U GRO Capital

Q4 FY20 Earnings Update

U GRO Capital | Who We Are

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 | Executive Summary

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)

Product Offerings

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)

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

8 Sectors

Sector Specific Statistical Scorecards

Distribution Strategy

Traditional Channel	New Age Channels
GRO Partners (operating in target segments / geographies)	**Digital Channels** (leverage 3rd party and own platforms for lead sourcing) **Ecosystem Led** (prioritized segments) **BFSI Partnerships**

Our Business Model

Branch Led Channel | GRO-Plus
"Uberized" Distribution model with a network of GRO Partners having higher productivities

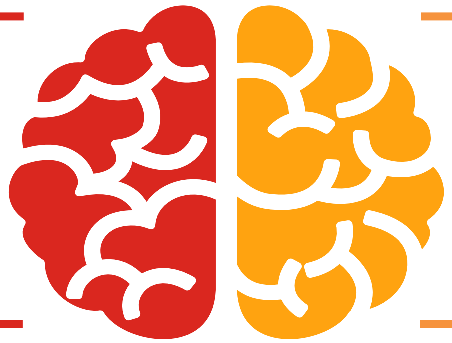
Ecosystem Led Channel | GRO-Chain
Partnerships with Anchors to lend to MSMEs in their business ecosystems

Distribution Channels

BFSI Led Channel | GRO-Xstream
Partnerships with NBFCs and Fintechs to co-originate ME loans in Tier 2 and Tier 3 cities

Direct to Customer Channel | GRO-Direct
Proprietary digital lending platform supplemented by pre-qualified leads

Knowledge Meets Technology



Fintech-Enabled Product Underwriting

Traditional Balance Sheet
Lending using funds from banks; PSL nature of books to aid bank financing

Co-origination
Co-originate loans with larger banks to have access to higher ticket size loans

Liability Sources

Specialized Programs with DFIs
Impact led financing in partnerships with DFIs in sectors like healthcare, education, clean energy

Assignment
Securitization of portions of the loan portfolio so it can be purchased by MFs/Insurance Firms/Banks

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

COVID-19 | U GRO Capital Response

COVID-19 | Business Adaptations

Employee Safety & Productivity	▪ All employees have been successfully redeployed to **working from home**, ensuring maximum safety ▪ Conservative approach being taken whereby **branches not in green zones have not been re-opened** yet ▪ **High employee productivity** and engagement maintained ▪ Commencement of a range **of long-term strategic projects** across business lines
Liquidity	▪ Maintain high immediate liquidity of over **₹200 crores** ▪ Immediate access to **₹127.5 crores** of sanctioned liability that has not yet been drawn down ▪ Borrowing book made up of **seven marquee and diverse liability providers**
Collections and Credit	▪ **80+%** of customers by loan volume have been granted a **3-month EMI moratorium; 99+% collection rate** amongst customers have who opted out of the moratorium ▪ Proactive provisioning of **₹3.3 crores (0.38% of AUM)** specifically for loan impairment due to COVID-19, total provisions of **₹10.5 crores (1.21% of AUM)** for FY21 ▪ End FY20 GNPA stands at **0.90%**
Operating Expenditures	▪ Performed a company-wide **cost optimization initiative,** including renegotiation of rental leases ▪ Company-wide **postponement of bonuses**, MD/CEO/CXOs have voluntarily **foregone variable pay** for FY20 ▪ Independent Directors have **voluntarily reduced their sitting fees by 12.5%** for FY21 ▪ Short-term **readjustments of remuneration across mid and senior level executives for FY21**

U GRO is focused on capital preservation, balance sheet protection and operating expenses management | Healthy capital adequacy, strong liquidity position, low gross NPA and net NPA, diversified portfolio mix, granular geographical distribution and strong risk metrics place the Company well for dealing with the challenges posed by COVID-19

COVID-19 | Conservative Risk Management and Comprehensive Provisioning

U GRO CAPITAL

Extant conservative risk management standards

- U GRO enforces **strict geographical and sectoral risk limits** to ensure diversification of loan portfolio
- High degree of filtration of potential ‘bad’ loans through targeted segments of **mostly near-prime customers**
- **Data Analytics-driven credit approach** further filters >70% of potential ‘bad’ loans through removal of bottom 20% of applications by GRO-Score

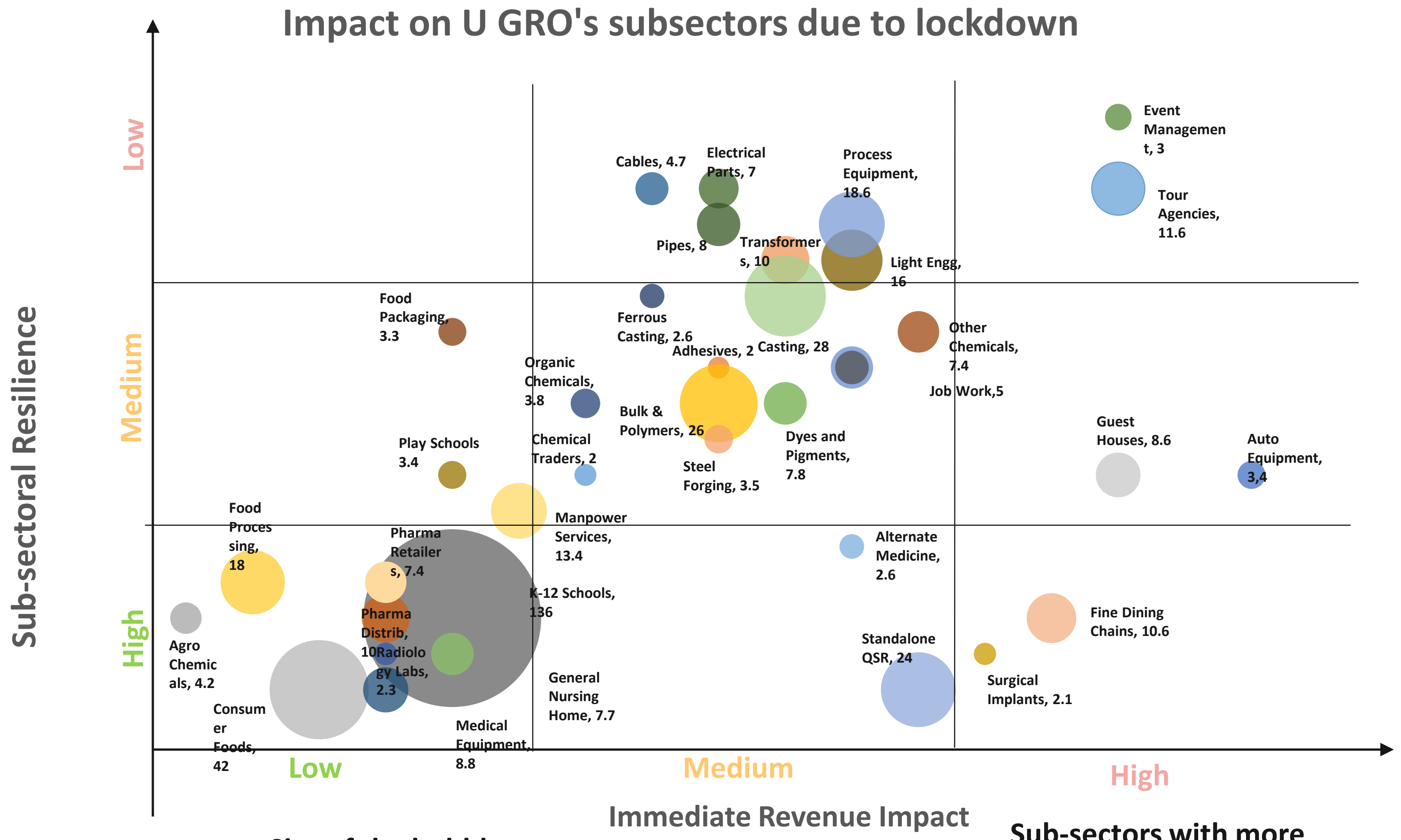
Enhanced portfolio actions taken in response to COVID-19 crisis

- **3-month moratorium** offered to all customers as per RBI’s ‘COVID-19 Regulatory Package’. **80%+ of customers have availed the moratorium**
- Usage of **bureau/bank statement/GST data** to develop a broad understanding of each customer’s cash flows
- **Impact assessment** on business wise portfolios using stringent stress case scenarios, **provisioning as a result of such analyses**
- Focus in immediate future on lending via our **‘Sanjeevani’ Program**, which focuses on **business models facing less adverse effects from COVID-19**

Particular	
Overall Loan Book	**₹861 Cr**
Provision as per Ind-AS	₹7.2 Cr
Ind-AS Provision as % of AUM	0.83%
Additional Provision for COVID-19 crisis	₹3.3 Cr
COVID-19 Provision as % of AUM	0.38%
Total Provision for FY21	₹10.5 Cr
Total Provision as % of AUM	1.21%

U GRO has been built on a bedrock of conservative risk management | Further steps taken to control risks during COVID-19 period

COVID-19 | Sector Impact & Sanjeevani Program



Size of the bubble denotes disbursements till Mar’20 in Rs. Cr

Sub-sectors with more than Rs. 2 Cr of disbursements till Mar’20 are considered

Phase I	Unsecured Loans (upto 10 lakhs)	Unsecured Loans (upto 25 lakhs)	Secured Loans
Loan Amount	₹ 1 – 10 lakhs	₹ 10 – 25 lakhs	₹ 0.5 – 2 Cr
Loan Tenure	3- 12 months	6-12 months	7-10 years
Sourcing Channel	D2C	D2C / DSA	
Moratorium	Upfront 3-month moratorium option for loan tenure >= 6 months		

Phase II	Existing Customer Top- Up Secured/Unsecured Loans	New Customer Secured/Unsecured Loan
Loan Amount	₹ 0.05 – 1 Cr	₹ 0.05 – 2 Cr
Loan Tenure	1-10 years	1-10 years
Sourcing Channel	D2C / DSA	
Moratorium	Upfront 3-month moratorium option for loan tenure >= 6 months	

U GRO’s specialized sectors have high resilience to COVID-19 impact | Sanjeevani Program is geared towards those SMEs which produce essential goods and services (Phase I) and those which maintain robust cash flows through the pandemic (Phase II)

Business Update

Q4 FY20 | Our Journey So Far

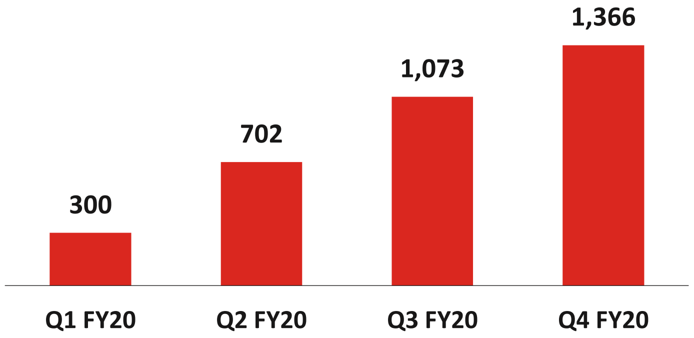
- **165** Employees
- **9** Branches
- **27** BFSI Partners
- **26** Ecosystem Partners
- **355** GRO Partners
- **4** Co-Origination Partners
- **₹861Cr** AUM
- **₹1,366Cr** Disbursals
- **7,764** Customers
- **69%** Secured

Our Q4 focus has been on expanding our aspirations while easing our customers' journey through the COVID-19 crisis

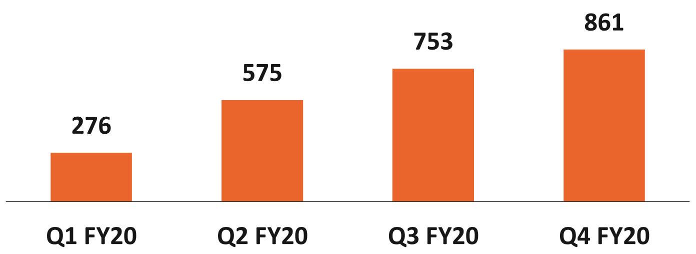
Data as of 31 March 2020

FY20 Business Overview

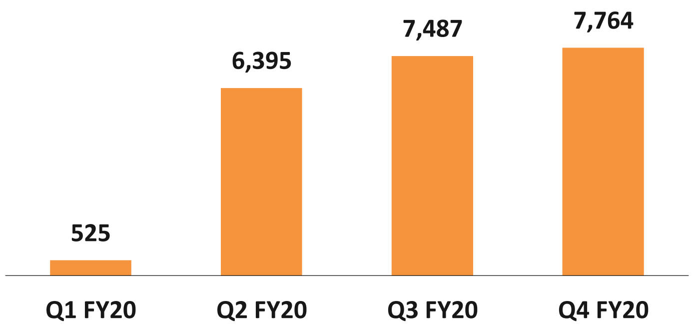
Total Disbursals (₹ Cr)



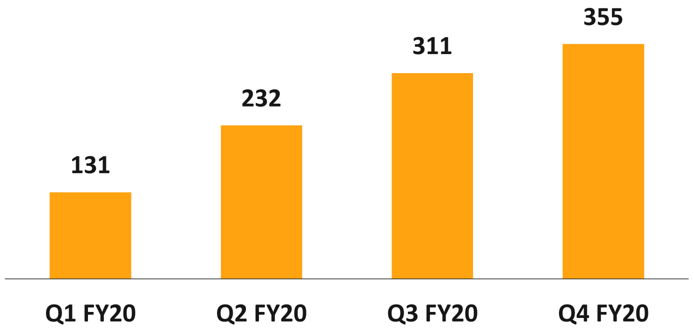
AUM (₹ Cr)



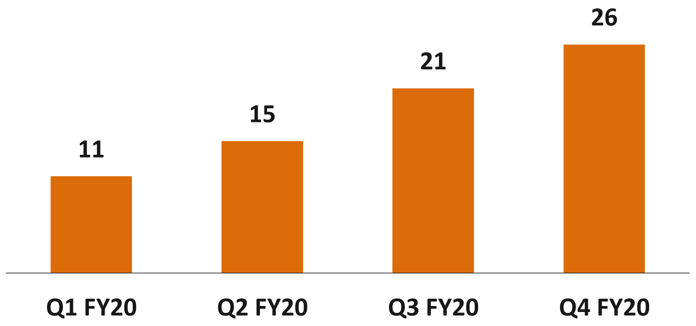
Number of Customers



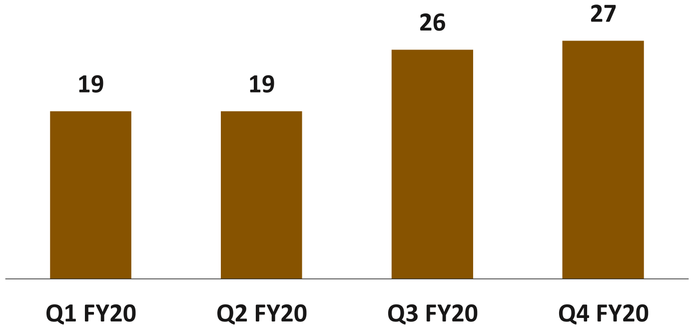
GRO Partners



Ecosystem Partners



BFSI Partners



Q4 FY20 Overview

Business Overview

- **Reached ₹1,366Cr in total disbursals** by the end of the first full financial year of disbursals
- Nine branches across key Indian SME clusters; **number of employees stands at 165**
- GRO Partner network expanded by 14% QoQ and 267% YoY to a total of **355** spread across key SME clusters.
- Five incremental ecosystem anchors added in Q4 FY20, with the **total now standing at 26**. This has led to an additional 40 vendors and **₹34Cr of incremental Supply Chain Financing sanctions**

Portfolio Overview

- Outstanding portfolio of **₹861Cr as of end FY20**, which is **69% secured** and diversified sectorally and geographically
- Portfolio quality remains strong, with our loan book having a **GNPA of 0.90%.** U GRO has **₹10.5Cr of total provisions** for FY21

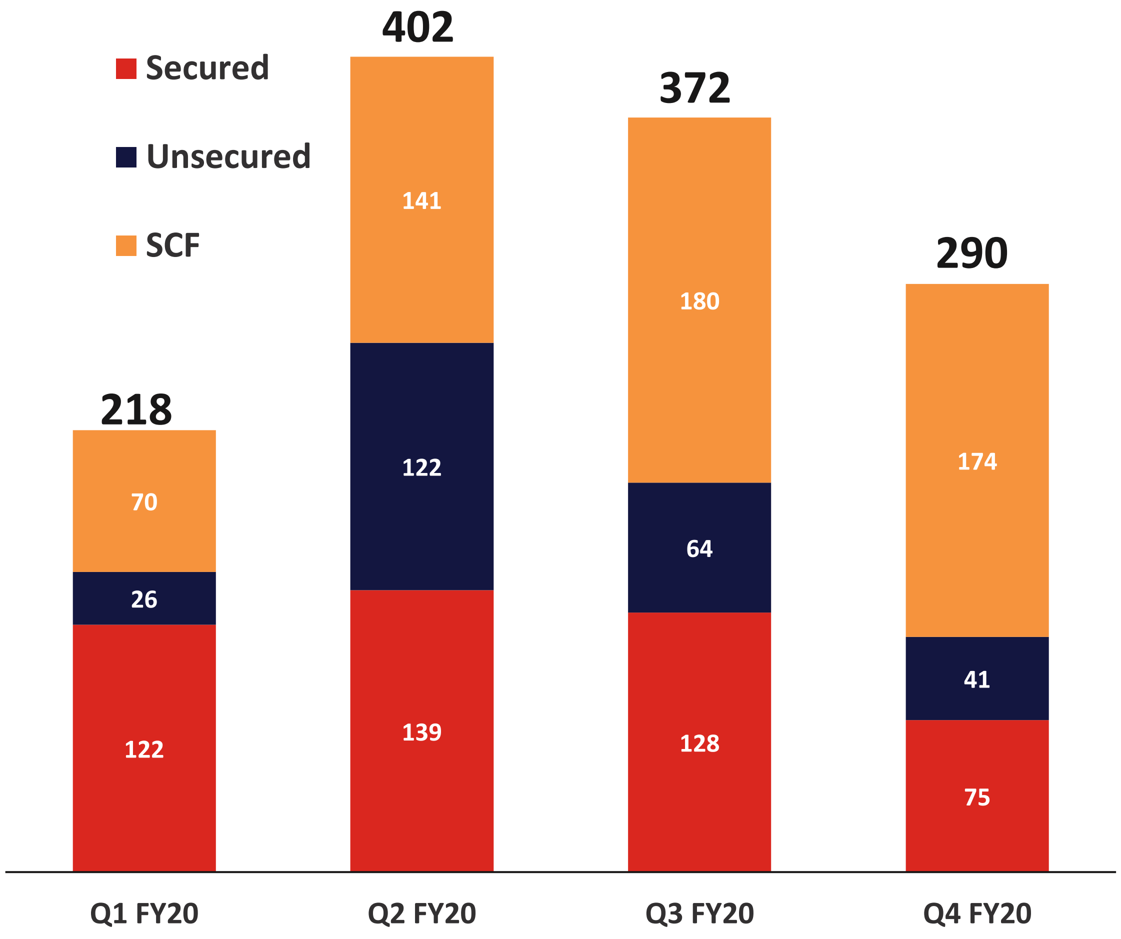
Liability Overview

- A total of **₹300Cr of liability raised at a blended average of 11.3%** from marquee sources as of end FY20

Portfolio Overview

Disbursal and AUM | FY20 Snapshot

Disbursal Summary (₹ Cr)



	Secured	Unsecured	SCF	Overall
AUM	₹411Cr	₹263Cr	₹187Cr	₹861Cr
Avg Ticket Size*	₹42.6 lakhs	₹4.0 lakhs	₹105.6 lakhs	₹11.1 lakhs
Avg Yield	11.7%	18.5%	13.3%	14.3%

*Average ticket size on book

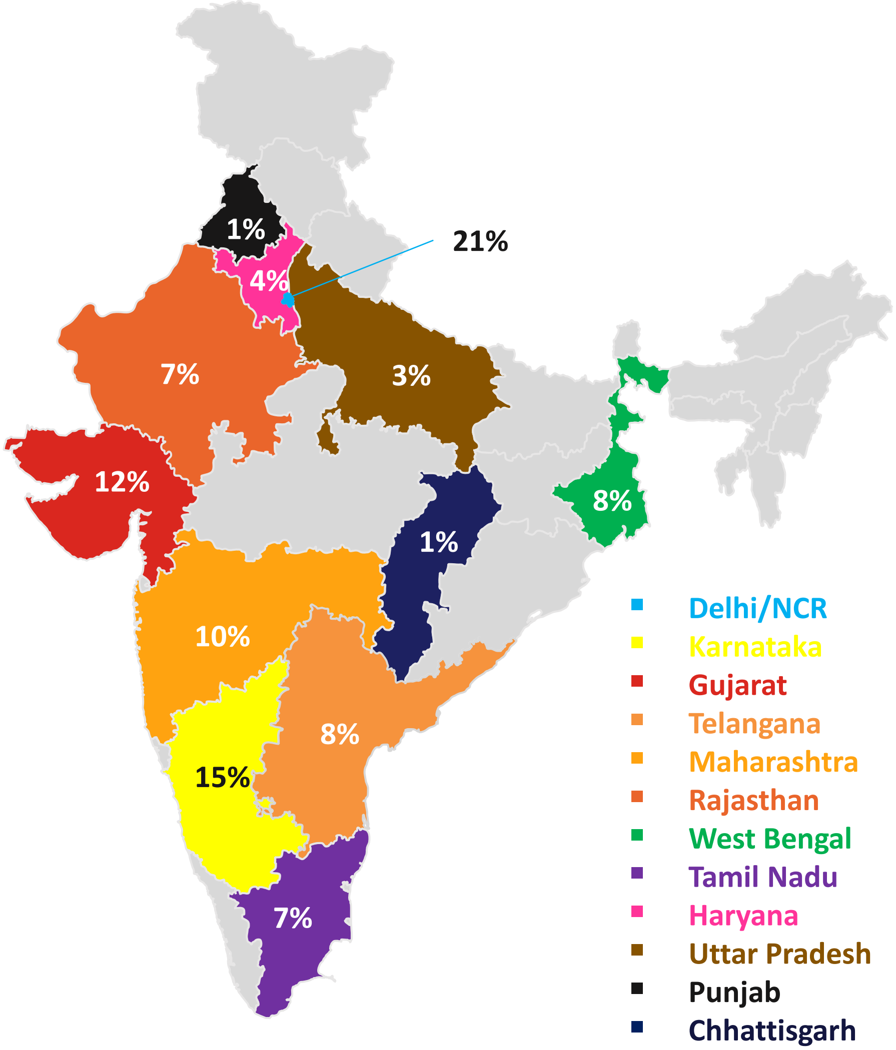
Focus on high risk thresholds and building a secure, granular and high-quality book

Q4 FY20 saw a dip in disbursals as a result of the COVID-19 crisis, as a result of which one month of productivity was lost | U GRO has further not disbursed loans in April and May 2020 due to lockdown, resumption of disbursals expected in June 2020

Portfolio Snapshot (As on March 31, 2020)

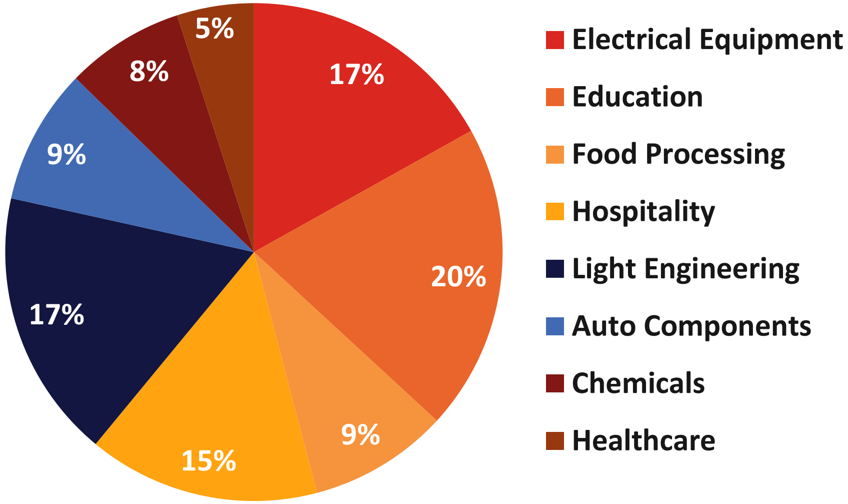
Geographical Mix*

Presence in 100+ cities across India

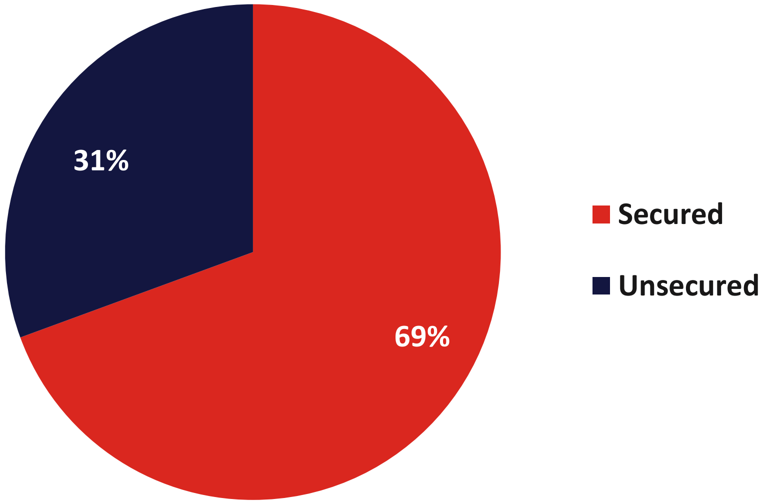


*Includes Traditional, Ecosystem and Digital Channels

Sectoral Mix*



Secured Mix



Well diversified by geography and sector | Majority secured book is ideal for the current COVID-19 crisis

Financial Statements and Shareholding Pattern

Balance Sheet

Balance Sheet (₹ Lakhs)	Q3 FY20	Q4 FY20
Financial Assets	**106,436**	**114,441**
Loans*	74,722	83,238
Cash and Investments	23,317	8,448
Other Financial Assets	8,398	22,755
Non-Financial Assets	**4,941**	**6,805**
Total Assets	**111,377**	**121,246**
Financial Liabilities	**20,942**	**28,745**
Trade/Other Payables	905	1,420
Borrowings & Debt Securities	16,690	25,454
Other Financial Liabilities	3,347	1,871
Non-Financial Liabilities	**364**	**349**
Total Equity	**90,071**	**92,152**
Equity Share Capital	7,053	7,053
Other Equity	83,018	85,100
Total Liabilities + Equity	**111,377**	**121,246**

*AUM as of end Q4 FY20 is ₹861Cr, the 'Loans' figure adjusts for net payouts and ECL as per Ind-AS

- Remain liquid with over **₹200 crores** of immediate liquidity on the balance sheet
- **CRAR: 85.1%**
- **GNPA: 0.9%**

Income Statement

Income Statement (₹ Lakhs)	Q3 FY20	Q4 FY20	QoQ	FY19	FY20
Interest Income on Loans	2,389	2,763	15.7%	110	7,147
Other Operating Income	501	952	90.0%	4,071	3,367
Financing Costs	523	642	22.8%	1	1,367
Net Income	**2,366**	**3,073**	29.9%	**4,080**	**9,147**
Operating Expenses	1,683	1,884	11.9%	3,704	7,793
Provision	104	603	479.8%	-	1,023
Profit Before Tax	**579**	**586**	1.2%	**476**	**332**
PBT after Exceptional Items	**579**	**586**	1.2%	**109**	**332**
Tax	(110)	(1,449)*	NA	(36)	(1,620)*
Profit/(Loss) for the period	**689**	**2,035**	195.4%	**146**	**1,952**

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 March 31, 2020)

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Illustrative List of Investors

Private Equity Funds

NewQuest Capital Partners

ADV Partners

Samena Capital

PAG

Public Market Funds

IndGrowth Capital

Abakkus

Chhattisgarh Investments

MK Ventures

Insurance Firms

pnb MetLife

Family Offices

SAR Group

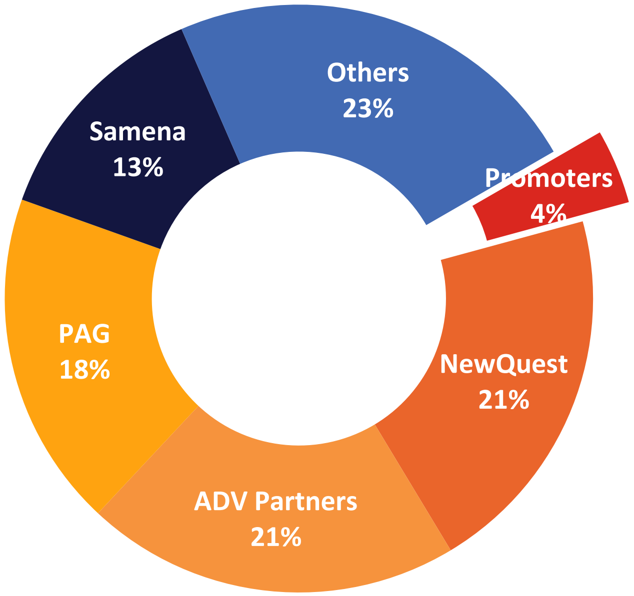
Himatsingka family

Famy Care Ltd. Taparia family

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 March 31, 2020