

# Tipsons Stock Brokers Private Limited

Public Issue of Secured Rated Listed  
Redeemable Non-Convertible Debentures  
of UGRO Capital Limited



## ISSUE SIZE:

- Public issue by UGRO Capital Limited (“company” or the “issuer”) of rated, secured, senior, listed, transferable, redeemable, non-convertible debentures of face value ₹ 1,000 each (“NCDs”) for an amount **upto ₹ 5,000 lakhs, hereinafter referred to as “base issue size” with an option to retain over-subscription upto ₹ 5,000 lakhs, aggregating up to ₹ 10,000 lakhs**, hereinafter referred to as the “overall issue size” (collectively the “issue”). The issue is being made pursuant to the provisions of Securities and Exchange Board of India (issue and listing of non-convertible securities) regulations, 2021, as amended (the “SEBI NCS Regulations”), the companies act, 2013 and the rules made thereunder, as amended and the SEBI Operational Circular dated august 10, 2021 as amended. The issue is not proposed to be underwritten.

## CREDIT RATING:

- The NCDs proposed to be issued under the Issue have been rated **“ACUITE A+ (read as ACUITE A Plus) (Outlook: Stable)”** for an amount of ₹ 20,000 lakhs by Acuite Ratings and Research Limited vide their rating letter dated March 04, 2022. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to Annexure II of the Draft Prospectus for the rationale of the above rating.

## LISTING:

- The NCDs offered through this Draft Prospectus are proposed to be listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). NSE shall be the Designated Stock Exchange. Our Company has received an ‘in-principle’ approval from BSE and NSE vide their letters dated [●] and [●] respectively.



## COMPANY PROFILE:

- UGRO Capital Limited is a non-deposit taking systemically important NBFC registered with the RBI and the equity shares of our Company are listed on NSE and BSE.
- UGRO Capital lends exclusively to MSMEs and caters to all the borrowing needs through its diverse range of product offerings like Term Loan (Secured and Unsecured), Supply Chain Financing, Machinery Loan and Short-term financing through its multiple FinTech and NBFC Partners.
- As on December 31, 2021, UGRO was operating from 14 prime branches and 68 micro branches with a total loan portfolio of ₹ 2,589 crore and catering to 16,594 customers. Of the said loan portfolio, approx. 77% is in form of secured lending.

The summary of key financial indicators of our Company are as under:

| Particulars             | For Nine Months Period<br>Ended December 31, 2021 | ₹ in crore)    |                |
|-------------------------|---|----------------|----------------|
|                         |   | March 31, 2021 | March 31, 2020 |
| Total Income            | 199.29  | 153.33         | 105.14         |
| Total Expenditure       | 187.15  | 141.20         | 101.83         |
| Profit after tax        | 8.45  | 28.72          | 19.52          |
| Net worth               | 959.08  | 952            | 911.06         |
| Debt to Equity ratio    | 1.84  | 0.82           | 0.28           |
| CRAR (%)                | 36.06   | 65.60          | 88.25          |
| Return on Net worth (%) | 1.18*   | 3.06           | 2.14           |

\*Annualised

## STRENGTHS

**Strong Corporate Governance Standards**- 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 organizations are built on foundations of long-term vision. These can only be realized 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 organization. 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. Our 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 ₹ 920 Crores from a diverse group of investors as it embarked on the stated mission of U Gro. Raising this capital helped our Company to have adequate capital based to grow in the first few years. Having a large institutional capital is also perceived positively by lenders & company has been able to solidify its position in terms of the liability book.

As on December 31, 2021, 89.11% of the paid up share capital of our Company is held by institutions / private equity funds like ADV Partners, New Quest, Samena Capital, PAG, IndGrowth, PNB Metlife, Chhattisgarh Investments.

**Reach across a varied MSME base and customer sourcing models** -Our lending business is sourced digitally as well as through partners, direct selling agents and sales team. We also conduct site verification visits and interviews with the applicant. We have centralized credit hubs, where our underwriting processes are carried out by our credit team. We have also entered into arrangements with certain verification agencies supervised by our internal management to conduct site visits to verify identity and other information of applicants in certain cases. On the sanction of a loan amount, repayment terms are set out up on completion of all documentation requirements by the applicant. With our presence across 82 locations, we have established a diverse customer base, situated across India.

**Technology - Deep Focus on Technology** - At U GRO, Technology underpins all the faucets of the customer journey including distribution, credit, analytics, operations & collections. We have a philosophy to automate anything and everything that is procedural.

**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.

## Term Sheet

|  |   |
|--|---|
| ISSUER   | U GRO CAPITAL LIMITED   |
| Rating of the Instrument   | "ACUITE A+" (pronounced as ACUITE A Plus) rating with Stable Outlook by Acuite Ratings & Research Limited.  |
| Lead Managers  | Sundae Capital Advisors Private Limited   |
|  | Tipsons Consultancy Services Private Limited  |
|  | Trust Investment Advisors Private Limited   |
| Debenture Trustee  | MITCON Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited)   |
| Registrar to the Issue   | Link Intime India Private Limited   |
| Type of instrument/ Name of the security/ Seniority                    | Rated, senior, secured, listed, transferable, redeemable, non-convertible debentures  |
| Nature of the instrument (Secured or Unsecured)                        | Secured   |
| Seniority (Senior or Subordinated)                                     | Senior  |
| Issue Size   | ₹ 5,000 lakhs with an option to retain over-subscription up to ₹ 5,000 lakhs, aggregating to a total of ₹ 10,000 lakhs.   |
| Option to retain Oversubscription Amount                               | In accordance with Regulation 42 of the SEBI NCS Regulations and the corporate authorisations of the Company, the Company has the option to retain over-subscription up to ₹ 5,000 lakhs, such that the aggregate issue of the NCDs does not exceed ₹ 10,000 lakhs. |
| Objects of the Issue / Purpose for which there is requirement of funds | Please refer the Section named "Objects of the Issue" (including for the allocation of funds towards each sub-purpose) of the Prospectus.   |
| Coupon / Interest Rate   | The coupon / Interest Rate applicable on the NCDs is as follows:  |
|  | (a) Series I: 10.00% (ten percent) per annum compounded quarterly (10.37% (ten decimal three seven percent) XIRR)   |
|  | (b) Series II: 10.15% (ten decimal one five percent) per annum compounded monthly (10.62% (ten decimal six two percent) XIRR)   |
|  | (c) Series III: 10.40% (ten decimal four zero percent) per annum compounded monthly (10.90% (ten decimal nine zero percent) XIRR)   |
| Coupon/Dividend Payment Frequency                                      | (a) Series I: Payable Quarterly   |
|  | (b) Series II: Payable Monthly  |
|  | (c) Series III: Payable Monthly   |

|  |  |
|--|--|
| Tenor  | (a)Series I: 18 (Eighteen) months from Deemed Date of Allotment  |
|  | (b)Series II: 27 (Twenty Seven) months from Deemed Date of Allotment   |
|  | (c)Series III: 36 (Thirty Six) months from Deemed Date of Allotment  |
| Redemption Date                                | (a)Series I: The date occurring on expiry of 18 (Eighteen) months from the Deemed Date of Allotment, and as set out under Annexure I of the Prospectus   |
|  | (b)Series II: The date occurring on expiry of 27 (Twenty Seven) months from Deemed Date of Allotment, and as set out under Annexure I of the Prospectus  |
|  | (c)Series III: The date occurring on expiry of 36 (Thirty Six) months from Deemed Date of Allotment, and as set out under Annexure I of the Prospectus   |
| Face value (in ₹ / NCD)                        | ₹1,000 per NCD   |
| Issue opening date                             | As specified in the relevant Prospectus to the Issue   |
| Issue closing date**                           | As specified in the relevant Prospectus to the Issue   |
| All covenants of the issue                     | As specified in the relevant Prospectus to the Issue   |
| Asset cover and description regarding Security | <p>A first ranking exclusive and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Effective Date, executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over the receivables (both present and future) arising out of identified book debts/loan receivables of the Issuer and all rights under the relevant loan documents in respect of the aforementioned identified book debts/loan receivables, and as set out in the Deed of Hypothecation ("Hypothecated Assets"); and such other security interest/contractual comfort as may be agreed between the Issuer and the Debenture Holders ((i) and (ii) above are collectively referred to as the "Transaction Security"). "Security Cover" means from the Effective Date until the Final Settlement Date, on any date of determination, the ratio of the principal amounts outstanding in respect of the Hypothecated, and the Outstanding Amounts, multiplied by 100, and followed by the "%" symbol, being 120% (one hundred and twenty percent).(*Minimum portion of secured receivables to be 0.4x, while the rest of the security cover can be from unsecured receivables)</p> |

## INVESTOR CATEGORIES AND ALLOTMENT

|  |  |
|--|--|
| <b>Category I - Institutional Investors</b>      | <ul style="list-style-type: none"><li>• Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;</li><li>• Provident funds and pension funds with minimum corpus of ₹25 crore, and superannuation funds and gratuity funds, which are authorised to invest in the NCDs;</li><li>• Alternative Investment Funds subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended;</li><li>• Resident Venture Capital Funds registered with SEBI;</li><li>• Insurance Companies registered with IRDA;</li><li>• State industrial development corporations;</li><li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li><li>• Insurance funds set up and managed by the Department of Posts, the Union of India;</li><li>• National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</li><li>• Systemically important non-banking financial companies being non-banking financial companies registered with the Reserve Bank of India and having a net worth of more than ₹ 500 crores as per its last audited financial statements; and</li><li>• Mutual Funds registered with SEBI</li></ul> |
| <b>Category II - Non-Institutional Investors</b> | <ul style="list-style-type: none"><li>• Companies within the meaning of Section 2(20) of the Companies Act, 2013;</li><li>• Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li><li>• Co-operative banks and regional rural banks;</li><li>• Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li><li>• Scientific and/or industrial research organisations, which are authorized to invest in the NCDs;</li><li>• Partnership firms in the name of the partners;</li><li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li><li>• Association of Persons; and</li><li>• Any other incorporated and/ or unincorporated body of persons</li></ul>   |
| <b>Category III - High Net-Worth Individuals</b> | High Net-worth individuals which include Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 Lakh across all series of NCDs in Issue  |
| <b>Category IV - Retail Individual Investors</b> | Resident Indian individuals or HUFs applying through the Karta, for NCDs for an amount aggregating up to and including ₹ 10 Lakh, across all series of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism  |



## Key Performance Indicators - Reformatted Financial Information

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| Particulars   | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|----------------------|
| <b>Balance Sheet</b>  |                      |                      |                      |
| Net Fixed assets (including intangible assets)                          | 4,013.33             | 3,864.13             | 3,105.36             |
| Current assets  | 82,205.35            | 55,547.81            | 79,147.89            |
| Deferred tax assets (net)   | 4,293.55             | 2,156.31             | 239.94               |
| Non-current assets  | 87,139.24            | 59,678               | 4,354.46             |
| <b>Total Assets</b>   | <b>1,75,089.49</b>   | <b>1,21,246.25</b>   | <b>86,847.65</b>     |
| Financial (borrowings, trade payables, and other financial liabilities) | 40,646.01            | 8,664.24             | 2,260.58             |
| Financial (borrowings, trade payables, and other financial liabilities) | 38,675.89            | 20,081.00            | 1,072.32             |
| Provisions  | 241.99               | 199.72               | 68.87                |
| Current tax liabilities (net)   | 144.13               | -                    | -                    |
| Other current liabilities   | 137.64               | 148.93               | 156.32               |
| Equity (equity and other equity)  | 95,243.82            | 92,152.36            | 83,289.56            |
| <b>Total equity and liabilities</b>                                     | <b>1,75,089.49</b>   | <b>1,21,246.25</b>   | <b>86,847.65</b>     |
| <b>Profit and Loss</b>  |                      |                      |                      |
| Total revenue   | 15,333.84            | 10,514.37            | 4,393.60             |
| Revenue from operations   | 14,981.07            | 9,669.37             | 3,893.60             |
| Other income  | 352.77               | 845                  | 500                  |
| <b>Total Expenses</b>   | <b>14,120.93</b>     | <b>10,182.58</b>     | <b>4,238.88</b>      |
| Profit / (loss)   | 1,212.91             | 331.79               | 154.72               |
| Profit / (loss) after tax   | 2,872.75             | 1,951.86             | 394.64               |
| <b>Cash Flow</b>  |                      |                      |                      |
| Net cash generated from operating activities                            | -34,712.06           | -79,880.62           | -8,631.28            |
| Net cash used in / generated from investing activities                  | -4,591.73            | 17,872.79            | -34,703.45           |
| Net cash used in financing activities                                   | 50,794.40            | 30,795.49            | 75,420.84            |
| Cash and cash equivalents   | 12,365.55            | 874.64               | 32,086.98            |
| <b>Balance as per statement of cash flows</b>                           | <b>12,365.55</b>     | <b>874.64</b>        | <b>32,086.98</b>     |
| <b>Additional Information</b>   |                      |                      |                      |
| Net worth   | 92,087.34            | 89,570.43            | 82,144.01            |
| Cash and Cash Equivalents   | 12,365.55            | 874.64               | 32,086.98            |
| Current Investments   | 22,494.59            | 11,652.82            | 38,499.01            |
| Assets Under Management   | 1,31,700.00          | 86,100               | 8,000                |
| Off Balance Sheet Assets  | 1,428.88             | 781.18               | 1,789.89             |
| Total Debts to Total assets (times)                                     | 0.44                 | 0.21                 | 0.01                 |
| Debt Service Coverage Ratios (times)                                    | 0.07                 | 0.07                 | 0.27                 |
| Interest Income   | 14,812.85            | 7,889.19             | 2,822.62             |
| Interest Expense  | 4,456.24             | 1,367.30             | 104.75               |
| Interest service coverage ratio (times)                                 | 1.27                 | 1.24                 | 2.48                 |
| Provisioning & Write-offs   | 1,961.71             | 1,023.41             | 24.39                |
| Gross NPA (%)   | 2.72%                | 0.96%                | 0.00%                |
| Net NPA (%)   | 1.75%                | 0.54%                | 0.00%                |
| Tier I Capital Adequacy Ratio (%)                                       | 65.15%               | 88.07%               | 213.40%              |
| Tier II Capital Adequacy Ratio (%)                                      | 0.40%                | 0.18%                | 0.15%                |

Source: Draft Prospectus - March 17, 2022 | UGRO CAPITAL LIMITED | Tipsons Stock Brokers Private Limited

## DISCLAIMER

*UGRO CAPITAL LIMITED is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a public offer of its debt securities. This announcement does not constitute an offer to sell or solicitation of an offer or invitation to buy any securities in any jurisdiction. Investment in debt securities involves a degree of risk. Investors should see the Prospectus filed by U GRO CAPITAL LIMITED with the Registrar of Companies, Mumbai, Maharashtra, Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited (NSE) and the BSE Limited ("BSE"), including the section titled "Risk Factors", available on the websites of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), NSE at [www.nseindia.com](http://www.nseindia.com), BSE at [www.bseindia.com](http://www.bseindia.com), and the website of the Lead Managers, i.e., [www.sundaecapital.com](http://www.sundaecapital.com), [www.tipsons.com](http://www.tipsons.com), [www.trustgroup.in](http://www.trustgroup.in).*

# Thank You