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U GRO Capital performs strongly in the pandemic ridden FY21; AUM grows by more than 50% and cumulative disbursement crosses ₹2,500 Crores

- AUM stood at ₹1,317 Cr and the company has declared profit before tax of ₹12 Cr in FY21 compared to ₹3 Cr in FY20
- Added 22 new lenders during FY21 taking the total lender base to 29
- Entered into co-lending partnership with Bank of Baroda
- Expanded its branch network by operationalizing 25 Gro Micro branches during the year; has total network of 34 branches

U GRO Capital, a BSE listed, sector focused small business lending fintech platform, announced its financial results for Q4 FY21 and full year FY2021 ended March 31, 2021. Despite the adverse economic and business conditions brought about by COVID-19, U GRO Capital has performed strongly in each quarter of FY21.

The company posted an annual profit after tax of ₹ 28.7 Cr compared to ₹ 19.5 Cr in FY20. The total AUM of the company for FY2021 grew by 53% to ₹ 1,317 Cr as on March 2021 compared to ₹ 861 Cr in March 2020.

The key highlights for Q4 FY21:**Loan Portfolio:**

- The Company's AUM as of the end of March 31, 2021 stood at ₹ 1,317 Cr
- The Company's monthly disbursement run rate exceeded pre-COVID levels, with Mar-21 disbursements at a record ₹ 196 Cr
- The loan book is 73% secured and the largest sectoral concentration is light engineering (24%) and the largest geographical concentration is Delhi NCR (20%)
- Portfolio GNPA and NNPA stand at 2.72% and 1.75% respectively

Liability and Liquidity Position

- The Company is attractively positioned on its liability side with a base of 29 active lenders including public banks, private banks and other financial institutions
- The Company has increased the number of lenders on book by 7 during the quarter
- The Company's overall debt book rose to ₹ 782 Cr in Q4, with overall debt equity ratio still at 0.80x indicating a long runway for growth
- The Company maintains a strong liquidity profile with nearly ₹ 300 Cr of cash and equivalents
- The Company maintains a CRAR of 65%, indicating a healthy capitalisation

UGRO CAPITAL LIMITED

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Financial Performance

- The Company has taken a conservative approach to provisioning for loan loss, with a total provision of ₹ 25.62 Cr well above the minimum prescribed by RBI
- The Company's total income increased to ₹ 153 Cr in FY21, as compared to ₹105 Cr in FY20 an increase of 46% over the last year.
- Net Interest Income (NII) for the year FY21 stood at ₹102.8 Cr in FY21 compared to ₹65.2 Cr in FY20. ~58% increase on Y-o-Y basis
- The net worth of the Company stands at ₹ 952.4 Cr as on March 31, 2021

Operational Parameters

- The Company signed its first co-lending partnership under the revised framework with Bank of Baroda in June 2021. This shall open up doors to scale its line of secured business loans at below 10% rate to prime MSME customers
- Company fully operationalized all its 25 MICRO Branches during Q4FY21
- On the Branch Channel, the company continues to increase its base of GRO Partner network to 708 in the quarter ended March 31, 2021 from 355 a year ago. Its products continue to see a strong traction among the MSME borrowers.
- In the ecosystem channel, the company increased its anchor base on Supply Chain Finance to 34 with addition of 19 new anchors during FY2021 and it continues to see a good growth in its Machinery Loan portfolio on account of increase in geographical footprint and presence of 150 pre-approved anchors
- In the Partnership & Alliances channel, the company continued to operationalise more co-lending partnerships. This has led to a rapid rise of AUM in the co-lending channel in the second half of FY2021

Technological Innovation

- The company achieved end-to-end digitization of its Supply Chain Financing channel. With the focus to reach out to suppliers, vendors and dealers across PAN India, UGRO developed an inhouse Gro 2.0 application. The Gro 2.0 app shall enable digital onboarding by doing KYC, fetching GSTIN details, bank and financial statements on a real time basis.
- The company is also taking active measures to standardize its operations to achieve seamless operations by transitioning towards an API driven process.

The Company is, at this juncture, focused on achieving robust growth while protecting its balance sheet and maintaining its strong liquidity position. Given its healthy capital adequacy, low gross NPA and net NPA, diversified portfolio mix, granular geographical distribution and strong risk metrics, the Company is confident in achieving its growth goals while maintaining its conservative approach.

Commenting on the results, **Mr. Shachindra Nath, Executive Chairman and Managing Director of U GRO Capital** stated, "FY2021 has been a challenging yet an exciting year

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for us. During the year, we registered a 53% growth in our loan book. The year also saw a launch of our key products – Sanjeevani & Saathi. We have also made an operational and strategic pivot by introducing our direct distribution product line to serve micro-enterprises. We also saw significant traction in its liability book with addition of 22 new lenders during the year. We continue to embrace technology and invest in analytics to achieve superior underwriting. These developments favourably positions U GRO to achieve its 5-year target of capturing 1% of the MSME lending market. Propagating financial inclusion is our primary goal, and I am delighted with the impact that we are making by serving the nation’s microenterprises.”

About U GRO Capital Ltd.:

U GRO Capital limited is a BSE listed, small business lending fintech platform. The Company is focused on addressing capital needs of small businesses operating in select eight sectors by providing customized loan solutions.

U GRO Capital’s mission is ‘Solve the Unsolved’ – Small Business Credit Need. U GRO Capital believes that the problem of small businesses can be solved by building deep expertise around core sectors of SMEs in India coupled with a data centric, technology-enabled approach.

The Company has raised ~₹ 920 crore of capital from a diversified set of private equity funds like institutional investors and well-known family offices.

The Company strives to build a strong SME financing platform based on sectoral understanding supplemented by a fully integrated technology and analytics platform.

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