

18th March 2024

To

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G
Block Bandra, Kurla Complex, Bandra
(East) Mumbai 400051

Scrip Code – 511742

Symbol – UGROCAP

Subject: Press Release – “CRISIL Ratings upgrades UGRO Capital Limited’s rating to CRISIL A/Stable from CRISIL A-/Positive”

Dear Sir/Madam,

We are enclosing herewith Press Release issued by the Company dated 18th March 2024, titled “CRISIL Ratings upgrades UGRO Capital Limited’s rating to CRISIL A/Stable from CRISIL A-/Positive”.

This is for your information and records.

The aforesaid information is being made available on the Company's website at www.ugrocapital.com

Thanking You,

For UGRO Capital Limited

Satish Kumar
Company Secretary and Compliance Officer
Encl: a/a

UGRO CAPITAL LIMITED

Registered Office Address: Equinox Business Park, Tower 3, 4th Floor, LBS Road, Kurla (West), Mumbai - 400070

CIN: L67120MH1993PLC070739

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PRESS RELEASE

CRISIL Ratings upgrades UGRO Capital Limited's rating to CRISIL A/Stable from CRISIL A-/Positive

DataTech NBFC's Strategic Vision and Robust Performance Propel Rating Upgrade

Mumbai, March 18, 2024: U GRO Capital, a leading DataTech NBFC focused on MSME lending marks a milestone as CRISIL Ratings upgraded its long-term rating on bank loans and non-convertible debentures to 'CRISIL A/Stable' from 'CRISIL A-/Positive', affirming the short-term rating at 'CRISIL A1'.

The upgrade underscores UGRO's ability to enhance its franchise business, driven by robust business prospects and an extensive operating network. This achievement is complemented by UGRO's comfortable capitalization levels and improved diversity in its resource profile. Notably, UGRO has raised significant equity capital of approximately Rs 1,240 crore since inception, with a recent infusion of Rs 340 crore in fiscal 2024 from Danish Sustainable Development Goals Investment Fund and other prominent institutions. This capital infusion, along with reported net worth of Rs 1,405 crore as of December 31, 2023, supports the company's growth objectives.

U GRO Capital's assets under management (AUM) have surged to Rs 8,364 crore as of December 31, 2023, reflecting its prowess in catering to the MSME financing segment. The company's off-book portfolio, constituting 45% of AUM, signifies its strategic co-lending arrangements and partnerships. Leveraging collaborations with over 10 co-lending partners, 55 lenders, 40 fintechs, and 500 GRO partners, U GRO Capital delivers tailored financial solutions to over 67,000 MSMEs across India. Anchoring this success is the proprietary underwriting model, GRO Score 3.0, a pioneering platform facilitating data-driven credit access for small businesses nationwide. This expansion has been fueled by its extensive operating network, comprising 104 branches, along with strategic partnerships with over 70 anchors and 50 OEMs. The company's diversified product offerings, including secured loans against property, business loans, supply chain financing, and machinery loans, cater comprehensively to the MSME segment.

The pre-provisioning operating profit rose to an average of 2.7% on managed assets in the first nine months of fiscal 2023, up from 2.0% and 2.1% in fiscal years 2022 and 2021. This improvement was supported by a strong net interest margin and AUM growth. ROMA increased to 0.8% in fiscal 2023 from 0.6% in fiscal 2022.

The operating cost to average managed assets ratio improved from 5% for fiscal 2023 and fiscal 2022 to 3.9% for the first nine months of fiscal 2024, highlighting a positive trend. UGRO's significant investments in systems, processes for underwriting, proactive risk management practices and diversified portfolio serve as pillars of strength, effectively mitigating any potential risks associated with its asset quality. The company's liquidity position remains adequate, with positive cumulative mismatches in all maturity buckets up to one year, providing resilience against short-term obligations.

U GRO Capital already enjoys long-term rating of "IND A/Stable" from India Ratings and Research Private Limited since February 2023. This upgrade reflects the underpinning operating leverage getting established and UGRO now becoming a scale dedicated player for MSME Financing in India.

U GRO Capital's journey epitomizes innovation and strategic foresight in the realm of MSME financing. Conceived as India's foremost small business financing platform, U GRO Capital seamlessly integrates the power of Data & Tech, setting itself apart as India's first listed startup in the domain. The foundation laid by Mr. Shachindra Nath in 2018 marked a pivotal moment, with the acquisition of 'Chokhani Securities Limited' and a landmark capital infusion from prominent investors including TPG – NewQuest, PAG, ADV Capital, and Sameena Capital, among others.

Despite sectoral challenges, U GRO Capital continued the path to investing in its operating infrastructure during the Covid period. It has a total of 165 people at the end of 2020 with 9 branches which increased to 1560 people and

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104 branches in 2023. This has resulted in growth of AUM from INR 861 Crores at the end of 2020 to INR 8,364 at the end of Q3 FY24.

Mr. Shachindra Nath, Founder and Managing Director of U GRO Capital, expressed his enthusiasm about the rating upgrade, stating, *“We are delighted with the rating upgrade from CRISIL Ratings. It underscores our relentless dedication to supporting the growth aspirations of MSMEs and reflects the strength of our business fundamentals. This upgrade not only bolsters our liability franchise but also enables us to optimize borrowing costs and propels our growth journey. We remain committed to delivering value to our stakeholders while maintaining the highest standards of corporate governance.”*

Overall, CRISIL Ratings' upgrade anticipates sustained comfortable capitalization metrics over the medium term and underscores U GRO Capital's resilience, innovation, and strategic foresight in the MSME financing landscape, positioning it as a leading player in the industry.

About UGRO Capital Ltd (NSE: UGROCAP | BSE: 511742)

UGRO Capital Limited is a DataTech Lending platform, listed on NSE and BSE, pursuing its mission of “Solving the Unsolved” for the small business credit gap in India, on the back of its formidable distribution reach and its Data-tech approach.

The Company's prowess in Data Analytics and strong Technology architecture allows for customized sourcing platforms for each sourcing channel. GRO Plus module which has uberized intermediated sourcing, GRO Chain, a supply chain financing platform with automated end-to-end approval and flow of invoices, GRO Xstream platform for co-lending, an upstream and downstream integration with fintechs and liability providers, and GRO X application to deliver embedded financing option to MSMEs.

The credit scoring model GRO Score (3.0) a statistical framework using AI / ML driven statistical model to risk rank customers is revolutionizing the MSME credit by providing on-tap financing like consumer financing in India.

UGRO has executed Co-lending model in India which is prevalent in the West through Co-Lending relationships with 10+ Large Public Sector Banks and large NBFCs and built a sizeable off-balance sheet asset of more than 45% of its AUM through the GRO Xstream platform.

The Company is backed by marquee institutional investors (raised INR 900+ Cr of equity capital in 2018 and INR 340 Cr in 2023) and aims to capture 1% market share over the next three years. For more information, please visit: <http://www.ugrocapital.com/>

Contact Details

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