03rd December 2025

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 (E), Mumbai - 400 051

Scrip code: 511742

Symbol: UGROCAP

Sub: Credit Rating - Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that India Ratings & Research Pvt. Ltd, credit rating agency, has issued a press release, dated 03rd December 2025 in relation to the credit rating assigned/affirmed to the below mentioned instruments of the Company:

<table>
<tr><th>Instrument</th><th>Previous Amount (Rs. in million)</th><th>Previous rating</th><th>Current Amount (Rs. in million)</th><th>Current Rating</th></tr>
<tr><td rowspan="3">Commercial paper</td><td>3,000</td><td>IND A1+ (Affirmed)</td><td rowspan="2">5,000</td><td rowspan="2">IND A1+ (Affirmed)</td></tr>
<tr><td>2,000</td><td>IND A1+</td></tr>
<tr><td>-</td><td>-</td><td>3,000</td><td>IND A1+ (Assigned)</td></tr>
<tr><td rowspan="2">Bank Loan</td><td>61,000</td><td>IND A+/Rating Watch with Positive Implications</td><td rowspan="2">68,000</td><td rowspan="2">IND A+/Rating Watch with Positive implications (Maintained on Rating Watch)</td></tr>
<tr><td>7,000</td><td>IND A+/Rating Watch with Positive Implications (Assigned)</td></tr>
<tr><td rowspan="2">Non-Convertible Debentures</td><td>19,014.2 (Reduced from 19,950)</td><td>IND A+/Rating Watch with Positive Implications</td><td rowspan="2">30014.2</td><td rowspan="2">IND A+/Rating Watch with Positive implications (Maintained on Rating Watch)</td></tr>
<tr><td>11,000</td><td>IND A+/Rating Watch with Positive Implications (Assigned)</td></tr>
<tr><td>Subordinated Debt</td><td>5,500</td><td>IND A+/Rating Watch with Positive Implications</td><td>6,500</td><td>IND A+/Rating Watch with Positive implications (Maintained on Rating Watch)</td></tr>
</table>

UGRO CAPITAL LIMITED

Registered Office Address: Equinox Business Park, Tower 3, 4th Floor, LBS Road, Kurla (West), Mumbai - 400070
CIN: L67120MH1993PLC070739
Telephone: +91 22 41821600 I **E-mail**: info@ugrocapital.com I **Website**: www.ugrocapital.com

	1,000	IND A+/Rating Watch with Positive Implications (Assigned)		

The press release issued by India Ratings & Research Pvt. Ltd is enclosed herewith.

This is for your information and records.

Thanking you,
For UGRO Capital Limited

Satish Kumar Chelladurai
Digitally signed by Satish Kumar Chelladurai
Date: 2025.12.03 18:38:00 +05'30'

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

India Ratings & Research
A Fitch Group Company

India Ratings Maintains UGRO Capital's NCDs and Bank Loan Facilities on Rating Watch with Positive Implications; Affirms CP at 'IND A1+'; Rates Additional CP

Dec 03, 2025 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has taken the following rating actions on UGRO Capital Limited's (UGRO) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Commercial paper	-		1-365 days	INR5,000	IND A1+	Affirmed
Bank loan	-		-	INR68,000	IND A+/Rating Watch with Positive implications	Maintained on Rating Watch
Non-convertible debentures#	-		-	INR30014.2	IND A+/Rating Watch with Positive implications	Maintained on Rating Watch
Subordinated debt#	-		-	INR6,500	IND A+/Rating Watch with Positive implications	Maintained on Rating Watch
Commercial paper			1-365 days	INR3,000	IND A1+	Assigned

Detail in the annexure

Analytical Approach

Ind-Ra continues to take a standalone view of UGRO to arrive at the ratings.

Detailed Rationale of the Rating Action

Ind-Ra has maintained the ratings on Rating Watch with Positive Implications owing to the ongoing acquisition of 100% stake in Profectus Capital Private Limited (PCPL) by UGRO. The Reserve Bank of India (RBI) has already granted its approval to PCPL for the proposed change in control and shareholding. UGRO is in the process of completing the transaction by paying the full consideration and taking control of PCPL. Ind-Ra will resolve the Rating Watch with Positive Implications following the completion of the transaction.

List of Key Rating Drivers

Strengths
- Strong growth in franchise
- Adequate capital buffers
- Focused on funding micro, small, and medium enterprises (MSMEs); geographically and sectorally diversified exposure across MSME value chain
- Targeting strong off-balance growth
- Diversified funding mix and lender base

Weaknesses
- Limited track record: asset quality seasoning needs to be established
- Moderate profitability, but improvement likely once operational leverage picks up

Detailed Description of Key Rating Drivers

Strong Growth in Franchise: UGRO's assets under management (AUM) grew multi-fold to INR122 billion at 2QFYE26 (FYE21: INR122.3 billion), largely driven by the build-up of strong distribution capabilities coupled with its off-book AUM, which grew to INR52.7 billion from just INR0.11 billion over the same period. The on-book AUM also grew at a strong CAGR of nearly 57% during the same period. Following the completion of the transaction, UGRO's total AUM is likely to exceed INR150 billion, further strengthening its market position. UGRO has 16 co-lending and co-origination partnerships, of which seven are banks. It also has a partnership with fintech companies, which act as business correspondent partners for the company. The company witnessed a strong build-up in its capacity over FY21-2QFY26, with the branch count rising to 325 (FY21: 25). Of this, 23 are prime branches, while 302 are emerging market branches.

Adequate Capital Buffers: UGRO has a demonstrated track record of capital raising. In 2QFY26, the company announced a capital raise of around INR9.1 billion through a preferential issue of compulsory convertible debentures (CCDs) worth INR5.3 billion, against the initial plan of INR9.1 billion and a rights issue of INR3.8 billion. The funds raised through the CCDs will be used to finance the acquisition of PCPL, while the remaining is likely to be funded through internal accruals and a fund-raise through subordinated debt. This capital raise was in addition to INR12.7 billion raised in FY25, which included INR2.5 billion through CCDs and the remainder through the issuance of warrants. Of this, INR5 billion has been received. However, the balance is unlikely to be realised, as the current share price is below the CCD exercise price. Furthermore, the warrants are approaching maturity, set at 18 months from the date of issuance, thereby limiting the remaining conversion window.

UGRO has built adequate capital buffers with a capital base of INR24.6 billion at 2QFYE26 (FYE25: INR20.5 billion; FYE24: INR14.4 billion; FYE23: INR9.8 billion; FYE22: INR9.7 billion; FYE21: INR9.5 billion) and a capital adequacy ratio of 25.4% (19.4%; 20.75%; 20.2%; 33.61%; 65.15%). Furthermore, the leverage (debt/equity) was 3.3x in 2QFY26 (FY25: 3.4x; FY24: 3.2x; FY23: 3.2x). The management expects the leverage to remain below 4.0x in FY26, post the completion of the transaction. The agency believes the current capital would be adequate to support growth over the next six-to-eight quarters. That said, UGRO targets to keep its leverage below 4.0x and cap its unsecured business loan exposure at 30% (including exposure backed by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)). The agency believes that this is required as the borrowing segment that it caters to is susceptible to economic slowdowns and has been associated with high credit costs in the past.

Focused on Funding MSMEs; Geographically and Sectorally Diversified Exposure across MSME Value Chain: UGRO is a non-banking financial company (NBFC) focused on providing funding across the MSME segment – secured against property as collateral, funding for purchase of machinery, supply chain financing and unsecured business loans. The average ticket size of the products stood at INR0.5 million-9.5 million, with the upper cap being INR50 million for secured products and INR5 million for unsecured business loans. Since its inception in 2019, the entity has built an AUM of INR122.2 billion, despite being impacted by the COVID-19 pandemic for a large part of this period. Furthermore, the entity had 325 branches (23 prime and the rest for micro enterprises) across 12 states in India as of September 2025. Furthermore, the AUM is diversified across 10 key sectors, with the largest end-segment constituting 35% of the AUM. The agency opines the product, geography and end-segment diversification bodes well for UGRO, given the volatility that the customer segment is known to face through economic cycles.

UGRO has re-calibrated its strategy and is focused on growing high yielding, secured products. It plans to expand its emerging market loan reach by adding more micro branches. In supply chain financing, the company is focusing on running down the old book, which had exposure mainly to wholesaler distributor/dealers, and UGRO intends to target retailers henceforth. The entity has undertaken this shift mainly to improve its margins and improve its return on assets to the desired level of 4%. It also wants to maintain the share of the unsecured business segment, but this exposure will be backed by CGTMSE; as of 2QFY26, nearly 55% of the unsecured business segment was covered with CGTMSE, and UGRO intends to roll it out to majority of the segment. Ind-Ra opines that the focus on improving profitability is a step in the right direction for UGRO, but the asset quality trend of this new portfolio will be a key monitorable.

Targeting Strong Off-Balance Sheet Growth: UGRO has been targeting strong growth in capital-light, off-balance sheet products by expanding its lending under co-lending, direct assignment, and co-origination segments. The combined share of these segments in AUM rose sharply to 44% in 2QFY26 (FY22: 16%), even as the overall AUM grew more than 3x to INR120 billion. In addition to being less demanding on capital buffers, off-book growth has provided a steady source of income for UGRO. However, following the completion of the PCPL transaction, Ind-Ra expects the share of off-book AUM to decline further.

Diversified Funding Mix and Lender Base: UGRO has mobilised funds from 59 financiers, including some of the largest public and private sector banks. At end-September 2025, term loans from banks accounted for 40.2% of the total borrowings, followed by small finance banks (3.5%), NBFCs (9.4%) and financial institutions (6.7%). Working capital loans constituted an additional 2.8 %, NCDs, CPs, and market-linked debentures made up 26.3%, while external commercial borrowings (ECBs) accounted for 11.3% .Given the scale at which UGRO operates, the number of lending relationships is considered adequate, and the liability mix remains well diversified. UGRO's focus on co-lending with 16 partners also serves as an additional source of funding.

Limited Track Record; Asset Quality Seasoning Needs to be Established: UGRO began operations in 2018 and has built an AUM of INR122 billion since then. While UGRO's portfolio has been witnessing strong growth, the franchise size remains at a medium level. Also, the seasoning in the portfolio is low, as nearly 65% of the AUM was generated in the 12 months ended June 2025.

UGRO's gross stage 3 assets stood at 2.4% in 2QFY26 (FY25:2.3%; FY24: 2.0%; FY23: 1.6%) with credit costs of 2.8% (on on-book AUM). Also, the gross stage 3 provisions coverage was 47% as of 2QFY26 (FY25: 47%; FY24:48%; FY23: 49%), with total provisions at 1.1% of the AUM. However, given the limited seasoning of its business verticals, Ind-Ra believes control over softer bucket migration needs to be actively monitored with the rising scale; this will be a key monitorable for the agency.

Moderate Profitability, but Improvement Likely Once Operational Leverage Picks up: UGRO has been profitable since its first year of operations, although its profitability during FY20-FY21 was aided by tax write-backs. The entity has been reporting a profit before tax, although it has been at modest levels due to the high operating costs. The cost-to-income ratio remained steady at 56.5% during 2QFY26 despite increased opex towards capacity building (FY25: 53.8%; FY24: 53.8%; FY23: 63.3%; FY22: 71.8%). Although it has moderated from its long-term trend, it remains at an elevated level, thus putting pressure on the profitability. The company plans to focus on granular portfolio and increase its branch count, mostly micro-branch, which will keep its opex at elevated levels over the next few quarters, but if executed well it will provide a big fillip to the return on assets (2QFY26: 1.9%; FY25: 1.9%; FY24: 2.3%; FY23:1.1%; FY22: 0.6%). Ind-Ra opines UGRO will only be fully able to capitalise on its investment if it can keep its credit costs in check across multiple cycles and product lines.

Liquidity

Adequate: At 2QFYE26, UGRO had a total liquidity of around INR22 billion, comprising unencumbered cash, liquid investments, and unutilised bank lines, which are sufficient to meet its three months of debt obligations of INR10.4 billion, without considering any inflows from collections. According to the behavioural asset-liability management statement at end-September 2025, the company maintains a cumulative surplus in all-time buckets. Furthermore, on a steady-state basis, UGRO aims to keep on-balance sheet liquidity sufficient for three months' debt re-payment, considering nil collection. At end-Sept2025, UGRO had an AUM of about INR122 billion, of which assets worth INR69.55 billion were on-balance sheet assets. Furthermore, it can raise money through securitisation transaction. The company has co-lending partners to fund borrowers for its offerings. UGRO expects the institutional co-lending model to generate significant opportunities for off-balance sheet assets with regards to liquidity and funding requirements on an ongoing basis.

Rating Sensitivities

The Rating Watch with Positive Implications indicates that the ratings may be either upgraded or affirmed. The agency will continue to monitor the transaction and will resolve the Rating Watch with Positive Implications post the completion of the transaction.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on UGRO, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

UGRO (erstwhile Chokhani Securities Limited) was acquired in 2018 by Shachindra Nath (vice chairman and managing director). UGRO focuses on lending to MSMEs by offering them multiple products with varying tenors and ticket sizes. The company operates through 325 branches (23 prime and 302 micro), with a wide geographic presence. The AUM of the entity (own and managed) stood at INR122billion at 2QFYE25, with the off-book volumes constituting 44% of the overall AUM (split almost evenly between co-lending & direct assignment and co-origination). UGRO is a publicly listed entity on both the National Stock Exchange of India Limited and BSE Limited.

Key Financial Indicators

Particulars	1HFY26	FY25	FY24
Total assets (INR billion)	107.8	91.7	62.8
Total equity (INR billion)	24.6	20.5	14.4
Net profit (INR billion)	0.8	1.4	1.2
Return on average assets (%)	1.7	1.9	2.3
Equity/assets (%)	22.9	22.3	22.9
Capital adequacy ratio (%)	25.4	19.4	20.8
Gross Stage 3 (%)	2.4	2.3	2.0

Source: Ind-Ra, UGRO

Correction in Previous Rating Action Commentary

Ind-Ra updates the rating action commentary published on 16 October 2025 to correctly state ISIN - INE583D08099, INE583D08081 as subordinated debt and to include the rating action for additional CP of INR2,000 million in the primary rating table.

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook									
	Rating Type	Rated Limits (million)	Rating	16 October 2025	22 August 2025	26 June 2025	10 March 2025	30 December2024	6 September 2024	30 July 2024	7 March 2024	8 January 2024	1 Septe 20
Bank loans	Long-term	INR68,000	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A/Stable	IND A/Stable	IN A/St
Non-convertible debentures	Long-term	INR 30,014.2	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A/Stable	IND A/Stable	IN A/St
Subordinated debt	Long-term	INR6,500	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Rating Watch with Positive Implications	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A+/Stable	IND A/Stable -	-	-
Commercial paper	Short-term	INR8,000	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1	IND A1	IND

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low
Subordinated debt	Moderate

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Private NCDs

ISIN	Date of Issue	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE583D07406	12 December 2023	10.38	12 December 2027	INR2,496	IND A+/Rating Watch with Positive implications
INE583D08040	24 January 2024	10.25	18 April 2026	INR500	IND A+/Rating Watch with Positive implications
INE583D07497	11 July 2024	Variable-Other	11 January 2027	INR750	IND A+/Rating Watch with Positive implications
INE583D07489	3 July 2024	9.3	5 January 2026	INR500	IND A+/Rating Watch with Positive implications
INE583D07471	25 June 2024	10.25	25 June 2027	INR350	IND A+/Rating Watch with Positive implications
INE583D07539	30 January 2025	10	30 January 2029	INR750	IND A+/Rating Watch with Positive implications
INE583D07547	7 February 2025	10.02	7 August 2026	INR500	IND A+/Rating Watch with Positive implications
INE583D07554	20 February 2025	10.28	20 February 2029	INR2,600	IND A+/Rating Watch with Positive implications
INE583D07190	17 December 2021	11.3	17 December 2027	INR460	IND A+/Rating Watch with Positive Implications
INE583D07208	29 December 2021	11.3	29 December 2027	INR260	IND A+/Rating Watch with Positive Implications
INE583D07216	12 January 2022	11.3	12 January 2028	INR350	IND A+/Rating Watch with Positive Implications
INE583D07612	17 October 2025	9.75	16 October 2027	INR1,500	IND A+/Rating Watch with Positive Implications
INE583D07620	27 November 2025	9.5	27 February 2027	INR1,500	IND A+/Rating Watch with Positive Implications
			Limits utilised	**INR12,516**	
			Limit unutilised	INR9,434	
			Total	**INR21,950**	
Source: NSDL					

Public NCDs

ISIN	Date of Issue	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE583D07448	27 February 2024	10.35	27 February 2026	INR258.5	IND A+/Rating Watch with Positive implications
INE583D07455	27 February 2024	11.00	27 May 2026	INR464.2	IND A+/Rating Watch with Positive implications
INE583D07463	27 February 2024	10.50	27 May 2026	INR341.5	IND A+/Rating Watch with Positive implications
INE583D07505	24 October 2024	10.15	24 April 2026	INR965.24	IND A+/Rating Watch with Positive implications
INE583D07521	24 October 2024	10.25	24 October 2026	INR690.82	IND A+/Rating Watch with Positive implications
INE583D07513	24 October 2024	10.40	24 April 2027	INR343.94	IND A+/Rating Watch with Positive implications

INE583D07562	24 April 2025	10	24 October 2026	INR444.95	IND A+/Rating watch with positive implication
INE583D07570	24 April 2025	10.39	24 October 2026	INR279.87	IND A+/Rating watch with positive implication
INE583D07588	24 April 2025	10.25	24 October 2027	INR331.65	IND A+/Rating watch with positive implication
INE583D07596	24 April 2025	10.5	24 October 2028	INR549.37	IND A+/Rating watch with positive implication
INE583D07604	24 April 2025	10.15	24 April 2027	INR394.17	IND A+/Rating watch with positive implication
			Limit utilised	**INR5,064.2**	
			Limit unutilised	INR3,000	
			Total*	**INR8,064.2**	
Source: NSDL, UGRO					

Subordinated debt

ISIN	Date of Issue	Coupon (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE583D08057	15 March 2024	12.5	15 September 2029	INR350	IND A+/Rating Watch with Positive implications
INE583D08099	25 September 2025	11.65	25 March 2031	INR500	IND A+/Rating Watch with Positive implications
INE583D08081	15 September 2025	11.65	15 March 2031	INR2,000	IND A+/Rating Watch with Positive implications
INE583D08115	6 November 2025	11.65	6 May 2031	INR1,000	IND A+/Rating Watch with Positive implications
INE583D08131	17 November 2025	11.65	17 May 2031	INR500	IND A+/Rating Watch with Positive implications
			Limit unutilised	INR2,150	
			Total	INR6,500	
Source: NSDL, UGRO					

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About India Ratings

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

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Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Policy for Placing Ratings on Rating Watch

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

DISCLAIMER