

14th November 2025

**BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001**

**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

NSE Symbol: UGROCAP

Sub: Transcript of the Earnings Call with Analysts/Investors held on 10th November 2025

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held on 10th November 2025 to discuss the unaudited financial results of the Company for the quarter and half year ended 30th September 2025.

The said transcript is also being uploaded on the website of the Company.

This is for your information and records.

Thanking You,

Yours Faithfully,

For UGRO Capital Limited,

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

UGRO CAPITAL LIMITED

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“UGRO Capital Limited
Q2’FY26 and Earnings Conference Call”

November 10, 2025



MANAGEMENT: **MR. SHACHINDRA NATH – FOUNDER AND MANAGING DIRECTOR – UGRO CAPITAL LIMITED**
MR. ANUJ PANDEY – CHIEF EXECUTIVE OFFICER – UGRO CAPITAL LIMITED
MS. SHILPA BHATTER – CHIEF FINANCIAL OFFICER – UGRO CAPITAL LIMITED
MR. SAMEER NANDA – CHIEF REVENUE OFFICER – UGRO CAPITAL LIMITED
MS. RITU SINGH – SENIOR ECONOMIST AND HEAD, INVESTOR RELATIONS – UGRO CAPITAL LIMITED

MODERATOR: **MS. SHWETA DAPTARDAR – ELARA CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to UGRO Capital Q2'FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand your conference over to Ms. Shweta Daptardar from Elara Capital. Thank you, and over to you, ma'am.

Shweta Daptardar: Thank you, Arshi. Good evening, everyone. On behalf of Elara Securities, we welcome you all to Q2'FY26 Earnings Conference Call of UGRO Capital Limited. From the esteemed management, we have with us today, Mr. Shachindra Nath, Founder and Managing Director; Mr. Anuj Pandey, Chief Executive Officer; Ms. Shilpa Bhatte, Chief Financial Officer; Mr. Sameer Nanda, Chief Revenue Officer; Ms. Ritu Singh, Senior Economist and Head, Investor Relations. We express our gratitude towards the management of UGRO to provide us the opportunity to host this conference call.

Without further ado, I now hand over the call to Mr. Shachindra Nath, Founder and Managing Director, for his opening remarks, post which we can open the floor for Q&A. Thank you, and over to you, sir.

Shachindra Nath: Thank you. Good evening, everyone. Welcome to UGRO Capital's Earnings Call for the second quarter and half year ended 30th September 2025. Q2'FY26 was a period of strategic recalibration for UGRO Capital. Over the past 3 years, we have consistently added around INR3,000 crores to our AUM annually, reflecting the strength of our franchise and the scalability of our data tech-driven model.

With the proposed acquisition of Profectus Capital, which will add approximately INR3,000 crores inorganically and take our total AUM over INR15,200 crores, we consciously moderated disbursement this quarter to optimize our liability requirement and borrowing costs. This prudent approach supported by tightened underwriting aligns with the prevailing macro headwinds in the small ticket MSME segment.

As of September 30, 2025, our asset under management stood at INR12,226 crores, up 20% year-on-year. Our calibrated disbursements on account of tightened underwriting are recorded at INR1,789 crores in Q2 and INR3,380 crores in H1'FY26.

Following signs of overleverage, we have curtailed throughput rates from 30% to 20% and tightened underwriting filters. These risk management measures, combined with a strong on-ground collection and 4-Tier recovery structure, ensures portfolio resilience and consistent profitability.

Our total income grew 35% year-on-year to INR461 crores and PAT rose to INR43 crores, up 22% year-on-year and 27% quarter-on-quarter. Asset quality remained stable with GNPA at

2.4% and NNPA at 1.5%, backed by a 47% provision coverage ratio. Our CRAR stood at 25.4%, reflecting a strong capital adequacy and ample growth headroom.

In October 2025, we raised INR535 crores of equity earmarked for Profectus acquisition. On account of Profectus acquisition and fund raise, India Ratings upgraded its long-term rating to IND A+ / Rating Watch with Positive Implications.

Our emerging market vertical, which is micro-LAP business for small business enterprises continue to perform well. We added 90 branches in first half of FY26 and now have 303 branches across 13 states with asset under management reaching to INR2,997 crores, contributing now to 25% of our total asset under management. The expansion phase is now complete, and our focus has shifted to branch level productivity and profitability.

29 of our emerging market branches are already operating above INR 1 crore of monthly disbursement. 86 are expected to reach that level within next 12 months, and the balance 188 in the next 18 months. As a steady state, the business is expected to deliver 18% yield, 4% of GNPA and 1.5% of credit cost, contributing to a 40 to 50 basis points return on asset improvement over the next 6 quarters.

Our embedded finance through the acquisition of MyShubhLife platform continues to gain strong traction. The asset under management has reached to now INR1,270 crores within 4 quarters, serving more than 1.5 lakh small retailers. Disbursement stood at INR713 crores in Q2, maintaining a steady monthly run rate of approximately INR200 crores per month.

This business addresses a \$20 billion of credit gap in the small retail and micro merchant space and represent one of the most scalable parts of our portfolio. The ongoing acquisition of MSL will enable deeper integration of UGRO's digital credit ecosystem, strengthening our embedded finance play.

The portfolio quality continues to remain stable with gross NPA at 2.4% and net NPA at 1.5% as of September 2025. Our total collection efficiency improved to 100% this quarter from 96% last year with 93% of our assets are in Stage 1.

We have tightened underwriting standards in the unsecured segment, bringing down throughput rates from 30% to 20% and maintaining conservative provisioning. Our 4-tier collection framework and data-driven early warning systems continue to ensure resilience and stable profitability.

On the liability side, we continue to diversify our funding mix and strengthen our off-book strategy. Currently, around 43% of our asset under management is off-book, of which is roughly half of it comes through co-lending originations and other half through direct assignment. We expect that the Profectus acquisition, which is entirely an on-balance sheet business, our combined off-book AUM will moderate to around 35%.

With the rollout of new co-lending guidelines and the uncertainties around their interpretation and implementation, we are moving gradually on volumes to fully understand the framework and prepare our systems accordingly. Over time, we would like to maintain the co-lending and off-balance sheet in the range of 25% to 30%, but there are strong demand and momentum in co-lending. So we will remain flexible depending upon market conditions.

There is no hard ceiling. Our approach will continue to be pragmatic and opportunity driven while ensuring balance sheet stability. It is also important to highlight that we are currently holding cash on our balance sheet for the Profectus acquisition entirely funded through internal accruals.

This reflects inherent strength of our operating cash flow and disciplined capital management. The cost of borrowing has improved to 10.37%, down 38 bps year-on-year, underscoring the benefit of diversified and high-quality lender base.

To summarize, this quarter reflects UGRO's evolution from an expansion-led to a productivity-led and profitability-driven phase. With our emerging market network now fully built out and the MSL platform is scaling rapidly and the Profectus acquisition on track, UGRO is entering a period of structural profitability improvement.

Our portfolio quality is strong. Our balance sheet is well capitalized, and our technology-led distribution model continues to deepen across ecosystem. We remain confident in our mission of solving the unsolved, bridging the MSME credit gap in India through the power of data, technology and prudent risk management.

Thank you all for your continued trust and support. My team and I are happy to answer any of your questions. Thank you.

Moderator: Thank you, sir. We will now begin the question and answer session. The first question is from the line of Mr. Shivam Singh, an Individual Investor.

Shivam Singh: Congratulations on the great results. Sir, there was a green shoe option of INR100 crores in a bond raise that we did right now. That was at 11.65%. Sir, since we are working on bringing our cost of capital down, sir, why would we raise capital at such a high interest rate and that too for 5.5 years?

Shilpa Bhatner: Thank you so much for your question. So we have just now raised subordinated debt from the debt capital market. And therefore, you see that the coupon there is 11.65%. And essentially, as per the RBI guidelines, an instrument to qualify as subordinated debt needs to be 5 years plus in maturity.

And therefore, we've done that. And given the fact that subordinated debt forms as Tier 2 capital for the company, we were very happy to raise this debt, and we have seen an overwhelming response as well for our raise that we have done of subordinated debt.

- Shachindra Nath:** Just to add what Shilpa said, sir, you should compare this as a cost of equity and not cost of debt. A subordinate debt, which actually forms of our capital structure and actually enhances return on equity. That's why normally perpetual bonds, Tier 2 capital, subordinated debt would have certain bps higher than the normal debt.
- Shivam Singh:** Okay. And sir, there was something else that I wanted to ask you. Sir, we are adding branches and we are raising capital, but our disbursement number isn't growing in proportion to that. I understand that we are curtailing disbursement right now because of the macroeconomic situations right now. But sir, when do we plan to accelerate on it?
- Anuj Pandey:** So yes, you're right. We have been expanding our branches, especially in our emerging market verticals. And we have achieved whatever we wanted to achieve as far as distribution is concerned now. Last quarter was the last of the expansion. We opened about 90 branches last quarter, and now we have reached 303 EM branches in total.
- Because of this expansion, overall distribution width and logins have improved. But as we had said in commentary and you would also have been reading, overall, from a macro perspective, the current market is a little bit stressed in terms of customers being a little bit of over-leveraged. Hence, we have made our underwriting standards a little stricter. We anticipate that in the next 2 quarters, things will start improving and the throughput accordingly will look to improve.
- Shachindra Nath:** In addition to, sir, what Anuj has said, if you look at our track record from year 2022, from INR3,000 crores, we have reached INR12,000 crores. And then we acquired a business, which added another INR3,000 crores. One of the core - while - so we have demonstrated growth, that is not a problem, but we want to now reduce our input cost so that we can improve the profitability, which I think goes into the benefit of the shareholders.
- We believe that if you do a calibrated growth now, the total liability, which we require to raise would come down considerably, and that's why that would reduce the cost of liability. And hence, this is strategy.
- Moderator:** The next question is from the line of Ms. Meghna Luthra from InCred Equities.
- Meghna Luthra:** I had a couple of questions. One, sir, can you please highlight - on geographies stressed or over-leveraging – or some colour on the stress part on the ticket sizes or segment?
- Anuj Pandey:** We lost you in between. Can you just repeat?
- Meghna Luthra:** Am I audible now?
- Anuj Pandey:** Yes, you are.
- Meghna Luthra:** Sir, I just wanted some more color on the ticket sizes or the geographies or the sectors in which are showing stress and which are not showing stress. Can you please provide some color on that?

Anuj Pandey: While there are no specific geographies or sectors, which are showing higher stress. But in general, for micro and small SMEs, we have seen a little bit of higher overleverage. We used to do in emerging markets loans between INR5 lakh to INR50 lakhs ticket size. But for last 2 quarters, we stopped doing loans less than INR7.5 lakh ticket size.

We saw a little bit of stress in segment, which are adjacent to microfinance. And as a conservative measure, we stopped doing that. But other than that, across while leverage is high, there is no particular segment, which is showing higher than usual stress in our portfolio.

Meghna Luthra: And sir, is there -- what kind of an impact are we seeing of the U.S. tariffs? Any particular geography in Tamil Nadu or Gujarat, is there any one-time or any hard impact?

Anuj Pandey: So we are actually quite unaffected because since inception, as a policy, we have not been funding MSMEs which are export oriented. In our portfolio, the number of customers with some kind of export business is less than 5%. So, there's hardly any impact on our portfolio.

Meghna Luthra: Okay, sir. And just a few more things. One on credit cost. What do you see credit cost pan out for second half of FY26?

Anuj Pandey: So broadly, we think it will continue in the same trajectory. While this quarter has been relatively better from collections performance perspective, we hope that, that will continue and both the GNPA's and the credit costs would be in similar range.

Meghna Luthra: Okay, sir. And just lastly, on the AUM growth, sir, how do you see that pan out in the second half this year or in FY27?

Anuj Pandey: As Shachin mentioned in the opening remarks, we broadly add INR3,000 crores of AUM every year and because of Profectus acquisition, we have already done that. We are using this opportunity to reduce our cost of borrowing by growing a little lesser on a stand-alone basis. We foresee to grow by more than INR3,500 crores at a consolidated level by this year-end.

Meghna Luthra: Okay. And for next year?

Anuj Pandey: Very similar growth. So broadly, we would like to grow between 20% to 25%, and that's what we have been doing and we'll continue that.

Shachindra Nath: But Meghna, just for your model perspective, I think the broad commentary is that we are now focusing more on productive growth, right? So, headline number being one part of it. As I said in my opening remarks that out of our micro enterprises branches, what we call emerging markets, we have 30 branches which are at INR1 crore of monthly disbursement. We have 88 branches, which are between INR50 lakh to INR1 crore, and we have 188 branches, which is technically less than INR50 lakh.

Given that the management attention to establishing new branches is completely over, in next - first target in the next 12 months is that this block of 88 branches reaches to roughly around

INR70 lakh to INR1 crores of disbursement. And the balance 188 branches reaches same, INR70 lakhs, INR80 lakhs to INR1 crores of disbursement in 18 months' time.

Once we complete that, then the 303 branches would start delivering around INR325 crores to INR330-odd crores. And that portfolio will build at an average blended yield of around 18%-18.5%. And that would change -- that would increase the portfolio yield and the portfolio construct, and that is where the ROA deliveries would come from.

Meghna Luthra: Got it. Got it. That's very helpful. So, these emerging branches would also have -- now they move to a slightly higher ticket size. That is fair to assume, right? Since we've cut down the less than INR7.5 lakh ticket size?

Anuj Pandey: Yes, yes, a little higher because the -- between INR5 lakh to INR7.5 lakh portion has been cut out.

Meghna Luthra: And currently, what proportion of the AUM on books is less than INR7 lakh?

Anuj Pandey: Less than INR7 lakhs?

Meghna Luthra: Yes, sir, the ticket size would -- the one that you mentioned that you've stopped.

Anuj Pandey: It's hardly anything, I think, less than 5%.

Moderator: The next question is from the line of Mr. Mohit Oza from Elara Securities.

Mohit Oza: Sir, could you tell me what are the key tech initiatives undertaken by the management that have been enabled better underwriting and risk management practices and also your long-term ROE and ROA targets?

Anuj Pandey: So we have been great believers of data science since day 1. Our year-on-year investment on -- especially on our proprietary scoring model called GRO Score is now what is yielding results. While we -- the early warning system, which has got developed on basis that is also showing us a little better anticipatory value. And that is why we have been able to take calls a little earlier than industry.

Separately, through our MSL acquisition last year, which was primarily on basis of MSL's top-of-the-line tech platform for embedded finance, the portfolio has built very -- in a very healthy way last year. So both this -- the investment in GRO Score for last 7 years and the last year's acquisition of MSL is what has resulted in this kind of portfolio growth and portfolio performance.

Mohit Oza: Okay. And sir, long-term ROE and ROA target?

Anuj Pandey: So eventually, the ambition is to deliver a steady-state ROA of about 4% and an ROE of 16% to 18%. Currently, we are at about between 2% to 2.5%, and that is what has happened in last 1 year. So, in next about 2 years, that is where we want to be.

- Moderator:** The next question is from the line of Mr. Moid Ansari from Hyderabad Investors Forum.
- Moid Ansari:** Yes. I want to ask about further equity dilution. We have -- after this current round of equity dilution or raising the capital, until how much AUM this will be adequate? And when additional capital will be required?
- Is it around INR18,000 crores AUM that our -- we will need further capital? We need to just know about that future raising of the capital. And are we going to raise it at only 1x of the book value if the market price doesn't go up -- market cap doesn't go up? Or what do we intend to do about it?
- Shachindra Nath:** Sir, as you might have seen that our model necessitated that almost at every point of time when we reach roughly around 18% of capital adequacy, we need to raise more capital. Given the kind of growth, which we have been getting over the last 4 years, every 1 year, 1.5 years, around 18 months, we were raising capital; however, we realized that market acceptance of -- or market pricing for UGRO has not caught up with the kind of growth and platform we have delivered.
- That's why we raised both rights issue money and preferential allotment of CCD in June this year. Incidentally, as soon as we acquired Profectus, our Tier 2 market opened up, and we were able -- successfully able to raise roughly around INR250 crores prior to September and now around INR350-odd crores.
- And once we did that, we saw that as an opportunity to protect dilution and we requested some of the investors to put lesser amount of capital. And that's why we raised around -- finally, we raised around INR550-odd crores in preferential allotment and INR380-odd crores in our rights issue. So we reduced the capital raise so that we can protect dilution.
- Going forward, the way we are trying to build the model is to improve the profitability, improve return on asset and reach our targeted return on equity so that the traded price improves and we come in the range of what the peer set is. We think so that the company would not need capital on the current run rate basis for at least next 18 to 24 months.
- And we will calibrate -- between the choice between raising capital and calibrating the growth, we will calibrate growth first to ensure that we have sufficient return on asset, return on equity and buffer of capital so that the credit price goes up. We can enable faster growth at any point of time. That is within us. Our platform is very large. But now we are calibrating it to make sure that our shareholders benefit from this growth rather than getting diluted at every point of time.
- Moid Ansari:** So present capital structure, how much AUM can it support around about INR18,000 crores or -- means how much AUM can we raise by the present capital structure?
- Shachindra Nath:** It depends in which product line we grow. The current model of growing the micro enterprises business, which is far more profitable, we think so we can stretch ourself up to INR20,000-odd crores -- INR18,000 crores to INR20,000 crores.

- Moid Ansari:** Okay. So our AUM target for the next 2 years is going to be around about INR18,000 crores to INR20,000 crores. That's all. This year, it will be INR16,500 crores. And next year, FY '27, it will be around INR18,000 crores to INR19,000 crores. That's the maximum that we can go up without raising any additional capital?
- Shachindra Nath:** You're absolutely right. But if the model and its improved -- quarter-on-quarter improvement in our metrics delivers a higher base of equity value, then we would look at differently and enable further growth. But on current capital basis, your assumptions are right.
- Moid Ansari:** And what about the book value, sir? How much is the present book value? And what will be the book value at the end of March this year?
- Shachindra Nath:** Our present value?
- Moid Ansari:** After Profectus acquisition, what will be the combined book value of UGRO?
- Shachindra Nath:** Right now, our book value is INR190.
- Moid Ansari:** After Profectus, how much will it be?
- Shachindra Nath:** Yes, it would be around same, sir.
- Moid Ansari:** It will be INR190. Our competitors are trading at 4x of the book value, so that's what I...
- Shachindra Nath:** Sir, that -- depending upon who you treat our competitor, I'm very happy that those -- you take those who trade at 4x book value as our competitor is a matter of complement. We hope that we also get there very soon.
- Moderator:** The next question is from the line of Mr. Ayush from PricewaterhouseCoopers. PwC.
- Ayush:** In past 1.5 years, CCDs have been issued and capital has been raised from that. And those are coming to an end and conversion would happen to the shares. Some people would book profit there as well. So how do you think it's going to affect the PE of the company, equity dilution in current shape of the firm, if you can throw some light on that?
- Shachindra Nath:** Sorry, I'm not clear with your question. You're saying that on a fully diluted basis, what would be the PE of the company? Is that what you're saying?
- Ayush:** Yes, like the selling of the CCD will be converted to shares and selling of that will happen. So how do you expect PE is going to be affected, equity dilution is going to be affected? What is your view on the future on that?
- Shachindra Nath:** No, I'm not very clear. So today, our outstanding number of shares is INR12-odd crores. Post -- when all of this equity would convert, which should happen in the month of December, the total fully diluted number of shares would be around 15.85 crore shares. So on a 15.85 crore shares,

what EPS is currently, would remain the same. So those who convert the shares, if they sell in the market, that doesn't change the EPS of the company that will go in the market.

- Moderator:** The next question is from the line of Mr. Rishi from Lavish Ventures.
- Rishi:** I have a question regarding what exactly happened in the recent notes. So the communication staff said that Samena reduced their actual conversion based on the company's request...
- Shachindra Nath:** Sorry, we can't hear you at all.
- Rishi:** I am very sorry. Just give me 1 second. Can you hear me now?
- Shachindra Nath:** Yes.
- Rishi:** Yes. So based on the communication to the Exchange, we know that Samena had reduced their allocation based on the company's request. So the question is, so they are left with outstanding warrants at this point in time. And our agents and others have been compensated for the 12% that they have paid upfront for the warrants as well.
- Could you just let us know how much of the warrants is now still remaining and not extinguished? And well, I mean, of course, it depends on the market price to see if that any of which will convert later. So just a query on how much warrant is still pending?
- Shachindra Nath:** So all of the warrants are still pending. Roughly, around INR465 crores worth of warrants divide by INR265 would expire on December 5, and around INR550 crores worth of warrant would expire on December 17.
- Rishi:** Okay. And those who do not exercise it will be paid 12% of the warrant price back? And those who exercise will not be paid the 12%. Is that understanding, correct?
- Shachindra Nath:** No, Sir. The CCD allotment, which we did last time had 2 coupons. One 12.5% was upfront and 12.5% was linked to the exercise of the warrant. But finally, exchanges asked us to remove the linkages from the warrant. The entire coupon on the CCD has already been paid. There is nothing to be paid further on the warrants. So the warrants are free warrants, and there is nothing to be paid now on exercise or non-exercise of the warrants.
- Rishi:** So the second 12.5% was not paid, so the CCDs were converted at 185 minus 12.5%.
- Shachindra Nath:** No, sir, it was disclosed to the exchange. Both the coupons have been paid post issuance of the CCD.
- Rishi:** So both have been paid.
- Shachindra Nath:** Yes.

- Rishi:** Okay. Understood. And if the warrants are not exercised, will that be a profit recognized in the next quarter of around INR200 crores?
- Shachindra Nath:** No, Sir. That would get into forfeiture. And finally, this gets adjusted to the coupon, which we are paying on the CCDs. Both have been capital account transactions, there's forfeiture on one side and there is a payment on CCD other side.
- Rishi:** Okay. Understood. And there would still be a remaining profit to the company because it's less than 67, the forfeiture. The forfeiture is 67, whereas the payment was around 35.
- Shachindra Nath:** Absolutely. So you're right. So now the accounting treatment of that may not reflect an exceptional gain because in Ind AS, the accounting is done a little differently. But purely on math perspective, the warrants were INR1,000 crores versus the CCD issuance were roughly around INR500-odd crores. So definitely, yes, there will be some difference. All those are capital receipt nature.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments. Please go ahead, sir.
- Shachindra Nath:** Thank you, everyone, for patiently listening to us. If you have any further questions, you may get in touch with Ritu or to any of us directly. We would be happy to answer and clarify. Thank you for your time.
- Moderator:** Thank you, sir. On behalf of UGRO Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.