

ANNUAL REPORT 2020-2021



GENERAL NURSING HOMES * EYE CLINICS * DENTAL CLINICS * DIAGNOSTIC LABS *
RADIOLOGY/PATHOLOGY LABS * PHARMA RETAILERS *
K-12 SCHOOLS * PLAY SCHOOLS * DYES AND PIGMENTS *
AGROCHEMICALS * FINE DINING * QSRS * FINE DINING CHAINS *
QSRS * FINE DINING CHAINS * MANPOWER AGENCIES * BOUTIQUE * HOTELS *
GUEST HOUSES * KIRANA STORES *
* SEA FOOD * FOOD AND BEVERAGE * FOOD AND BEVERAGE *
PRODUCTS * NON-ALCOHOLIC BEVERAGES * CONSUMER FOODS * POULTRY *
* DAIRY AND DAIRY PRODUCTS *
TRADERS * CASTING AND FORGING *
* FAMILY RUN BUSINESSES * FIRST GENERATION ENTREPRENEURS *
AGROCHEMICALS * FINE DINING * QSRS * FINE DINING CHAINS *
BOUTIQUE *
MICRO, SMALL & MEDIUM ENTERPRISE LENDING
AGROCHEMICALS * MEDICAL EQUIPMENT AND DEVICES * ENGINEERING *
EYE CLINICS * DENTAL CLINICS * DIAGNOSTIC LABS *
* FINE DINING CHAINS * MANPOWER AGENCIES *
GENERAL NURSING HOMES * EYE CLINICS * DENTAL CLINICS *
* DAIRY AND DAIRY PRODUCTS * NON-ALCOHOLIC BEVERAGES * CONSUMER FOODS *
* MANPOWER AGENCIES * BOUTIQUE *
CONSUMER FOODS * POULTRY *
PHARMA RETAILERS * K-12 SCHOOLS * PLAY SCHOOLS *
* PLAY SCHOOLS * DYES AND PIGMENTS *
* FIRST GENERATION ENTREPRENEURS * DAIRY AND DAIRY PRODUCTS * NON-ALCOHOLIC BEVERAGES *
* DIAGNOSTIC LABS *
TRADERS * CASTING AND FORGING * MEDICAL EQUIPMENT AND DEVICES * ENGINEERING *
FAMILY RUN BUSINESSES * FIRST GENERATION ENTREPRENEURS *
* DYES AND PIGMENTS * BULK AND POLYMERS * A

CORPORATE INFORMATION

Board of Directors

Mr. Shachindra Nath – *Executive Chairman & Managing Director*
Mr. Abhijit Sen – *Independent Director*
Mr. Amit Gupta – *Non-Executive Director*
Mr. Chetan Gupta – *Non-Executive Director*
Mr. Kanak Kapur – *Non-Executive 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. S Karuppasamy – *Independent Director*
Mr. Satyananda Mishra – *Independent Director*

Management Team

Mr. Amit Gupta – *Chief Treasury Officer*
Mr. Anuj Pandey – *Chief Risk Officer*
Mr. J. Sathiyam – *Chief Business Officer*
Mr. Nirav B. Shah – *Chief Strategy Officer & Head of Investor Relations*
Ms. Pia Shome – *Chief People Officer*
Mr. Sandeepkumar Zanvar – *Chief Financial and Operations Officer*
Mr. Sunil Lotke – *Chief Officer – Legal, Compliance & Secretarial*

Company Secretary

Mr. Aniket Karandikar

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

Mr. Rajeev Kumar Agarwal – *Chairman*
Mr. Satyananda Mishra
Mr. S Karuppasamy

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. Navin Puri
Mr. Abhijit Sen
Mr. Amit Gupta
Mr. Chetan Gupta
Mr. S Karuppasamy
Mr. Manoj Kumar Sehrawat
Ms. Ranjana Agarwal
Mr. Satyananda Mishra
Mr. Shachindra Nath

Asset Liability Committee

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

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

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Bankers

AU Small Finance Bank
Axis Bank
Bank of Baroda
Bank of India
Barclays Bank Plc
Canara Bank
Central Bank of India
ESAF Small Finance Bank
HDFC Bank
ICICI Bank
IDFC First Bank
Indian Bank
Indusind Bank
Kangra Central Cooperative Bank
Punjab National Bank
RBL Bank
State Bank of India
State Bank of Mauritius
Yes Bank

Statutory Auditors

MSKA & Associates
602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai- 400063, INDIA
Tel: +91 22 6831 1600

Debenture Trustee

Beacon Trusteeship Limited
4C, Siddhivinayak Chambers, Gandhi Nagar,
Opposite MIG Cricket Club, Bandra (East),
Mumbai- 400051
Tel no. 022-26558759

Catalyst Trusteeship Limited
Windsor, 6th floor, Office no.604, CST Road,
Kalina, Santacruz, Mumbai - 400098
Tel no. 022-49220555

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ACHIEVING FINANCIAL INCLUSION BY SERVING **MSMEs** THROUGH EFFECTIVE USE OF TECHNOLOGY



India's vision of becoming a \$5 Trillion economy can be achieved through an inclusive growth & MSME sector shall have a crucial role to play in that growth story. However, around 50-60% of the MSMEs do not have access to formal lending market. With the gargantuan customer data being collected daily by the Indian FinTech eco-system, there is a significant opportunity to utilize this data to underwrite the customers who remain outside the fold of financial eco-system. The next decade will be about collaboration between FinTechs & Traditional lenders to innovate ways to fulfil the huge credit gap that continue to dampen the growth of the bottom of pyramid.

MSME sector is the backbone of Indian Economy as it contributes to 30% of the country's GDP. It is also a major employer for the masses. As per estimates, 11 Cr people are employed by the MSME sector. However, out of the estimated market of \$600 Bn only, only \$250 Bn is currently served by the formal lending market. A vast majority of these enterprises with lack of access to formal lending belong to the micro enterprise segment. As the micro-enterprises are primarily small, localised business generally owned and operated by individual families, they are very much dependent on their local area for all their needs. As majority of their business transactions go unrecorded, lenders find it difficult to underwrite them. Hence, these Micro Enterprises have to resort to the informal sector for their credit needs where they have to pay exorbitant rates of interest.

Since the start of the pandemic, the gap between the rich and poor has further widened. The rich have grown richer & the poor have grown poorer. Apart from the slowdown & loss of jobs, the reason for this chasm in the fortunes is also attributed to the lack of access of the financial products for the economically underprivileged. The pandemic has accelerated the adoption of technology across the world. With the pandemic pushing everyone to maintain social distancing, a boon in disguise was taking shape for the Indian FinTech eco-system.

People who were earlier used to or predominantly preferred cash transactions started moving towards and adopting online transactions. The payments businesses witnessed widespread consumer acquisition last year. Every person with a smartphone is now more open to transacting digitally be it buying groceries or electronics, making utility bill payment, or even banking digitally. The floor is now wide open with endless possibilities when it comes to digital lending as well.

To solve the credit needs of these micro enterprises, the underwriting needs to be looked at differently. Lenders need to rely on alternative sources of data to assess their credit worthiness. These borrowers at times do not have proper records of the business done by them. In the absence of that, it becomes important that lenders develop the flexibility in their underwriting systems & innovate ways to underwrite them.

With a view to foster a greater degree of financial inclusion, U GRO Capital identified Micro Enterprises as an important segment wherein a large number of enterprises still remains outside the purview of formal lending. It opened 25 new branches to cater specifically to the borrowing needs of Micro Enterprises. These branches were opened in Tier III to Tier VI towns with feet on street sales representatives. Furthermore, with decentralised approach to credit underwriting, the company has struck a balance between the top-

down oversight & agility required in underwriting micro-enterprises.

At U GRO Capital, technology underpins all initiatives. The firm believes that to achieve scale in any initiative, embracing technology is important. To support its foray into Micro Enterprises & the ongoing business as usual, the company has undertaken several technology-based initiatives. These initiatives are aimed at automating processes of operational nature that require significant manual effort. The company has been in the process of putting in place its in-house technology team. This shall not only make it more agile and customer centric, the company will be able to streamline any process dampeners through effective use of technology.

OUR FOUNDING PHILOSOPHY

Mission: To solve the unsolved

Goal: To capture 1% market share of the total MSME lending market by 2025



Knowledge

U GRO Capital believes that the problem of small businesses can be solved by building an in-depth expertise around core sectors of MSMEs 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 added a ninth sector – Micro Enterprises, to our list of sectors in FY2020-21. We believe unlike the larger macro-economic outlook, Micro Enterprises are specifically driven by their location & pocket they're present in. Hence, it can be considered as a sector in itself. 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 subsector. 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. The company also unveiled its GRO-Score 2.0 analytical engine that triangulates data from GST, Banking & Bureau to come up with a superior underwriting results. 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 with expertise from across the array of financial services viz lending, regulations, rating agency etc.. 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.



Experienced Leadership Team

Great organisations are built on foundations of long-term vision. These can only be realised with an able senior management that works to build the systems and processes with a larger time frame in mind. To that effect, the company hired industry leaders that have a proven track record of delivering results & the possess the right acumen necessary in the build out phase of any organisation. Setting the right team in place has helped the company tide through the crisis effectively.



Large Institutional Capital

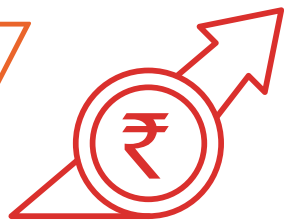
One of the key ideas while setting up U GRO was that the company should be institutionally owned and professionally governed. The company specifically decided to raise a huge institutional equity capital right from the start. With this thought process, U GRO Capital closed one of the largest fund-raises 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. Raising this capital put the company in a favourable position with enough capital to grow in the first few years. Having a large institutional capital was also perceived positively by lenders & company has been able to solidify its position in terms of the liability book.



U GRO TODAY

AUM

**INR 1,317
Crores**



INR 2,514

**Crores
Cumulative
Disbursement**



INR 952

**Crores
Net Worth**



9

**Prime
Branches**

25

**Micro
Branches**

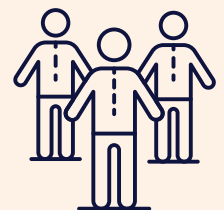


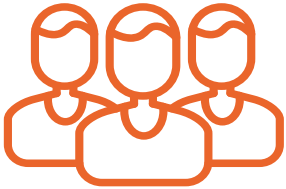
29

Lenders

361

Employees





6,605

Customers



708

GRO Partners

No. of Pin Codes

2,175



73%

Secured
Portfolio



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 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 India's First Life Insurance. 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 Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst and Masters in Management (Masters) from University of Mumbai.



Kanak Kapur

Non-Executive Director

Mr. Kanak Kapur is a Partner, Managing Director and Portfolio Manager 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 Kumar 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.