U GRO Capital

H1 / Q2 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
₹ 9,530 M (~US$135 M) Of Equity

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

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

Product Offerings

Secured Loan
Interest Rate - 11%-13%
(Ticket size - INR 50 lakhs to 5 Crs)

Unsecured Loan
Interest Rate - 17-19%
(Ticket size - INR 1 lakhs to 50 lakhs)

Supply Chain Financing
Interest Rate - 12-15%
(Ticket size - INR 25 lakhs to 1.5 Crs)

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

Distribution Channels

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

Ecosystem Led Channel
Partnerships with Anchors to lend to MSMEs in their business ecosystems

BFSI Led Channel
Partnerships with BFSIs and Fintechs to co-originate ME loans in Tier 2 and Tier 3 cities

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

Knowledge Meets Technology

Fintech-Enabled Product Underwriting

Liability Sources

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

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

Q2 FY20 | Our Journey So Far

155
Employees

9
Branches

19
BFSI Partners

15
Ecosystem Partners

232
GRO Partners

2
Co-Origination Partners

₹575Cr
AUM

₹702Cr
Disbursals

6,395
Customers

67%
Secured

Focus on sustainable growth and building long-term partnerships during the current period of challenging market conditions

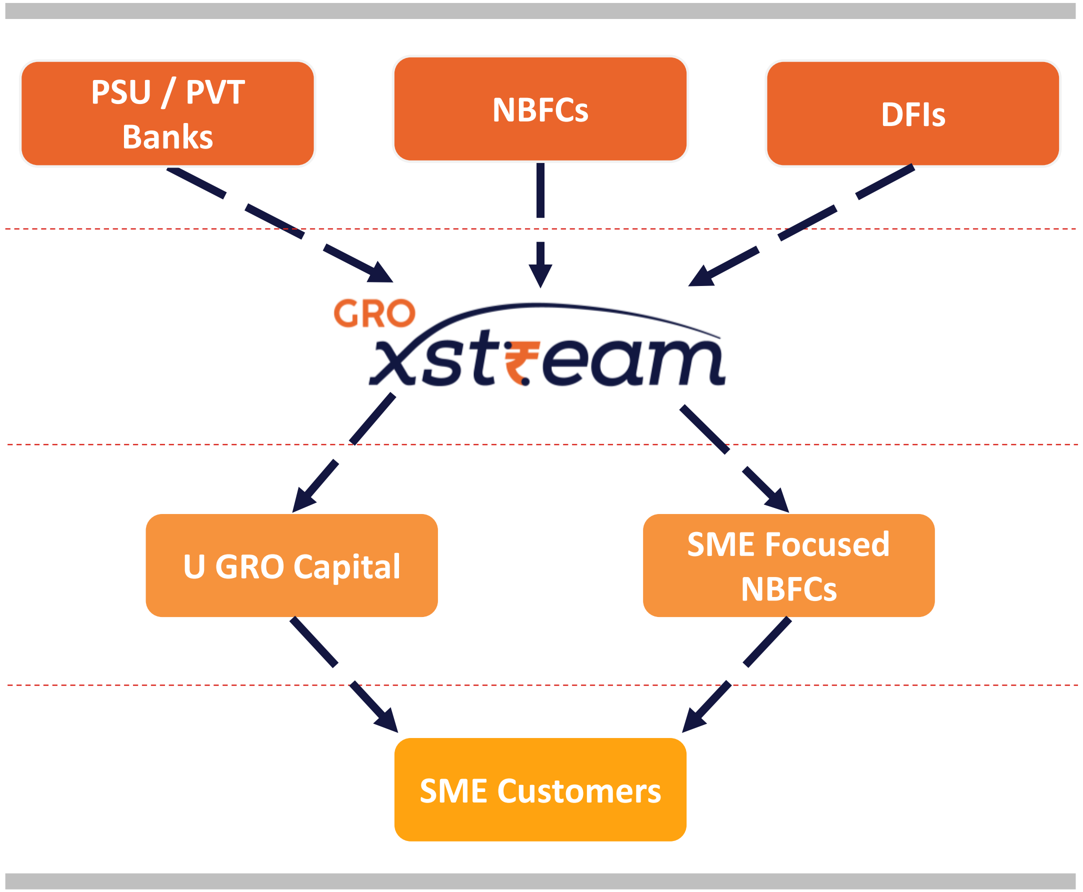
Data as of 30 September 2019 aside from Co-origination Partners which is as of 11/11/2019

H1 / Q2 FY20 Overview

- **₹402Cr of total disbursals in Q2** compared to ₹218Cr in Q1
- **Ninth branch opened in Pune;** number of employees increased by 25 to 155
- Signed landmark **co-lending partnerships with SBI and Bank of Baroda**, the two largest Public Sector Banks in the country
- GRO Partner network expanded by 68% to a total of **232** spread across key SME clusters.
- Four incremental ecosystem anchors added in Q2, for a **total of 15**. This has led to an additional 65 vendors and **₹49Cr of incremental Supply Chain Financing AUM**
- Outstanding portfolio of **₹575Cr as of end Q2**, which is **67% secured** and diversified sectorally and geographically
- **Raised ₹139Cr of liability at a blended average of 11.5% from marquee sources in Q2 FY20:**
  - Two term loans amounting to ₹65Cr
  - Poonawalla Finance, part of the US $5B Cyrus Poonawalla Group: 18-month PTCs amounting to ₹24.38Cr
  - Sachin Bansal, founder of Flipkart: 13-month NCDs amounting to ₹50Cr
- Expansion of technological aspirations, with **GRO-Xstream** (for BFSI partnerships) and **GRO-Plus** (for GRO Partners) modules announced and further supply chain financing and direct digital modules in the development pipeline

GRO-Xstream is an Innovation Driven Approach to BFSI Partnerships

GRO-Xstream Architecture for BFSI Partnerships



Transactions Enabled

Co-Lending *Onward Lending* *Securitization*

Direct Assignment *Portfolio Buyout*

Asset-Side Co-Origination Partnerships Signed and Onboarded

Partner	Type	Description
KNAB Finance	UBL	KNAB is a digitally enabled MSME-focused NBFC
Capital India	SBL & UBL	Capital India is a listed SME lender
LivFin	SCF	LivFin focuses on supply chain financing for SMEs

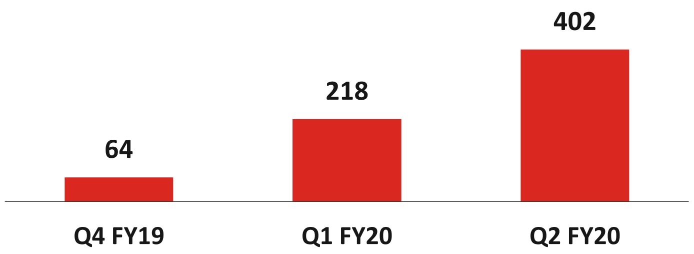
Liability-Side Co-Lending Partnerships Signed and Onboarded

Secured loans

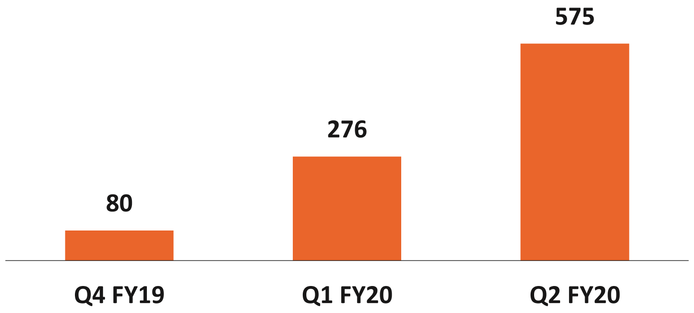
Secured & Unsecured Loans

H1 / Q2 FY20 Update

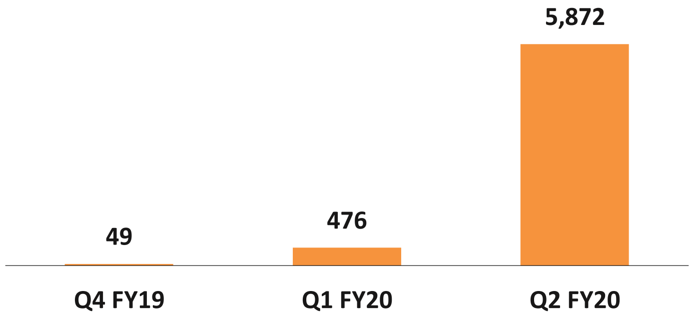
Disbursals (₹ Cr)



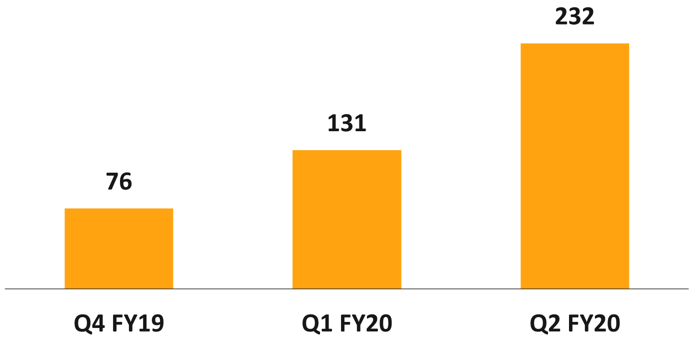
AUM (₹ Cr)



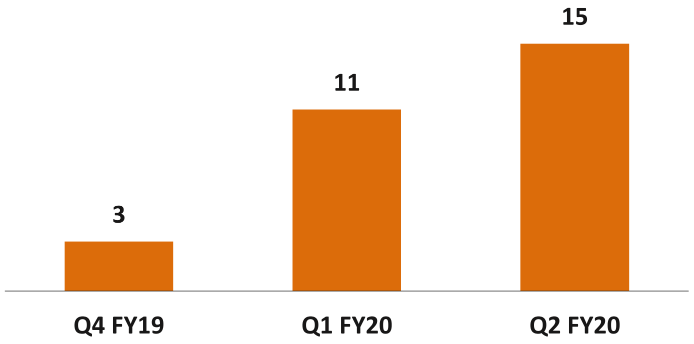
Loans Disbursed



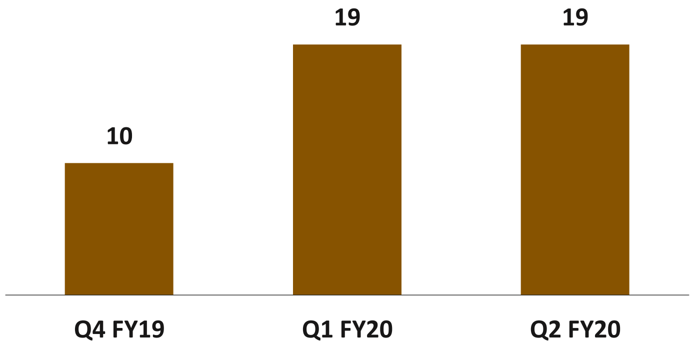
GRO Partners



Ecosystem Partners

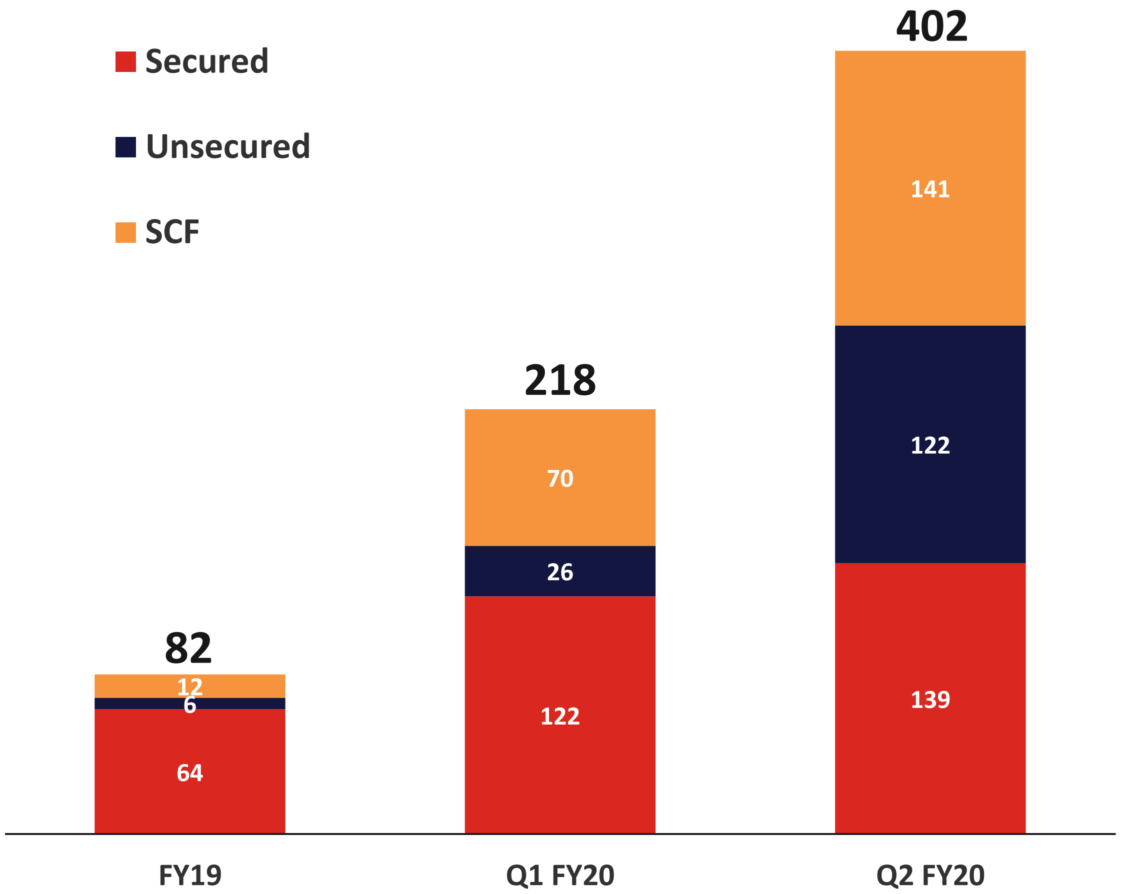


BFSI Partners



Disbursal and AUM | Q2 Snapshot

Disbursal Summary (₹ Cr)



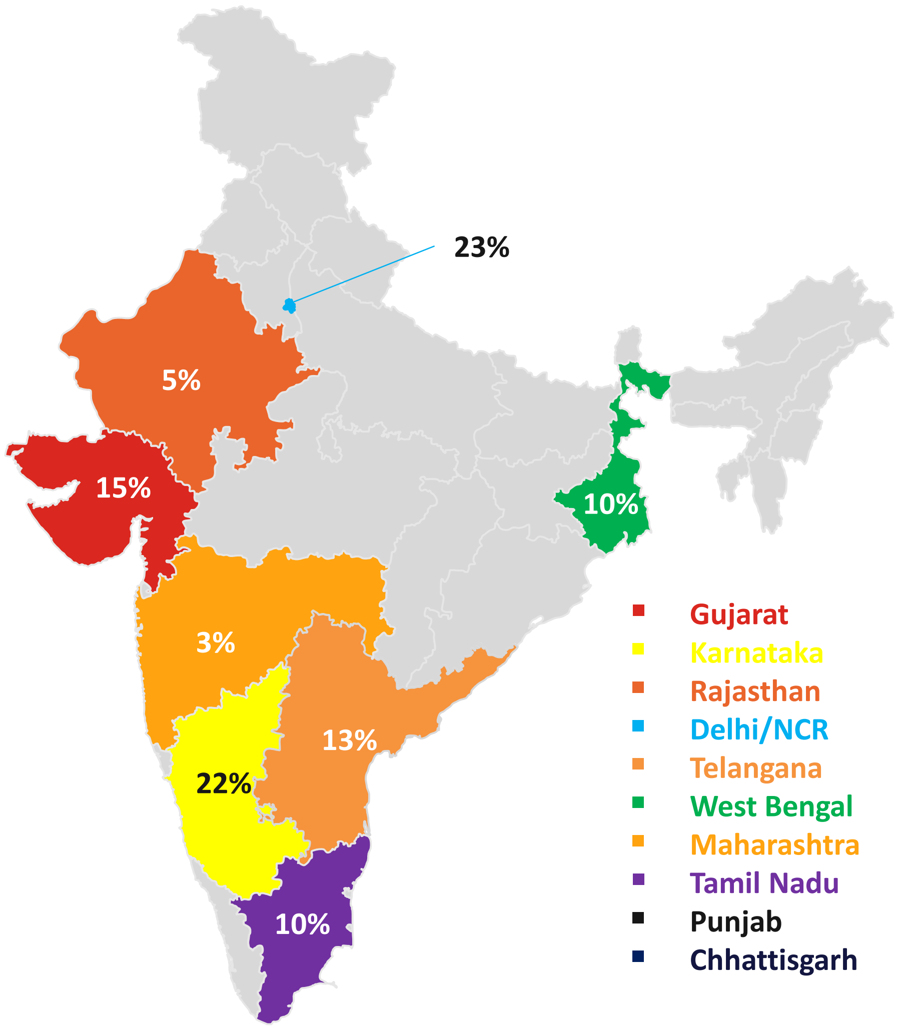
FY19	Q1 FY20	Q2 FY20
49 Loans Disbursed	**476** Loans Disbursed	**5,872** Loans Disbursed

	Secured	Unsecured	SCF	Overall
AUM	261 Cr	189 Cr	125 Cr	**575 Cr**
Avg Ticket Size	29.8 lakhs	3.5 lakhs	120.1 lakhs	**9.0 lakhs**
Avg Yield	12.7%	18.8%	13.2%	**14.4%**

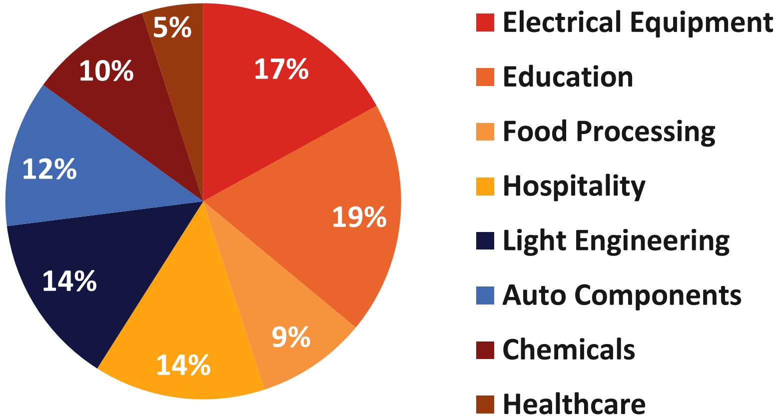
Focus on high risk thresholds and building a secure, granular and high-quality book

Portfolio Snapshot (As on Sep 30, 2019)

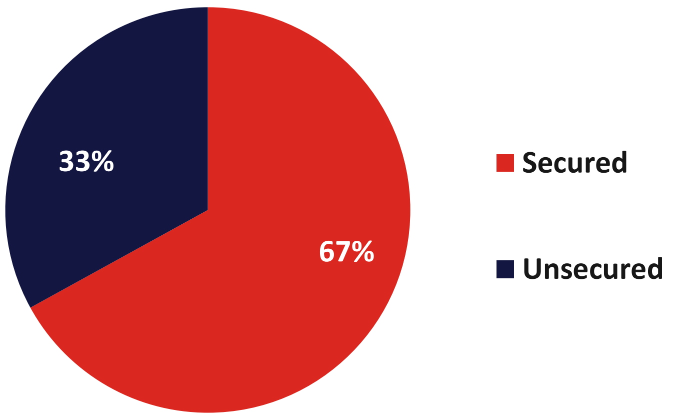
Geographical* Mix



Sectoral Mix



Secured Mix



*Includes Branch-Led Secured and Unsecured Business Loans

Balance Sheet

Balance Sheet (INR Lakhs)	Q2 FY20	Q1 FY20
Financial Assets	**91,682**	**82,416**
Loans	56,729*	27,588
Cash and Investments	29,310	51,256
Other Financial Assets	5,643	3,572
Non-Financial Assets	**4,882**	**5,590**
Total Assets	**96,564**	**88,006**
Financial Liabilities	**13,434**	**4,445**
Trade/Other Payables	825	460
Borrowings	9,359	1,477
Other Financial Liabilities	3,251	2,507
Non-Financial Liabilities	**397**	**375**
Total Liabilities	**13,831**	**4,820**
Equity Share Capital	5,690	2,333
Other Equity	77,043	80,853
Total Equity	**82,733**	**83,186**
Total Liabilities + Equity	**96,564**	**88,006**

- Remain liquid with **INR 308 crores** of immediate liquidity on the balance sheet
- 2,00,00,000 compulsorily convertible instruments were converted in Q2
- **INR 98 crores** from conversion of warrants outstanding expected by December 2019

*AUM as of Q2 is INR 575 crores, the 'Loans' figure adjusts for net payouts and ECL as per Ind-AS

Income Statement

Income Statement (INR Lakhs)	Q2 FY20	Q1 FY20	Q2 FY19
Operating Income	2,166	1,495	955
Less: Financing Costs	116	85	-
Net Income	**2,050**	**1,410**	**955**
Other Income	-	250	-
Total Income	**2,050**	**1,660**	**955**
Operating Expenses	2,410	1,815	574
Provision	250	67	-
Profit Before Tax	**(611)**	**(222)**	**381**
PBT after Exceptional Items	**(347)**	**-**	**69**
Less: Tax	(22)	(39)	(75)
Profit/(Loss) for the period	**(325)**	**(183)**	**144**
Other Comprehensive Income (Net of Tax)	3	-	-
Total Comprehensive Income	**(322)**	**(183)**	**144**

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

- Exceptional items for Q2 FY20 include a prior period expense of INR 1.5 crores and exceptional payments to third parties amounting to INR 1.14 crores, for a **total of INR 2.64 crores**
- Expenses elevated in Q2 FY20 due largely to **expanded development costs** for a range of technological innovations

Shareholding Pattern

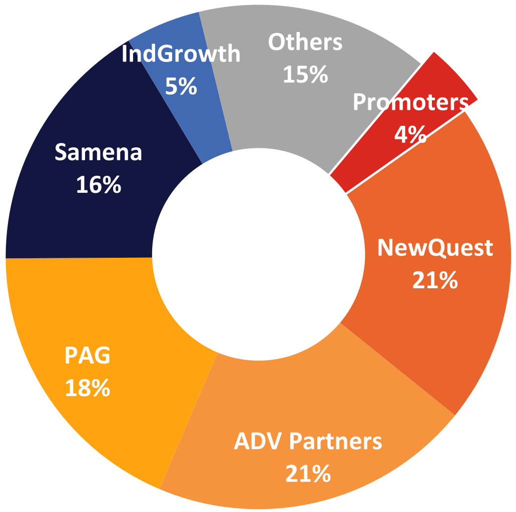
Illustrative List of Investors

Private Equity Funds	Public Market Funds	Insurance Firms	Family Offices
NewQuest Capital Partners, ADV Partners, Samena Capital, PAG	IndGrowth Capital, Abakkus, Chhattisgarh Investments, MK Ventures	pnb MetLife	SAR Group, Himatsingka family, Famy Care Ltd. Taparia family, Jaspal Bindra, Gaurav Dalmia

Calculation of Shares Outstanding

# Shares Issued & Outstanding (as at July 31, 2019)	**5,68,97,374**
Add: Dilutive Instruments	
Compulsorily Convertible Instruments	76,74,420
Warrants	87,83,785
Total Shares (Fully Diluted Basis)	**7,33,55,579**

Shareholding Pattern (Fully Diluted Basis, Post the demerger)



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

U GRO | An Introduction

Small Business Lending Isn't a Small Business

50 M MSMEs in India

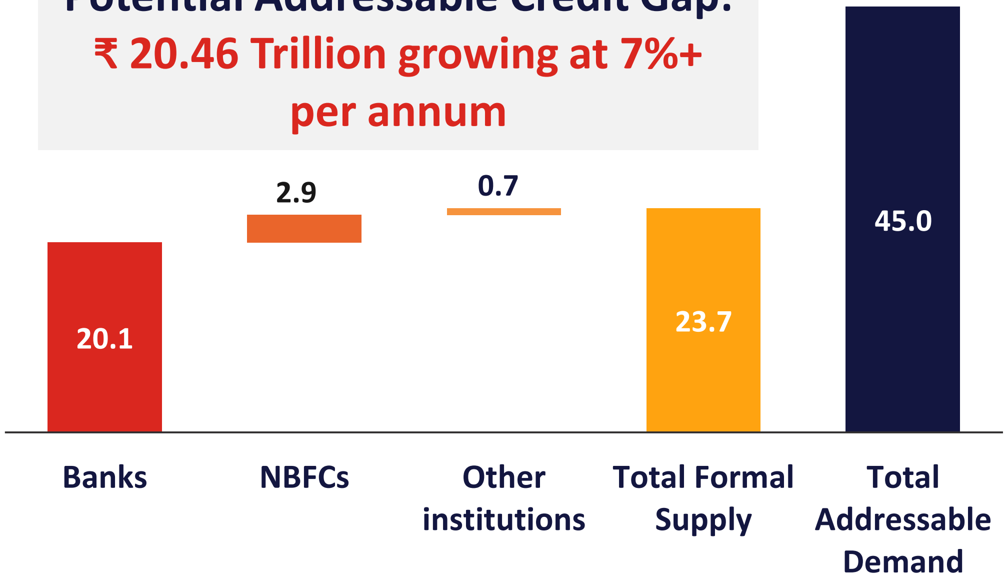
560 B Gross Value Add (US$)

29% Contribution to India's GDP

10% MSMEs with access to credit

US$300 B | SME Credit Gap

Potential Addressable Credit Gap:
₹ 20.46 Trillion growing at 7%+ per annum



Bridging the USD 300 B gap will need USD 60-70 B in incremental equity capital | Growth isn't a challenge for small business financiers!

Diversity of Small Businesses Creates Challenges for Traditional Lenders

Challenges in lending to the SME segment…

- Difficult to understand businesses/cash flows
- Fragmented set of customers
- High cost of customer acquisition
- High dependence on the ecosystem
- Lack of data

…leading to a Frustrating Borrowing Experience for Small Businesses

- Time consuming offline process
- Non-tailored credit assessment
- Rigid collateral requirements
- Product mismatch

Our Mission

‘To Solve the Unsolved’

India’s US$ 600 B+
SME Credit Availability Problem

Backed by Diverse and Marquee Shareholders

1994 - 2017

Formation of Chokhani Securities

1994: Formation of Chokhani
1995: Listing on the BSE
2004-Present: 14-year track-record of profitability

Dec 2017

Birth of U GRO Capital

Acquisition of Chokhani Securities
Revamp of the management team
Demerger of the lending business of Asia Pragati approved – **₹ 1,750 M**

Dec 2017

Preferential Allotment

₹ 4,350 M raised from **global private equity firms** - ADV Partners, NewQuest and IndGrowth

May 2018

Preferential Allotment

₹ 1,920 M raised from **large family offices / HNIs** through a preferential allotment of shares

Aug 2018

Qualified Institutional Placement

₹ 1,120 M raised from **public market funds, insurance companies**

Disbursements started in January, 19

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

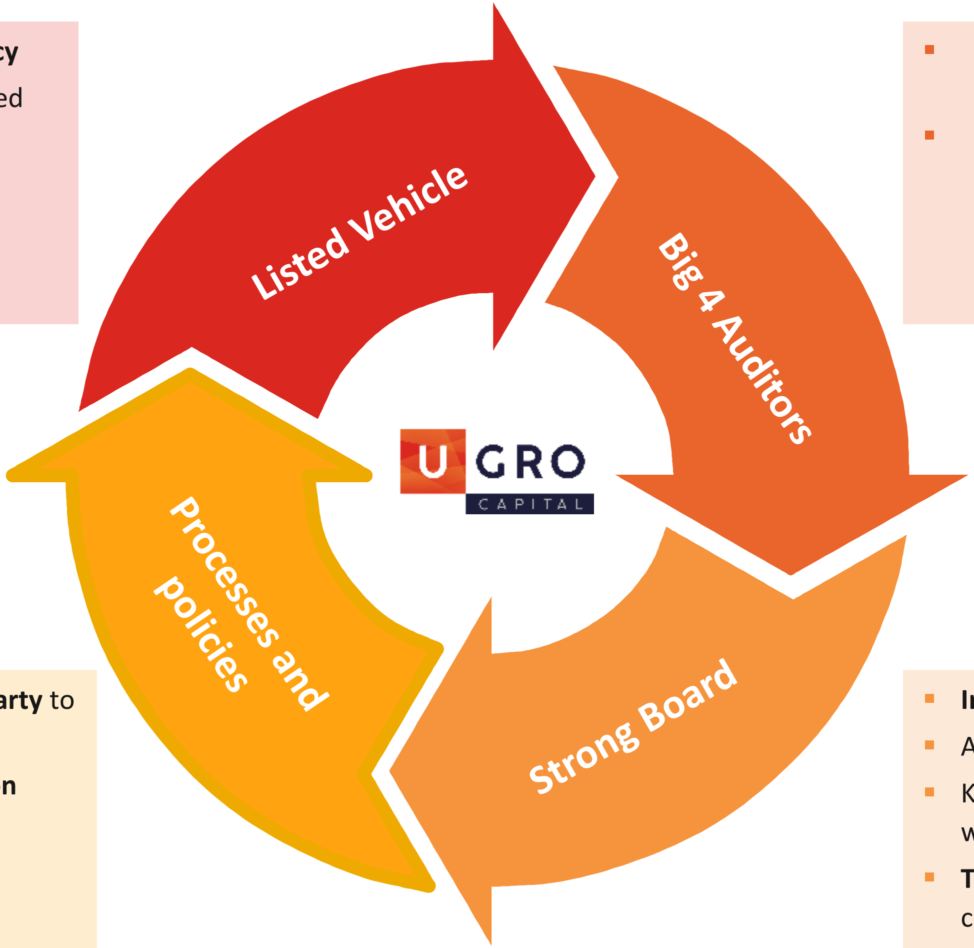
Family Offices

SAR Group
Himatsingka family
Famy Care Ltd.
Taparia family
Jaspal Bindra

Strong Corporate Governance Framework Enshrined in the Articles

- High degree of **regulatory oversight and transparency**
- An institution created with **a long-term view**, designed for continued operational efficiency
- Access to **permanent capital**

- Mandatory requirement for a **Big 4 firm** to be appointed as the statutory and internal auditors
- **Deloitte** appointed as the **statutory auditor** and **PWC** appointed as the **internal auditor**



- Any proposed loan >**1% of net worth or to a related party** to require unanimous approval of ALCO and the Board
- Board approved **multi-layer credit authority delegation**
- **Removal of key management (including CRO, CFO)** to require 3/4th board approval
- Any significant action by the Company to need **3/4th approval of the Board**

- **Independent directors** to comprise majority for perpetuity
- Any shareholder holding **>10% to qualify for a board seat**
- Key committees to be headed by an independent member with required credentials
- **The majority of the NRC, ALCO and Audit Committees** to comprise of **independent directors**

Special Resolution of Shareholders required for effecting any changes to the AoA
Promoters/Management do not have unfettered rights to divert business strategy

Founder With Experience Creating Institutions Across Financial Services…

- Core pillar of Religare's successful growth journey
- 6-year stint as the Group-CEO of Religare Enterprise
- Transitioned the company from an operating loss of ~USD 80 million in 2013 to USD 50 million of net profitability in 2016
- Presented the "CEO of the Year" award at the Asia Banking, Financial Services & Insurance Excellence Awards in August 2015
- Started his entrepreneurial journey in 2016.

Mr. Shachindra Nath

Executive Chairman and Managing Director

26 years of experience in creating institutions across the financial services domain

Lending

SME Lending
Built India's 4th largest Non-Banking Finance business, focused on SMEs with a **book size of over USD 2.3 billion**

Housing Finance
Started the housing finance arm focused on funding the **affordable housing segment**

Capital Markets

Retail Broking
Created a platform with over **1,350 points of presence across India**

Wealth Management
JV with Macquarie providing wealth management solutions to ultra HNI clients

Investment Banking
Mid-market focused institutional equities and investment banking platform with **presence in 8 countries**

Asset Management

Asset Management
Largest alternative asset management out of India : **Over US$ 21 B of AUM** with presence across the US, Europe, Asia and Africa

Marquee funds included **Northgate, IBOF, Landmark Partners and Quadria Capital**

Insurance

Life Insurance
Life insurance JV with AEGON NV of the Netherlands

Health Insurance
One of India's first specialized health insurance companies

Key Exits: Sale of the life insurance stake to Aegon, sale of the mutual fund business to Invesco, sale of Northgate to TCP, sale of Landmark Partners to the management team

…Supported by a Leadership Team With a Strong Track Record of Execution…

Abhijit Ghosh
Chief Executive Officer
AUM Managed: **₹ 180 B**

Anuj Pandey
Chief Operating Officer
AUM Managed: **₹ 120 B**

Kalpesh Ojha
Chief Financial Officer
Liability Raised: **₹ 700 B**

J Sathiayan
Chief Business Officer
AUM Managed: **₹ 80 B**

Manish Agarwal
Chief Risk Officer
AUM Managed: **₹ 1,200 B**

Sandeep Kakar
Chief Growth Officer
AUM Managed: **₹ 150 B**

Rajni Khurana
Chief Human Resources Officer
AUM Managed: **NA**

---

130 employee count	**Fully formed** team	**4/5** Rated employees	**Deep and large ESOP** pool

Supervised by an Independent Board Comprising of Industry Luminaries

Independent Members of the Board

Specialization: Personnel Mgmt

Satyananda Mishra - Chairman, CSR Committee

- **Ex-Chairman, MCX, Ex-CIC, GoI, Ex-Director - SIDBI**
- Over 40 years with the Indian Administrative Services
- Indian Administrative Services (Batch of 1973)
- M.A., Utkal University, M.Sc., London School of Economics

Specialization: SEBI Regulations

Rajeev K. Agarwal - Chairman, Stakeholder Committee

- **Ex-Whole Time Member, SEBI**
- Over 30 years with experience with SEBI, FMC, IRS
- Indian Revenue Service (Batch of 1983)
- B. Tech, IIT Roorkee

Specialization: Credit, SME

NK Maini - Chairman, Risk Management Committee

- **Ex – DMD, SIDBI**
- Over 38 years with experience with SIDBI, UCO Bank and IDBI
- PGDM from MDI
- Currently a director with MUDRA, MFIN, NSCCL, Aye Finance, member of the advisory committee at Ivy Cap and Lok Capital

Specialization: Audit, Corp Fin

Abhijit Sen - Chairman, Audit Committee

- **Ex-CFO, Citi-India**
- Over 40 years of experience with Citi, CEAT, Tata
- PGDM from IIM Kolkata and B. Tech from IIT Kharagpur
- Advisor to EY, Independent Director at Trent, Cashpor Microcredit, Kalyani Forge, India First Life Insurance

Specialization: Audit, Tax

Ranjana Agarwal - Chairman, NRC Committee

- **Board Member – ICRA, Ex-Senior Partner, Deloitte**
- Over 30 years of experience with Deloitte, Vaish and Associates
- CA from ICAI and a BA from Delhi University
- Currently an independent director at ICRA, Shubham Housing, Indo Ram Synthetics, Joyville Shaapoorji Housing

Specialization: RBI Regulations

S. Karuppasamy - Chairman, Compliance Committee

- **Ex-Executive Director, RBI**
- Over 40 years of experience with the RBI
- PG Diploma in Bank Management, Indian Institute of Banking & Finance, CAIIB (Honorary Fellow) & MA (Economics)
- Currently a member of the RBI services board, and a director at ARCIL and Vidharan (MFI)

Specialization: Retail Banking

Navin Puri

- **Ex-Head of Branch Banking, HDFC Bank**
- Over 30 years of experience at HDFC Bank and ANZ Grindlays Bank
- B. Com from St. Xavier's College Calcutta, MBA from Texas Christian University and CA from ICAI
- Currently a member of the Equitas Small Finance Bank board

Our Mission

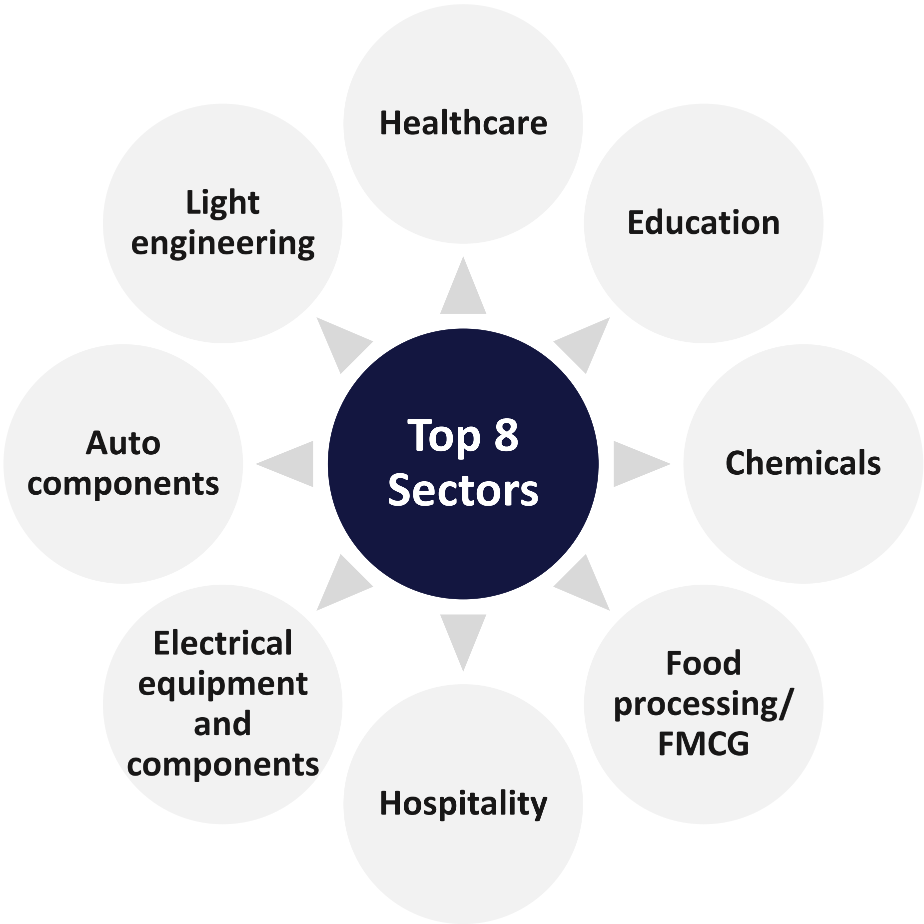
Specialization Within 8 Selected Sectors

38 identified sub-sectors within **8 sectors**

Focus on **SME clusters** in India

~50% - Contribution of the 8 sectors to the overall SME lending market in India

Validated independently by CRIF, CRISIL and the company distribution and underwriting teams



Large lending opportunity + Lower impact of regulatory changes + Relatively less competition from banks + Secular consumption driven growth + Low geographical concentration

We Further Narrowed Down on 38 Sub-sectors and Clusters…

Healthcare

Key sub-sectors: General nursing homes, eye clinics, dental clinics, diagnostic labs, radiology/pathology labs, pharma retailers
Key clusters: NCR, Mumbai, Bengaluru, Hyderabad and Chennai

Education

Key sub-sectors: K-12 schools, play schools
Key clusters: NCR, Mumbai, Coimbatore, Chennai, Hyderabad and Pune

Chemicals

Key sub-sectors: Dyes and pigments, bulk and polymers, agrochemicals
Key clusters: Mumbai, NCR, Ahmedabad, Vadodara and Surat

Hospitality

Key sub-sectors: Fine dining (standalone), QSRs, fine dining chains, manpower agencies, boutique hotels, guest houses
Key clusters: NA

Electrical Equipment and Components

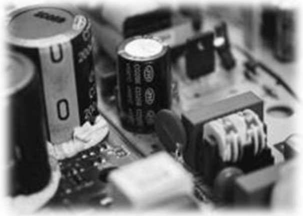
Key sub-sectors: B2B, B2C
Key clusters: NCR, Pune, Bengaluru, Chennai, Aurangabad and Rajkot

Auto Components

Key sub-sectors: Engine parts, drive transmission and steering parts, body and chassis, suspension and breaking parts, electrical parts, other equipment, traders
Key clusters: NCR, Mumbai, Kolkata, Hyderabad and Bengaluru

Food Processing/FMCG

Key sub-sectors: Dairy and dairy products, non-alcoholic beverages, consumer foods, poultry, sea food, food and beverage traders
Key clusters: NCR, Mumbai, Chennai, Hyderabad and Pune



Light Engineering

Key sub-sectors: Casting and forging, medical equipment and devices, pipes, process control instruments, traders
Key clusters: NCR, Chennai, Pune, Ludhiana, Bengaluru, Ahmedabad and Rajkot

Sub-sectors selected basis the contribution to the overall sector credit demand and risk profiles

…to Create Customized Solutions for Customers…

Restaurants

Challenges Faced: Cash based collections reducing eligibility, a new restaurant takes time to reach positive cashflows

U GRO Approach

Assessment: A combination of Zomato ratings, seats, cuisine served, price points to arrive at eligibility

Cash Flows: If a franchise, then a 3-tranche disbursal – payment to franchisor, infra development, working capital. Payments to start post commencement of operations

Distribution: Tie up with food aggregators like Zomato, Swiggy and assess eligibility through transactional data

Pathology lab

Challenges Faced: Heavy investment in equipment, cash-based collections reducing eligibility

U GRO Approach

Assessment: Cash flow assessment through footfall, online booking, booking register, price list published online

Cash Flows: Leasing module used. Disbursal of funds to the manufacturer by U GRO. Pathology lab owner to pay only rental per month

Distribution: Tie up with leasing agencies and manufacturers of equipment

…Enabled by an In-house Technology Platform

Multiple industry firsts to enable a 60 min principal approval

8 sectoral statistical scorecards

38 sub-sectoral expert scorecards

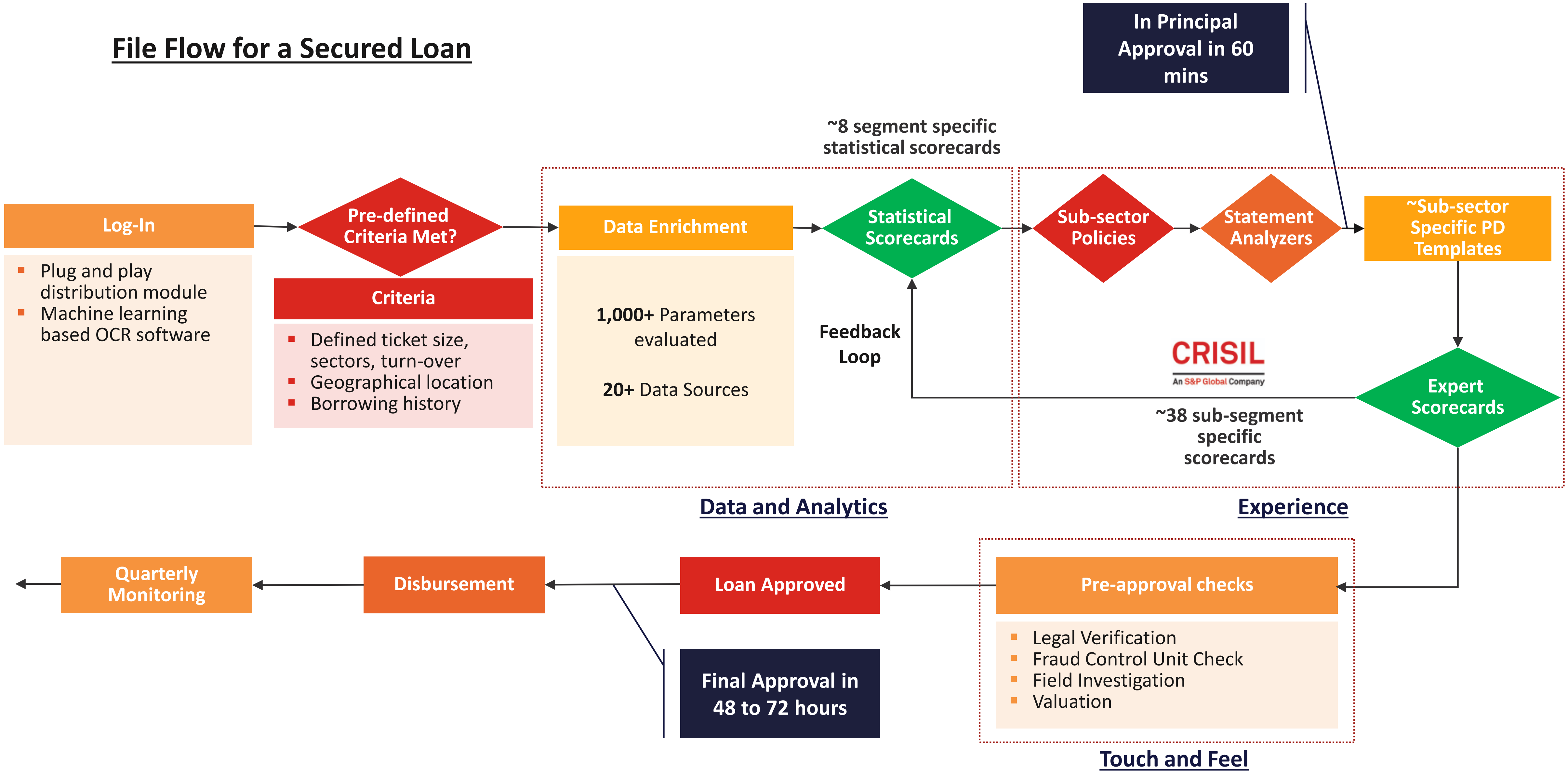
25+ API integrations

Automated policy checks

Sectoral Credit Enabled by Technology

A Seamless, Customized Customer Journey

File Flow for a Secured Loan



Data Analysis Based Proprietary ‘Sectoral Statistical Score Cards’

8 M+ loan records

850 parameters per loan

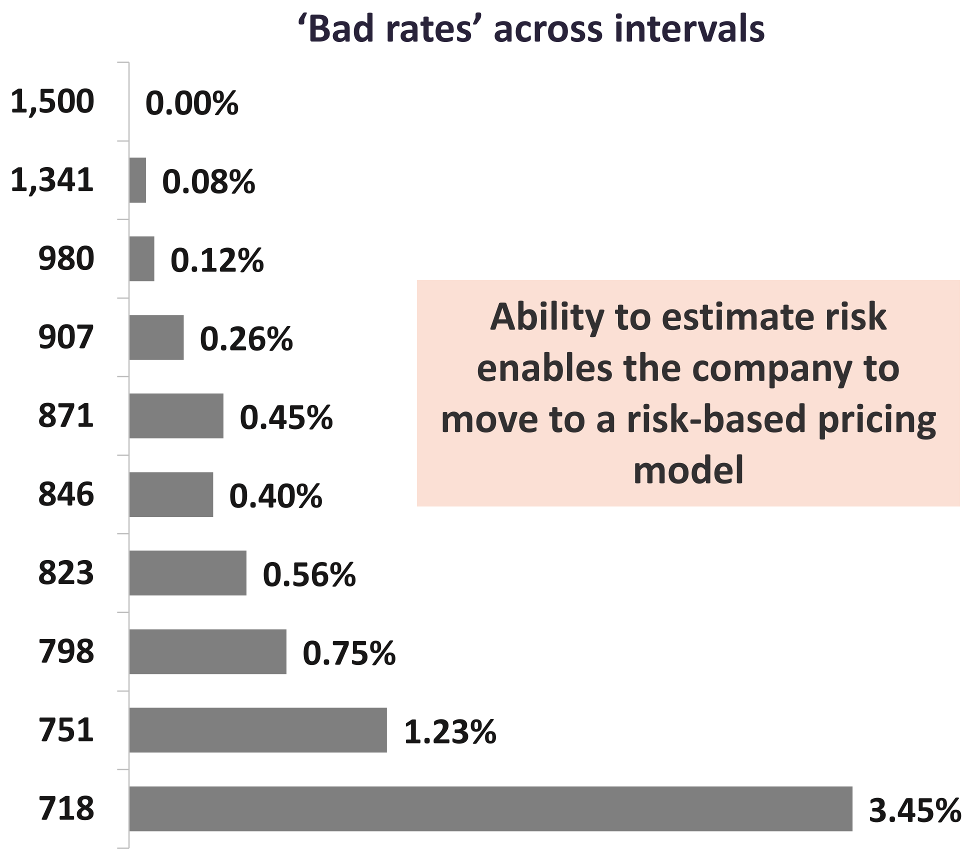
60%+ GINI coefficient

70% ‘bads’ eliminated by removal of bottom 20% by score

U GRO Behavioral Score

Look-alike based application scores for each sector

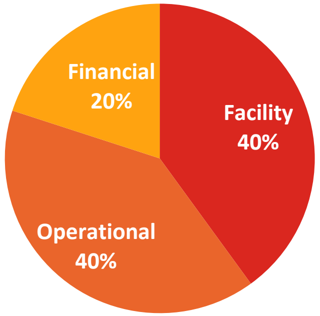
Default rate across score ranges



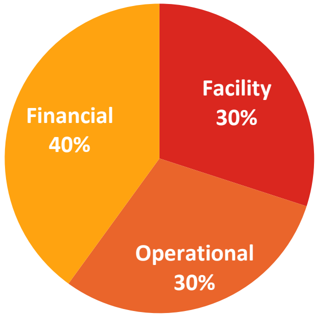
Ability to estimate risk enables the company to move to a risk-based pricing model

Supplemented by an Industry First – 'Expert Scorecards' – for all Sub-sectors

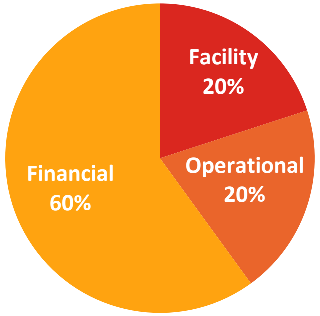
Case A: Less than 20 bedded nursing home



Case B: 20-50 bedded nursing home



Case C: 50-100 bedded nursing home

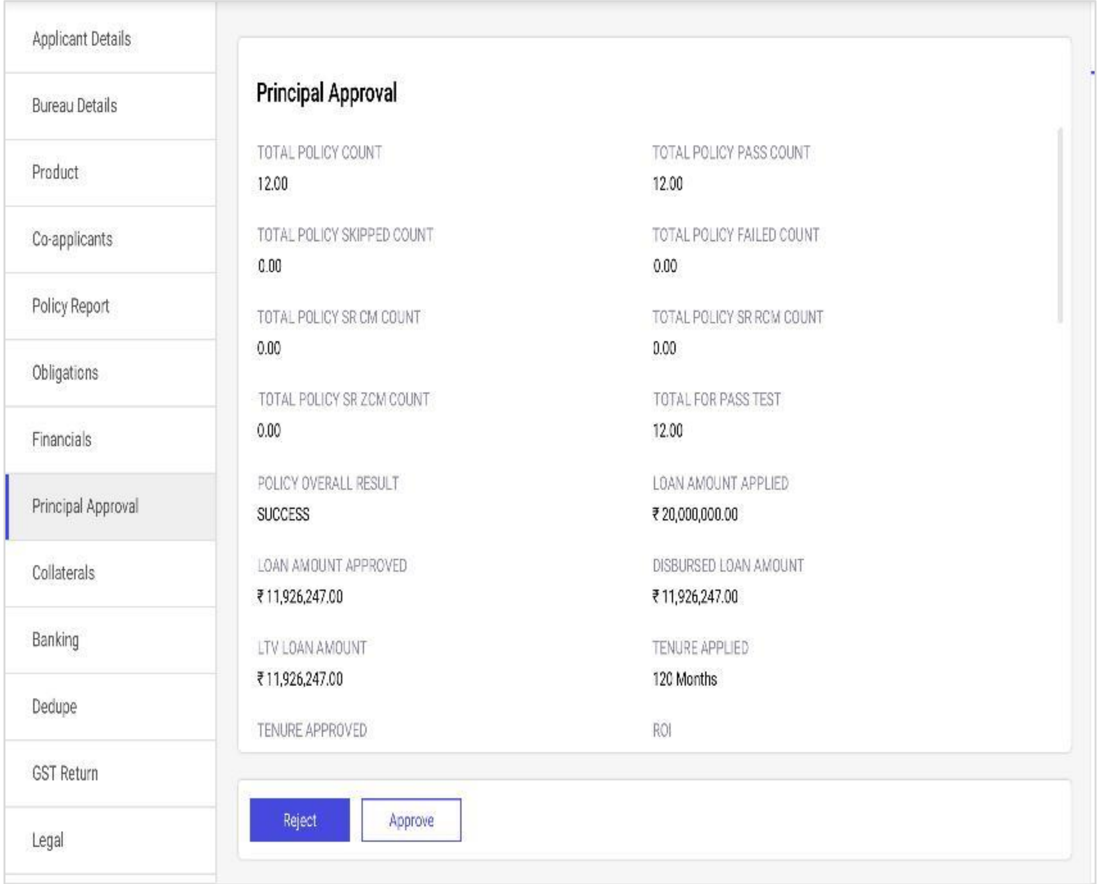


Parameters	Factors	Case A	Case B	Case C
Facility related	Vintage of the entity	20%	15%	10%
	Doctor's Experience	20%	15%	10%
	Arrangement with pharmacy unit	30%	30%	40%
	NAHB accreditation	30%	40%	40%
Operational	Share of IPD revenues in overall nursing home revenue	15%	20%	20%
	Share of insurances cases in overall IPD admissions	15%	20%	20%
	Govt empanelled cases in overall insurance admissions	10%	10%	10%
	Occupancy rate	30%	20%	20%
	Revenue per occupied bed	30%	30%	30%
Financial	Operating margins	15%	15%	15%
	Return on Capital Employed	20%	20%	20%
	Interest coverage	30%	30%	30%
	Asset turnover ratio	20%	20%	20%
	Receivable days	15%	15%	15%

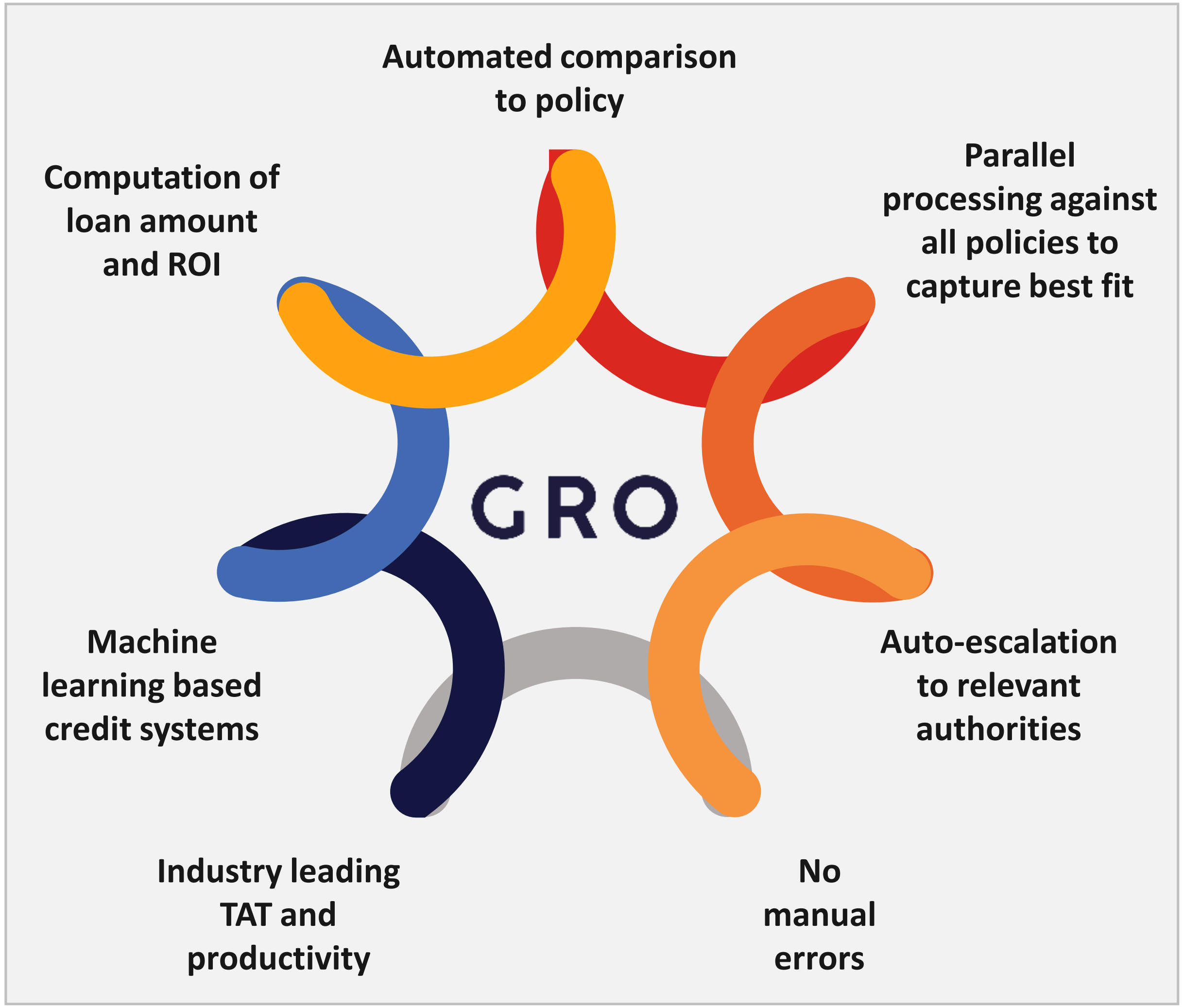
Sector: Healthcare
Sub Sector: Nursing Homes

- Combination of **operating** and **financial parameters**
- Scorecards developed in consultation with **CRISIL market experts**
- **Methodology**
  - **1,000+ personal interviews** across **9 locations**
  - Responses for over **50+ curated questions for each sub-sector**

Automated Policy Approvals Reducing Subjectivity in Credit Appraisal



| Highly flexible | Capable of handling complex computations and policies |



Our Product Philosophy

Moving beyond conventional products offered by most NBFCs in the market…

Secured Loans	Unsecured Loans	Supply Chain Financing
Mostly long tenor, loan against property	*Short term working capital loans*	*30-90 day loans against invoices*

To create sub-sector specific products by modulating the following attributes to meet customer requirements…

- Collateral
- Assessment Parameters
- Tenor
- Loan Structuring
- Pricing

…With Tailored Products for Each Sub-Sector

Sector	Sub-sector	Target Segment	Key Insights	Key Propositions
Hospitality	**Boutique Hotels**	Two/three star mid sized and budget hotels	▪ Boutique hotels want a **convenient and hassle-free** loan process ▪ Business data available on digital marketplaces ▪ Very open to **completely digital process**	▪ Pre-approved loan **disbursement based on marketplace data** e.g. trivago, MakeMyTrip etc. ▪ Parameters for loan decision include **online rating**, # of rooms, average room rate etc.
	Restaurants and QSRs	Quick service restaurants and fine dining restaurants	▪ Restaurants with different formats have **highly disparate sources of income** ▪ Broad **range of margins** across sub-types, affected in particular by owning a **liquor license**	▪ **Restaurant format-based eligibility approach** - QSR standalone, QSR franchise and fine dining ▪ **Scorecard approach** with higher scores for owned property, liquor license, home delivery
Healthcare	**Dental Clinics**	Existing dental clinics	▪ Loan eligibility in this sector is quite **margin reliant** ▪ Dental clinics offering **high end, very specialized services** have higher margins	▪ **Procedure based lending approach** ▪ Liquid Income program available based on specialization of the dentist ▪ Parameters for loan decision include **doctor's qualifications**, clinic vintage etc.
Food Processing & FMCG	**FMCG Traders**	Kirana shops measuring a minimum of 200 sq. ft	▪ Outlook and repayment behavior have a strong correlation with **shop size and business vintage** ▪ Volume is very dependent on speed at which they can **rotate stock** ▪ **Business and sourcing stability** are also of critical importance	▪ Loans offered based mainly on **floor area and business/shop vintage** ▪ Further parameters monitored include supplier stability, quantity of stock maintained, **inventory turnover** etc.

Disrupting the Existing Model with an Approach to Serve the Entire Value Chain of ₹ 100,000 to ₹ 5,00,00,000 Loans to Small Businesses

U GRO CAPITAL

Current distribution models

- Mostly **DSA sourced**, branch led model or a feet on street led model
- DSA shares a customer file with multiple NBFCs and has multiple rounds of follow-ups to access financing resulting in **low productivity**
- Customer relationship with the DSA/FOS resulting in **high level of customer churn**
- **Opex intensive model** with almost a linear relationship between opex and disbursals

Turnover: Up to ₹50 Cr
Ticket Size: Up to ₹5 Cr

Turnover: Up to₹20 Cr
Ticket Size: Up to ₹5 Cr

Turnover: Up to ₹5 Cr
Ticket Size: Up to ₹2 Cr

Turnover: Up to ₹1 Cr
Ticket Size: Up to ₹50 L

Disrupting the conventional distribution channel

- **“Uberized distribution model”** – increased distribution network of DSAs, CAs, brokers with higher productivity
- **Branch FOS** to be **“relationship managers”**

Harnessing Ecosystem based lending

- Access MSMEs through their **business ecosystems** by partnering with **anchors, aggregators**
- Assessment of **partner transaction data**

Reaching Customers directly and digitally

- **Digital lending** on own platform supplemented by **pre-qualified leads**

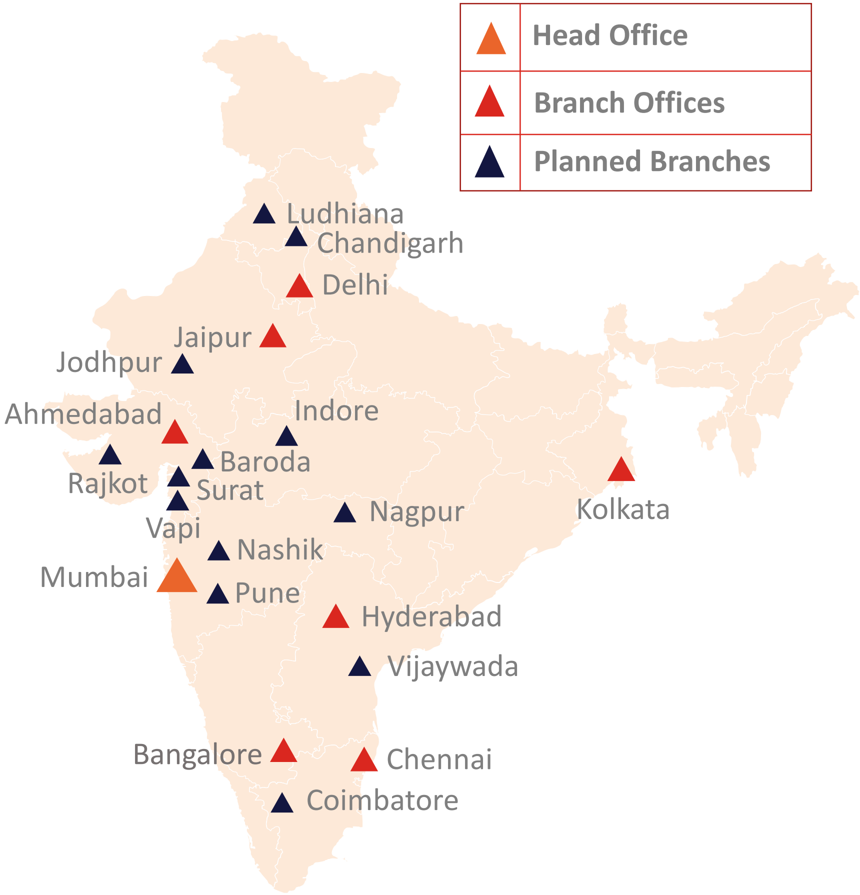
Prospering the partnership approach

- Partnerships with NBFCs providing ME loans/fin-techs in Tier 2, Tier 3 cities
- **Leveraging the distribution network of partners** to create a low Opex lending model and be a complete liability solutions provider to them

Traditional Distribution

U GRO “Omnichannel” Distribution

Traditional Channels | A New Approach to the Old…

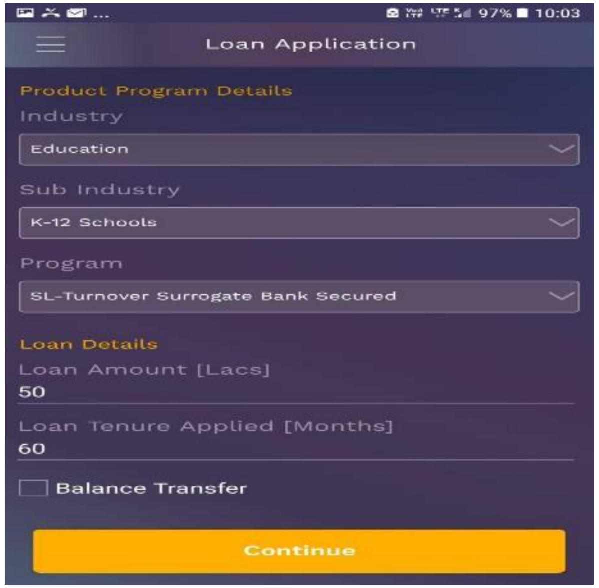


Locations identified through SME cluster analysis and portfolio benchmarking

Partner Selection Criteria

- **Rigorous vetting of 1,200+ partners** to reach an initial list of **100 channel partners**.
- Selection criteria:
  - Track-record of **3+ years**
  - Infrastructure Readiness
  - **Portfolio performance**
- Partners have a **track-record** of acquiring **₹ 50,000+ M per month**
- Channel partners pay an onboarding fee – **a first in the industry**

Partner App: An Industry First



Value Proposition for Channel Partners

- **Lower TAT** : In principal approval in **1 hour**
- **Higher productivity:** High conversion **(~60%)** post the in-principle approval
- **Analytics-driven** opportunity to **cross-sell/top-up** within their customer bases
- U GRO co-lends with larger banks, allowing partners to **originate larger ticket sizes**
- **Payment within 7 days** resulting in improved working capital management

Growth Channels | Ecosystem Based Lending

Dedicated "Growth Team" to build industry partnerships

Independent vertical headed by the Chief Growth Officer

- Each sector to be led by a 'sector head'

Develop partnerships in prioritized segments with key participants e.g. sector specific lenders, industry bodies

- E.g. Anchor led supply chain financing, partnerships with equipment suppliers

Partnership with a large food aggregator

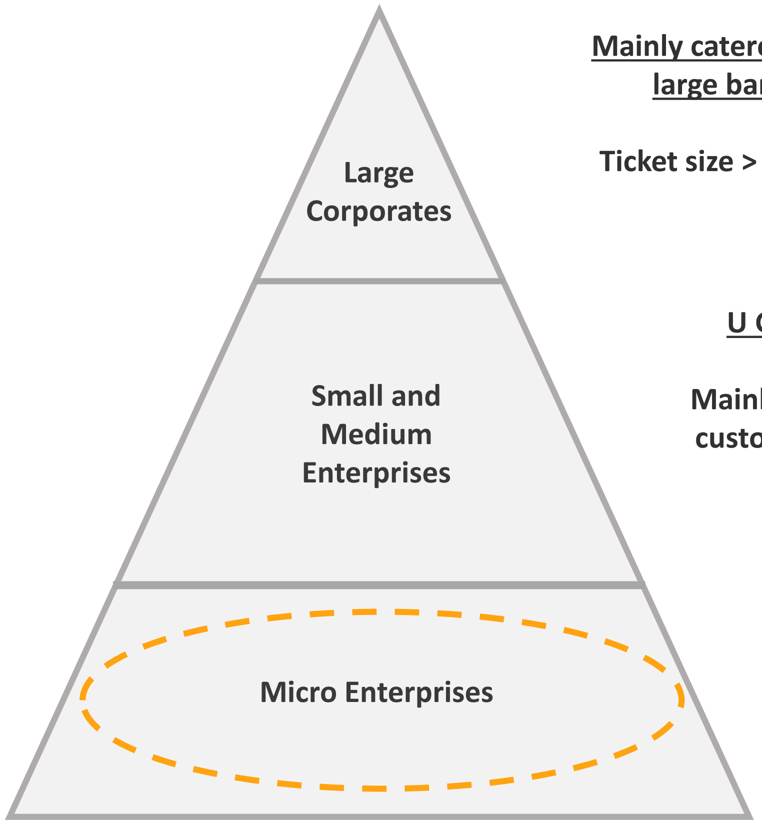
- **Pre-approved program based on data analytics** for unsecured & secured loans to restaurants
- **Performance data of restaurants** partners with U GRO to be shared by the aggregator
  - Vintage, location, ratings/reviews, transactions
- Pay-outs to restaurants routed through an **escrow account** created for the program

Ability to go deep into the partner value chain

Hotel Franchisor (Anchor) → Receivable financing to their partner ecosystem → Cross-sell of other products to the franchisees → Ability to tap into the end consumer by providing travel loans

Ability to tap into the partners' network of distributors, dealers, suppliers and then eventually the end customer through an ecosystem-based lending strategy

BFSI Partnership Channels | Ability to service the bottom of the pyramid



Mainly catered to by large banks

Ticket size > ₹ 50 Cr

U GRO target segment

Mainly located in large SME customers in metros/Tier 1 cities

Catered to by smaller regional NBFCs

Needs heavy investments in branches/feet on street especially in Tier 2/3 cities

Symbiotic partnerships to cater to the MEL segment

Challenges faced by NBFCs:

- Given scale of NBFCs, their regional concentration and the target segment, **access to credit for such NBFCs is limited**

U GRO Solution:

- Create a **steady liability solution** for such NBFCs through multiple modes including **direct lending, on tap assignment, co-lending and debt syndication**
- **Joint under-writing** by U GRO and the partner NBFC

Advantage to U GRO

- Ability to create a **large, granular micro-enterprise book** without incurring significant opex
- **First loss credit enhancement** from the NBFC

The BFSI partnership channel is U GRO's strategy to cater to the micro-enterprise segment without incurring significant Opex costs

Our Innovation-Driven Digital Lending Platform

UGRO CAPITAL

Customer Service

Chatbot based, integrated with popular message apps (proposed)

- **Completely Digital** Customer Servicing
- No reliance on human interrvation
- Web-service based APIs for **instant query/request handing** over app/web or IVR call

Product and Marketing

Innovation driven by Micro-Level Focus within Sub-sectors

Product Development

- **Sectoral Need Gap Identification** based on **Perception Maps**
- E.g. Solutions available for **Dentists Loan** (Healthcare → Doctors) & **Kirana Shop Loans** (FMCG → Trading)

Marketing

- Customer Data Identification
- **Push & Pull Marketing Campaigns**
- Personalised Communication
- Personalised on-boarding journey **(ChatBots)**

Acquisition

Micro–targeting of customer and partner audiences for onboarding

Sector-Focused Partnerships

- **Ecosystem Players**
- Aggregators
- Web Portals Listings
- Payment Gateways
- **Marketplaces**
- Industry Bodies/Associations

Direct To Customer Campaigns

- Integrated **Marketing Automation Tool** for campaign delpoyment
- Medium: SMS/**Flash Message /WhatsApp**/Voice Blasts/Email
- **Outbound Calling** with loan solutions to optimise conversion

Underwriting/Fulfilment

60 Mins Decisioning – 100% Digital

- Based on **Industry First Sector Specific Scorecards**
- Pings other Tech Platforms for information gathering and validation via customized APIs
- Assisted models (Outbound Calling) to induce customers to convert
- Outsourced partners to collect documents and meet regulatory compliance