

# FINANCIAL INCLUSION

Empowering Indian Small Businesses by Solving the Nation's USD 300 Billion MSME Credit Gap



Annual Report 2019-20

# CORPORATE INFORMATION

## Board of Directors

Mr. Shachindra Nath – *Executive Chairman & Managing Director*  
Mr. Abhijit Ghosh – *Wholetime Director & CEO*  
Mr. Abhijit Sen – *Independent Director*  
Mr. Amit Gupta – *Non-Executive Director*  
Mr. Chetan Gupta – *Non-Executive Director*  
Mr. Kanak Kapur – *Non-Executive Director*  
Mr. Karuppasamy Singam – *Independent Director*  
Mr. Manoj Kumar Sehrawat – *Non-Executive Director*  
Mr. Navin Kumar Maini – *Independent Director*  
Mr. Navin Puri – *Independent Director*  
Mr. Rajeev Kumar Agarwal – *Independent Director*  
Ms. Ranjana Agarwal – *Independent Director*  
Mr. Satyananda Mishra – *Independent Director*

## Management Team

Mr. Abhijit Ghosh – *Wholetime Director & CEO*  
Mr. Anuj Pandey – *Chief Operating Officer*  
Mr. Manish Agarwal – *Chief Risk Officer*  
Mr. Kalpeshkumar Ojha – *Chief Financial Officer*  
Mr. J. Sathiyayan – *Chief Business Officer*  
Mr. Sunil Lotke – *Chief Officer – Legal, Compliance & Secretarial*  
Mr. Sandeep Kakar – *Chief Growth Officer*  
Ms. Rajni Khurana – *Chief Human Resource Officer*

## Company Secretary

Mr. Aniket Karandikar

## Audit Committee

Mr. Abhijit Sen – *Chairman*  
Mr. Amit Gupta  
Mr. Karuppasamy Singam  
Mr. Navin Kumar Maini  
Mr. Rajeev Agarwal  
Ms. Ranjana Agarwal  
Mr. Satyananda Mishra  
Mr. Shachindra Nath

## Nomination and Remuneration Committee

Ms. Ranjana Agarwal – *Chairwoman*  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Mr. Chetan Gupta  
Mr. Manoj Sehrawat  
Mr. Navin Kumar Maini  
Mr. Rajeev Agarwal  
Mr. Shachindra Nath

## Stakeholders Relationship Committee

Mr. Rajeev Agarwal – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Karuppasamy Singam

## Corporate Social Responsibility Committee

Mr. Satyananda Mishra – *Chairman*  
Mr. Navin Kumar Maini  
Ms. Ranjana Agarwal  
Mr. Shachindra Nath

## Risk Management Committee

Mr. Navin Kumar Maini – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Mr. Chetan Gupta  
Mr. Karuppasamy Singam  
Mr. Manoj Kumar Sehrawat  
Ms. Ranjana Agarwal  
Mr. Satyananda Mishra  
Mr. Shachindra Nath

## Asset Liability Committee

Mr. Shachindra Nath – *Chairman*  
Mr. Abhijit Ghosh  
Mr. Abhijit Sen  
Mr. Amit Gupta  
Ms. Ranjana Agarwal  
Mr. Rajeev Kumar Agarwal  
Mr. Satyananda Mishra  
Mr. Chetan Gupta

## Registered Office

Equinox Business Park, Tower 3, 4th Floor,  
LBS Road, Kurla (W), Mumbai – 400 070

## Registrar and Share Transfer Agents

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli (W),  
Mumbai – 400 083  
Tel: +91 22 49186000 | Fax: +91 22 49186060

# CONTENTS

## Bankers

AU Small Finance Bank  
Axis Bank  
Bank of Baroda  
ESAF Small Finance Bank  
HDFC Bank  
HSBC Bank  
ICICI Bank  
IndusInd Bank  
Kotak Mahindra Bank  
Qatar National Bank  
RBL Bank  
State Bank of India  
Utkarsh Small Finance Bank

## Statutory Auditors

Deloitte Haskins & Sells LLP  
Indiabulls Finance Centre  
Tower 3, 24th / 25th / 26th / 27th-32nd Floor  
Senapati Bapat Marg, Elphinstone Road (W)  
Mumbai, Maharashtra  
India, 400013  
Tel: 022 6185 4000

## Internal Auditors

PricewaterhouseCoopers Private Limited  
252 Veer Savarkar Marg, Next to Mayor's  
Bungalow, Shivaji Park, Dadar,  
Mumbai 400 028  
Tel: 022 66691500

## Debenture Trustee

Beacon Trusteeship Limited  
4C, Siddhivinayak Chambers,  
Gandhi Marg, Opposite MIG Cricket Club,  
Bandra (E), Mumbai- 400051  
Tel: 022-26558759

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# FINCLUSION

**Financial inclusion is defined as the availability of access to a range of financial services. In other words, Financial Inclusion ensures access to affordable and useful financial products and services needed by all sections of society, particularly the economically disadvantaged. One of the most important facets of this is availability and affordability of formal credit, which allows the impoverished to beat the 'poverty trap' by starting their own small businesses.**

It is essential to understand that even though India is one of the fastest growing economies in the world, the availability of affordable financial products and services are significantly lower than in other fast-growing economies. The wealth inequality in India makes financial inclusion a critical social governance tool. The share of national income accruing to India's top 1% of earners is about 22%, while the share of top 10% is 56%. These numbers clearly indicate a vast chasm between the 'haves' and 'have-nots'. This presents a social challenge as mobility across income and wealth brackets is greatly diminished.

The Micro, Small and Medium Enterprises (MSME) sector counteracts this by playing a significant role in fostering entrepreneurial talent and distribution of income and wealth at grassroot levels. It contributes immensely to manufacturing output, exports, generation of employment and gross domestic product. Today, the MSME sector in India employs over

111 Million people, contributing to the growth engine of the economy, and is projected to generate employment for over 150 Million people by 2024.

The Government of India has been making efforts to promote financial inclusion as one of its most important national objectives, with the fundamental objective being to reach large sections of the hitherto financially excluded Indian population. Schemes like the Pradhan Mantri Jan Dhan Yojana (PMJDY), credited as one of the biggest financial inclusion initiatives in the world, ensures access to a range of financial services such as savings accounts, need based credit, remittance facilities, insurance and pensions. The revolutionary advent of digitalisation in financial services has created a huge opportunity for fintech platforms. The fact that 370 Million mobile users exist in India has been a key lever.

However, the most significant challenge to the MSME segment has been the lack of sufficient formal credit due to

difficulty in underwriting loans as a result of the lack of reliable data, the diversified nature of cash-flows, the fragmented nature of these SMEs, and high customer acquisition costs. Because of this, banks and traditional NBFCs do not adequately cater to this market, resulting in most SMEs having difficult formal borrowing experiences and thus having to resort to informal sources of financing.

**Now, with over 60 Million Micro, Small and Medium Enterprises (MSME) in India, that contribute to about 30% to India's GDP, only 16% of these have access to formal credit facilities, representing a USD 300 Billion credit gap. U GRO was conceived with the primary intention of addressing this formal credit gap for SMEs.**

*Source: World Inequality Report, FICCI Report, IFC Report*



U GRO Capital has been making concerted efforts to empower the Indian Small Business Ecosystem and bridge the social and financial gaps in India's populace, by creating a highly specialized, technology-enabled small business lending platform for predetermined focus sectors. We believe the problem can only be solved by an in-depth understanding of the specific sectors and sub-sectors that these SMEs operate in, combined with cutting-edge analytics driven underwriting. U GRO Capital has utilized a high specificity of underwriting across each of its specialized sectors to cater to the precise financing needs of each borrower.

The MSME sectors shortlisted by U GRO provide employment for over 40 Million people in India and is expected to grow to 55 Million people by 2024, also providing significant employment opportunities in rural India. Today U GRO Capital has empowered over 7,754 SME companies by lending over INR 1,366 Crores to a range of sectors including schools and hospitals within its first year of operations.

U GRO Capital aims to create a highly specialised and focused NBFC, driven by analytics to take advantage of India's digitisation and fintech revolution. The company has launched a comprehensive suite of lending platforms to maximise the lending outreach within the SME sector focused universe.

The contribution of women entrepreneurs cannot be ignored in the MSME sector. Around 24% of the SME workforce comprises of women, yet female ownership of small and medium sized companies stands at only 5.3% and 2.7% respectively. With this in mind, U GRO Capital launched a special scheme called 'Narayani', providing capital access to women entrepreneurs' businesses in order to propagate gender inclusiveness in SME Financing. Narayani offers unique benefits like lower interest rates, longer repayment tenures, zero processing fees and removes the requirement for third party guarantees.




*U GRO's mission is to  
**'Solve the Unsolved'**  
– India's USD 300B  
Small Business Credit  
Availability Problem.*

With a goal to redefine the SME lending industry by providing customised credit solutions to small businesses, U GRO believes that the future of SMEs can be transformed by bridging the massive funding gap holding back their growth potentials.

# OUR FOUNDATION

U GRO Capital was incorporated as Chokhani Securities Ltd in 1993 and subsequently listed on the BSE in 1995. Mr. Shachindra Nath, the Executive Chairman and Managing Director, acquired the Company in July 2018, and the company was subsequently renamed and recapitalized as U GRO Capital Limited.



**With an aim to create a highly specialized, technology-enabled, small business lending platform, the foundation of U GRO Capital has been set with three core pillars – Knowledge, Technology, and Governance.**

## Knowledge

U GRO Capital believes that the problem of small businesses can be solved by building an in-depth expertise around core sectors of SMEs in India coupled with a data-centric, technology-enabled approach. Keeping this in mind, the company shortlisted 8 sectors after careful filtration of 180+ sectors in an 18-month process involving extensive study of macro and microeconomic parameters carried out alongside market experts like CRISIL. Our eight shortlisted sectors include Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment and Components, Auto Components and Light Engineering. The company further narrowed down on selected sub-sectors based on contribution to overall sector credit demand and risk profiling.

## Technology

U GRO Capital integrates business intelligence with technology to create granular and insightful loan products for each sub-sector. Statistical predictive modelling is used to prognosticate the customer's credit behaviour; derived from various financial and non-financial sources to fully quantify the parameters of the ecosystem the customer operates in. Technology underpins every aspect of U GRO's lending process, from API integrations, sectoral statistical scorecards, sub-sectoral expert scorecards, state-of-the-art bank, bureau and GST statement

analysers, automated policy approvals, and machine learning OCR technology. All of this culminates in the delivery of an industry-first 60 minute in-principle decisioning process to the customer based on complex cash flow modelling. However, the technology backed lending process does not disregard traditional methods that have been historically successful in this space. U GRO Capital ensures that all the traditional checks and balances are adhered to, ensuring a high-quality book for posterity.

## Governance

Creating an institution that is built to last requires strong corporate governance standards. Keeping that in mind, U GRO was founded with the philosophy of being institution owned, board controlled and management run. U GRO Capital's Board is majorly independent and comprises of financial industry luminaries who ensure the Company has amongst the highest standards of governance in the lending space. The Governance standards are further strengthened by strong policies and processes enshrined in the Articles of Association. U GRO Capital has also opted to be a listed entity from day one, which demands a higher degree of regulatory oversight and transparency.

With these founding tenets in place, U GRO Capital closed one of the largest fund-raises for a start-up in India, raising around INR 920 Crores from a diverse and marquee base of investors as it embarked on the stated mission of solving India's MSME credit gap.

*Well begun is half done!*  
– Aristotle

# U GRO TODAY

165  
Employees



Marquee  
Investors

9

Branches serving 200+  
Cities and Towns



27  
BFSI Partners



26  
Ecosystem  
Partners



355  
GRO Partners

4

Co-origination  
Partners



INR 861 Crores  
AUM



INR 1,366 Crores  
Disbursements



7,764  
Customers

69%  
Secured Portfolio



Profitable  
in the First Year  
of Operations  
INR 19.5 Crores  
of profit



# BOARD OF DIRECTORS



**Shachindra Nath**

*Executive Chairman & Managing Director*

Mr. Shachindra Nath has over two decades of experience building and scaling large financial institutions. He was formerly the Group Chief Executive Officer of Religare, where he successfully led the IPO process and established multiple successful business lines. U GRO Capital marks the start of his entrepreneurial journey, and he aspires to build an institution that will provide long-term value to society. He is a qualified lawyer from Banaras Hindu University.



**Abhijit Ghosh**

*Whole Time Director & CEO*

Mr. Abhijit Ghosh brings more than two decades of experience from his key roles across Banking & Financial Services, Consumer Appliances, Hospitality, Telecom & Healthcare. Prior to coming aboard, Abhijit served as the President and Chief Business Officer at Religare Finvest Limited. He is a Science Graduate from the University of Calcutta and an alumnus of Kellogg Executive Education & XLRI Jamshedpur.



**Abhijit Sen**

*Independent Director*

Mr. Abhijit Sen has spent 18 years at Citibank, where he was previously Chief Financial Officer – Indian Subcontinent. He is currently an External Advisor for the BFSI sector at E&Y. He also serves on several Boards including IndiaFirst Life Insurance and Ujjivan Small Finance Bank. He has a B. Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a PGDM from the Indian Institute of Management, Calcutta.



**Amit Gupta**

*Non-Executive Director*

Mr. Amit Gupta is the founding Partner of NewQuest Capital Partners and oversees the firm's India and Southeast Asia business as well as investments in the financial services and power sectors across the region. He has an PGDM from the Indian Institute of Management (IIM), Bengaluru, and an undergraduate degree in electrical engineering from REC Kurukshetra.



**Chetan Gupta**

*Non-Executive Director*

Mr. Chetan Gupta is a Managing Director at Samena Capital Investments Limited in Dubai, focusing on investments within the Special Situations Funds. He holds a Master's in Management (Finance) from the University of Mumbai.



**Kanak Kapur**

*Non-Executive Director*

Mr. Kanak Kapur is a Partner and Portfolio Manager at PAG in the Absolute Returns Group. He started his career in finance at JP Morgan Chase in New York after completing his MBA from NYU Stern School of Business.





**Manoj Sehrawat**  
*Non-Executive Director*

Mr. Manoj Sehrawat currently serves as a Partner at ADV Partners. Manoj is a Chartered Accountant from Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from Delhi University.



**Navin Kumar Mani**  
*Independent Director*

Mr. Navin Kumar Maini is an expert in Development Banking, MSME lending, and General Management and has more than 38 years of work experience across prestigious dispersed organizations including, SIDBI, UCO Bank and IDBI Bank.



**Navin Puri**  
*Independent Director*

Mr. Navin Puri brings with him over three decades of expertise in the Banking and Financial services spanning HDFC Bank and ANZ Grindlays Bank, culminating in a role as HDFC Bank's Country Head of Branch Banking. He has a Master of Business Administrations (TCU), Chartered Accountant (ICAI), Bachelor of Commerce, (St. Xavier's College, Calcutta) and ISC from Mayo College Ajmer.



**Rajeev Kumar Agarwal**  
*Independent Director*

Mr. Rajeev Agarwal has nearly three decades of experience in the Indian financial services sector and has worked with some highly reputed organizations such as the Securities and Exchange Board of India, Forward Markets Commission, and Indian Revenue Service. He is an alumnus of The Indian Revenue Service (Batch of 1983) and the Indian Institute of Technology, Roorkee with a Bachelors in Technology.



**Ranjana Agarwal**  
*Independent Director*

Ms. Ranjana Agarwal is serving as an Independent Director at RBL Bank and KDDL Limited and continues to be an Independent Director of ICRA Limited. Ranjana is a Fellow Member of the Institute of Chartered Accountants of India and holds a Bachelor of Economics (Hons.) degree.



**S Karupphasamy**  
*Independent Director*

Mr. S Karupphasamy has served as the Executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank. He is a graduate in Economics, a Certified Associate of Indian Institute of Bankers, with a Post Graduate Diploma in Bank Management (NIBM).



**Satyananda Mishra**  
*Independent Director*

Mr. Satyananda Mishra is the former Chief Information Commissioner of India and has a diverse and exemplary career of more than 40 Years in the Indian Administrative Services. He served as the Director of Small Industries Development Bank of India until 2018 and was the Chairman and Non-Executive Independent Director of the Multi Commodity Exchange of India Limited.

# KEY MANAGEMENT TEAM



**Abhijit Ghosh**

*Whole Time Director & CEO*

Abhijit is a passionate and visionary leader who brings more than two decades of experience to the company from his key roles across Banking & Financial Services, Consumer Appliances, Hospitality, Telecom & Healthcare. Prior to being a founding member at U GRO Capital, Abhijit served as the President and Chief Business Officer at Religare Finvest Limited. He has also worked at ABN Amro, Future Capital and ICICI Bank.



**Anuj Pandey**

*Chief Operating Officer*

Anuj is a founding team member who leads the Product, Strategy, Marketing, Technology, Analytics and Process functions at U GRO. Anuj brings 20 years of experience across firms such as Barclays Bank, ABN AMRO Bank, GSK Consumer & Religare Finvest. Anuj holds a Bachelor's degree in Engineering (Mechanical) from Thapar University & PGDM from IIM Lucknow.



**Manish Agarwal**

*Chief Risk Officer*

Manish is a member of The Institute of Chartered Accountants India, The Institute of Company Secretaries of India, and the Institute of Cost and Works Accountants of India. He has previously held roles including Chief Credit Officer at YES Bank and Head of Policy for Retail, Agri and SME at ICICI Bank.



**Kalpeshkumar Ojha**

*Chief Financial Officer*

Kalpesh specializes in treasury and raising liability, particularly in NBFC and Housing finance companies. He has worked at several major companies in this space, including Shriram Transport Finance, Cholamandalam and Reliance Capital. Kalpesh is a qualified CA, CMA, and holds a Master's degree from Jamnalal Bajaj Institute of Management Studies.