

U GRO Capital Impact Financing get endorsement of responsAbility through a debt investment of INR 138 crores

Mumbai, February 3, 2022: U GRO Capital, a listed, small business lending MSME focused fintech platform raised its first impact focused debt investment of INR 138 cr from funds managed/ advised by Switzerland based impact investor responsAbility. The transaction was structured in two legs - in the first leg, an INR 31 Cr equivalent USD-denominated ECB was raised which was followed by INR denominated NCDs totalling INR 107crs in the second leg.

The ECB transaction was done via an innovative social bond structure created as a result of joint efforts of the Swedish International Development Agency (SIDA), responsAbility and Danske bank to mobilize USD 177.5 Mn of debt capital from private investors. These entities joined forces to contribute to the Sustainable Development Goals of the UN 2030 agenda and launched a social bond that bundles loans to innovate companies in capital scarce regions operating in the financial inclusion, healthcare and WASH (water, sanitation, hygiene), agriculture and climate finance sectors, and that have a measurable, positive social impact.

The ECB transaction was completed in record time of 3 months.

U GRO Capital aspires to become the largest MSME platform in India and this transaction which brings in support of DFIs to its overall objectives reaffirms the faith of its 50+ lenders in its business model. This transaction is the first of its kind for U GRO Capital and is expected to provide a boost to the overall targets it wants to achieve; the company will be looking forward to many such transactions over the coming years.

Mr. Shachindra Nath, Executive Chairman and Managing Director, U GRO Capital said, *“This partnership marks a milestone in our journey as we share a common vision of financial inclusion with responsAbility and we continue to expand our reach and scope. DFIs and impact investors are critical funding partners to help us bridge the MSME credit gap in India and with this transaction, we have been able to affirm impact investors’ confidence in our business model. This transaction opens up a new stream of debt financing for us as we continue to leverage our technology and credit expertise to service MSMEs across the spectrum through our multi-channel distribution model.”*

Rudrashis Roy, Investment Officer – Financial Institutions Debt, responsAbility said, *“India continues to be an important market for funds managed or advised by responsAbility and we are excited to work with a like-minded partner like U GRO Capital to improve access to finance in the country. We were impressed with the way U GRO Capital has been able to offer credit products across the entire MSME spectrum through a multi-channel distribution strategy and how it is trying to solve problems related to data availability and quality in MSME underwriting through the use of technology and data analytics.”*

The proceeds will serve as crucial funding to the Micro, Small and Medium Enterprises (MSME) segment in India. Lending to U GRO Capital directly contributes to the UN Sustainable Development Goals (SDGs) in a large economy characterized by a large lending gap for Small and Mid-Sized Enterprises that hinders job creation, fuels inequality, and stifles economic development

U GRO Capital currently has 75 branches across 9 states. It aims to expand the branch network to 100 by FY2022 and intends to reach 250,000 MSMEs in the coming 4 financial years.

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 Capital 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 Capital'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 Capital. 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 ~INR 2500 crore of equity & debt capital from marquee private equity investors, family offices, banks and other financial institutions over the last 3 years.

About responsAbility

responsAbility has invested over USD 11 billion in emerging markets since 2003, and as an impact asset manager, focuses on climate finance, sustainable food production, and financial inclusion. It works closely with players in local markets, as it maintains offices around the globe, in order to strategically take steps to directly contribute to reaching the UN's Sustainable Development Goals. Currently, responsAbility manages USD 3.7 billion in assets invested in over 300 ESG-vetted high-impact companies in nearly 80 countries.

On January 27, 2022, M&G plc, the international savings and investments business, announced that it has agreed to acquire a majority stake in responsAbility Investments AG. M&G has agreed to acquire approximately 90% of the issued share capital of responsAbility and expects to acquire the remaining 10% in due course. The acquisition is subject to regulatory approval.

This press release may contain projections and other forward-looking statements regarding future events or future financial performance. These statements are only predictions and reflect our current beliefs and expectations with respect to future events and are based on assumptions and subject to risk and uncertainties and subject to change at any time. Given business risks and uncertainties, undue reliance on these forward-looking statements should not be placed. Actual events or results may differ materially from those contained in the projections or forward-looking statements.

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