

PRESS RELEASE

Clarification: RBI Circular dated November 16th, 2023, Regulatory measures towards consumer credit and bank credit to NBFCs

Mumbai, November 21, 2023: This is with reference to the circular dated 16th November 2023 issued by the Reserve Bank of India with respect to consumer credit by Banks/NBFCs and bank credit to NBFCs.

We would like to inform you that the debt equity ratio and the capital adequacy of the Company (“UGRO”) as on 30th September’2023 was 2.8x, and 24.8% respectively. UGRO is a DataTech driven dedicated MSME lender, we have a diversified portfolio managed under our branch led channel for secured and unsecured business, ecosystem channel, partnership and alliances and direct digital channel.

a) Increase of Risk Weight for Consumer & Personal Loans

UGRO’s customer base is registered Micro, Small and Medium Enterprises (MSMEs), having Udyam registrations, for both secured and unsecured loans with 100% Priority Sector Lending (“PSL”) loan book. Hence, UGRO would not have any additional risk weight on the underlying portfolio and the impact of the increased risk weights mentioned in the above referred circular on capital adequacy ratio, Return on Equity and Return on Asset would be NIL.

b) Increase of Risk Weight on Bank Lending to NBFC

Our borrowing is a mix of borrowing from Banks, Capital Markets, DFIs and other financial institutions. We have some of our bank borrowing towards Priority sector loans as per the RBI definition of onward lending. We don’t foresee a significant impact on liquidity because of this circular. As our asset under management qualifies for PSL classification, we do not expect any material impact on the cost of borrowing due to the increase in risk weights for Bank Credit to NBFCs.

UGRO, besides borrowing on its Balance Sheet is also focused on Co Lending with diversified set of Public & Private Sector Banks and approximately 45% of its asset under management are managed under off – balance sheet basis. With its diversified lender base, strong Co Lending partnerships and our focus on priority sector led MSME, we do not expect any impact of the increased risk weights of Bank lending to NBFCs either on our growth trajectory or profitability either on immediate basis or in foreseeable future.

About UGRO Capital Ltd (NSE: UGROCAP | BSE: 511742)

UGRO Capital Limited is a Data Tech Lending platform, listed on NSE and BSE. Pursuing its mission of “Solving the Unsolved” for small business credit gap in India, on the back of its formidable distribution reach and its Data-tech approach.

The Company’s prowess of Data Analytics and strong Technology architecture allows for customized sourcing platforms for each sourcing channel. GRO Plus module which has uberized intermediated sourcing, GRO Chain, a supply chain financing platform with automated end to end approval and flow of invoices, GRO Xstream platform for co-lending, an upstream and downstream integration with fintechs and liability providers and GRO X application to deliver embedded financing option to MSMEs.

The credit scoring model GRO Score (3.0) a statistical framework using AI / ML driven statistical model to risk rank customers is revolutionizing the MSME credit by providing on-tap financing like consumer financing in India.

UGRO has pioneered the "Lending as a Service" (LaaS) model in India and has effectively operationalized Co-lending relationship with 10+ Large Public Sector Banks and large NBFCs and built a sizeable LaaS book of more than 10% of its AUM through the GRO Xstream platform.

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 | **E-mail:** info@ugrocapital.com | **Website:** www.ugrocapital.com

The Company is backed by marquee institutional investors (raised INR 900+ Cr of equity capital in 2018 and INR 340 Cr in 2023) and aims to capture 1% market share over the next three years.

Contact Details

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