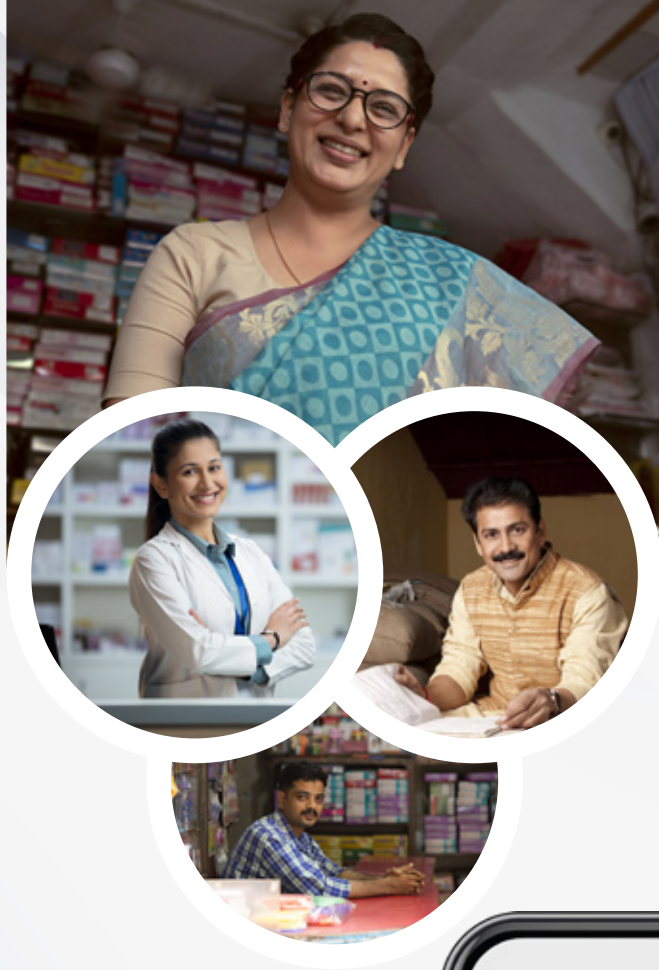


**NON-STOP
BUSINESS KARNE
KI AZAADI**



ANNUAL REPORT : 2022-23



CORPORATE INFORMATION



Board of Directors

Mr. Satyananda Mishra – *Non-Executive Chairman and Independent Director*
Mr. Shachindra Nath – *Vice Chairman and Managing Director*
Mr. Karuppasamy Singam – *Independent Director*
Mr. Abhijit Sen – *Independent Director*
Mr. Karnam Sekar – *Independent Director*
Mr. Hemant Bhargava – *Independent Director*
Mr. Rajeev Krishnamuralilal Agarwal – *Independent Director*
Mrs. Smita Aggarwal – *Independent Director*
Mr. Amit Gupta – *Non-Executive Director*
Mr. Chetan Kulbhushan Gupta – *Non-Executive Director*
Mr. Manoj Sehrawat – *Non-Executive Director*



Management Team

Mr. Amit Mande – *Chief Revenue Officer*
Mr. Anuj Pandey – *Chief Risk Officer*
Mr. Kishore Lodha – *Chief Financial Officer*
Mr. Sunil Lotke – *Chief Legal and Compliance Officer*
Mr. J. Sathiyayan – *Chief Business Officer*
Ms. Pia Shome – *Chief People Officer*
Mr. Rishabh Garg – *Chief Technology Officer*
Mr. Subrata Das – *Chief Innovation Officer*



Audit Committee

Mr. Abhijit Sen – *Chairman*
Mr. Satyananda Mishra
Mr. Karuppasamy Singam
Mr. Hemant Bhargava
Mr. Karnam Sekar
Mr. Rajeev Krishnamuralilal Agarwal
Mrs. Smita Aggarwal
Mr. Shachindra Nath
Mr. Amit Gupta



Company Secretary and Compliance Officer

Ms. Namrata Sajnani



Nomination and Remuneration Committee

Mr. Hemant Bhargava – *Chairman*
Mr. Satyananda Mishra
Mr. Abhijit Sen
Mr. Karuppasamy Singam
Mr. Karnam Sekar
Mr. Rajeev Krishnamuralilal Agarwal
Mrs. Smita Aggarwal
Mr. Amit Gupta
Mr. Manoj Kumar Sehrawat



Stakeholders Relationship Committee

Mr. Rajeev Krishnamuralilal Agarwal – *Chairman*
Mr. Karuppasamy Singam
Mr. Satyananda Mishra



Corporate Social Responsibility Committee

Mr. Satyananda Mishra – *Chairman*
Mr. Rajeev Krishnamuralilal Agarwal
Mr. Shachindra Nath



Compliance Committee

Mr. Karuppasamy Singam – *Chairman*
Mr. Satyananda Mishra
Mr. Rajeev Krishnamuralilal Agarwal



Risk Management Committee

Mrs. Smita Aggarwal - *Chairperson*
Mr. Satyananda Mishra
Mr. Abhijit Sen
Mr. Karuppasamy Singam
Mr. Hemant Bhargava
Mr. Manoj Kumar Sehrawat
Mr. Shachindra Nath
Mr. Amit Gupta
Mr. Chetan Kulbhushan Gupta



Asset Liability Committee

Mr. Shachindra Nath - *Chairman*
Mr. Satyananda Mishra
Mr. Abhijit Sen
Mr. Karnam Sekar
Mrs. Smita Aggarwal
Mr. Hemant Bhargava
Mr. Manoj Kumar Sehrawat
Mr. Amit Gupta
Mr. Chetan Kulbhushan Gupta



IT Strategy Committee

Mrs. Smita Aggarwal - *Chairperson*
Mr. Abhijit Sen
Mr. Shachindra Nath
Mr. Rishabh Garg



Registered and Corporate 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



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 Trustees

Beacon Trusteeship Limited
4C & D, Siddhivinayak Chambers
Gandhi Nagar, Opposite MIG Cricket Club
Bandra (East), Mumbai 400051, India
Tel: +91 22 2655 8759

Catalyst Trusteeship Limited
Windsor, 6th floor, Office No. 604
CST Road, Kalina, Santacruz
Mumbai 400098, India
Tel: +91 22 4922 0555

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate
Mumbai 400001, India
Tel: +91 22 4080 7022

MITCON Credentia Trusteeship Services Limited
1402/1403, Dalamal Tower
Free Press Journal Marg, 211, Nariman Point
Mumbai 400021, India
Tel: +91 22 2282 8200

TABLE OF CONTENTS

CORPORATE OVERVIEW

Empowering MSME Ecosystem: Creating Impact with Data-Driven Solutions	2
Chairman's Message	6
Vice Chairman's Message	8
UGRO Capital - 5 Years of GRO-wth Journey	10
UGRO Capital Today!	13
Scaling up Through Power of Data	14
GRO Score 3.0 - Building Blocks	15
Distribution Channel	16
Technology Modules	17
Our Product Offering	18
Multi-Pronged Liability Approach	19
Lending As A Service	20
Portfolio Composition	22
Board of Directors	24
Management Team	27
Quick Overview of CSR Activities - FY23	29
Newsroom	30
The Year of Pride	32



STATUTORY REPORTS

Notice	34
Management Discussion and Analysis	60
Director's Report	70
Corporate Governance Report	88
Business Responsibility and Sustainability Report	109

FINANCIAL STATEMENTS

Auditor's Report & Its Annexures	136
Balance Sheet	146
Profit & Loss Account	148
Cash Flow Statement	150
Statement of Changes in Equity	152
Significant Accounting Policy	154
Notes to Accounts	167

EMPOWERING MSME ECOSYSTEM:

CREATING IMPACT WITH DATA-DRIVEN SOLUTIONS

In today's fast-paced and highly competitive business landscape, Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving economic growth and fostering innovation. These nimble enterprises are the backbone of our economy, contributing significantly to employment generation, innovation, and economic development. However, MSMEs often face unique challenges in accessing finance and navigating market complexities. At UGRO Capital, we recognized these challenges and embraced a data-driven approach to address them effectively.

This Annual Report highlights UGRO Capital's unwavering commitment to empowering the MSME ecosystem in India through data-driven solutions. In a rapidly evolving business landscape, we firmly believe that leveraging the power of data is the key to unlocking the immense potential of MSMEs and fuelling their growth.

One of the key factors hindering the growth of MSMEs is the difficulty in accessing formal and timely credit. Traditional lending institutions rely heavily on collateral-based lending, making it challenging for small businesses to secure funds for expansion and innovation. We firmly believe that a lack of timely credit prevents MSMEs from realizing their full potential, and that traditional lending parameters based on collateral and security are ineffective in a dynamic MSME space where funds are required quickly.

The digital revolution in finance has now opened up more avenues to meet their demand for funds. An optimal equation of digitisation & digitalisation has paved the way for innovative lending models. Cashflow based lending is one of the models that promises to help the MSMEs obtain much-needed credit. With the advent of GST (Goods & Services Tax), smaller entities are finding it advantageous to report the top line resulting in robust compliance. The GST records can then be combined with other financial parameters, such as bank statements and bureau reports, to judge an entity's repayment capabilities. With GST & banking-based models evolving & powerful machine learning

tools now available, the future of cash flow-based lending is bright.

The Central Government's planned interventions will further strengthen the cashflow model. Open credit enablement network or OCEN (pronounced O-ken), promises to unlock the next level in digital lending to MSMEs. OCEN has created a standard protocol for an interface between registered buyers, sellers & financiers. With Open APIs available to all, this initiative will truly democratise availability of transaction data. The OCEN's first pilot is GeM Sahay – an e-marketplace for PSU (public sector undertaking) buyers & MSME sellers. UGRO Capital Ltd. is the first lender to get empanelled on the platform & has disbursed loans to MSMEs basis automated business rule engine on GeM Sahay.

The Account Aggregators (AA) initiative, another Central Government brainchild, will enable aggregation of all financial information, including account statements, mutual fund history, insurance policies, GST sales data, etc. Once the customer gives consent, lenders can access the information conveniently through a common interface. Members of the network will act as both financial information providers & users. Currently, most large banks & financial institutions are part of the network. More are scheduled to follow suit shortly depending on their technological readiness.

With more & more financial institutions getting access to this data & accepting the standard protocols, Cashflow based lending models to MSMEs will now find more takers. It augurs well for India's MSME segment, which will get access to easy & convenient credit.

Through advanced data analytics, machine learning, and artificial intelligence, UGRO Capital has revolutionized the way MSMEs access financial support. Our robust credit evaluation framework and data-driven solutions enable us to assess creditworthiness swiftly, customize financial products tailored to specific needs, and streamline loan processing for faster approvals. Our underwriting model GRO Score 3.0 is an enhancement of our proprietary scoring model GRO Score 2.0 and analyzes detailed GST transaction report of ~20,000

applications to perform statistical model fitment, as well as validation testing based on actual loan repayment performance. Over the last four years, the company has served over 48,000 customers in 4,000 different pin codes, analyzed over 93,000 bank statements, 34,000 GST records, and processed over 63,000 GRO Score logins. By shifting the focus from collateral to business fundamentals, UGRO Capital provides timely and customized credit solutions to MSMEs, enabling them to realize their growth aspirations.

Moreover, our collaborations with banks, technology providers, data aggregators, and industry stakeholders have further enhanced our ability to leverage data for the betterment of the MSME ecosystem. These partnerships enable us to constantly innovate and develop cutting-edge solutions that meet the evolving needs of MSMEs.

Our efforts have resulted in an impressive asset under management (AUM) of over INR 6,000 Cr, with a monthly net disbursement exceeding INR 500 Cr. Moreover, the growing off-book AUM of 40% reflects the widespread acceptance of our credit scoring model and underwriting framework within the banking industry. UGRO Capital's journey exemplifies the transformative potential of data in reshaping the MSME credit landscape in India.

We are delighted to report that FY23 has been a remarkable year for UGRO Capital, marked by robust

growth and achievement of key milestones. We have successfully completed our second equity capital raise of approx INR 340.50 in April/May 2023. The equity raise was via preferential allotment of INR 240 Cr to IFU (Investeringsfonden for Udviklingslande) through Danish Sustainable Development Goals Investment Fund K/S which is an arm of Denmark Government and through a Qualified Institutions Placement (QIP) of up to INR 100.50 Crores. The growth capital from the funds raised will primarily be used for onward lending— this shall assist the MSME segment and take credit to the last mile. This capital raise will further enhance UGRO Capital's strong capital position and strengthen its balance sheet.

We have successfully launched our most awaited digital solution for small businesses. Our GRO X App enables small business owners, retailers, traders, professionals, and small manufacturers across India to obtain collateral-free instant credit for immediate working capital requirements and to manage their financial liquidity.

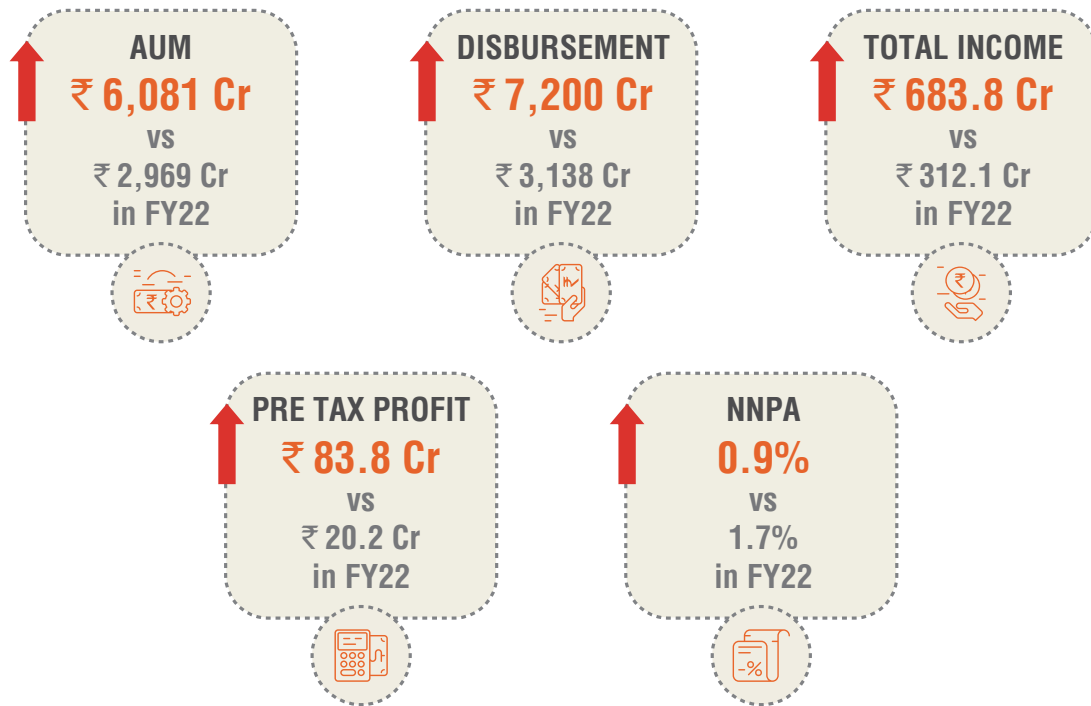
As we look ahead, we remain steadfast in our pursuit of empowering MSMEs through data-driven solutions. We are determined to expand our reach, improve our capabilities, and extend our support to a wider segment of the MSME ecosystem, creating a lasting impact on businesses, communities and the Indian economy.



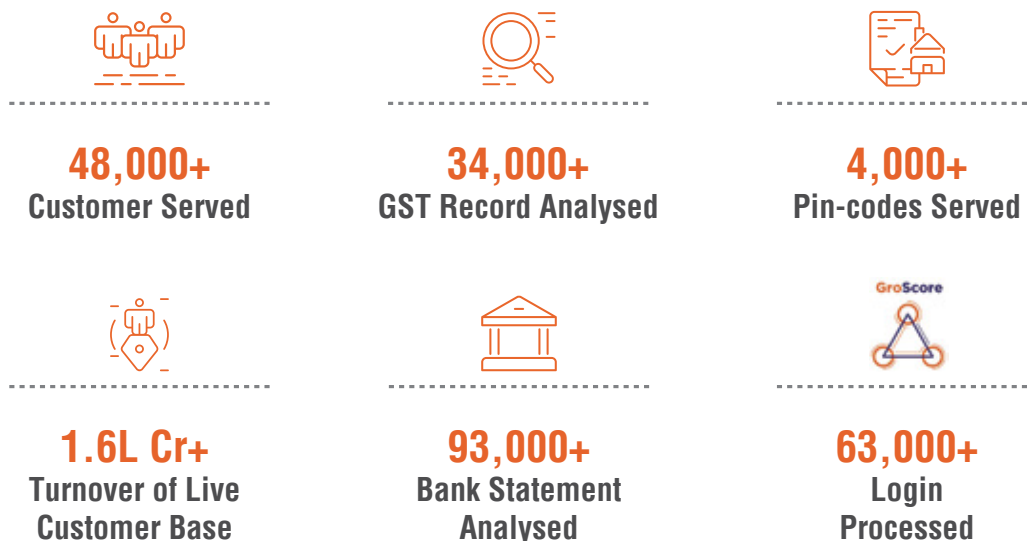
WHEN YOU GIVE INDIA'S MSMEs
THE FREEDOM TO GRO NON-STOP
U GRO TOO



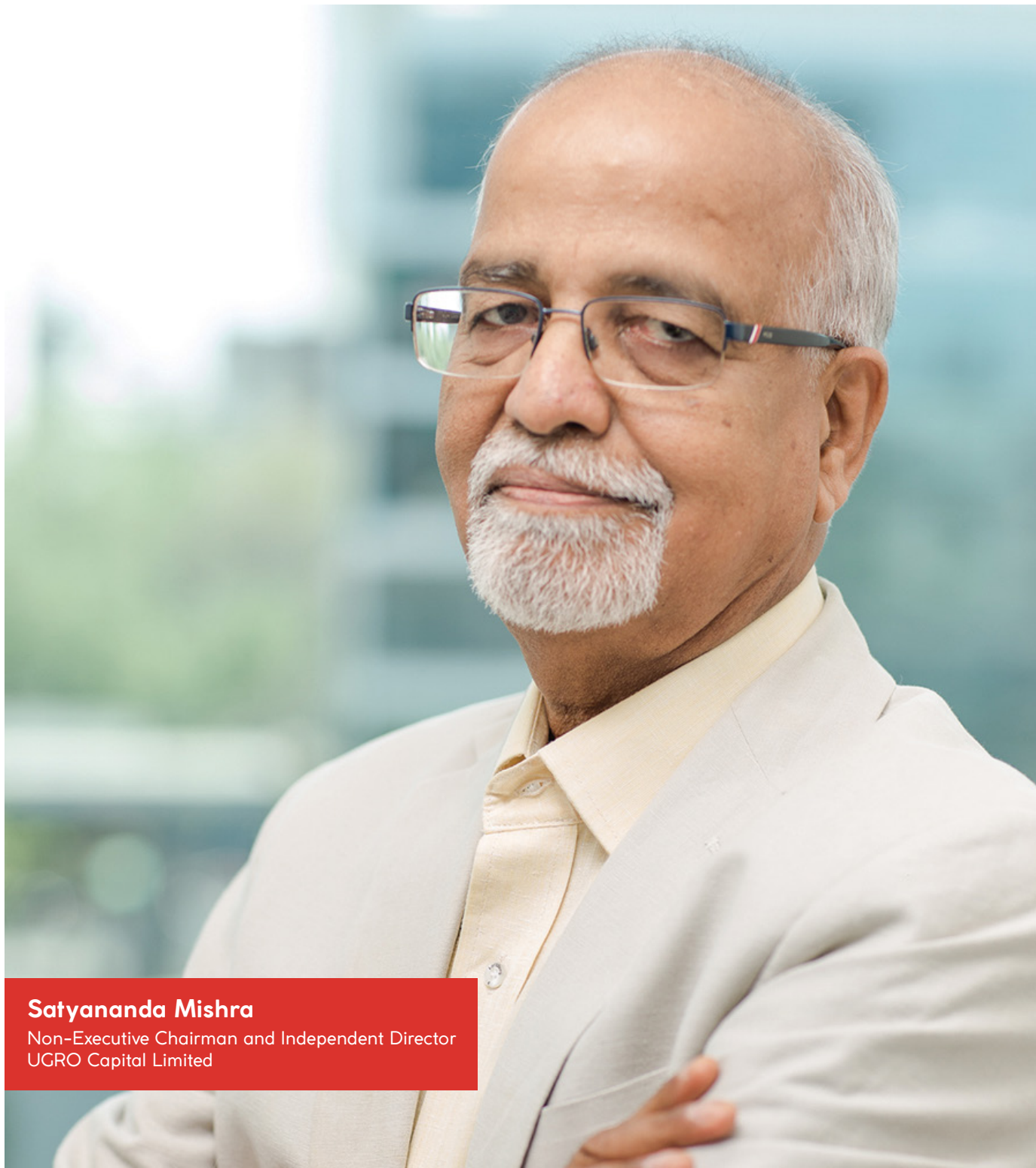
UGRO Capital, India's first listed fintech start-up announces its successful equity capital raise of INR 340.50 crores from marquee institutional investors in April/May 2023.



Launched Instant Credit Line App - Gro X



CHAIRMAN'S MESSAGE



Satyananda Mishra

Non-Executive Chairman and Independent Director
UGRO Capital Limited