

PRESS RELEASE

UGRO CAPITAL LIMITED UPGRADED RATING 'IND A1+' FOR SHORT-TERM AND 'IND A+' FOR LONG-TERM INSTRUMENTS BY INDIA RATINGS

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

Mumbai, July 31, 2024: UGRO Capital, a leading DataTech NBFC focused on MSME lending, has achieved a significant milestone by receiving the highest rating of 'IND A1+' for its short-term instrument – Commercial Papers (CP) for 7 to 365 days for issue size of INR 2,000 million, as assigned by India Ratings and Research (Ind-Ra). This rating upgrade underscores UGRO's robust performance and strategic vision, highlighting its significant achievements and strong growth trajectory.

Further, Ind-Ra has upgraded the Company's Non-convertible debentures (NCDs) to 'IND A+' from 'IND A' with Stable outlook for issue size of INR 8,500 million, Bank loans to 'IND A+' /Stable for issue size of INR 18,500 million and Sub-debt to 'IND A+' /Stable for issue size of INR 500 million. The rating upgrade reflects UGRO's rapid expansion and growth in franchise, driven by its diverse funding mix, healthy capital buffers, and comprehensive product offerings tailored to MSMEs. UGRO's geographic and sectoral diversification, along with its strategic partnerships and technological advancements, have been pivotal in achieving this milestone.

Mr. Shachindra Nath, Founder and Managing Director of UGRO Capital, expressed his enthusiasm about the rating upgrade, stating, *"We are thrilled to receive the highest rating of 'IND A+' from India Ratings and Research. This upgrade is a testament to our strategic vision, robust financial performance, and unwavering commitment to our belief since inception – that MSME Accha Hai. India's MSME need affordable cost of borrowing, UGRO ability to lend at affordable rates is a function of its own cost of borrowing and hopefully lenders would take notice of this upgrade and our cost of borrowing would come down over period of time with this rating upgrade."*

UGRO's asset under management (AUM) saw a multi-fold increase, reaching INR 90.4 billion at the end of FY24 from INR 13.2 billion at the end of FY21. This growth was significantly supported by its off-book portfolio, which grew to INR 40.8 billion from just INR 0.11 billion in FY21. The on-book AUM also showed a robust compound annual growth rate (CAGR) of 56% during the same period.

The company has successfully forged 12 co-lending and co-origination partnerships, including 6 with public sector banks, and nearly 30 fintech partnerships. UGRO has also expanded its branch network from 25 to over 150, with plans to increase to 250 branches, emphasizing micro-branches.

UGRO has demonstrated a strong track record of capital raising, with significant equity infusions totalling INR 12.7 billion in the fourth quarter of FY24 and additional capital raised in Q1FY25. The company's capital base stood at INR 14.38 billion at the end of FY24 and would have 27 billion Capital by end of FY 26. It has a capital adequacy ratio of 20.75% and a steady leverage ratio of 3.2x.

UGRO continues to focus on funding MSMEs with diversified exposure across various segments, including property-secured loans, machinery financing, retailer financing, and business loans. The company's strategic shift towards high-yielding products and increased emphasis on micro-loans is expected to enhance profitability and margins.

Investments in technology infrastructure, data analytics, and a blend of physical and digital frameworks have positioned UGRO Capital for continued growth. The acquisition of MyShubhLife, an embedded finance fintech platform, will further enable UGRO to target the high-yielding retailer financing segment.

UGRO's funding mix is well-diversified, with mobilized funds from 57 financiers, including major public and private sector banks. The company maintains a strong liquidity position, with a total liquidity of around INR 7.0 billion at the end of Q1FY25, covering debt obligations for 3 months without considering collections.

UGRO CAPITAL LIMITED

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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 46% 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, INR 340 Cr in 2023 and INR 1265 Cr in 2024) and aims to capture 1% market share over the next three years. For more information, please visit: <http://www.ugrocapital.com/>

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