



UGRO Capital Limited Q4'FY24 and FY24

EMPOWERING MSME ECOSYSTEM

NSE: UGROCAP | BSE: 511742

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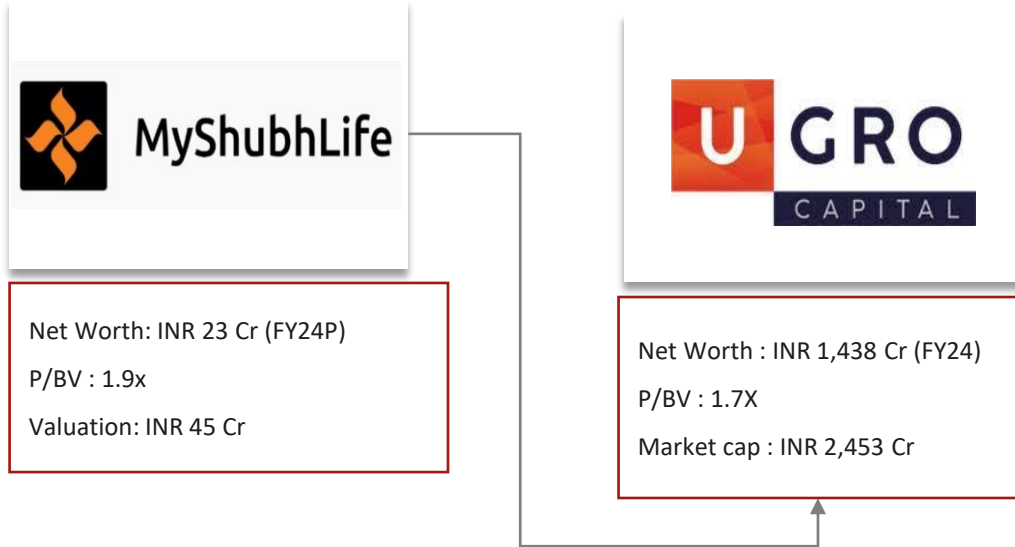
Company announces Equity Fund Raise of INR 1,332 Cr

Preferential Issue
INR 1,332 Cr

- ◆ Equity Fund raise of ~ **INR 1,332 Cr via Preferential issue**
 - ◆ **Equity instrument:** 1) CCD (Compulsorily Convertible Debentures) 2) Warrants
 - ◆ **Conversion structure:** Both instruments shall convert into equities within 18 months
 - ◆ **Issue rationale:** To attract investors with an extended time horizon who get to participate in the growth story of the company.
 - ◆ **Subscription amount:** CCD (~INR 275 Cr), Warrants (~INR 1,057 Cr).
 - ◆ **Reinstating confidence:** Samena Capital, one of our existing private equity investors, committed INR 500 Crores through Warrants.
 - ◆ **Marquee Investors:** Institutional investor like Aregence, and marquee family offices have committed to CCD and Warrants.
 - ◆ **Management conviction:** UGRO's founder, management team and independent directors have also participated in the warrants structure, thereby demonstrating their conviction in the business growth.

UGRO expands its embedded financing opportunity with MyShubhlife acquisition

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

Performance Highlights for Q4'FY24 and FY24

	Q4FY24	Q4FY23		FY24	FY23	
AUM (INR Cr)	9,047	6,801	↑ 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

Key metrics for FY24

01 **Asset Growth**

AUM
 As on Mar'24 : **9,047 Cr**
 (+49% Y-o-Y)

Net Loans Originated
 FY24 : **5,867 Cr**
 (+26% Y-o-Y)

Portfolio yield (net)
 As on Mar'24: **16.6%**

02 **Profitability**

Net Total Income
 FY24 : **638.8 Cr**
 (+64% Y-o-Y)

PPOP
 FY24 : **295 Cr**
 (+110% Y-o-Y)

Pre-tax Profit
 FY24 : **179 Cr**
 (+113% Y-o-Y)

03 **Asset Quality**

GNPA
 As on Mar'24 : **2.0%**
 (+40 bps Y-o-Y)

NNPA
 As on Mar'24 : **1.1%**
 (+20 bps Y-o-Y)

Collection efficiency*
 FY24 : **96.6%**

04 **Liability & Co - lending**

Borrowings
 As on Mar'24 : **4,653 Cr**

Co-lending
 - Partnership with **13** co - lenders / co - originators
 - **4,078 Cr** off-book AUM
 (+67% Y-o-Y)

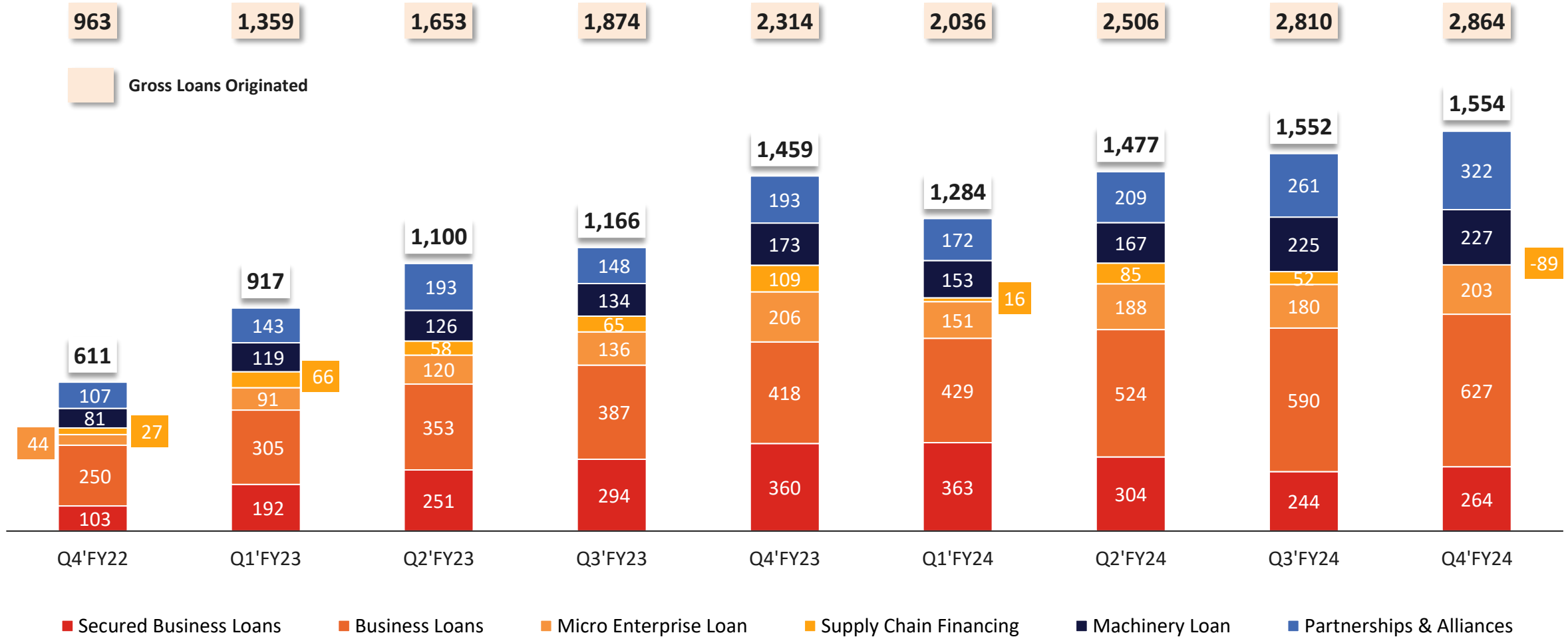
Cost of Borrowings
 As on Mar'24 : **10.70%**

*Total Collections (including overdue) / Current month demand

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.

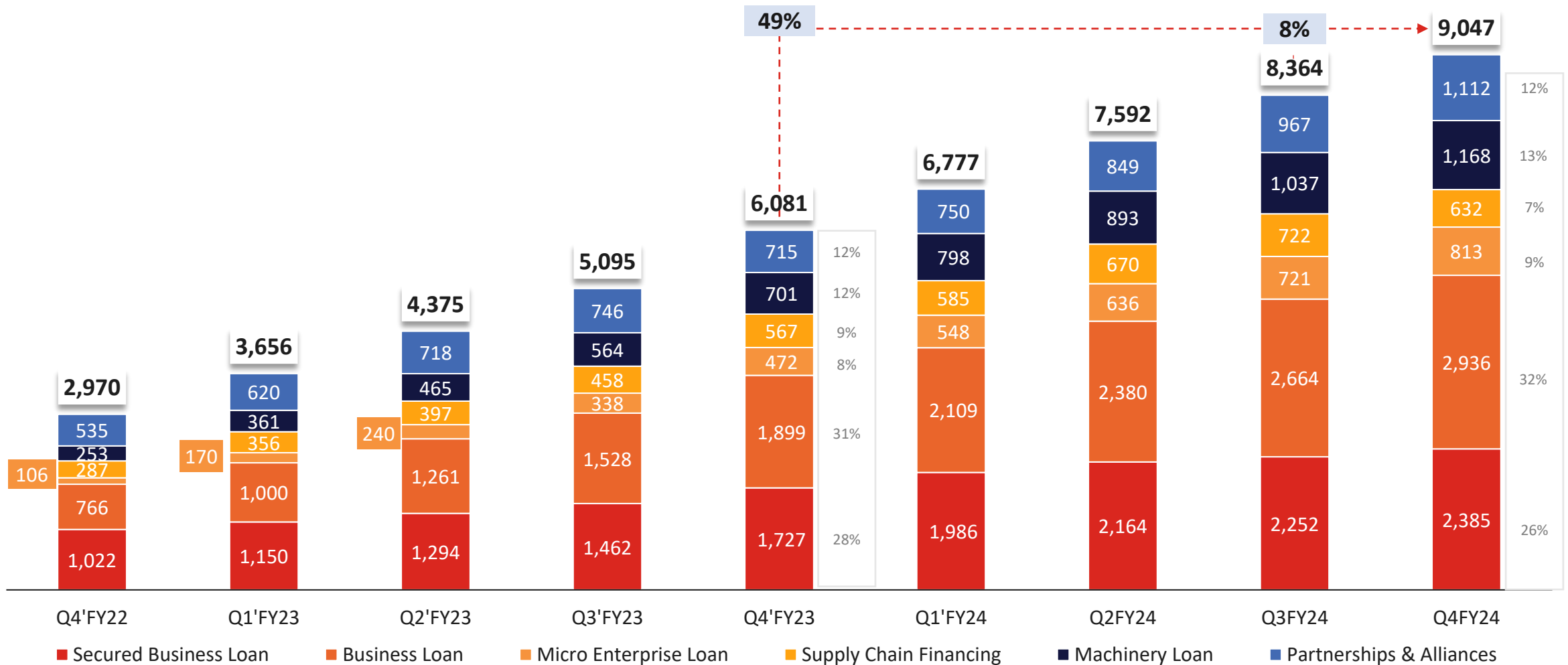


*Secured Business Loan is secured by property, Business Loan is secured by CGTMSE, Micro EL is secured by property, SCF is secured by receivables, Machinery Loan is secured by machinery, Partnerships & Alliances is secured by FLDG.

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%).

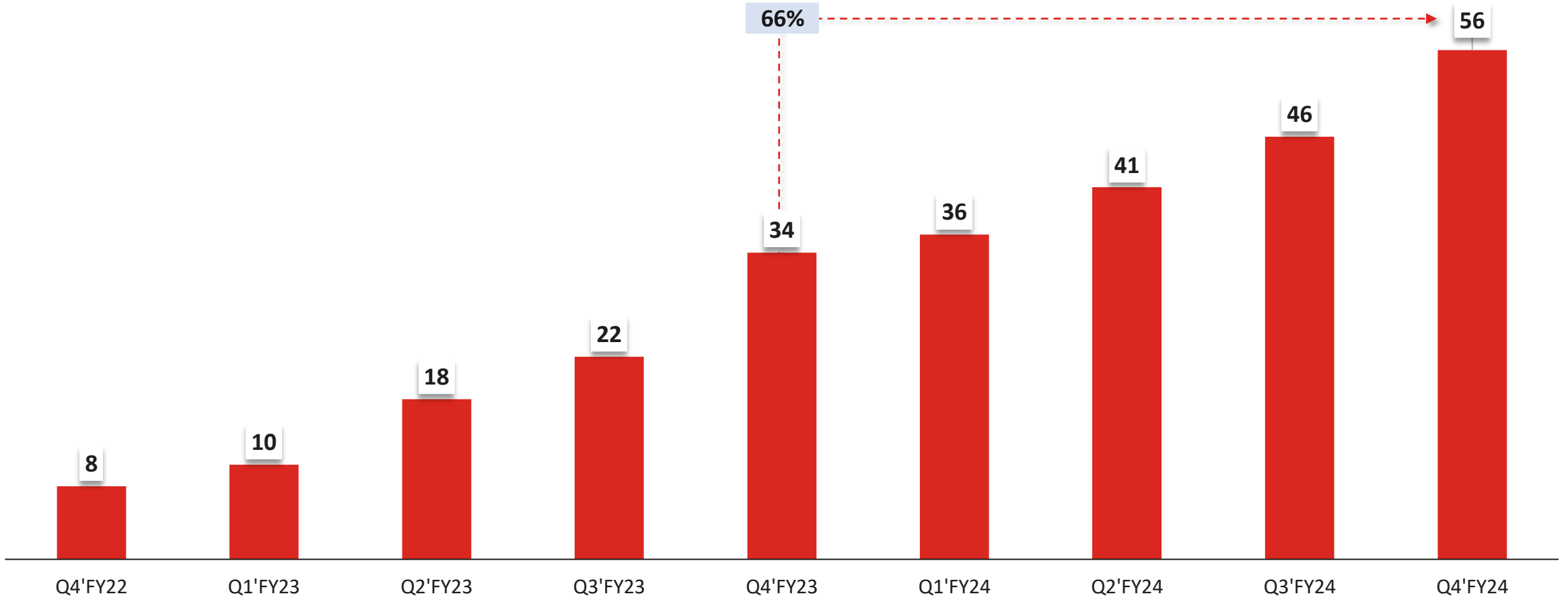


*Percentages represent product wise portfolio mix. Secured Business Loan is secured by property, Business Loan is secured by CGTMSE, Micro EL is secured by property, SCF is secured by receivables, Machinery Loan is secured by machinery, Partnerships & Alliances is secured by FLDG.

Which is delivering operating leverage

Amount in INR Cr

Consistently increasing PBT over past 8 quarters

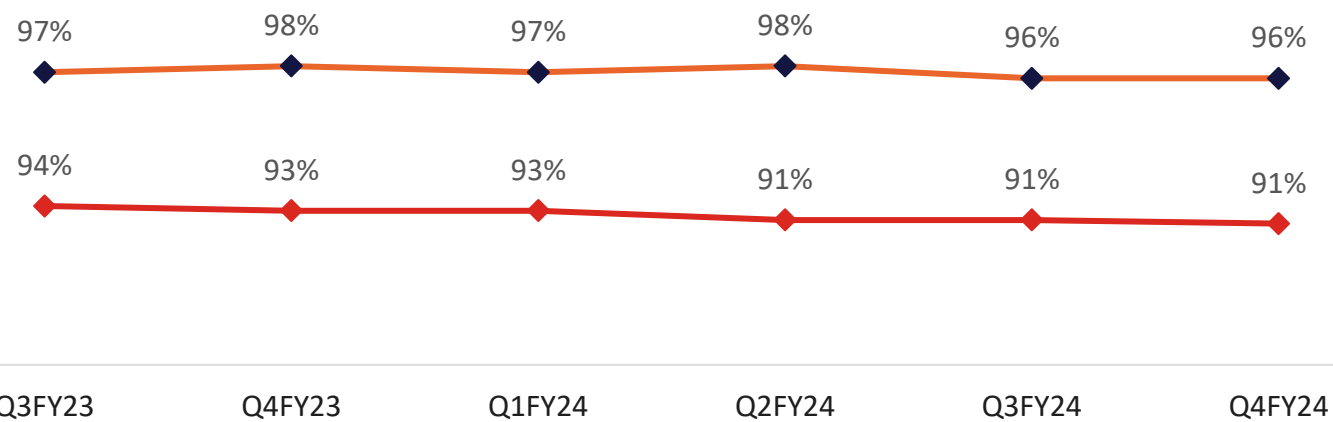


Our collection efficiencies and portfolio performance remains stable

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)

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%

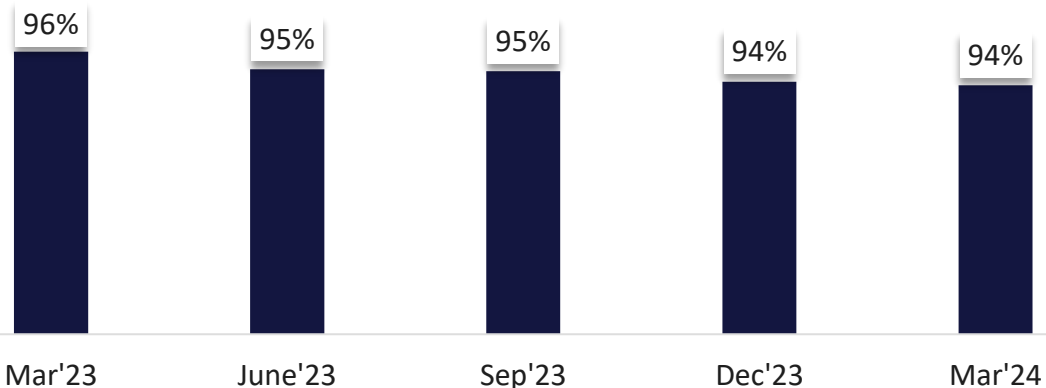
Product wise GNPA

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%

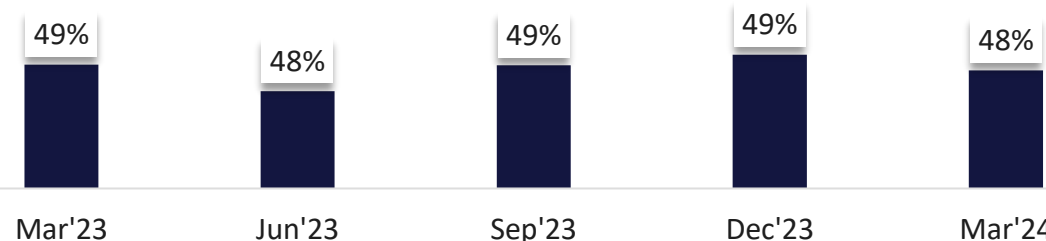
*Excluding foreclosures

Our collection efficiencies and portfolio performance remains stable

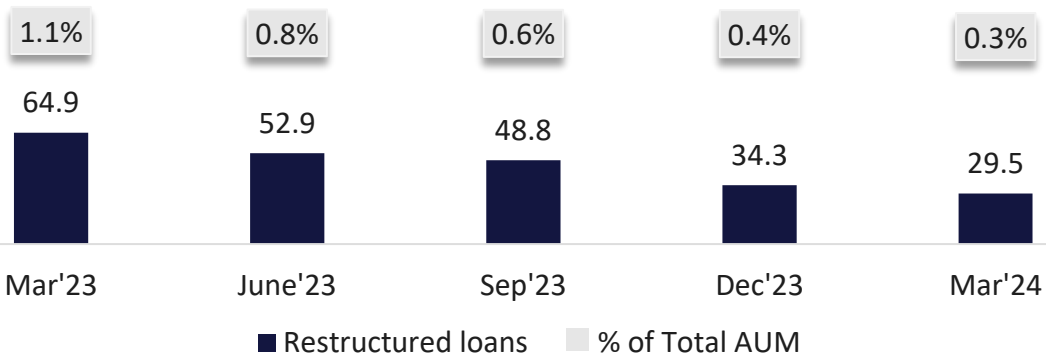
Stage 1 reaching stable state



Provision Coverage Ratio



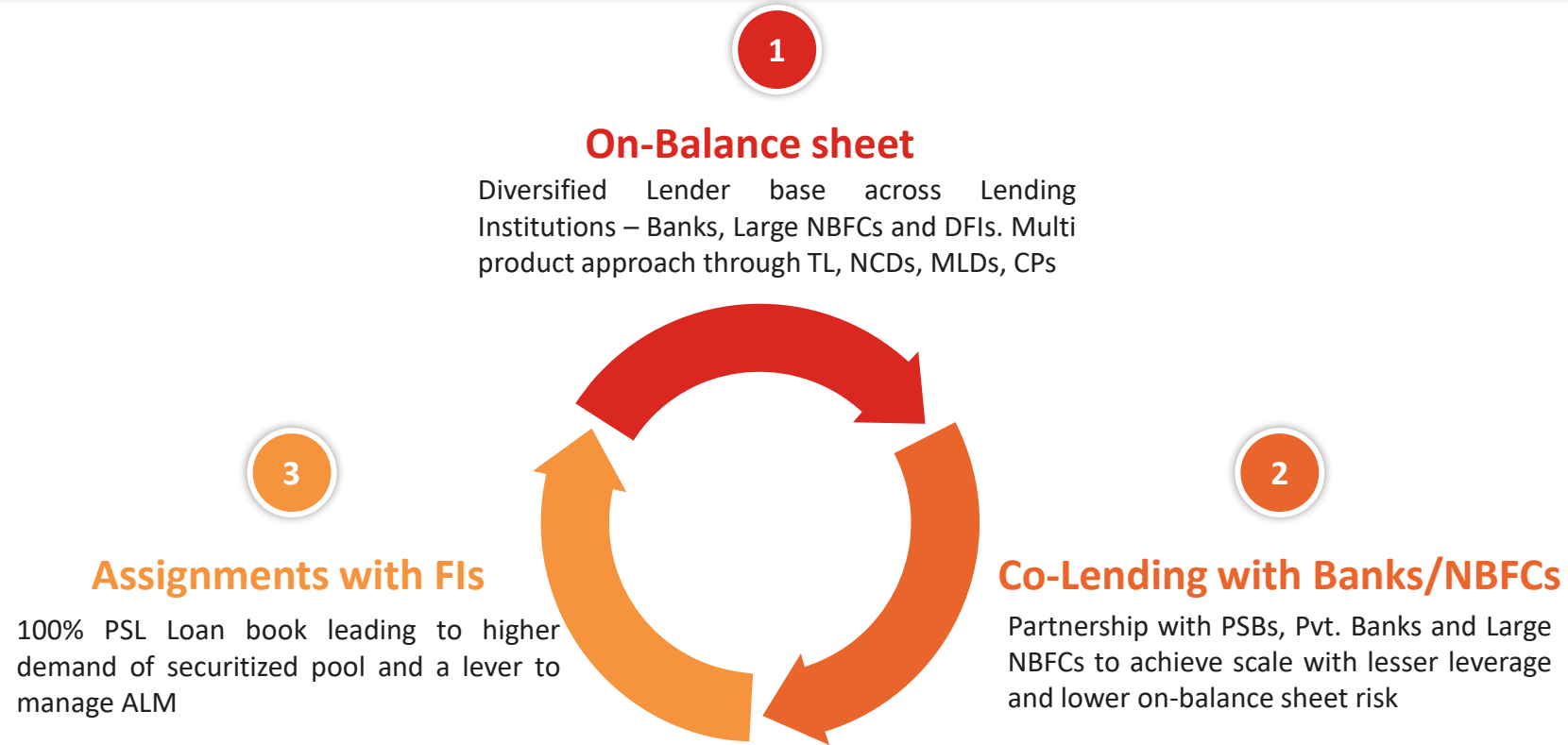
Restructured Loans (standard portfolio)



- 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.

Tri-pronged liability strategy – on-balance sheet, co-lending and assignment continues to mature

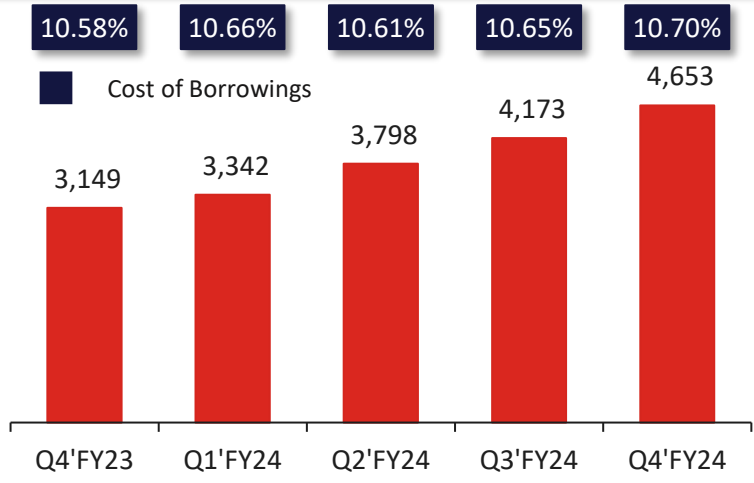
Demonstrated ability to manage a prudent mix of on-balance sheet and off-balance sheet approach



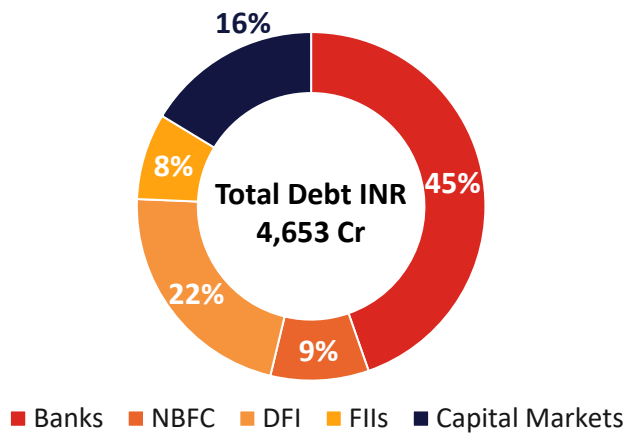
Actively partnering with liability providers and focus on building a long-term relationship

Diversified Lender base and continued build-out of liability book

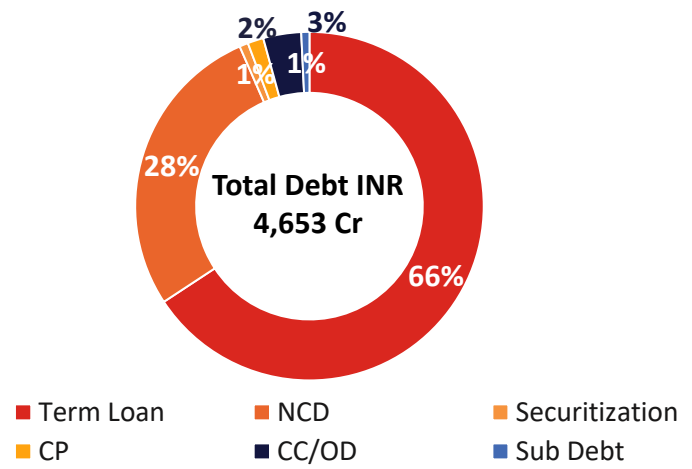
Total Debt (INR Cr) and Cost of borrowings



Liability mix by lender profile



Liability mix by product



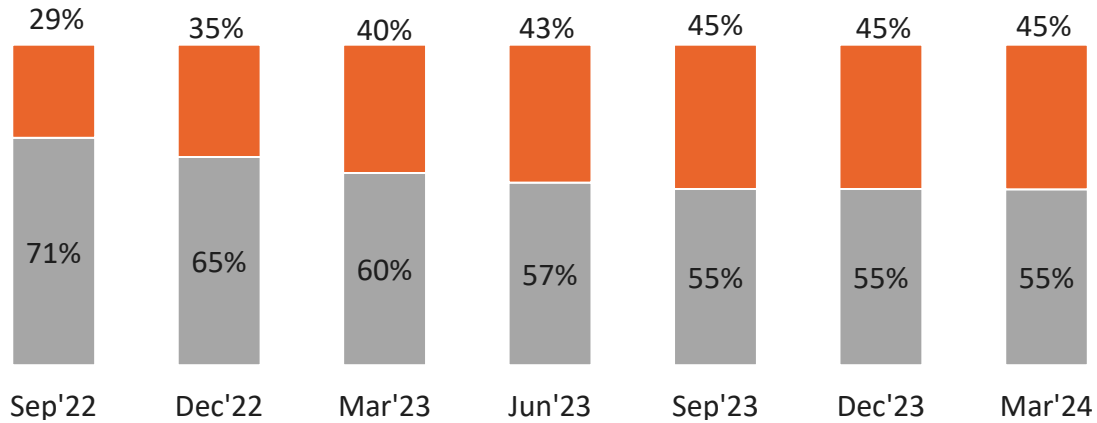
Our liability sanctions have been raised from a diverse set of lenders

Public Sector Banks and institutions	Private Sector Banks	DFI	SFBs and NBFCs

Robust momentum of our co-lending platform continues

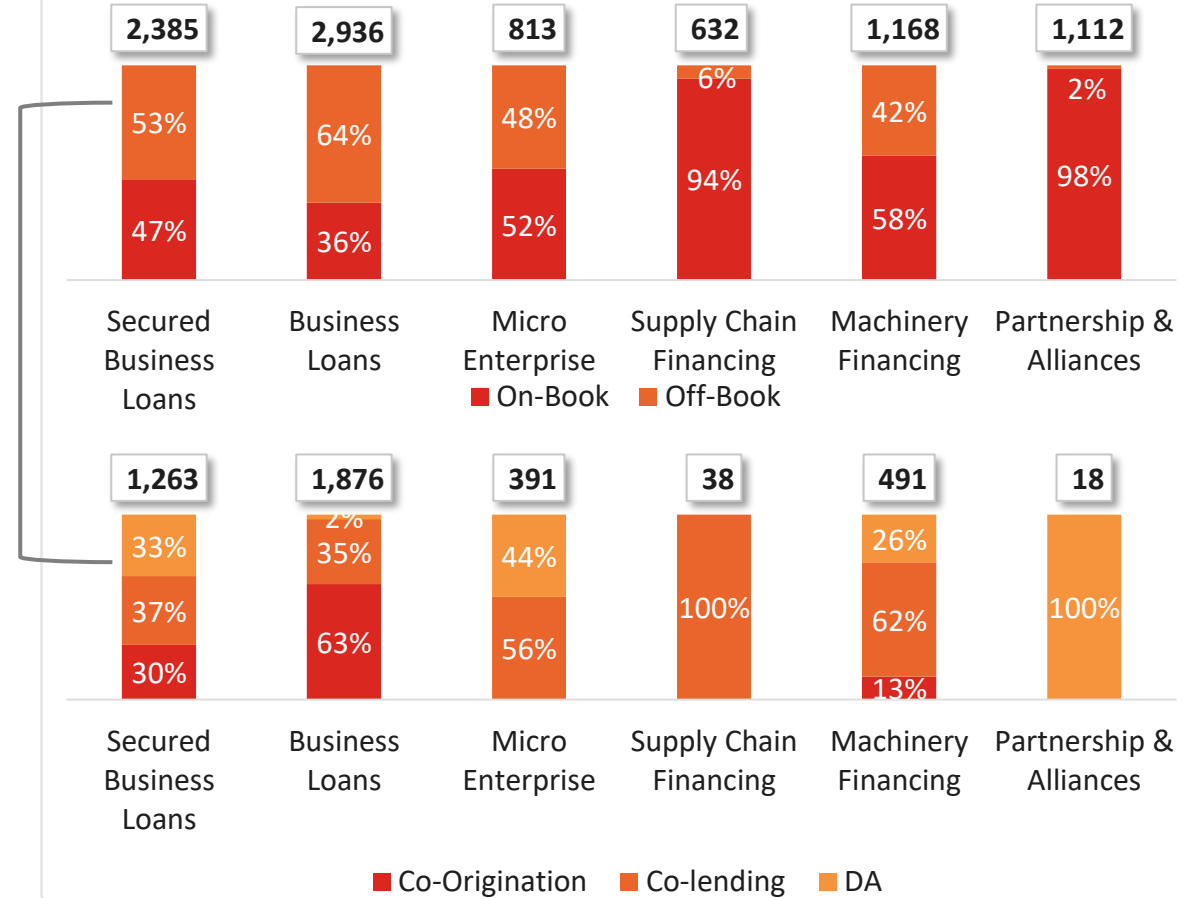
Increasing Mix of off - Book AUM

■ 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

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



Co-lending Partnership with 7 Banks and 6 NBFCs



Finance | Income Statement

Income Statement (₹ Cr)	Q4FY24	Q4FY23	Y-o-Y	Q3FY24	Q-o-Q
Interest Income	191.8	141.1	36%	182.8	5%
Income on Co-Lending / Direct Assignment	122.4	62.4	96%	76.4	60%
Other Income	16.2	13.7	19%	20.1	(19%)
Total Income	330.4	217.2	52%	279.3	18%
Interest Expenses	128.1	90.4	42%	116.7	10%
Net Total Income	202.2	126.8	60%	162.6	24%
Employee Cost	51.4	40.1	28%	48.5	6%
Other Expenses	53.8	35.5	52%	38.0	42%
PPOP	97.0	51.1	90%	76.1	27%
Credit Cost	41.1	17.5	135%	29.7	38%
PBT	55.9	33.7	66%	46.4	21%
Tax	16.4	10.4	57%	13.8	18%
PAT Adjusted	39.6	23.2	70%	32.5	22%
Deferred Tax write-off	6.9	9.2	-	-	-
PAT	32.7	14.0	133%	32.5	0.5%
ROA %	2.2%	1.4%	-	2.4%	-

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%

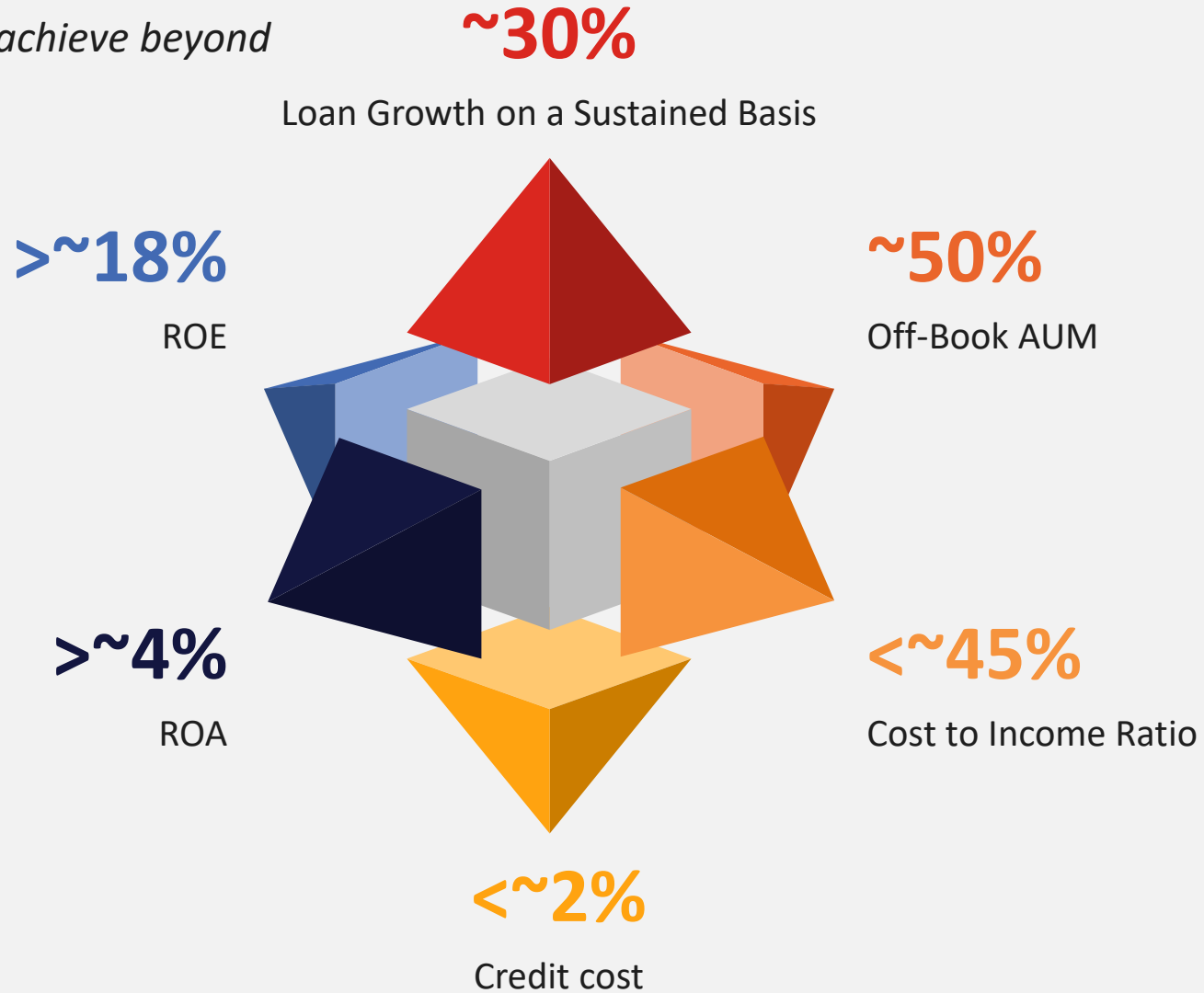
Finance | Balance Sheet

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

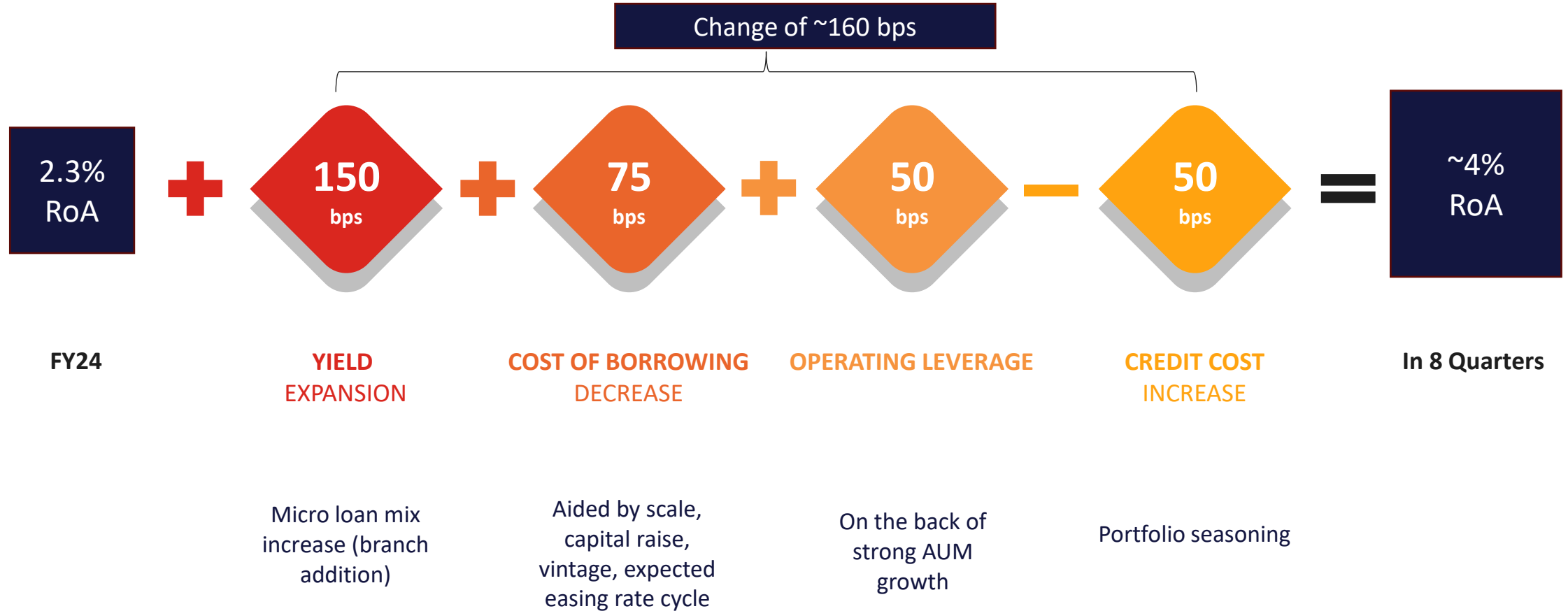
Balance Sheet (₹ Cr)	Mar-23	Mar-24
Liabilities		
Trade payables	14	14
Debt securities	1,144	1,395
Borrowings (other than debt securities)	2,005	3,223
Subordinated Liabilities	-	35
Other financial liabilities	75	77
Financial liabilities	3,238	4,744
Non-financial liabilities	83	98
Equity share capital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

What's in for shareholders?

◆ *We will achieve beyond 2025...*



Our journey to 4% RoA



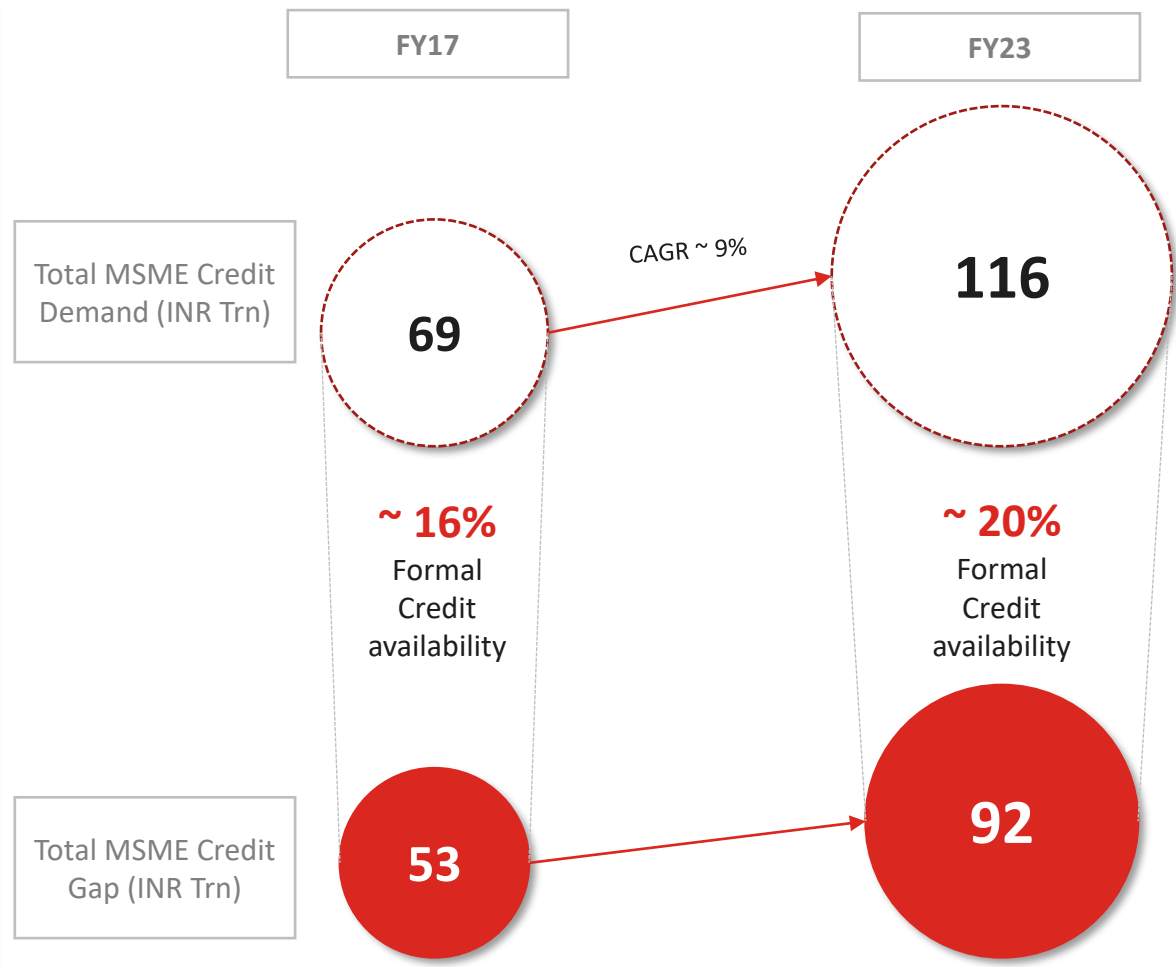


UGRO Overview

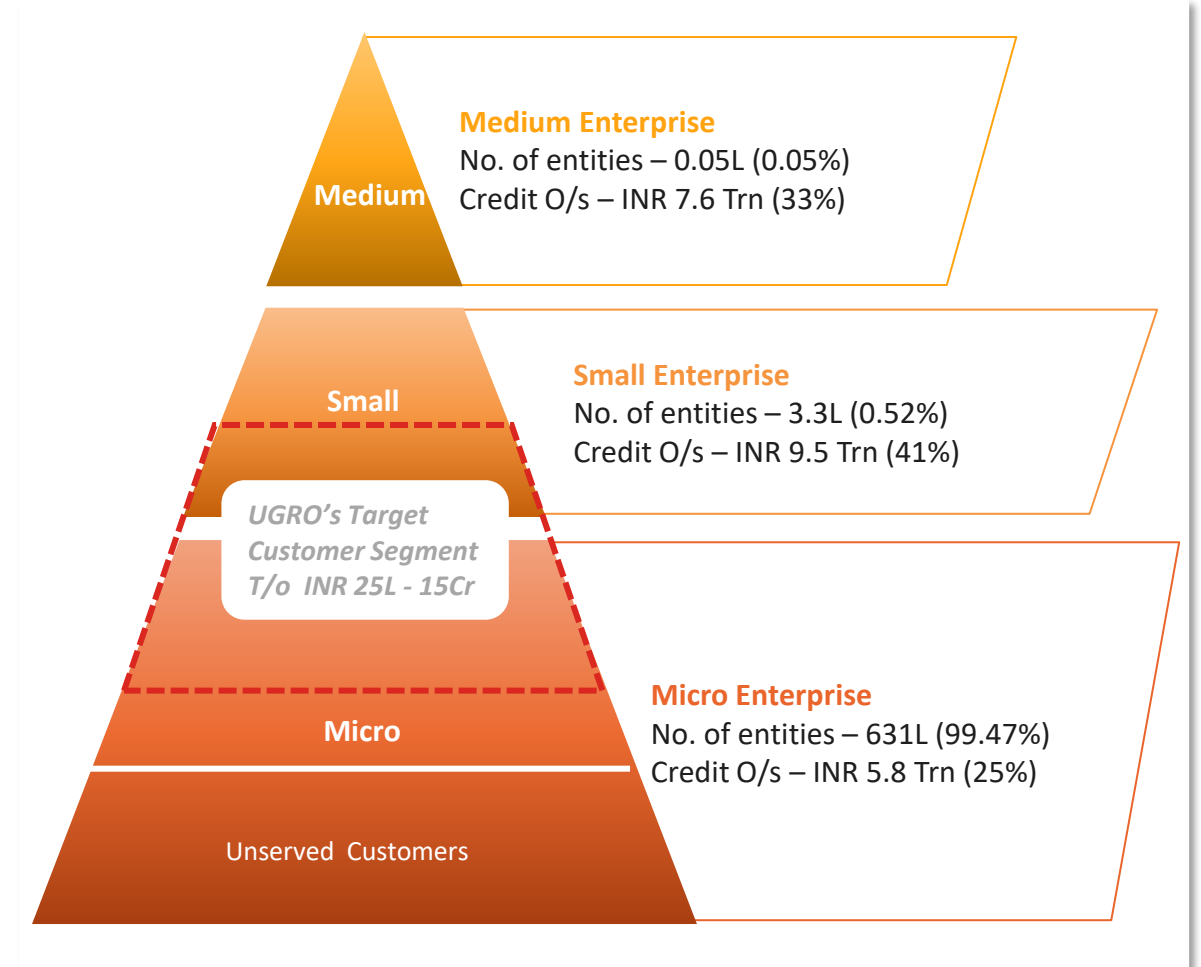
Building a large institution for small business financing is a real possibility

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

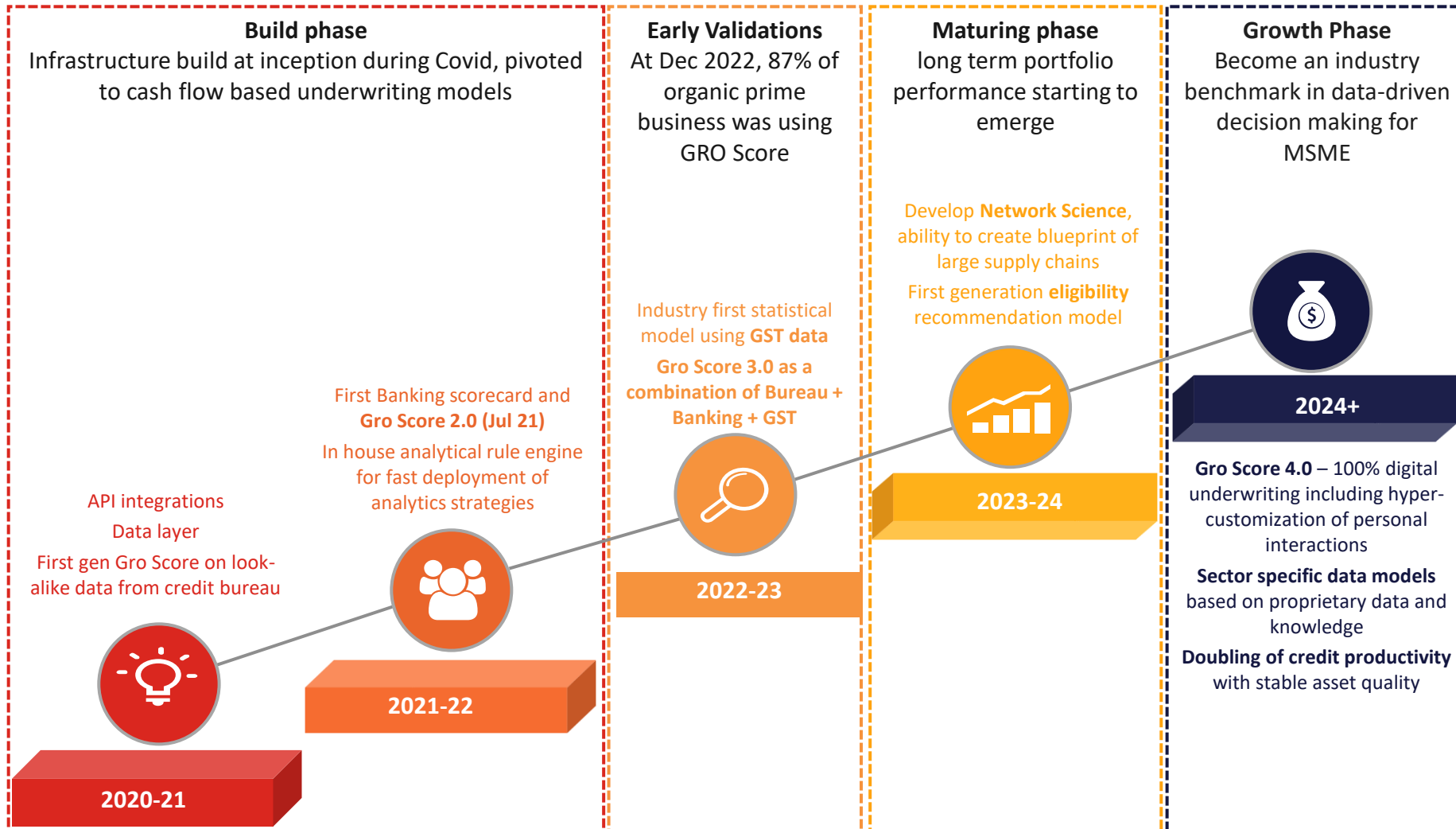


Credit Gap of our customer segment constitutes 95%



Source: IFC report on Financing India's MSME dated November 2018;Crisil Report

UGRO's journey of Data-Tech driven lending to MSMEs over 5+ yrs



Data Repository-Mar 2024
4.3L+ Bureau Records analyzed
1.8L+ Bank Statements analyzed
59k+ GST records analyzed
80k+ Customer served

Our Distribution continues to be powered by our GRO Score

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

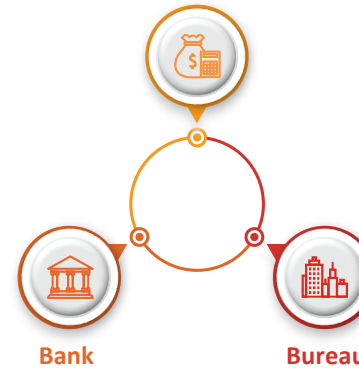
Pace of borrowing

...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

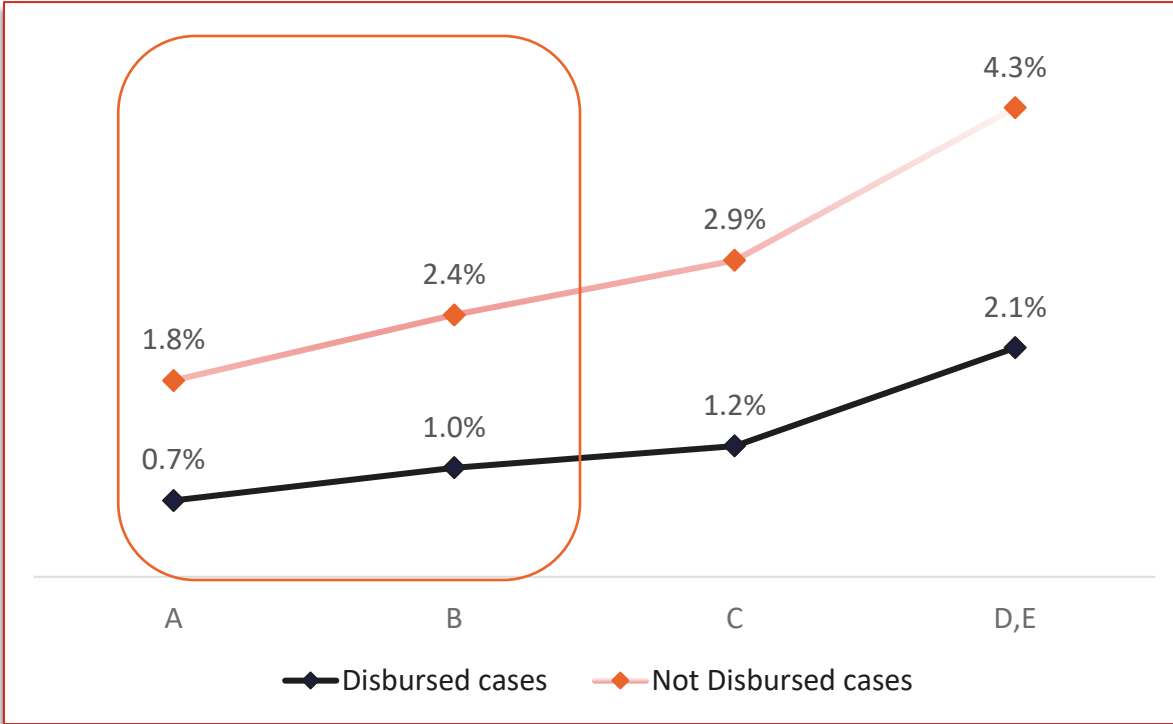
Scoring of each case into one of the five bands of A – E with A being the best and E being the worst



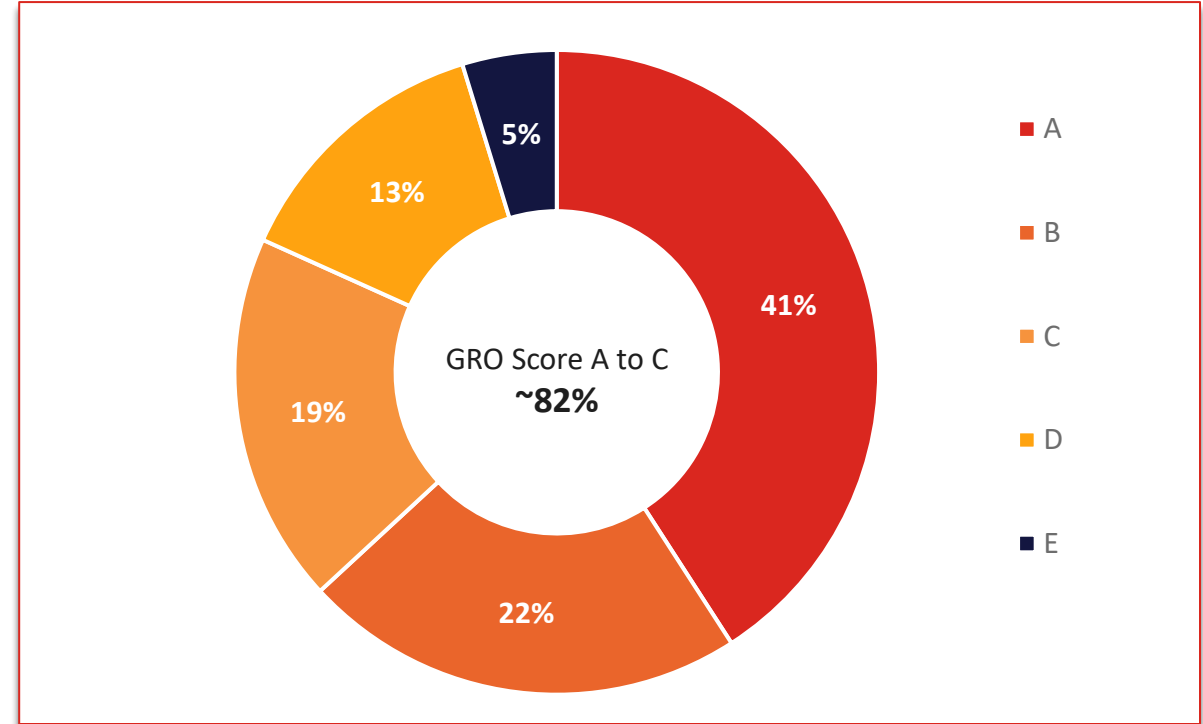
... and decide whether to disburse or not disburse the loan within 60 minutes.

GRO Score – Risk Bands Stacking up on Historical Portfolio

Default rates across score bands – All customers assessed Since Inception



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



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

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

Sector Focused Approach, Multiple Products and Large Distribution Strength

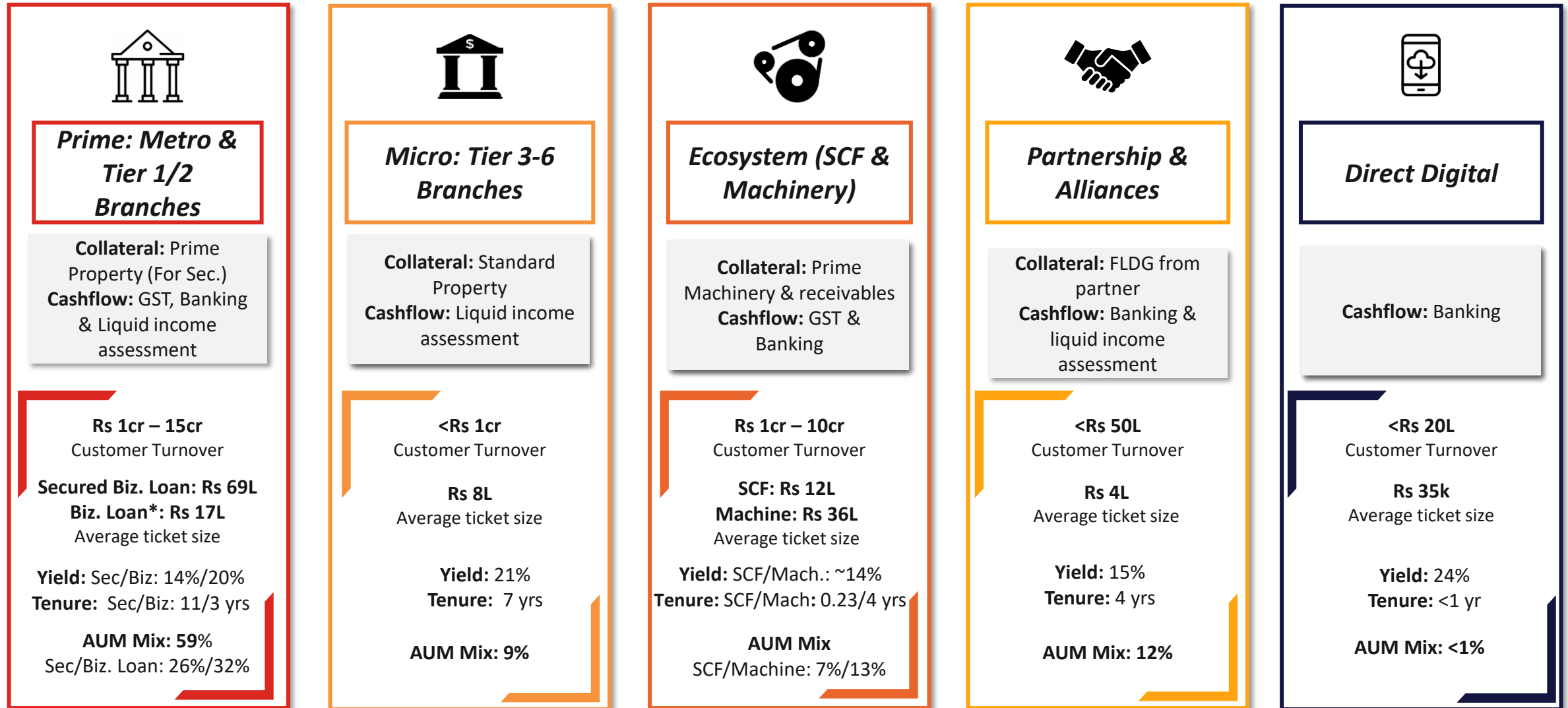
	Hospitality
	Light Engineering
	Auto Components
	Chemicals
	Food Processing
	Education
	Healthcare
	Electrical Equipment & Components
	Micro Enterprises



9 sectors are further subdivided into 200+ subsectors basis homogeneity of cash flows among MSMEs

	23 Prime Branches
	127 Micro Branches
	500+ GRO Partners
	60+ Anchors
	70 OEMs
	45+ Fintech Partners
	1300+ Sales Employees

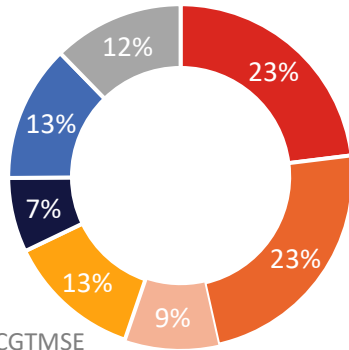
Of our addressable market, we serve a diverse set of customers



*CGTMSE backed

Resulting in a well diversified, granular and stable portfolio quality

Product Mix (AUM)



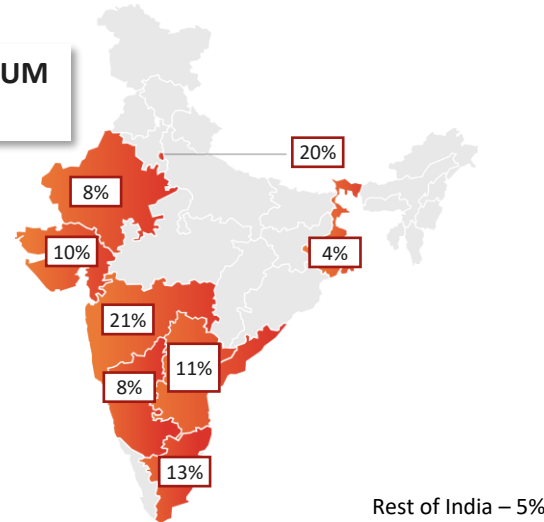
Guaranteed by CGTMSE

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

Product category	AUM (Cr)	ROI (%)	Ticket size (Lakh)
Secured Business Loans	2,385	14.2%	69
Business Loans	2,936	19.5%	17
Micro Enterprise Loan	813	21.2%	8
Supply Chain Financing	632	14.0%	12
Machinery Loan	1,168	13.8%	36
Partnerships & Alliances	1,112	14.9%	4
Grand Total	9,047	16.6%	13

Portfolio Concentration in key geographical areas

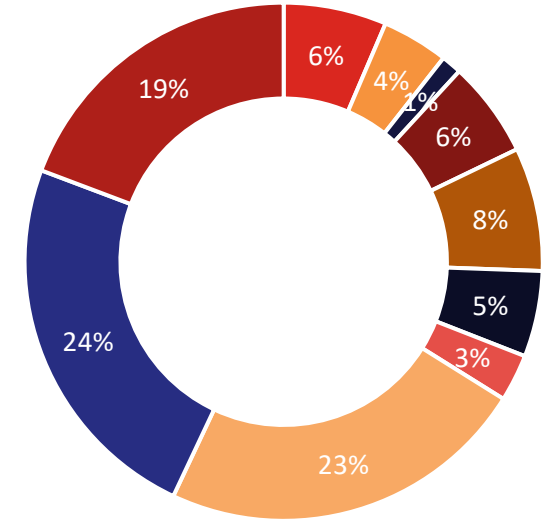
State wise AUM coverage*



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		6	6
Total	127	23	150

Sector Mix*



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

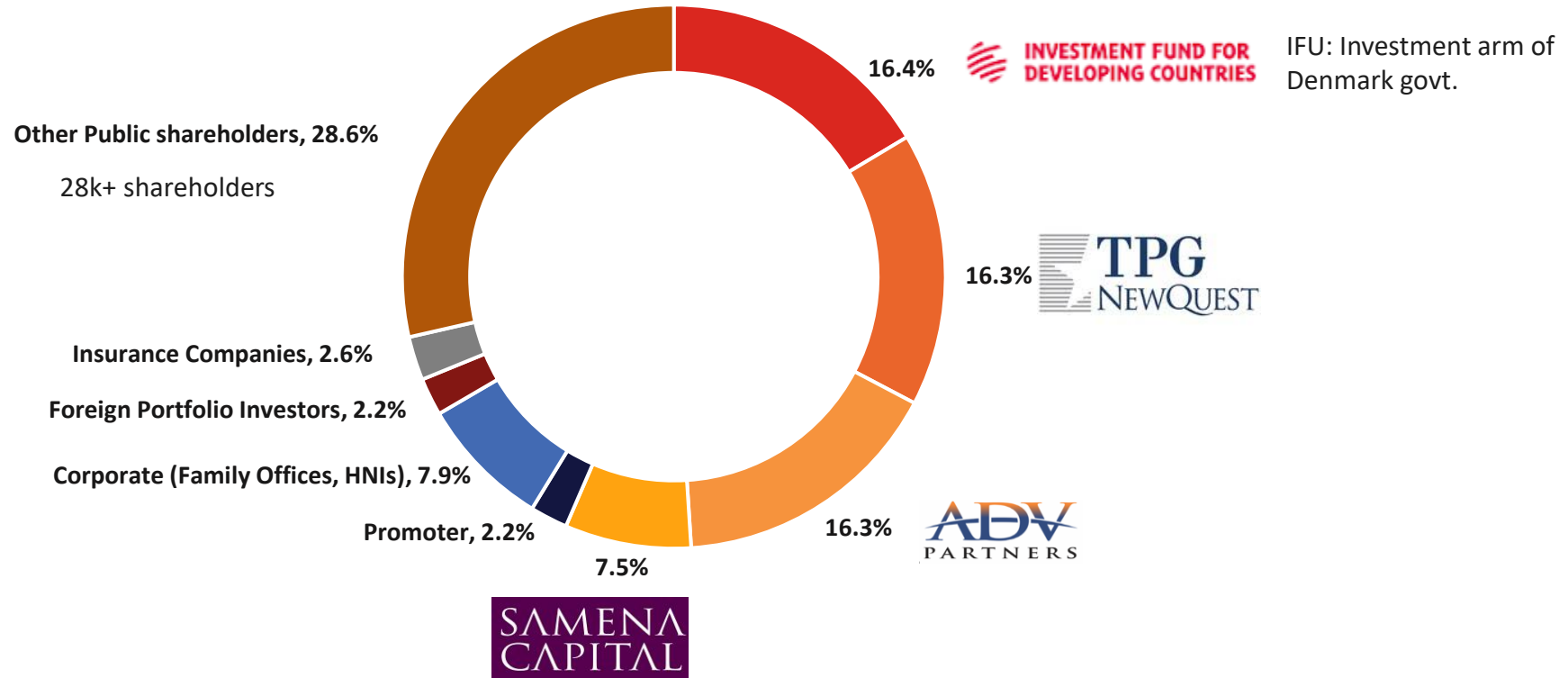
* Includes Secured Business Loans, Business Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending



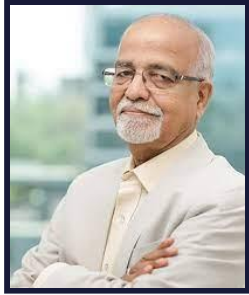
Board, Management and Shareholding

Institutionally Owned : Majority held by Institutional Investors

Shareholding Pattern



Our Board is independently supervised by eminent Directors



**Satyananda Mishra –
Non-Executive Chairman**
Ex-Chairman, MCX, Ex-CIC, GOI,
Ex-Director - SIDBI



**Shachindra Nath -
Vice Chairman & Managing
Director**
25+ Years of Experience



**Karnam Sekar –
Independent Director**
Ex - MD & CEO of Indian
Overseas Bank



**Hemant Bhargava –
Independent Director**
Ex-Chairman in charge and MD
of LIC



**Rajeev K. Agarwal -
Independent Director**
Ex-Whole Time Member, SEBI



**S. Karuppasamy -
Independent Director**
Ex-Executive Director, RBI



**Tabassum Inamdar
Independent Director**
Ex Goldman Sachs, UBS
Securities, Kotak Securities



**Chetan Gupta
(Samena Nominee)**
Managing Director at Samena
Capital



**Manoj Sehrawat
(ADV Nominee)**
Partner at ADV



**Rohit Goyal
(IFU Nominee)**
VP at IFU

Legend: **Executive Director**, Independent Directors, **Nominee Directors**

Professionally Managed : 190+ years of cumulative experience



**Amit Mande -
Chief Revenue Officer**
20+ Years of Experience



**Anuj Pandey -
Chief Risk Officer**
20+ Years of Experience



**Kishore Lodha -
Chief Financial Officer**
20+ Years of Experience



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



**Sharad Agarwal –
Chief Operating Officer**
20+ Years of Experience



**J Sathiyam -
Chief Business Officer**
25+ Years of Experience



**Rajni Khurana -
Chief People Officer**
20+ Years of Experience



**Rishabh Garg -
Chief Technology Officer**
17+ Years of Experience



**Subrata Das -
Chief Innovation Officer**
17+ Years of Experience



**Irem Sayeed -
Chief Credit Officer**
20+ Years of Experience

Management to potentially own 4.6 mn shares on a fully diluted basis; vesting conditions linked to share price performance (ranging between Rs 261-538) over next 3 years, thereby aligning management's goals towards company's performance and ultimately shareholder returns

Thank You