

23rd September 2021

**BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Scrip Code: 511742**

**National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: UGROCAP**

Subject: Press Release


Dear Sir/ Madam,

Please find enclosed herewith press release titled “**Acuite upgrades rating of U GRO Capital**” dated 23rd September 2021.

This is for your information and record.

Thanking you,

For UGRO Capital Limited

A handwritten signature in black ink, appearing to read 'Aniket Karandikar', with a horizontal line underneath.

**Aniket Karandikar
Company Secretary**

Encl: as above

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

PRESS RELEASE

23rd September, 2021
Mumbai, India

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Acuite upgrades rating of U GRO Capital

- Uptick in disbursements and improvement in collection efficiency during June-August 2021
- Diversification of lender base and strong pipeline of liability for near future
- Robust and resilient portfolio as evidenced through improved collection efficiency and lowered delinquencies

U GRO Capital, an NSE & BSE listed, small business lending fintech platform, today announced that Acuite Ratings and Research has upgraded its rating outlook from 'Stable' to 'Positive'. The company's Rs.1100 crore bank loan and Rs. 450 crore non-convertible debentures (NCD) have been rated A / Positive. The agency has also reaffirmed Acuite A1 rating to the Commercial paper programme amounting to Rs. 100 crore.

The rating rational for the upgrade describes following:

In the past few months, U GRO Capital has seen significant momentum in loan disbursements, which was at Rs. 243 crore in August 2021, Rs.260 crore in July 2021 and Rs.193 crore in June 2021. The company has also commenced lending under the co-lending partnership with Bank of Baroda of Rs. 1000 crore since July 2021.

Underlying portfolio continues to be robust and resilient as evidenced from lower delinquencies of 8.9% as on August 31,2021 as against 12.9% as on March 31, 2021 and collection efficiency of over 92% every month since June 2021.

The company has demonstrated its ability to raise Rs.705.40 crore by ways of term loans, NCD, Commercial Paper in FY2021 from a diversified base of around 25 lenders including large public and private sector banks. The rating continues to take into account the governance framework of U GRO Capital wherein majority of the Board comprises of Independent Directors, nominee directors and an experienced management team. The rating also factors in the company's high capitalization levels and low gearing levels assessing it as financially stable.

U GRO continues to invest into its distribution channel to diversify its asset profile within MSME from 1 Lac loan to 5 crore loan segment. This has in return led to subdued Return on Average Assets (RoAA) of 1.98% as on March 31, 2021 (1.90% as on March 31, 2020). Acuite takes cognisance of recent co-lending partnership with Bank of Baroda along with proposed partnerships pipeline which along with focus on branch network is expected to drive the outstanding portfolio growth going forward.

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On the rating upgrade, **Mr. Shachindra Nath, Executive Chairman and Managing Director**, said “We at U GRO Capital are delighted with the rating upgrade by Acuite. U GRO is building one of India’s largest FinTech for small business financing with an aspiration to serve more than 1 million customers and take 1% market share to the outstanding credit of MSME financing. Our focus on building our entire underwriting on the Tripod of Data driven by GST Banking and Bureau has reached full maturity and we believe that MSME financing is at the point of inflection where it would reach to consumer financing level in next few years.

This is also a testament to our efforts in the last few years which has allowed us to sail on our rapid growth journey, as we are now expanding our branch network to 100 and increasing employee strength to 1000, by FY2022.”

About U GRO Capital Ltd.:

U GRO Capital limited is a listed (NSE, BSE), MSME lending fintech platform. U GRO Capital’s mission is ‘Solve the Unsolved’ – Small Business Credit Need with its omnichannel distribution model combining physical and digital journey of the customer. The Company envisions to spearhead India’s transition of MSME lending market to the new age of on-tap financing. It uses the emerging *Data Tripod of GST, Banking and Bureau coupled with its sectoral analysis* to solve the problem of credit for small businesses.

U GRO aspires to serve one million small businesses with an asset book of 1% of outstanding MSME credit of India as its first milestone.

Technology underpins every aspect of U GRO’s lending process, from API integrations, sectoral and sub-sectoral statistical scorecards, state-of-the-art AI/ML credit underwriting engine combining bank, bureau and GST statement analysers, automated policy approvals, and machine learning OCR technology. Company’s GRO Extreme platform empowers fintech and other institutional platforms to deepen their distribution reach through a plug and play API driven seamless integration with U GRO. The company has developed full tech stack to fully automate the complete life cycle of a loan right from origination to collection during the entire customer journey.

The Company has raised ~₹ 2500 crore of equity & debt capital from marquee Private Equity Investors, Family Offices, Banks and other Financial Institution over last 3 years.

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