

## PRESS RELEASE

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### Media Contact:

Niharika Saluja

+91 80973 41147

niharika.saluja@adfactorspr.com

## U GRO Capital reports Rs. 17.2 crores net profit in Q2 FY 2021; raises capital of Rs. 191 crores

### The key highlights for Q2 FY21:

#### Loan Portfolio

- The Company's disbursements to date reached INR 1,697 crores at the end of Q2 FY21 despite the on-going COVID-19 related disruptions to business activity
- The Company's monthly disbursement run rate has reached pre-COVID levels, with September 2020 disbursements at INR 116 crores
- The Company's AUM as of the end of September 30, 2020 stood at INR 978 crores across 7,734 live loans. The loan book is 67% secured and the largest sectoral and geographical concentrations both stand at 21%
- Portfolio GNPA and NNPA stand at 1.9% and 1.2% respectively, without accounting for the Hon'ble Supreme Court dispensation of September 2020

#### Liability and Liquidity Position

- The Company has 16 active lenders including PSU banks, Private sector banks and other financial Institutions on its borrowing book
- The Company has raised an incremental INR 191 crores of liability in Q2, for a total of INR 578 crores of sanctioned liability at an on-book blended rate of 10.6%, with debt costs having significantly reduced in FY21
- The Company maintains a strong liquidity profile with nearly INR 300 crores of cash and equivalents, and a further INR 180 crores of undrawn debt sanctions
- The Company maintains a CRAR of 85.8%, well above industry standards

#### Financial Performance

- The Company has taken a conservative approach to provisioning for loan loss, with a total provision of INR 11.8 crores, of which INR 3.8 crores is COVID-19 specific
- The Company's total income increased to INR 34.8 crores in Q2 FY21 from 30.8 crores in Q1 FY21 – a 13% growth QoQ, as compared to INR 21.7 crores in Q2 FY20
- The Company declared a Q2 FY21 PAT of INR 17.2 crores, as compared to a loss of INR 3.3 crores in Q2 FY20
- The net worth of the Company stands at INR 944 crores as on September 30, 2020

#### Operational Parameters

- The GRO Partner network now stands at 518 partners, a 32% increase on Q1 FY21

### UGRO CAPITAL LIMITED

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

CIN: L67120MH1993PLC070739

Telephone: +91 22 48918686 | E-mail: yougrow@ugrocapital.com | Website: www.ugrocapital.com

- The Company has onboarded 24 ecosystem partners and 32 corporate partners
- A total of 194 employees have now been onboarded across nine branches: Mumbai (Head Office), Delhi, Kolkata, Bangalore, Chennai, Hyderabad, Ahmedabad, Jaipur and Pune

#### **Expansion to Cater to Microenterprises**

- The Company is introducing '**Saathi**', a line of smaller ticket, higher yield and shorter tenor secured products for microenterprises
- The current branch network will be substantially expanded upon in Q3 FY21, with direct distribution branches to be inaugurated across Tier II/III locations in **Tamil Nadu, Rajasthan, Karnataka, Gujarat and Telangana**
- The Company will be among the first lenders integrated on the Government's GeM Sahay platform, providing access to over 2.4 lakh sole proprietorships that supply a cumulative value of INR 18,935Cr

U GRO Capital, a BSE listed, technology focused platform, announced its Q2 FY21 financial results and posted a PAT of INR 17.2 Cr. This has been achieved while maintaining a consistently conservative approach to provisioning, with INR 3.93 crores of provisioning expenses in Q2. Despite the adverse economic and business conditions brought about by COVID-19, U GRO Capital has declared profits in both Q1 and Q2 of FY21.

The Company is, at this juncture, focused on achieving maximal growth, particularly in the microenterprises segment, while protecting its balance sheet and preserving 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, "This quarter has seen the gradual shift towards business normalcy in the MSME space, which is a very positive sign for the economy as a whole. Never before have fundamentally strong MSMEs have had such a need for financing, and we are working towards addressing as many of these needs as is possible. We have taken great strides in terms of innovation and in our partnerships, and we are superbly placed to increase our distribution levels beyond what they were pre-COVID. I am most excited about the launch of our '**Saathi**' program and our nascent direct distribution branches, which will broaden our target demographic considerably.

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We are proud of the financial prudence that has allowed us to maintain profitability throughout the COVID-19 period in spite of the ample provisioning we have taken. Our portfolio remains strong in the face of unprecedented challenges, and we are confident that we are on the right path to achieve our vision of ‘Solving the Unsolved – India’s \$300B MSME Credit Gap.’”

**About U GRO Capital Ltd.:**

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

U GRO mission is ‘Solve the Unsolved’ – Small Business Credit Need. U GRO 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 ~INR 920 crore of capital from a diversified set of private equity funds like institutional investors and well-known family offices.

U GRO capital has shortlisted the 8 sectors basis an 18-month process involving extensive study of macro and micro economic parameters carried out in conjunction with market experts like CRISIL. The eight sectors shortlisted are Healthcare, Education, Chemicals, Food Processing / FMCG, Hospitality, Electrical Equipment and Components, Auto Components, Light Engineering. The Company additionally lends to microenterprises, which behave as a monolith and act a pseudo ninth sector.

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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