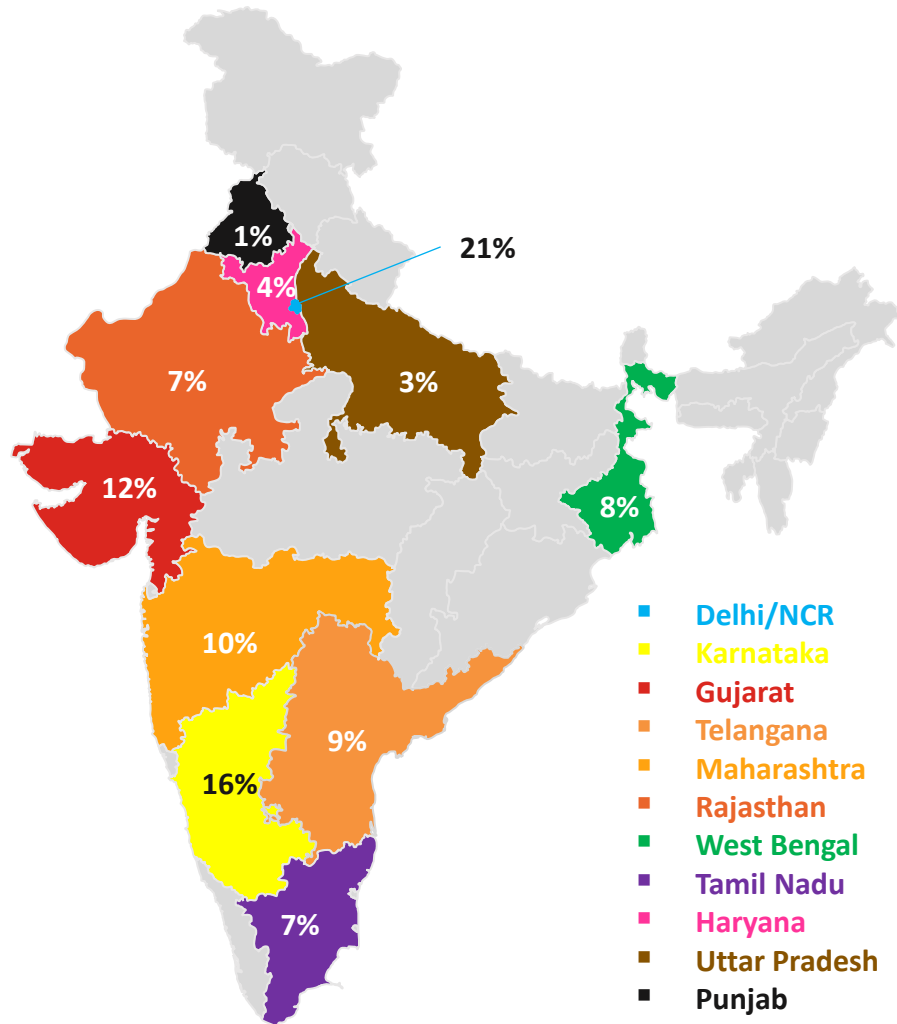
\*Average ticket size on book

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

**Q1 FY21 saw a major dip in disbursals across the lending space due to operational disruptions stemming from COVID-19 | Jul-20 has seen U GRO disburse loans at a level of ~80% of pre-COVID, we expect to normalize disbursals in the coming quarter**

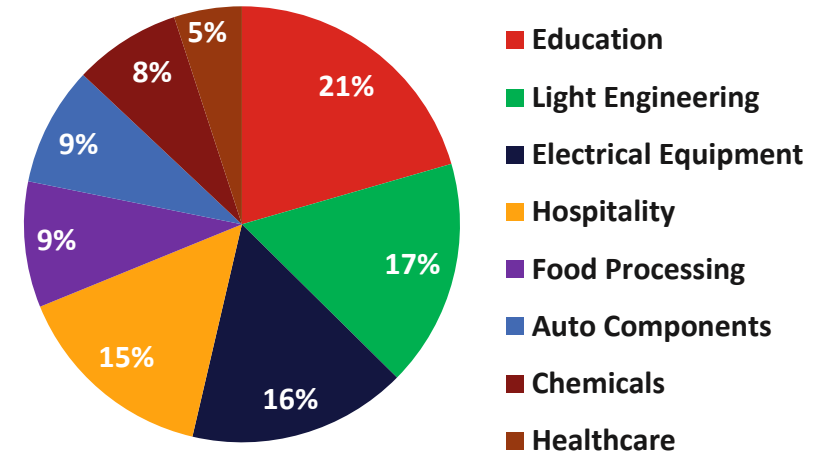
# Portfolio Snapshot (As on June 30, 2020)

## Geographical Mix\*

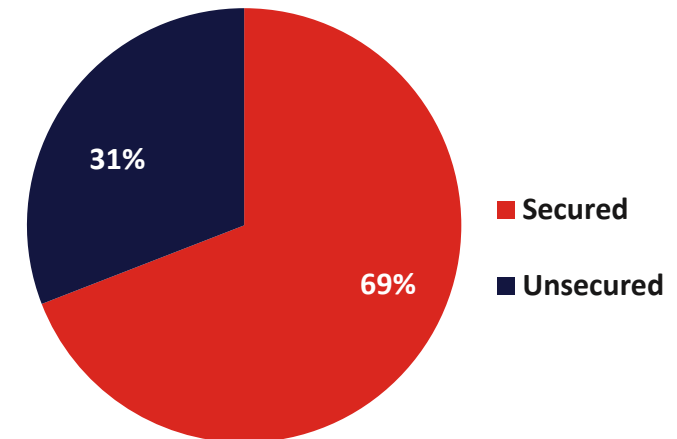


\*Does not include Onward Lending or Portfolio Buyouts

## Sectoral Mix\*



## Secured Mix



**Our portfolio mix remains largely unchanged from last quarter due to limited disbursals in Q1 FY21**



# Financial Statements and Shareholding Pattern

# Balance Sheet

Balance Sheet (₹ Lakhs)	Q4 FY20	Q1 FY21
<b>Financial Assets</b>	<b>114,441</b>	<b>116,530</b>
Loans*	83,238	82,789
Cash and Investments	8,448	1,368
Other Financial Assets	22,755	32,373
<b>Non-Financial Assets</b>	<b>6,805</b>	<b>7,250</b>
<b>Total Assets</b>	<b>121,246</b>	<b>123,780</b>
<b>Financial Liabilities</b>	<b>28,745</b>	<b>30,789</b>
Trade/Other Payables	1,420	954
Borrowings & Debt Securities	25,454	27,919
Other Financial Liabilities	1,871	1,915
<b>Non-Financial Liabilities</b>	<b>349</b>	<b>377</b>
<b>Total Equity</b>	<b>92,152</b>	<b>92,614</b>
Equity Share Capital	7,053	7,053
Other Equity	85,100	85,561
<b>Total Liabilities + Equity</b>	<b>121,246</b>	<b>123,780</b>

- Remain liquid with over ₹300 crores of immediate liquidity on the balance sheet
- **CRAR: 99.4%**
- **GNPA: 1.02%**
- **NNPA: 0.57%**
- **Book Value per Share (BVPS): 131.31**

\*AUM as of end Q4 FY20 and Q1 FY21 are ₹861Cr and ₹847Cr respectively, the 'Loans' figure adjusts for net payouts and ECL as per Ind-AS

# Income Statement

Income Statement (₹ Lakhs)	Q4 FY20	Q1 FY21
Interest Income on Loans	2,763	2,748
Other Operating Income	952	331
Financing Costs	642	684
<b>Net Income</b>	<b>3,073</b>	<b>2,395</b>
Operating Expenses	1,884	1,867
Provision	603	115
<b>Profit Before Tax</b>	<b>586</b>	<b>413</b>
Tax	(1,449)*	40
<b>Profit/(Loss) for the period</b>	<b>2,035</b>	<b>373</b>

- Other operating income for Q4 FY20 included a **one-time income of INR 5.55 crores**
- Financing costs have gone up despite weighted average **borrowing costs reducing** due to our desire to **build out our liability book**, which includes incurring **negative carry**
- Absolute value of **provisioning expense has come down** in Q1 FY21 because the majority of the **COVID-19 provisioning was accounted for in Q4 FY20**

Ind-AS accounting standards have been in place since Q1 FY20

\*The Company has recorded Deferred Tax of Rs. 1,391 lacs on the tax losses transferred from Asia Pragati Cap Fin Private Limited on account of acquisition based on the reasonable certainty of the future taxable profits



# Shareholding Pattern (as of June 30, 2020)

## Illustrative List of Investors

### Private Equity Funds



### Public Market Funds



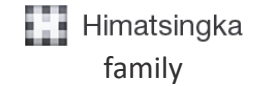
Chhattisgarh Investments

MK Ventures

### Insurance Firms



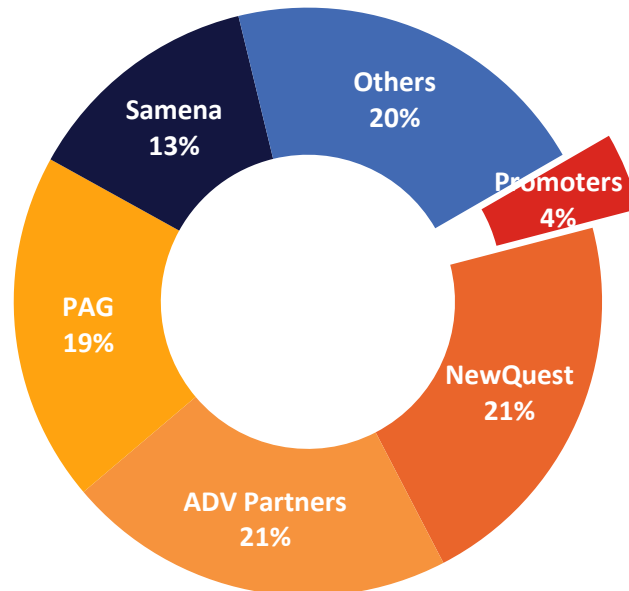
### Family Offices



Jaspal Bindra

Gaurav Dalmia

## Shareholding Pattern (Fully Diluted Basis, Post the demerger)



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

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