



“UGRO Capital Limited
Q1 FY2022 Earnings Conference Call”

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 Mr. Anuj Pandey - Chief Risk Officer, UGRO Capital Limited
 Mr. Amit Gupta - Chief Treasury Officer, UGRO Capital Limited
 Mr. Sandeepkumar Zanvar – Chief Financial & Operations Officer, UGRO Capital Limited
 Mr. Nirav Shah – Chief Strategy Officer and Head – Investor Relations, UGRO Capital Limited

Jignesh: Good morning everyone and welcome to UGRO Capital Q1 FY22 earnings call presentation. We have along with us, Mr. Shachindra Nath, Executive Chairman and Managing Director of UGRO Capital. And we also have Mr. Nirav Shah, Chief Strategy Officer and Head of Investor Relations.

Mr. Nath, over to you, sir. If you can start with the brief details about the results, and then probably we can take up Questions & Answers.

Mr. Nath: Absolutely. Thank you, Jignesh. Thanks for hosting us. It's a very momentous day for us because yesterday, for the first time, we got listed on National Stock Exchange. I am very pleased to see both trading scores of NSE plus BSE on the screen. I'm also pleased that along with that, we also have Mr. Anuj Pandey, our Chief Risk Officer, Mr. Amit Gupta, our Chief Treasury Officer, and Mr. Sandeep Zanvar, Chief Finance Officer.

So, let me start... I think the people are still joining. Let me start with some brief of the company. For those who are not familiar with, given our young vintage as a company. Now, let me give some little bit of background. So, this is who we are and where we stand. Some of the numbers reflected here is as of July 2021. We normally like to update our investor fraternity of the current state. Given the market is very volatile, a two-month back result is important, but in the situation of what, how the months have been, also is included.

U GRO today has a Rs 955 crore of net worth, Rs 1,561 crore of total asset under management as of July, total cumulative disbursement of Rs 3100 crore, having more than 8,200 plus customers. In last two years, we have increased our lending partnership. We have 32 plus lenders, and as of March, total gross debt of Rs 816 crore.

We assume touching to be roughly around 400 plus employees. Our business continues to be a very overtly, overrated to the secured businesses, and we are expanding our physical footprint simultaneously to our digital footprint, and we have now 34 plus locations. More locations are being added, and our portfolio performance have remained healthy and steady over this period of pandemic with our gross NPA being 2.3% and net NPA being 1.9%.

In addition to where we stand today, I think so for some of the people who are not familiar with UGRO, UGRO is re-christened or reinvigorated form of a listed company, called Chokhani Securities, which have been in existence since 1992. Largely, it was an investment company with a very small capital base. At the mid of 2018, which is July 2018, I acquired control of Chokhani Securities and all of this capital from institutional investors.

We went live on 14th of January 2019. Between January to March, we built a small pilot book of around Rs 40-odd crores, and our full live year was April, financial year 2019-20, when we operated for 11.5 months, built Rs 850 crore of AUM. In 2021, we were functional only for five months, because it was a pandemic year. Still, we were able to grow our book to roughly around Rs 1350-odd crores.

Both April and May was again shut down. We came back and restarted the business mid-June. In June, we did a gross disbursement of roughly around Rs 136 crore. In July, we did roughly around Rs 206 crore.

So, you would see that we have, in the first year to second year, we doubled our AUM, and now the balance sheet is expanding simultaneous to our entire liability side, and our credit engine and distribution engine is also now ramping up. I think so, in the month of July, we went live with India's first and the largest co-lending partnership with bank, wherein we started disbursing and receiving money on that.

This is just to give you a quick summary of what I've talked about. The same numbers which we had spoken are reflected over here. So, I will not repeat. This will give you, in terms of how balance sheet has been expanding. So, as I said that if you look at July '20, which is just post-pandemic one, to July 21, you will see the disbursement have been growing very strictly.

And July was, though it was not a full operational month, as much as we wanted, but this was the largest month, in terms of our total disbursement. In terms of, this is the way our AUM is building it up. So, I think that we are coming out of our build period, and now we are in the growth cycle, while the build is continuing to happen, and that's why our Asset Under Management is also now growing sequentially, month-on-month.

I'll do a quick overview for people who are not very familiar with UGRO. UGRO is being built on five pillars - very strong corporate governance, very strong management team, very large institutional capital, and a business, which is a combination of tech and knowledge. That's why we characterize ourselves not truly a FinTech, but though we are FinTech in lot many respects, but it's a knowledge plus technology business.

One other thing which, given that we just got listed on National Stock Exchange, the reason why we built this business in a listed company format was two-fold objective. What we have seen, as founders of this business, that majority of the new creation of lending institution, or FinTech businesses, are all done in private domain.

By the time these businesses mature and when they come to the market, the valuation of those businesses already peaks up, and majority of the public market investors get opportunity to participate, when the business is already very matured and valuations are peaking it out.

We wanted to create a business for perpetuity. That's why we felt that if we build in a listed company format, the business would there forever, our existing investors would continue to get their exit from the public market, but also it gives an opportunity for large public market shareholder to participate in the journey of the growth, rather than participating at the peak of the growth itself. So, that's philosophically why we did it.

Quickly, this business is dedicated to the small businesses financing in India. We see it's a \$600 billion fund that then created opportunity, and we want to solve for the problem in some form. Our model of business is divided, as I said, in two parts. So, at the center of it is, it's our knowledge, which is our deep sectoral specialization, driven by a deep, deep technology platform.

The asset side engine is divided in four parts. We are expanding our branch network, which is divided in to tier-1 branch, and this is serving prime customer, and tier-2 branch is which serves our micro customer. We have a ecosystem channel, which takes care of the supply chain and the machinery financing business.

And we have a large partnership and alliances channel wherein our cost of capital advantage, we are disseminating through multiple partners. These partners can be FinTech, payment platform, NBFCs, so on and so forth. And we have a digital direct channel, which is fully piloted at, as soon as the pandemic recedes, we'll start that.

On the liability side, we are both a traditional balance sheet led plus a fee-based platform. We have, you'll see at the end of this presentation, we have said that we lever our balance sheet not beyond three and a half times. So, we have a traditional balance sheet of growth.

The co-origination is deep focus for us. We are, as a young company, we are very fortunate to have two of the largest public sector institutions now partnering with us on the co-origination. Most of our asset origination are impact and priority sector related. That's why we are creating specialized program for the global DFIs, and we are also simultaneously flipping our asset.

We have publicly said that our intention is to build, take 1% market share, and build Rs 20,000 crore of business. Of that Rs 20,000 crore of asset under management by 2025, 70% of that, asset side would come from our branch-led channel, 20-odd percent would come from our ecosystem, 10-odd percent would come from our partnership and alliances, and balance would come from our digital.

In terms of the liability side balance sheet, 50% would be on balance sheet, around 30-odd percent would be in co-origination, and balance would be, in terms of securitization of assets. And that's why with low leverage, we are targeting to generate high ROE and ROA. So, the way you should look at it is, it's a combination of a tech fee-originated platform plus balance sheet led platform.

In terms of our governance, this is a unique company where we believe that most of the failures in India for financial services, the failures of governance from day one, have created a governance framework, wherein in our articles it is provided that the majority of our board is independent director, any shareholder which is more than 10% of the company has a board seat, all of the rights in the framework.

We cannot lend more than 1% of our net worth. All the framework of how the company would function is mentioned in our articles, and that's why for a young company like us, we have a board of 13 members. Our board members come from background, which are, they are domain specialists, like from regulatory background In public sector, private sector, so on so forth.

In terms of the management, our management team, we have very heavily invested in our management team. There's our first layer, second layer and third layer. So, we have not

waited for the size of the business to get created, before we create the entire people infrastructure.

And we have a large pool of equity option, which drives our people to stay and be participant in the value creation. So, that is the way we are augmenting our management team on an ongoing basis.

As I said that UGRO is one of those companies, which at a very early stage, did India's largest institutional capital raise and more of the private equity public market investors through QIP and preferential allotment had participated.

In terms of where we stand, so we say that small business financing in India is divided in two parts. On one side of the spectrum, you have specialized NBFC, which are divided in sector, product, and geographies. Most successful ones are those who focus on geographies.

And the other side of the spectrum, which are largely FinTech players, who focus on asset side spectrum. They can be B2B player, digital lender, and supply chain platform, and we are at the intersection of both. So, on one side, we are deeply specialized by sector, but other side, we are deeply tech-oriented, as a lending institution.

Within our specialization, we have looked in, in India, the entire 180 sector spectrum, we have filtered 20, and we operate in these eight broad sector and micro enterprises as an additional sector wherein we are sector neutral. Within those eight sectors, we operate within 7200 sub-sectors. So, that's our deep specialization, which we are building over a period of time.

And our sector specialization is driven by deep data analytics driven underwriting with physical touch. Our underwriting is divided in two parts. All of our underwriting is built on three core pillars of GST, Banking, plus Bureau, and that's why we have a score which is called GRO Score 2.0.

It was a GRO Score 1.0. Post-pandemic, we have refreshed it and we combined the machine learning banking module along with the bureau data. This score has categorized customer from A to E, wherein you can filter bottom of 20% customer, which contributes mostly 80% of the loss ratio, and that gives us the ability to turn around every login into our system at a very effective rate.

That is supplemented by our physical underwriting, which is driven by a template wherein we have researched almost 100 sub-sectors, and we have created an underwriting scorecard for our underwriters to take. So, when they visit, they know what exactly they have to review, and take data and make automated judgment on the platform.

As I said that we are among those very strong players who believe that MSME financing in India, in the next four to five years, would reach the level of consumer financing, so it will become on track. The combination of GST banking and bureau gives you an ability to virtually profile the customer, and come to the eligibility very, very quickly. And we are

constantly working on that. We have invested a very significant amount of both, cash and capital, plus people infrastructure around this.

Our technology is driven by four core platform, which supports our channel. All our platforms are digitally integrated. We use software, around 40 plus API. We fetch data, log into, in-principal approval we do without physical intervention at 60 minutes.

Our distribution network, as I explained earlier, is divided into these four parts. Our tier-1 branches services the prime customer, with the definition of prime customer, the customers who have ability to borrow between 8% interest rate to say, 12% or 13% interest rate.

Our micro branches are serving the micro customer, which are sub 25 lakh rupees of loan. Now, we are expanding our micro network on a consistent basis. We piloted first 25 locations in the last quarter of previous financial year, and now, we are expanding adding 50 more net branches to ourselves. We have said publicly that our goal is to reach to 275 locations in next few years.

U GRO today is the only company, in which the service branch product architecture has ability to serve the prime most customer to the micro customer. We have four products. Pratham, which is targeted to a CMR 1 to 5 customer at a price band of below 10%. This is a program which we are doing along with Bank of Baroda. So, this gives us the ability to even compete with the largest or the most prime most lender, which is technically a bank customer.

Sanjeevani is a product which is same prime customer wherein the eligibility cannot be created just out of the system. So, there is an underwriting intervention is required. Saathi is again, a prime customer whose collateral is not prime. He has collateral but is not prime. It is not a self-occupied residential property.

But otherwise, this cash flow can be analyzed on the same basis through banking plus GST. Micro is a customer, which is largely secured, but it is real small business. It can be a shop, kirana store, tailoring, anything which you can think of in a micro sector.

So that's why we, in terms of our product architecture is a large framework which we are creating. Second, in our ecosystem, majority of India's financing for the need to cash flow based financing, and all of the cash flow based financing is getting trapped through supply chain financing.

We are building large products around our supply chain financing platform. It is a completely digital technology driven platform. We do anchor led financing, non-anchor led financing. We do vendor, distributor, dealer. We do sales invoice discounting, purchase invoice discounting.

We are the first lender on GeM platform. We actually created the GeM Sahay platform along with iSPIRT. We have handed over to the government. The entire GeM Sahay is actually hosted on U GRO cloud. So, even the largest lender in the country goes through our cloud.

So that's our ecosystem. These are the number of anchors, which we have. And second part of our ecosystem, why we call it ecosystem? Because at the center of it, you have either an anchor, or an OEM provider.

So, we have now integrated ourselves with 152 plus OEMs wherein at the point of sale, or at point of origination of a machinery, we do financing. And that's also in India, actually there are very few lenders who do machinery financing.

Our view is that financing against the collateral like a property versus machinery, machinery is far more superior because the productive asset financing. When you finance the machinery, it straightaway adds to the revenue of the customer, and that's why we are expanding this also as a channel.

Thirdly, our channel, what we call our partnership and alliances. We believe that given our cost of capital, which is far superior within the peer set. We have an ability to partner with multiple other financial institutions, marketplace, and transaction aggregators, who have ability to originate customer and reach to the bottom of the pyramid, and we can provide source of capital.

So, we do co-lending with the players which are listed here. But broadly, the strategy is to look at online aggregator, ecommerce marketplace, POS payment providers, bank, NBFCs, who have either a transaction data source, or a customer origination capacity.

Through our data analytics platform, we automate credit, and most of these programs are supported by these originators in some form of a credit cover, and that's the way we are expanding this as a channel.

And digital, which we will go live most probably in the last quarter of this year, wherein we have an aspiration to bring MSME financing without any physical test. We have now the ability of looking at multiple sets of data through which we can underwrite customer, originate customer digitally, underwrite digitally, disburse digitally, and collect digitally.

But given the volatility in the market through pandemic, we have delayed our launch for our digital channel. In terms of the liability management, I talked about three-pronged strategy of liability, balance sheet, co-origination mission assignment.

Today, if you look at, in last one year, we have expanded our universe of lender, almost the entire lending fraternity, most of the public sector bank, private sector bank, SSBs and others have come on our balance sheet. We are now working towards bringing DFIs to our balance sheet.

Our cost of borrowing has been sequentially going down. In fact, depending upon the size of the leverage which is required, our cost of borrowing keep moving around. But I think for a relatively younger company, market and especially the liability side universe has recognized the potential of this platform, and that's why we are sitting on significant amount of liquidity on the balance sheet.

But more importantly, as I said that lending in India, especially for NBFC, would become asset light, if lenders continue to focus on being originator of assets rather than the owner of the asset. That's why after almost one year of work with Bank of Baroda, we have gone live.

We are now disbursing loans and these loans are getting co-lended by Bank of Baroda, and hopefully we will soon go live with State Bank of India as well. If that happens, actually your ability to generate fee-based income accelerates multifold, and obviously your liability side pressure is also not there. So, most NBFC like ours, should then be looked more on as a fee platform than just an Interest arbitrage platform.

In terms of the financial metrics, broadly, it's given. Most of it, it's here. I think so gradually, our portfolio yields is gradually going up. Our cost of debt is going a little down. We are very well funded by equity, so our win is currently high.

Our Opex-to-Income ratio, given a spilled out phase, still continues to be a little high, but I think by end of the year, I think so our Opex leverage would start kicking in. We have been able to maintain the quality of the portfolio through the pandemic, and it's showing very strong result.

It is also a function of philosophically keeping a very high proportion of our portfolio at secured, with not getting tracked for a very higher e-portfolio to begin with. And we have made sure that in the entire build out period, we have always remained profitable, and we would want to now gradually increase and focus on both ROEs and ROAs.

I will stop here because most of the other things is a matter of detail, but I'm happy, we'll be happy to answer to Q&A.

Jignesh: Yeah, thanks. Thanks a lot, Mr. Nath. We'll go ahead with the Question & Answer. Nirav, do you want to add something on this, or we can straightaway move into Question & Answer now?

Nirav: You can straightaway go to Question & Answer. There are few questions asked on the chat box, and I think we can take those first. So, the question is, does all co-lending partnership comes under Pratham only? So, the answer is that with Bank of Baroda, the tie up is for Pratham product. For, Sanjeevani, Saathi etc, we will have tie up with different public sector banks. So, for Pratham, it's only for Bank of Baroda.

Mr. Nath: Just to add to what Nirav said that we are not building an auction platform or a marketplace. We have to understand that every bank, when they partner with an NBFC, originally in the first version of co-lending, banks wanted their credit screen to be used by NBFC, and that's why it didn't work out.

But now banks are, especially large banks are adopting our credit model to go into their system. But that's why you would like our strategy is to delegate a particular product with a particular lender, and once our scale becomes so large that one particular bank cannot

absorb everything of one product, then we add one more lender to the particular product. But that's what we are focused on right now.

Jignesh: Yeah. I guess Mr. Anil Kumar Tulsiram wants to ask a question. So, Tulsiram, you can unmute yourself and ask question please.

Tulsiram: Yeah, thanks a lot for the opportunity. Sir, for my first question is based on your slide 23 and slide 12, where you talked about the multiple distribution lines and multiple products. So, this is a very good strategy, but my question is, at the balance sheet size at which we are, what is the thinking process behind starting with so many multiple products and multiple distribution lines?

Because if you see slide 23, we ourselves are saying that there are almost 10 to 15 companies which are doing the same thing which we are doing. So, we are doing as good as 15 companies at a time. So, isn't the execution challenge become very too much for us to handle? So, that's the first question.

Mr. Nath: So, Anil ji, the way you should think about that all the companies, which are listed, the core difference is that most of them have yet not reached, except two of them, the size of equity capital with which we started our business.

Obviously, that gives you the strength to build because as we said that we want to serve the... because there is no single institution in India, which has created a large impact to SME financing. So that's a matter of aspiration and we want to do that. And that's why we started with a large capital base.

Second, in terms of the execution challenge, now we have proven that all of our lines are getting stabilized. We have management team depth which can do that and as you rightly said that the way we have built is buying vertical. So, our machinery financing business is similar to what an electronic or Siemens is, and all characteristic of that and we're improvising on that by using our data analytics and technology.

Our micro vertical is similar to what many other such unlisted NBFCs are in that space. Our prime is similar to what most of the mainline lenders would be. Our supply chain is similar to most of the supply chain financing platform, and digital would be similar to digital lending.

So, also you should look at from this perspective, we have created this vertical to service the need of MSMEs in India. MSMEs have their need coming from different segments of the market. So, we look at customer first approach.

We should be able to serve a customer for his working better requirement in supply chain. We should be able to serve a customer for his machinery. We should be able to provide a term loan through a secured lending, so on so forth.

So, we want to serve the need of customer, and as you rightly said, there have been few quarters. I think so, you will not have this question about our ability of the execution

challenge because we are now, all of our channels are ramping up and we have no trouble at all.

Nirav: Sachin, if I were to look at lending, and when you say diversification in the lending space, we look at diversification from the perspective of the customer that we are serving. So, for example, it would be right to say, if we are doing two-wheeler loan or a gold loan, plus an MSME loan, or plus some kind of another micro finance loan, then we can call it that yes, we are doing too many things simultaneously.

Here what we are trying to say is, there are various products within the MSME lending space, right. So, we are always keeping the customer, which is the MSME, at the core of our lending philosophy, and within that whatever circles around what MSME needs is, what we are serving it, to the various product requirements. It's not a diversification, but it is just serving the needs of the MSMEs is what I would say.

Tulsiram: Yeah, and second, and the last question is on the restructured asset. So, on one slide, industry-wise restructuring we have given. So, what I would like to understand more is, out of the 7.5% restructured asset, how much have not made any payment in debt? And I think you have said 67% are current, so can you give more details on this restructured asset? What is the moratorium you have given? Is it the only principal payment, interest payment? So, can you give more details on the restructure asset?

Nirav: Amit, do you want to take it quickly?

Amit: Yeah. So, this restructuring has happened under the restructuring guidelines of RBI. There are two kinds of notification, one for MSMEs and other for small businesses. Most of the restructuring has happened post-pandemic one.

The kind of restructuring which we have done is a combination of principal moratorium, interest moratorium, or in some cases, principal plus interest moratorium, ranging from three months to up to two years, which was allowed. So, if we have to divide the restructured portfolio by tenures, I would say, approximately 50% of the portfolio would be less than one year, and other would be more than one year tenure from restructuring tenure perspective.

Tulsiram: So how many have not made even a single payment till date in the restructured asset, any details of that?

Amit: No sir, there are hardly any people who have not made any payment under restructured. This is very, very recent thing and still continues. The restructuring window actually, through RBI, is open till September. But we haven't encountered anyone who was restructured and post-restructuring has not paid.

Mr. Nath: I have an interesting question from Venkat, saying that while the company is technology-intensive, why we are not seeing CTO in your leadership here? Is there an overlap with anybody in the Leadership Team?

Yeah, so you know Venkat, it's an interesting question. So, I think so this, the core differentiator... So, we have a very strong Chief Technology Officer in company, Rishabh. Rishabh has been ex co-founder of Gramcover, and before that, he was head of development for Biz2Credit, which is a very large US tech-driven SME financing platform.

It is matter of orientation. Most of the young startup want to take technology as the lead and they forget that this is a balance sheet led business, wherein your production of principal and earning of the interest, is the core to the business, and technology isn't facilitated to that.

So, our CTO directly reports in to me. We work very, very closely. We are doing everything, but we would like people to recognize us for the credit quality, balance sheet expansion, and ROEs and ROAs we make over a period of time. And technology is leading to a lower Opex and efficiency for the customer. But yeah, but it's a good thing. I think so, at some point of time, we will showcase our CTO as well.

Nirav: Sachin, there are various other questions also in the chat box, actually. So, what we can do is one, we can finish the Q&A round here, and then go through the chat box questions as well.

Mr. Nath: Yes, please.

Jignesh: Yeah, that would be better. Rishikesh from Robocapital, you want to go ahead?

Rishikesh: Okay, thank you. So my first question is sir, what disbursement numbers are we looking at, going ahead in future quarters?

Mr. Nath: Okay. So, Rishikesh, we are not actually publishing the futuristic number in the presentation and hence to that extent, be very limited to, but what we can as a commentary give is, you know that how historically on a month-on-month we have performed, and you know our expansion of the various distribution platform that is taking shape.

What we can only say is that all of those, which were affected during COVID period, are coming back on track, and if all engines have to work on full capacity, then it will be much, much, a multifold edge from here. But I don't think we will be able to give any...

One directional response to this. In our first year of operation, we did almost Rs 850 crore of disbursement, when we operated for 11.5 months. In our second year of operation, where we were operational only for five months, we did Rs 700 crore of disbursement.

So, if you multiply for a full year, it was Rs 1500-odd crores. So, we virtually doubled our AUM from first year to second year. That would give you an indication that when market went up and... In the interim, our three new engine of distribution got built during pandemic, our GRO micro vertical, our partnership and alliances vertical. So, that would give you a sense that what would be our end AUM by end of this year.

Nirav: Also just to add that our lock-in to disbursement was much lower during the pandemic period because we had tightened credit considering all the sectors and sub sectors that we

operate in. If we were to kind of only convert those lock-ins into some of a better kind of a disbursement percentage, I think that itself will serve the purpose for us.

Rishikesh: Okay, okay, sir. So, what was your July disbursement for the particular month, July?

Mr. Nath: Yeah, it's in the presentation. It was...

Nirav: 250 plus crore.

Rishikesh: Okay, great. And my second question is sir, how many branches we added in FY 21? And what is our plan for FY22?

Mr. Nath: It's a public data we have published, so that we can talk about it. So, in Q3 FY21, we added 25 micro locations. In this year, we'll add 50 micro locations.

Rishikesh: Okay, great. How much of our book is PSL-compliant?

Mr. Nath: 95% plus.

Rishikesh: Okay, and also sir, my question is next that many NBFCs, they are vertically focused, and whereas we may have exposure to several sectors. So, how will these be managed?

Mr. Nath: Sir, can you explain what do you mean by NBFCs being vertically focused?

Rishikesh: So, basically many NBFCs you see, they are focused to some specific sectors or somewhere, okay, and whereas, you have exposure to several other sectors, what you say, eight other sectors, okay. So how...

Mr. Nath: Okay, I understand the question. So, you have NBFCs like Indian School Finance Company, Varthana, you know, which are into say, education financing. You have Kinara and few others, which is machine tool financing, and you have geographical focus NBFCs which don't look at sectors.

Majority of the large-scale players don't look at sectors. They are sector neutral. They lend to everybody, because they're more collateral-focused. So, from that perspective, we are actually focused. So, it's the way you look at it. But I think so, and that benefits us because during the pandemic period, what we realized that our ability to decipher, so look at hospitality.

Our ability to look at hospitality and look at a banquet hall differently than a fast-food chain is what benefitted us, in terms of how we expand the credit. The entire sector analysis is what we call knowledge, and we centralized that pool, and through technology, we disseminate at the ground. So, I think that that's a plus benefit to us.

Rishikesh: Okay, and my last question is sir, a few months ago, you had reshuffled your team, and also there was a resignation of CEO. So, can you please comment on that?

Mr. Nath: So, UGRO's management team, the first round of management team is coming to a level of maturity. So, we are three years plus old. Our business model is also pivoted from where

we have started. Some of those people who had joined us in the first phase, they want... Actually, a lot of people are benefiting from UGRO's brand creation and they are getting bigger and better opportunity from their personal perspective, within the large banks and others.

So, it is a combination of some realignment of the management team, which fits to our long-term goal, and few individual choices of people who want to take different role. So, there's nothing. I think so, what is good about U GRO is that the kind of, and size of the talent, which we are attracting now, is often very different quality.

We are, actually a lot new people want to come and work for us, which is a very good thing. I've seen in my journey of 35 years, 30 plus years of financial services experience, every financial institution takes around five years to settle for a more stable team. Look at the HDFCs and ICICIs of the world.

This is our first round of that transition wherein a certain set of people came in, set the business, brought it to a level, and now it's a second generation of team coming in and now growing the business. So, nothing odd about it.

Rishikesh: Okay, thank you. Thank you very much, sir.

Jignesh: Thanks Rishikesh. So, Maheshwari, you want to go ahead with your question?

Maheshwari: Yes. Hi, this is Anuj here. Thanks for organizing this call. It's really helpful. I have just one quick question on, you mentioned about this MSME. I mean, you're focusing on MSME lending, which is a big opportunity, and obviously, the AUM target, which you've set, we see a lot of growth opportunity over there.

Can you highlight the risk, which the company faces, the key risk? As you set on this growth path, what would be the key risk, as an investor, that we should be looking at? It is my first question.

Mr. Nath: Yeah, it's actually, I should not be doing that. But actually, if you look at our size of the capital, the portfolio quality, the expansion, and where we are vis-à-vis any comparable in the market, you have to make your own assessment, but I can't understand what risk could be.

Obviously, for every company, there are macro risks. Our macro is obviously, one is, MSME as a business, they are more volatile than some other segments, sales, employ, salary. MSME are a business cycle business.

So, if you continue to believe that come what may, India would be sub five percent growth rate, then obviously the entire MSME would get affected. But if you believe that whatever is the government, whosoever is the governance, whatever is the policy, India would continue to grow at least at a rate of six to seven percent. MSMEs would continue to flourish, and I'm not taking pandemic kind of impact. Hopefully, that would be over. That's one.

Second one of the biggest challenges, the risk for the growth of NBFCs or any FinTech lending platform, have been the liability side spectrum. Because the source of the liability was not permanent and post-IL&FS, that became very troublesome, I think so, we are gradually cracking the code on the liability side.

The combination of the diversified liability provider, along with our co-lending and DFI partners, actually where we sit today, we very comfortably can say that that is not, it is always a challenge, but that's not going to be a hurdle to our growth.

Now, after that, our strategy for five years is very clear, it's all about sheer execution, maintaining faith in ourselves and continue to grow. Amit, you want to add something on the liability side, which otherwise is generally seen as a big challenge for lending institutions?

Amit: Yeah. So, Mr. Nath has actually talked about the bilateral lending aspect. I think, banking liquidity continues to be very, very high. So, as we speak, average banking liquidity in the system is almost Rs 6 lakh crores in last, if I actually look at the average for last week or so.

So, on the banking side, these banks also are facing issues to deploy their liquidity in credible borrowers. So, obviously, given where we are, in terms of our capital structure, in terms of our leverage ratios and all that, we actually present a very attractive option for that department.

Having said that, we, obviously on the bilateral and lending side, that is something which is sorted out, I think. Even on the capital market side also, things are opening up a lot. You had actually seen post-IL&FS crisis. NBFCs were actually being seen negatively.

But now, things are opening up again, and there are new instruments which have actually come up in the market. So, you have seen the covered bonds in the form of market-linked debentures. They have become very, very popular. In fact, we have actually seen a lot of success in that particular market.

So, while liability is something which is a very, very important part of our business because it's a raw material, we don't really see any challenge. So, both on the capital market side, and on the bilateral lending side, we are at a very, very strong wicket, and we think our growth won't be hampered because of the want of them.

Maheshwari: Sure, thanks, yeah. My second question was on this fee income. So, how much is the fee income in proportion to this total revenue?

Mr. Nath: Right now, it is not. Most of our income is balance sheet led income, except some of the insurance clusters.

Maheshwari: Okay, okay. And one final question, I mean it's just a continuation of the previously asked question on the CEO resignation, are we looking to hire a new CEO? I mean any strategy on that?

Mr. Nath: No, right now I've said this in our previous quarter results as well that we have a three-layered organization. So, I as a founder, Executive Chairman & Managing Director, I'm 100% involved with the business and dedicated. We had a CEO who was running the business on a day-to-day basis, and we have a strong second layer of the management team.

Right now, what the board has decided that given the strong management team, which we have below me, for a foreseeable future, we don't need a CEO in the company. As a Managing Director, I am driving the business, both strategically, and a little bit operationally, but there's no intention right now for at least current financial year, to hire any CEO.

Maheshwari: Okay, thanks. I mean those were my questions, and all the best.

Jignesh: Just give one second. Anuj Maheshwari, who raised the question, can you just specify your company name, please, if that is okay with you, Mr. Maheshwari?

Maheshwari: Yeah, I'm an individual investor.

Jignesh: Yeah, perfect, thanks. Yeah, Nirav, please go ahead.

Nirav: Another question has been asked on the chat box is, Mr. MD mentioned in one of his interviews that we're going to exhaust the Rs 1,000 crore BOB co-origination loan in this financial year itself. Are you on track to achieve this?

Mr. Nath: I don't know where I did mention that and I'm definitely hoping, given this, what I talked about the size of the asset, which is getting created in our book. Hopefully, a large portion of that we would like to exhaust in the current financial year.

Nirav: Jignesh, you want to take the rest of the question on the chat box, or you want to kind of go and ask...?

Jignesh: First, I guess Mr. Anil Kumar Tulsiram, he is already holding up. Sir, do you have a question?

Tulsiram: Yeah, one last question. I see on the slides that you have given the sector-wise restructured assets. I think for onward lending, it is around 25% restructuring. So, my question is, has anything, is it very micro loans, because of which the restructuring is high?

And the related question is, can you explain more about your co-lending with the NBFCs? What is the vision and what is that we wanted to achieve through it, not in terms of numbers, but more qualitative, what exactly we're trying to do with this co-lending with the NBFCs? Yeah, thank you.

Mr. Nath: So, I'll take the second one first and come to the... So, I think so, in terms of co-lending it is not just with NBFCs. As you said that given our size of equity capital access to the cost of capital, and our ability to evaluate every partner who has access to customer. That access to customer can be multifold. It can be a small NBFC, which has a ground presence of reaching out the customer originate a loan, disburse a loan, and service the loan.

It can be a payment platform which has a history of transaction data. It can be a marketplace which has a history of again, our transaction data which is more merchandize-related, or it can be multiple other formats which are coming into the marketplace.

So, it's a combination of our deep data analytical capability, our ability to assess the underlying transaction flow, evaluate the underlying philosophy of underwriting of a partner, and basis that come to a loss ratio scenario and ask for some form of a credit cover, and then at every customer level, provide our balance sheet, along with the partner. That's the philosophy.

In terms of the benefit, I think so, it helps us to scale, and more than it helps us to scale, it is actually maturing our data sciences exponentially, because we are being able to gather customer information at much faster pace than what we would do purely on our own organic build, because the more you originate the loan, more mature is your data science and your ability to underwrite. Hope this answers the second question.

The first one on the restructuring on the onward lending side. Actually it's only one small NBFC case, I think so, it's up to 3.5 crore. Unfortunately, the restructuring guidelines does not cover, and I know restructuring for an NBFC loan, and that's why that whole transaction has gone and it shows a high percentage, but it's just one case. The underlying NBFC had some mismatch of cash flow, but otherwise fine.

Tulsiram: Yeah, thank you. That's it. No more questions.

Mr. Nath: Jignesh, should we take the questions from the chat now?

Jignesh: Yeah, I'm just going ahead. Jai, who is an individual investor, he is asking that an ECL data shows that stage 1 is 92% to 93% of the due pay loans. Does this mean that these are all zero DPD customers?

Mr. Nath: Anuj?

Anuj: Yes, these are all zero DPD customers.

Jignesh: Second, promoters' stake is 2.7% and management ESOPs is about more than 5% looks to be lower, and suggest less than 5% looks to be lower and suggest that the killing the game could be on the lower side. Your comments, if any?

Nirav: Sir, it is this way. Skin in the game is, depending upon how big your Skin is, right. So, that's why it's killing the game. But in a lending balance sheet business, while a professional who is turning to an entrepreneur, and who has deployed more than 150 percent or 200 percent of his personal Networth into the company, and straightaway on basis of that, raises Rs 1,000 crore of capital, you would get diluted down. It's a choice which we made.

We could have only raised 100 crore and taken seven years to reach where we are, and probably my personal stake would have been now gone up from 2.7% to say, 20-odd percent. Eventually, in a lending institution run by professionals, the founding team always gets diluted down.

I have taken a personal call, a choice to make business more resilient and get diluted early on, and I don't see any problem. If you look at the largest institution today, HDFC, both HDFC Ltd, HDFC Bank. Management teams are only incentivized by ESOPs and there is enough is killing the game, and they have multi-year value creation they have done for investors.

So, that's the answer for that and I think so, our view is that, actually if you have a combination of a very high quality governance, a very strong shareholders' influence, and an aligned management team, that is a far better model than one single individual promoter, who has a very serious conflicting interest.

So, it is not just a matter of money. Our reputation, our life is at a stake in this business. So, don't judge us by percentage of shareholding, I would say. Judge us by what we are, investing both in terms of our capital, time, energy, in what we want to create in this country.

Jignesh: Amit Agarwal is asking, if we are planning any rights issue.

Nirav: Third part of the same question is pending. So, since the time the new management team has taken control, there have been multiple challenges, structural changes. You may have also made some mistakes or headwinds. Can you elaborate some of the mistakes and learnings out of those?

Mr. Nath: Most of that have been answered. I think so, one thing which we definitely would like to tell that when we started in 2018, so when we conceptualized this business, that was pre-IL&FS. Since then, the liability side of spectrum and the fundamental architecture of the business has dramatically changed.

We would have lied that of a 1,000 crore of capital raised, we would have been rated AA-, our cost of capital should be sub 9%, and we would have expanded more prime business. But did that pivot, because we understood that we would be doing justice by serving much broader market, micro market cash flow based financing, and we transitioned with this very quickly to a broad based distribution architecture, and a broad-based liability architecture. That has been our learning and now we are fully well stable on that.

Nirav: Yeah, and I think just to add here, it's not since the time the new management has taken over. The management has remained the same. Since the time we have started, we have seen multiple challenges, and I would say it's not challenges with respect to internal problems or issues, it is with respect to the macro.

So, whatever had to go wrong within last three years have gone wrong, right. Right from very recent COVID to prior to that IL&FS, Yes Bank, Indiabulls, you know all of those things. So, what we have been able to build even during the toughest time is a very resilient portfolio, and that's the key takeaway, and that's the learning as well from the challenges that we faced.

Mr. Nath: Let me add just one thing on that. I think so, where our opportunity set lies that majority of the peer set lending institution who have already built-in portfolio, are today, facing both trouble, managing those portfolio, underlying matching the cash flow, liability side challenge, and so on and so forth. So, to that extent, our timing has been great for us. We don't have that problem. All of our focus is growth versus all of our peer set focus is managing existing business.

Jignesh: Yes, and as earlier has been asked, any plans for the rights issue right now?

Mr. Nath: No, sir.

Mr. Nath: A similar question on QIP, I think so, every year we do an enabling resolution, as you know, QIP resolution expires every 12 months. So, it's just a re-issue of that resolution, but as of today, it's a company which is very well capitalized. Its leverage ratio is very low. Given that co-lending is coming in force, actually our leverage would continue to remain low. So, there is no plan for any capital raise right now.

Jignesh: Harita is from Argus. He is asking, how our collection efficiency during COVID wave 2, and how we're seeing a trend now in July and August post-Q1 FY22?

Mr. Nath: Anuj.

Jignesh: Any comments on the collection efficiency side?

Anuj: So, our collection efficiencies during the pandemic 2 wave in April and May had dipped a little, to around 86% to 90% but we have seen a sharp increase in June and July. Now, we are hovering around 93%-94%. Bounce rate also have come down. So, overall, the macroeconomic environment is getting better.

Jignesh: Okay. The second question from Harita is that our interest yield has increased to 15.8% in Q1 FY22, compared to 14.1% last year in same period. What has been the major driver for the improvement in yields ?

Mr. Nath: This is like a construct of the portfolio, the way it got built. Quite a bit of our portfolio, or a portion of portfolio has come from our partnership and alliances. Given the nature of micro MSME, which is being served, the portfolio is being higher and we intend to be and remain in the same range over a period of time.

Jignesh: And third question from Harita is that our AUM stands at around 1500 crores as of July, and we haven't got AUM of roughly around 20,000 crores by FY25. So, some light on the overall strategy, how we are going to achieve this up? Nirav has already, yeah.

Nirav: I answered. I will answer it again. Ma'am, that we did Rs 850 crore in year 1. We did roughly same AUM when we operated only 5 to 6 months. So, technically, we doubled our AUM and if we keep doubling our AUM every year, we'll reach that number. So, we have the infrastructure, the distribution, the liability, all of that is in place, we have to just keep executing on that.

Jignesh: Another question from Anuj Maheshwari, are we looking to reduce our cost of borrowings, which seems a little high as of now?

Amit: So, I can take this question. So, I don't think our cost of borrowing is actually high, given the nature of business and where we are rated. Obviously, it is, cost of borrowing is dependent on the stage of the business cycle in which a company is operating. And also on the rating. So, there is always a constant endeavor to basically see ways and means of reducing the cost of borrowings, which has been coming down every quarter. If you look quarter-on-quarter, you would actually see a secular declining trend. But obviously, this is dependent on, as I said, the cycle of the business in which company is operating and also on the rating. So, we are obviously, talking to rating agency for a rating upgrade, which will also help in reduction, and different kind of instrument. So, this is a cost endeavor.

Mr. Nath: I would just add, please sir, don't compare us with what we call the AAA large promoter backed companies in India. Unfortunately, India's liability market and rating market judge and evaluate lending institution not because of their underlying business performance, but largely who the shareholder is, while the test of the time have been that none of those shareholders have actually been able to provide requisite support when it was actually required, but that's the construct of the market.

So, the cost of liability of those AAAs and AA+ or the companies which are more than 10-15 year plus vintage, versus our peer set. In our peer set, with our vintage, actually our cost of borrowing is 250 basis point down than any comparable which you can think of.

Jignesh: Understood. Mr. Vijay Chauhan who is from Right Horizons, is asking, any expected timeline for touching the double-digit ROE?

Mr. Nath: Sir, we have given our five-year target publically. Our five-year target, if you look at the last slide of our investor presentation, which always goes out, we have said that we would touch an ROE of 18.8%. That is our target for 2025.

Probably this might get little accelerated if our co-lending actually really becomes more successful than what we are talking today. As I said that, today our target is 30% of our AUM to go in co-lending, but if you keep improving that trigger and you take it to 50-odd percent, your ROE creation would be much faster because that's capital liabilities.

Nirav: We have a question, it is actually from Akshay, how big is our tech and data science team? Every tech company has indicated a rise in compensation for their employees. Do we see similar trend? So Anuj, you may want to talk about how large is the data science team that we have at this point in time? On the tech side, we have about 20 plus members on the technology side. And Anuj, actually spearheads the data science team.

Anuj: So, from design perspective, when we designed, the idea was to have a very high caliber people who will design the whole data science architecture and the execution mostly so far we have been outsourced. But now we have developed, especially GRO Score 1 and GRO Score 2, which is quite proprietary in nature, so some of the execution also we are doing in-house.

So, currently the team size is a little more than 10, but the idea is to keep expanding as we expand. But from intellectual caliber perspective, as a culture, we don't want to compromise at all and want to spearhead the thought process in FinTech lending.

Mr. Nath: I'd like to answer this question really with one other way. Of our total people Opex, our centralized cost consists of roughly around 40-odd percent, and of that around 20-odd percent, 25% is our data sciences team's cost. So, we have invested disproportionately, very heavily in very, very senior caliber and we are adding to that.

With respect to our technology team, we build our first prototypes by using multiple vendors for different kind of products. There is roughly around 30 people dedicated team who sits outside of our payrolls. Now, with our new CTO, we are making it largely in-house gradually, because of, as Anuj said, proprietary nature of both our data sciences and tech, we are making it in-house and very soon it should become a large team.

But we are, as you said that we don't want to fashion ourselves saying that because we have 200 people in technology, that's why we are a great company. We want to deliver superior returns financially, and technology and data sciences would underpin that. But we are constantly investing.

In terms of the cost going up, that's true. I think so, that is going up but I think so that we still attract a lot of people because the level of innovation which people can experience within UGRO is far superior than many other traditional companies or some other players.

Jignesh: Yeah, that is I guess, this is a question from Mr. Venkat who is from 3Sigma Financials, that while the company is technology intensive, why are we not seeing a CTO?

Mr. Nath: I have answered that Jignesh.

Jignesh: Already done. So, I guess the last question is, you can take it up from Anil Kumar Tulsiram who has raised a question, who has raised a hand. Mr. Tulsiram?

Tulsiram: Yeah, thanks for giving opportunity for the third time. My question is on the co-lending. First, it's quite commendable that you could get the co-lending agreement with the Bank of Baroda. So, for what has helped us in getting this agreement though we are only three years old? And the same question on SBI and ICICI. I think it's almost 18 months, so what is causing the delay with these two institutions in getting the agreement signed? Is it because we don't have a long track record, or is it the COVID, or anything else? And if you can give more on the co-lending side, yeah.

Mr. Nath: Good question. So Anil ji, I think so, agreements are signed with all three. As I said, there are two frameworks of co-lending by RBI has come in India. First framework was given by RBI, which was called co-origination arrangement, which came in 2018.

Within the first year itself, three of the large lending institutions signed up and signed agreement. When large banks, like in SBI and Bank of Baroda, signed an agreement, then

they complete all the diligence process, technology integration process, standard operating procedure.

But the challenge in the first circular was the way the circular was designed in the first regime, practically it was very challenging to start co-lending. All banks and all large or mid-sized NBFCs went back to RBI, and RBI revised their framework in November of 20.

Under the revised framework, new structure of co-lending has emerged, and under the new structure, we have now resigned our agreement with Bank of Baroda, done all the tech integration, process integration and gone live, and loans are now getting disbursed.

Under the second revised same framework, we are going live with SBI soon. Hopefully, they are working on their processes. We'll sign soon. The reason why we publically published their name is because we already have signed agreement with them.

Tulsiram: Yeah, so just one last question on the co-lending itself. So, how logistically it works, means do you have to physically send the file to the company, or once you approve the loan, you have tech integration with the Bank of Baroda, and they also review? So, how exactly it works on, because you will have multiple co-lending partners and multiple products, so if you can explain little bit on that side.

Mr. Nath: Tulsiram ji, we have a platform called GRO Xstream. Our GRO Xstream platform is the platform for our entire co-lending. So, all the partnership and alliances which we do on the asset side, and all the partnership which we are doing on the liability side, goes through our platform which is an API box, under which anyone who is originating loan with us, or when we originate loan with the bank, is all driven through that tech platform.

I think so, that's quite proprietary. That is our secret sauce why vis-à-vis many of the large lending institutions in India, we have been the first preferred partner for two of the largest banks in the country. So, I would just limit my response to that, that we have a proprietary tech-enabled platform, which helps facilitating this process.

Tulsiram: No problem sir, and thanks a lot for answering so many questions in so detail form, and excellent disclosures, and all the best to you sir.

Jignesh: Just quickly, Kunal who is an individual investor, is asking, what is the percentage of total book originated from the DSA channel.

Mr. Nath: Sir, I don't think we do that disclosure, but I think the way you should think about it, that our branch-led channel, our prime branches are all supported by our GRO partner, which can be a DSA or a referrer. We have 770 plus intermediary or GRO partners, of which roughly around 40% are active with us. A large portion of our current origination is from our prime branches, and rest of our channels are now growing. That might give you some sense of how our originations are.

Jignesh: Yes, he has next question on DSA only. He is saying that any rationale for originating from DSA given the low margins, and given the SO-led branch channels has low productivity,

compared to tele-callers on the digital channel, and in the industry, why not focus on the digital channel as well?

Mr. Nath: Oh sure. So, as I said that if you look at the construct of our four distribution channels, our branch-led channel, our prime branches are supported by intermediary partners, because that's a prime customer. Most of the prime customers have some or other relationship with a loan originator, and that's why loan gets facilitated faster.

Second, our micro channel is all direct, because all of our locations have sales people who are supported by our central digital marketing team, and they go and originate. Our entire ecosystem is direct. Our machinery business is through our OEM partners.

On the question of digital and why we are not doing digital is, because we are overrated on secured side of asset. In digital, if you are doing PL consumer then you can actually do a large portion of business digitally. When you do secured loans then you can only do lead generation through digital channel, but you still need some form of a physical touch to do customer onboarding. And that's why, and we are not increasing our buffer of unsecured financing right now, given where we are, as a maturity of the organization. Once we start growing that then we will also accelerate our digital channel.

Jignesh: Yeah, Mr. Krishnan P.S., I guess this has already been answered by Mr. Anuj Pandey, but still he is asking, are you comfortable with the bounce rates ranging between 11.3% to 24.3% for June 21? What are the bounce rates in July, and can we provide more details on the loan repayment status for July 21 for the loans that have higher bounce rates, in June 21 as well as on the ECL stages 2 and 3 during June 21, which is roughly around Rs 102 crores.

Anuj: What I had answered. We have seen improvement in connection efficiencies and lowering of bounce rate. So, a high bounce rate in absolute term is a concern, but not heavily so, because if collection efficiency is a high, and if you would see the collection efficiencies are improving a lot. So there might be delayed payment, but not defaults.

So, at this point of time, we are not overly concerned. This July was the first full month after pandemic and our own assessment is that August/September would be much better.

Jignesh: And second question from Mr. Krishnan, who is an individual investor, has been that our USP has been mentioned as a digital underwriting combining technology and our mix, and our understanding of the sector business. So, ultimately it is aggregation of multiple variables. The business bank, individual or major banks would have already cracked it. There can't be such a huge difference in approval timelines too. And banks have cost of funds anyhow lower compared to us, so some of them are starting to become aggressive as well.

On the unsecured portfolio too, we have an edge in the market. Can you please explain how our underwriting is distinct from banks? And this is not a criticism but a genuine effort to understand our model that differentiates us from banks and provide us the edge despite our higher lending cost.

Mr. Nath: I will try answering this. This is a question which is all progressive, not just for India, but globally. If that being the case, if the banks would serve the need of underserved customer, there was no need for RBI to grant 10 small finance bank licenses. There was no need to grant license to payment banks. There is no need for giving more and RBI coming in and saying that NBFCs are the one who are at the fulcrum of the solving the under sub-credit rate.

So, right for the top equivalence of everywhere, policy makers and everyone, it is very well-established. I won't go into detail of why, but it is well-established that banks are generally not being able to serve the need of the underserved market.

Second is, my question of penetration. India, the credit penetration to GDP is among the lowest in the world. Even to some of our neighboring countries like Thailand and Indonesia have higher credit penetration to the GDP. So, India definitely need more and more credit institutions.

On a rough estimate, if we have to achieve our GDP growth targets, forget about five trillion economy, even if you have to reach 75% of that, the size of the credit expansion what is needed in India, has to be ten folds of what it is today.

So, you need more and more financial institutions. It can be banks. In my assessment, you can have another 25 banks. You can have another 100 plus NBFCs and you can have 500 plus FinTechs in the country, and they will all continue to grow.

So, that's the broader macro. Now, in terms of the real differentiation, I think so it's a differentiation of focus, digitization and understanding the customer. I would simplify for Mr. Krishnan in this way. Today, if a bank underwriting officer goes and interviews two different type of customers, one is an IVF clinic, which may have only one customer in a month, but the revenue would be 10 lakh rupee from that one single customer, and a dentist, which will have 100 customers but may have a lesser revenue.

But the bank underwriting officer would underwrite both IVF clinic and dental clinic in the same fashion, same credit scheme, same methodology, same questionnaire. At the end of the day, they will ask for kind of a collateral because they just don't understand the business.

What we are changing is by creating our deep sector focus and using data analytics, to automate gradually the credit, which is for such a non-homogenous sector in a homogenous way, within our sectors and sub-sectors. I think so, that is what our differentiation is, and that is why large banks are coming to us. Otherwise, why SBI's reach in India or Bank of Baroda's reach in India is second to none, but still they are coming to us. There must be some reason for that.

Jignesh: Lastly, Akshay is asking, Is banking, small finance banking, that's something you would apply for in future?

Mr. Nath: No, we are focused on what we are doing right now. We don't have the energy to think of anything else.

Jignesh: Perfect, sounds great. I think this is it. We are already past time. So, let's end the call here. Thank you very much, Mr. Nath for allowing us to host this opportunity. Thanks to Nirav and the entire team who remained present.

If you have any further questions, either you can write it to us, or direct it to Nirav as well, and we will be happy to answer it up, as and when possible. Mr. Nath, do you want to make any further comments, last remarks?

Mr. Nath: No, thank you Jignesh for hosting us. Obviously, we are seeing a much greater potential. I think so, as we said, we are an odd startup which is starting in a listed company format. What investor fraternity tend to forget and compare us to people who have been in the market for 10, 15, 20 years. But at the base where we started and what we are doing, we are personally very, very motivated, excited. Market had been tough but we are using all of this time to build infrastructure, more technologically, physical and people infrastructure to be really of service to small businesses of this country, and that's our mission and that we work almost 15 to 17 hours every day towards that. Thank you so much.

Jignesh: Thank you sir and all the best for the coming quarters. We'll end up the meeting here. Thank you very much everybody.