

PRESS RELEASE

UGRO CAPITAL TO ACQUIRE PROPECTUS CAPITAL IN A ₹1,400 CR ALL-CASH DEAL EQUITY RAISE PROCEEDS TO BE MOBILIZED TO ACHIEVE DIVERSIFIED ASSET MIX AND ACHIEVE SIGNIFICANT OPERATING LEVERAGE

Mumbai, June 17, 2025: UGRO Capital Limited (NSE: UGROCAP | BSE: 511742), a leading DataTech NBFC focused on MSME lending, today announced a significant development that underscores its commitment to empowering the MSME ecosystem through tailored, embedded financial solutions and expanding its Emerging Market business reach. UGRO Capital has executed a Share Purchase Agreement with the existing shareholders of Profectus Capital Private Limited ("Profectus") to acquire 100% of the shares of Profectus. This all-cash deal, with the consideration payable in a single tranche at closing shall mobilize proceeds from UGRO's recently announced equity raise, will deploy capital into a fully secured asset portfolio delivering instant scale benefits with zero origination costs, making Profectus a wholly owned subsidiary. We estimate that this acquisition would add approximately ₹ 150 Crores of annualized profit to UGRO making it a capital adequacy accretive transaction.

The acquisition strategically enhances four core NBFC pillars: Immediate 29% AUM growth diversifies the combined portfolio to accelerate high-yield Emerging Markets and Embedded Finance expansion, while adding School Financing with incremental ₹2,000 Crores medium-term potential, as per our assessment. We estimate significant geographic and product alignment in Secured LAP, Machinery Finance, and Supply Chain Finance which we believe will drive operational efficiencies, generating ₹115 Crores cost savings and adding incremental profitability of ₹150 Crores thus boosting ROA by 0.6-0.7% once a post-acquisition merger is complete. The combined entity's strengthened asset mix features higher secured assets, thereby providing further impetus to scale Emerging Market and Embedded Finance businesses.

Profectus has demonstrated stable portfolio expansion, building its assets under management to ₹3,468 Crores as of March 2025, with presence across seven states through a 28-branch network and over 800-member team, all while maintaining a gross NPA of 1.6% and Net NPA of 1.1%. Its complementary businesses in secured lending perfectly align with UGRO's data-driven underwriting platform. To facilitate the discharge of purchase consideration for the proposed acquisition, the Company is proposing to add financing of Profectus' acquisition as an object of the existing preferential issuance of compulsorily convertible debentures by seeking fresh approval from the board and shareholders. The acquisition is expected to close on fulfilment of customary conditions, including receipt of RBI/shareholder approvals.

Both entities will maintain current operations and strategy during integration.

Reflecting on this acquisition, **Mr. Shachindra Nath, Founder and Managing Director of UGRO Capital**, said, *"This strategically priced acquisition deploys our equity raise to achieve instant scale and ₹115 Crores cost savings and annualized incremental profitability of ₹ 150 Crores thus boosting ROA by 0.6–0.7%. Integrating Profectus' school finance expertise unlocks ₹2,000 Crores growth potential and strengthens our secured asset mix – accelerating our journey to become India's largest MSME lender through enhanced Emerging Markets and Embedded Finance capabilities."*

UGRO CAPITAL LIMITED

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Mr. K.V. Srinivasan, Executive Director & CEO, Profectus Capital, added, *“The coming together of the two organisations would be beneficial owing to the synergies and complementarity of the businesses, which should result in greater operational efficiency and profitability for the business. We at Profectus, thank our investors for their unwavering commitment and support throughout our journey, which has helped us to establish a very strong process-oriented business with an excellent portfolio quality.”*

With this strategic acquisition, UGRO Capital reaffirms its commitment to driving inclusive economic growth and empowering MSMEs across India, leveraging combined synergies to expand high-yield offerings while maintaining portfolio quality.

InCred Capital acted as the exclusive advisor to UGRO Capital on this acquisition transaction. SNG & Partners was engaged as the legal counsel to the Company. The Company engaged PriceWaterHouse Coopers Services LLP for financial due diligence and Legacy Growth Partners for tax due diligence for the transaction.

About UGRO Capital Ltd (NSE: UGROCAP | BSE: 511742)

UGRO Capital Limited is a DataTech Lending platform, listed on NSE and BSE, pursuing its mission of “Solving the Unsolved” for the small business credit gap in India, on the back of its formidable distribution reach and its Data-tech approach.

The Company’s prowess in Data Analytics and strong Technology architecture allows for customized sourcing platforms for each sourcing channel. GRO Plus module which has uberized intermediated sourcing, GRO Chain, a supply chain financing platform with automated end-to-end approval and flow of invoices, GRO Xstream platform for co-lending, an upstream and downstream integration with fintechs and liability providers, and GRO X application to deliver embedded financing option to MSMEs.

The credit scoring model GRO Score (3.0) a statistical framework using AI / ML driven statistical model to risk rank customers is revolutionizing the MSME credit by providing on-tap financing like consumer financing in India.

UGRO has executed Co-lending model in India which is prevalent in the West through Co-Lending relationships with total of 17 Banks and NBFCs and built a sizeable off-balance sheet asset of 42% of its AUM through its Co-lending and Co-originating partners and GRO Xstream platform. The Company is backed by marquee institutional investors (raised INR 900+ Cr of equity capital in 2018, INR ~340 Cr in 2023 and INR ~1,265 Cr in 2024) and aims to capture 1% market share over the next three years.

For more information, please visit: <http://www.ugrocapital.com/>

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