5th November 2026

To

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001

Scrip Code – 511742

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

Symbol – UGROCAP

Subject: Shareholder Letter - Quarter ended 30 September 2026

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Shareholder letter - Quarter ended 30 September 2026.

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

SHILPA BHATTER
Digitally signed by SHILPA BHATTER
Date: 2026.11.05 20:43:01 +05'30'

Shilpa Bhatter
Chief Financial Officer
Encl: a/a

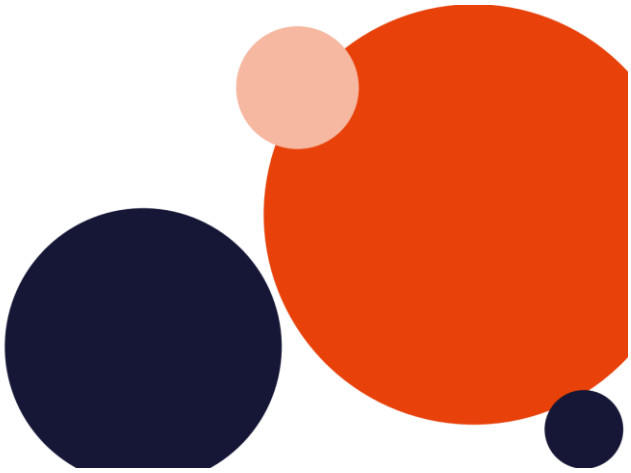
Shareholders' Letter

Q2 FY27 | Quarter ended 30 September 2026

The next chapter

Built. Now we compound.

EMERGING MARKET LAP | GROx EMBEDDED FINANCE



IN THIS LETTER

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Dear Shareholders,

I am writing to you at a point where UGRO is in better shape than at any time since we started in 2018. In the quarter just ended we disbursed more than ₹1,000 crore in every month, a first for us. Emerging Market LAP and GROx, the two businesses we chose to build our future on, now make up 53% of our ₹15,019 crore of assets, up from 32% nine months ago. Profit before tax rose 12% from a year ago and profit after tax rose 17%, while our quarterly operating costs are down by more than a third from where they were two quarters ago.

The hard work of the last two years is behind us. Our branch network is built. Our embedded finance platform is operating at scale. Our cost base has been reset. And the merger of Profectus, approved by shareholders and creditors, completes the move to reported income that reflects how our loans actually behave. What remains is the part I find most exciting: putting all of it to work.

This letter sets out what our two engines can deliver, the path to higher returns on your capital, and why I believe the market's current view of UGRO does not reflect the institution we have built.

Milestones this quarter

- **Record disbursements.** More than ₹1,000 crore disbursed in every month of the quarter, a first for UGRO.
- **A different portfolio.** Emerging Market LAP and GROx are now 53% of AUM, up from 32% nine months ago.
- **Merger approved by shareholders and creditors.** Shareholders and creditors approved the merger of Profectus on 23 September 2026; the NCLT final hearing is on 20 November 2026.

01 | Q2 FY27 at a glance

Reported, consolidated. Quarter ended 30 September 2026.

AUM **₹15,019 Cr** ▲23% YoY	Net disbursement **₹3,159 Cr** ▲77% YoY | ▲ 24% QoQ	Focused products AUM **₹7,929 Cr** 53% of AUM, from 32% in Dec-25
Portfolio yield **18.7%** ▲108 bps YoY	Total income **₹578.4 Cr** ▲ 25% YoY | ▲ 8% QoQ	Profit before tax **₹68.3 Cr** ▲12% YoY | ▲ 11% QoQ
Profit after tax **₹50.7 Cr** ▲17% YoY	Net total income **₹282.4 Cr** ▲16% YoY | ▲ 15% QoQ	GNPA (AUM) | Merged CRAR **2.7% | ~22%** Pro forma; reported CRAR 18.8%

Summary financials

₹ crore	Q2 FY26	Q4 FY26	Q1 FY27	Q2 FY27	YoY
Interest income	322.4	415.2	363.0	385.5	20%
Income on co-lending / DA	100.6	154.6	74.9	109.1	8%
Other income	38.2	61.9	96.8	83.8	119%
Total income	**461.2**	**631.7**	**534.7**	**578.4**	**25%**
Finance cost	218.5	283.7	289.0	296.0	35%
Net total income	**242.6**	**348.0**	**245.7**	**282.4**	**16%**
Operating expenses	137.2	205.2	118.5	127.2	(7%)
Credit cost	44.3	71.6	65.6	86.9	96%
Profit before tax	**61.1**	**71.2**	**61.5**	**68.3**	**12%**
Profit after tax	**43.3**	**51.1**	**67.9**	**50.7**	**17%**

Q2 FY26 on a standalone basis; later quarters consolidated. Totals may not add due to rounding.

In the pages that follow, I set out where we stand and where we are going.

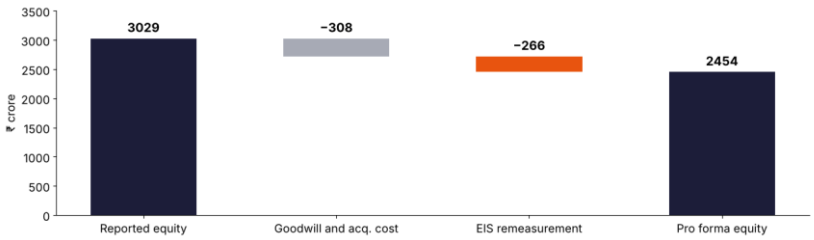
02 | Where we stand

In February 2026 we made a deliberate choice. We stopped lending through intermediaries in lower-yielding prime products and put our capital and people behind two businesses where we have a real edge: small-ticket property loans through our own branches, and merchant loans embedded in the platforms small businesses use every day. Nine months in, the choice is working.

Since the realignment	Dec-25 / Q4 FY26	Sep-26 / Q2 FY27
Focused products AUM (EM LAP + GROx)	~₹5,000 Cr (32%)	₹7,929 Cr (53%)
De-focused book	₹10,458 Cr	₹7,090 Cr
Quarterly operating cost	₹205 Cr	₹127 Cr
Average branch productivity, a month	₹0.48 Cr (FY26)	₹0.73 Cr
Portfolio yield	**17.6% (Q2 FY26)**	**18.7%**

Reported, consolidated. GNPA in the focused products is 1.7%.

The merger of Profectus completes the transition. Shareholders and creditors approved it on 23 September 2026, and the NCLT final hearing is on 20 November 2026. Under the Scheme, income on our co-lent and assigned loans moves to the basis on which those loans actually behave, and the Profectus goodwill and acquisition cost are adjusted against reserves, with no charge to profit. Our pro forma net worth is about ₹2,454 crore, or about ₹158 a share (₹2,360 crore, or about ₹152 a share, on a tangible basis), and our pro forma capital adequacy on a merged basis is about 22%.



Net worth bridge, ₹ crore. Pro forma, unaudited; subject to NCLT sanction and final accounting review.

In effect, the balance sheet has been reset once, through reserves. From here, the numbers we report will carry far less of the volatility that came from booking co-lending income upfront and reversing it when loans closed early. For readers who want the detail, the annexure explains how that income was recognised, with a worked example.

03 | What our two engines can deliver

The opportunity in front of us is large. SIDBI estimates the addressable credit gap for India's small businesses at about ₹30 lakh crore, roughly a quarter of their credit demand. The gap is widest, about a third, for trading businesses, mainly because they lack the collateral banks ask for (ANI, 2025). Our two businesses are built for exactly these borrowers: Emerging Market LAP for owners who have property but sit outside the reach of large lenders, and GROx for shopkeepers and traders whose best evidence of creditworthiness is the business they do every day.

A branch network that is built and now compounding

We have 317 Emerging Market branches across 13 states, with more than 1,800 sales executives and over 500 field collection officers. The build-out is complete; we do not need new branches to grow. A branch older than 12 months disburses about ₹0.86 crore a month, against about ₹0.60 crore for one younger than six months, and 210 of our branches are still under a year old. As they mature, the same network does more.

The arithmetic is simple. If every branch reached what our mature branches already achieve, the network would disburse about ₹3,300 crore a year, against a run-rate of about ₹2,800 crore in Q2, with little addition to fixed cost. These loans are secured on property and run for about five years in practice, so each year's lending builds a book that earns interest for years.

Embedded finance: lending where merchants already do business

GROx lends inside the platforms that small merchants use every day to collect payments and run their shops. We are live with 10 partners, including PhonePe, Paytm, BharatPe, Spice Money and Meesho. A merchant applies in the partner's app, our models decide in minutes using live transaction data, and about 95% of repayments are collected daily at source. We now disburse about ₹750 crore a month, roughly 83,000 loans, to about 4.1 lakh active merchants, with repayment history on more than 7 lakh loans behind every new decision.

Three features make this a platform rather than a product. Reach costs us almost nothing to add: a new partner brings its merchants without a branch, as Paytm showed by growing from ₹16 crore to ₹124 crore in two quarters. The headroom is large: PhonePe alone has about 50 million registered merchants (Entrackr, 2026), and our active borrowers are under 1% of that one platform. And the data compounds: every loan repaid sharpens the next decision. Broadening the partner base further is a priority.

Two engines, different jobs

The two businesses are deliberately different, and together they make a stronger balance sheet than either would alone.

Sep-26	Emerging Market LAP	GROx	De-focused book
AUM (share of total)	₹4,268 Cr (28%)	₹3,661 Cr (25%)	₹7,090 Cr (47%)
Typical loan	₹17-19 lakh	~₹0.9 lakh	₹25 lakh - 3 Cr
Contractual tenure	Up to 15 years; most ~10	13 months	3-10 years
Expected life (behavioural)	5 years	9-10 months	3-4 years
Portfolio yield	**~18.4%**	**~26%**	**~15%**
Credit cost (% of AUM, a year)	1.5%-2%	3.5%-4%	2%-2.5%
Operating cost (% of AUM, a year)	4%-4.5%	1%	1.5%-2%
Collection-linked payouts	-	5%-7%, linked to portfolio performance	-
GNPA	2.0%	1.4%	3.9%
Security and repayment	Property, LTV up to 75%; monthly	Unsecured, partner first-loss cover; ~95% daily	Mixed; monthly

Sep-26. As presented in the Q2 FY27 investor presentation.

Emerging Market LAP is long-dated and secured, with low credit cost; its cost sits in a network that is already built, so it improves with every month of branch maturity, and its maturities sit against our borrowings, about 68% of which run beyond three years. GROx is short-dated and higher-yielding, with almost no operating cost of its own; its higher credit cost is shared with partners through first-loss cover and performance-linked payouts, and because the book turns over within months, we can reprice and tighten credit quickly. Both earn interest month by month on our own balance sheet. That is the business we have built: growth that adds to recurring earnings, not to upfront gains.

04 | The path to higher returns

H1 FY27 pro forma ROA was about 2.7%. Our objective is 3.0-3.5% by FY29, and every driver is already visible in the numbers: portfolio yield is up 108 basis points in a year, quarterly operating cost is down by more than a third, and the focused share of the book has risen by 21 points in nine months. Credit cost is the line we watch most closely as our newer books season.



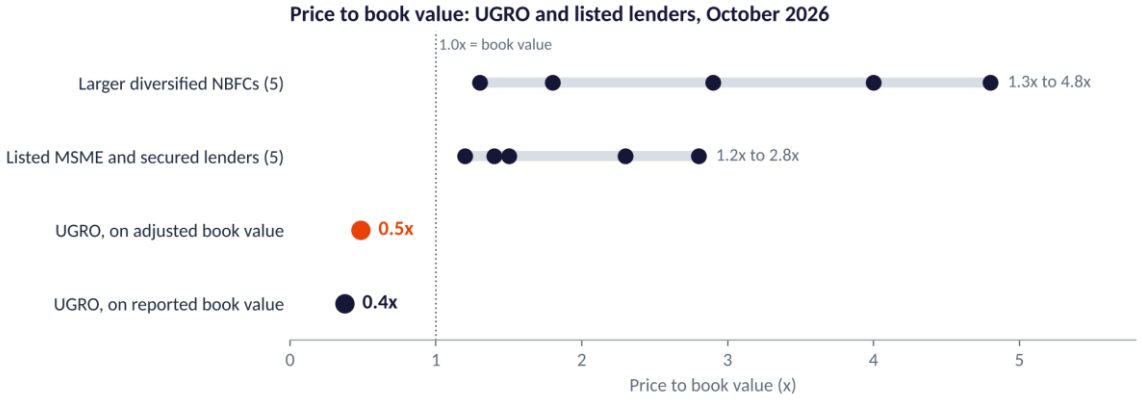
Directional; not a forecast of the size of each driver.

Return on equity follows. On the adjusted equity base, H1 FY27 pro forma ROE was 10.6%, with assets of roughly four times equity. At that leverage, every 0.1 percentage point of ROA adds about 0.4 points of ROE, so ROA in our objective range would correspond to ROE of roughly 12% to 14%.

We can fund this growth ourselves. With pro forma capital adequacy of about 22% and earnings retained every quarter, we intend to fund our plans through FY29 without new equity. Much of our new lending replaces the lower-yielding book as it runs off, so our risk-weighted assets grow far more slowly than our disbursements. Selective co-lending and DA, now recognised on behavioural tenure, give us further room.

05 | How the market values UGRO today

At the end of October our market value was about ₹1,138 crore. That is about 0.4 times our reported book value, and a little under half of our adjusted book value of ₹2,454 crore, which already reflects every adjustment under the merger. Put simply, the market values UGRO at less than half our adjusted net worth.



Price to book value at October 2026 market prices. Peer groups are five listed MSME and secured lenders and five larger diversified NBFCs;. UGRO adjusted book value is pro forma net worth after the Scheme, unaudited.

Listed lenders focused on small businesses and secured loans trade at between 1.2 and 2.8 times book, with returns on equity of 13% to 22%. Larger diversified NBFCs trade at between 1.3 and 4.8 times book; among them are lenders with returns on assets close to our pro forma 2.7%, valued at 1.3 to 4.0 times book.

I understand some of the reasons. Our reported earnings carried the volatility of upfront income and its reversal, which made UGRO hard to read, and a large volume of shares from exiting investors has come to the market over the past year. Neither tells you anything about the quality of our loans, the strength of our franchise or our earning power.

I believe today's valuation is a market aberration. Over the next two quarters, once the Scheme is sanctioned, we will publish financials restated for the merger, with income recognised on behavioural tenure and the equity base reset. For the first time, our reported numbers will show the business as it is: a high-yielding, annuity-led lender with a built distribution network and a scaled digital platform. I am confident that, as those numbers come through quarter after quarter, the market will come to value UGRO on them.

06 | What to hold us to

We committed to five measurable outcomes in February 2026. This is the same scorecard we report to our Board and in our investor presentation, and we will update it every quarter so you can judge our progress for yourself:

Feb-26 commitment	FY29 target	Q2 FY27 delivery	Status
Shift portfolio to high-yield focus verticals (EM LAP + GROx)	85% of AUM by FY29	Focused products mix up from 32% (Dec-25) to 53% (Sep-26)	Ahead of plan
Take out annualised cost (sales, credit, branches, other)	₹220 Cr annualised run-rate	Quarterly opex down from ₹205.2 Cr (Q4 FY26) to ₹127.2 Cr (Q2 FY27); in line with FY27 opex guidance of ₹490+ Cr	Achieved
Run down Prime intermediated portfolio (business loans, machinery, prime LAP)	15-20% a year rundown pace	Rundown of 13% QoQ in Q2 FY27; current portfolio mix 47%	Ahead of plan
No incremental equity for 3 years (self-funding via annuity cash ROA)	No dilution through FY29	CRAR 18.8% (Sep-26); pro forma on merged basis ~22%; net worth ₹3,029 Cr; leverage 3.6x	On track
Transition to annuity-led ROA (away from upfront DA / co-lending income)	3.0-3.5% steady-state ROA	Q2 FY27 ROA 2.1% (H1 FY27 pro forma 2.7%), on the trajectory to the FY29 objective	On track

Eight years ago we set out to build an institution for India's small businesses. The infrastructure is in place, the portfolio has been repositioned, and the accounting will soon reflect the business as it truly is. I have never been more confident about what UGRO can become, and I am grateful for the patience and trust you have shown along the way. As always, I welcome your questions and feedback; write to me directly at the address below.

Warm regards,



Shachindra Nath
Founder & Managing Director
UGRO Capital Limited
snath@ugrocapital.com

Annexure | How co-lending income was recognised

UGRO grew fast on co-lending and direct assignment. Say we gave a small business a ₹100 loan for ten years at 14%, repaid in equal monthly instalments. A partner bank funded ₹80 and earned 11.5%; UGRO funded ₹20 and kept the 2.5% difference on the bank's share for as long as the loan ran. Accounting rules require the value of that future spread to be booked on the day the loan is shared: about ₹7.8 here. The booked amount then earns interest until the spread is collected, so over the full term income equals the ₹13.1 of spread received.

₹	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Loan outstanding (start of year)	100	95	89	82	75	66	56	45	32	17	
Bank's share (80%)	80	76	71	66	60	53	45	36	25	13	
UGRO's share (20%)	20	19	18	16	15	13	11	9	6	3	
If the loan runs its full 10 years											
Booked: value of spread on day one	7.8										**7.8**
Booked: interest on that value	1.1	1.0	0.8	0.7	0.6	0.4	0.3	0.2	0.1	0.0	**5.3**
UGRO's 2.5% on bank's share (cash)	2.0	1.9	1.8	1.6	1.5	1.3	1.1	0.9	0.6	0.3	**13.1**
Cost	3.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	**4.6**
Cash profit	**(1.3)**	**1.7**	**1.6**	**1.4**	**1.3**	**1.2**	**1.0**	**0.8**	**0.6**	**0.3**	**8.5**
If the loan is repaid in year 3 (what happened)											
UGRO's 2.5% on bank's share (cash)	2.0	1.9	1.8	-	-	-	-	-	-	-	**5.7**
Booked income reversed			5.0	-	-	-	-	-	-	-	**5.0**
Cash profit	**(1.3)**	**1.7**	**1.6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.0**

Illustrative only. Equal monthly instalments shown annually; spread discounted at the 14% loan rate. Cost: 3% upfront plus 0.25% a year on the outstanding loan. Before funding and credit costs. Not UGRO's actual portfolio figures.

Seen from UGRO's side, the ₹20 we funded earned 14% on itself plus 2.5% on the bank's ₹80: an effective gross yield of about 24%, before the sourcing, servicing and credit costs UGRO carried on the whole loan. Our customers, however, repaid early, on average in about three years, and mostly for a reason that reflects well on our underwriting: lenders with a lower cost of funds saw how well our borrowers repaid and offered them lower rates. By the time a loan left, we had received ₹5.7 of spread, and the ₹5.0 still on the books for later years was reversed. Over the loan's life, income booked equalled the cash received; early repayment changed how much each loan earned, not whether the income was real. Across the book, reversals totalled about ₹318 crore between FY22 and FY26.

Could the income have been booked as it was received? Under Ind AS 109, when a loan or a partner's share of it is transferred and qualifies for derecognition, the gain, including the retained spread at fair value, must be recognised at that point. The judgement lay in the expected life of the loans. With little repayment history of our own at the time, we used contractual tenure. The Scheme moves that judgement to observed behaviour, which is why future reported income should be far steadier.

Notes

1) Figures are reported and consolidated unless marked otherwise, and are drawn from the Q2 FY27 investor presentation.
2) Pro forma amounts are unaudited management estimates, subject to NCLT sanction of the Scheme, applicable approvals and auditor review.
3) Peer valuation data: market prices and reported ratios as of October 2026 for ten listed lenders.
4) This letter contains forward-looking statements, beliefs and management objectives, which are not guarantees of future performance or of any market outcome, and do not constitute investment advice.
5) ANI. (2025, May 19). India's MSMEs face credit gap of Rs 30 lakh crore, women-owned businesses see highest shortfall: Report [Report on SIDBI study]. The Tribune. https://www.tribuneindia.com/news/business/indias-msmes-face-credit-gap-of-rs-30-lakh-crore-women-owned-businesses-see-highest-shortfall-report
6) Entrackr. (2026, April 28). PhonePe crosses 50 mn registered merchants amid UPI dominance. https://www.pulse.bot/fintech/news/phonepe-crosses-50-mn-registered-merchants-amid-upi-dominance-afa5b814-26fd-442f-8906-f6690a807d9c/