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# MSME Sampark - Bi-Annual report on latest in MSME lending Eco-system



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## Shachindra Nath

VC & MD  
UGRO Capital

## Foreword

We are celebrating the 'Azadi Ka Amrit Kaal' in India, as rightly said by our Prime Minister Shri Narendra Modi at the Udyami Bharat Program, that the new definition of MSME should be Maximum Support to Micro, Small & Medium Enterprises. India's goal of becoming self-reliant can be achieved only by making our MSMEs prosper and continue to contribute to growth and employment. We have been feeling the need to bring to the notice of everyone the changing landscape of MSMEs in India, and unlike the past, this is not a sector that should be considered weak and hence excluded from the credit system.

As we stand at the crossroads of economic evolution, this report serves as a beacon, illuminating the critical role that MSMEs play in shaping the destiny of the Indian economy. In the context of emerging economies like India, the success of MSMEs is often intertwined with their ability to access timely and adequate credit. Credit facilitation, therefore, emerges as a critical driver for the sustained growth of these enterprises.

At UGRO Capital, we understand the heartbeat of these enterprises—the engine that propels economic growth and fosters community development. As a financial partner dedicated to empowering the dreams of entrepreneurs, UGRO Capital recognizes the significance of MSMEs in building a robust and inclusive

economy. We have witnessed firsthand the transformative impact of accessible credit, tailored financial solutions, and strategic support on the trajectory of these enterprises.

It is with great pleasure and a sense of pride that I introduce this comprehensive report on the Micro, Small, and Medium Enterprises (MSMEs) sector. This report meticulously dissects the various facets of the MSME landscape, providing a nuanced understanding of the challenges and triumphs that define the entrepreneurial spirit of our nation. It provides a deep dive into the nuances of the MSME sector, shedding light on its resilience, innovation, and the pivotal role it plays in fostering economic growth and employment. This report is not just a macro analysis but also gives insight into UGRO as a credit provider to MSMEs in India, showcasing the actual on-ground performance of our customers.

In essence, a robust credit facilitation ecosystem involves collaboration between governments, financial institutions, and the MSMEs themselves. Unlocking the full potential of MSMEs necessitates a concerted effort to ensure that credit is not just accessible, and we at UGRO strive to become a driving force propelling these enterprises towards a future of sustained success and prosperity.



## Mr. Avinash Gupta

Managing Director & CEO - India  
Dun & Bradstreet

## Introduction

India has resiliently navigated the challenges posed by the pandemic, showcasing its economic prowess and securing its position among the world's fastest-growing major economies despite the global growth hurdles and heightened geopolitical risks. With a robust growth rate of 7.2% in FY23, India is projected to maintain its momentum with an anticipated growth of 7.0% in FY24.

Amidst India's continued progress, an intriguing aspect lies in observing the trajectory of Micro, Small, and Medium Enterprises (MSMEs), constituting a diverse spectrum of entrepreneurial ventures that significantly contribute to the nation's growth, innovation, and employment generation. These enterprises serve as pillars fostering local entrepreneurship, propelling innovation, and strengthening grassroots economic development.

Indian MSMEs have showcased resilience and adaptability, evident in their ability to navigate through challenges, including limited access to finance, infrastructural constraints, and global market fluctuations, especially during the pandemic. Empowered by supportive policies and technological advancements, the prospects for growth and global competitiveness for Indian MSMEs seem promising.

For India to realize its aspiration of becoming a developed nation in the next 25 years and

fulfilling its commitments to address climate change, a robust and sustainable growth path for MSMEs is imperative.

Recognizing their vital role, various government initiatives such as 'Atmanirbhar Bharat' and 'Make in India' aim to fortify and elevate the MSME sector. This is reflected in the increased registrations on platforms like the UDYAM portal, showcasing a proactive stance towards availing policy benefits and support.

This report aims to present current macroeconomic trends, comprehensively evaluating the holistic performance of MSMEs, encompassing their activity, financial risks, credit landscape, and policy support aimed at unlocking their credit potential. Additionally, the report offers an in-depth analysis across eight sectors, highlighting the contributions made by MSMEs in these sectors. A specialized study focusing on post-pandemic recovery of small businesses in the post-Covid era, analyzing credit penetration and the impact of government schemes on a select sample of MSMEs, is also included.

Your feedback on this report is highly appreciated, and I hope you find it both insightful and valuable.



## Arun Singh

Chief Global Economist  
Dun & Bradstreet

## Executive Summary

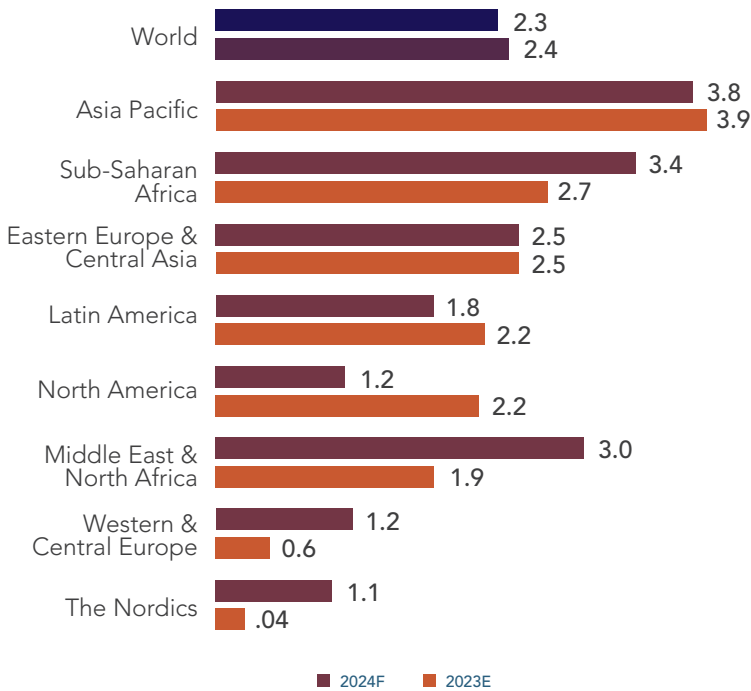
- In 2023, global economy avoided the kind of derailment anticipated at the start of the tightening cycle. 2024 to witness a mild slowdown.
- Despite facing a challenging external environment, India remains a testament to resilience and potential. With a growth rate of 7.2% in FY23, India is poised for a strong growth in FY24.
- A robust MSME activity will be pivotal to India's growth story. The noteworthy increase in the contribution of MSMEs to India's Gross Value Added (GVA) from FY21 to FY22 signifies a substantial rebound for these businesses from the pandemic.
- D&B Assocham SBCI Index shows that MSMEs signal optimism for domestic demand and profitability and are also highly optimistic about increasing their capex and hiring employees which bodes well for the overall growth momentum.
- Low risk to the MSME sector and falling delinquency rates are improving MSMEs borrowing prospects, drawing attention to the pivotal role of NBFCs.
- Tightening of unsecured loan products might increase the share of loans to the industry and in turn to MSMEs while higher formal credit penetration to MSMEs to increase as the government act proactively towards formalization of MSMEs.
- Ticket size of loans by lenders to MSMEs has increased post COVID-19 while approval rates have fallen indicating cautiousness after the removal of pandemic relief measures.
- Encouragingly, both credit growth and share of credit disbursed by SCBs and NBFCs to the micro and small industries have increased post pandemic.
- Healthy penetration of credit is visible across the studied universe of MSMEs, and across selected sectors and geographical footprint. It can be observed that smaller entities are borrowing more relative to their scale of business, and mostly with collateralized loans.
- In the studied universe of MSMEs, good recovery in post covid regime is visible even in smaller entities, though at slower pace than larger scale counterparts: YoY growth of over 10% in sales is visible in ~50% of entities with turnover less than 10 Cr as compared to ~60% for higher turnover entities. This growth trend is visible across all sectors with highest percentage being seen in the Light Engineering sector.
- The impact of government schemes is visible during COVID-19 and post COVID-19 regime. These loans have helped small businesses to survive the crisis with timely infusion of relief capital.

# Macro Overview: Global & Indian Economic Perspective

Macro Overview: Global markets have faced headwinds over the past two years, growth in 2024 to remain subdued.

## Global growth slowed markedly in 2023 and to remain subdued in 2024

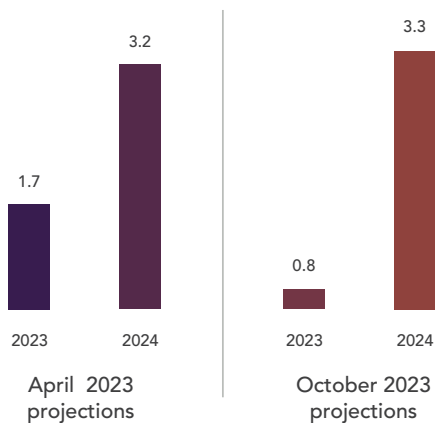
Growth projection (%)



- In 2023, the global economy avoided the kind of derailment anticipated at the start of the tightening cycle.
- Emerging markets, especially the Asia-Pacific region, bucked the trend.
- 2024 to witness a mild slowdown, amid weak external trade.

## Global trade continues to face significant headwinds

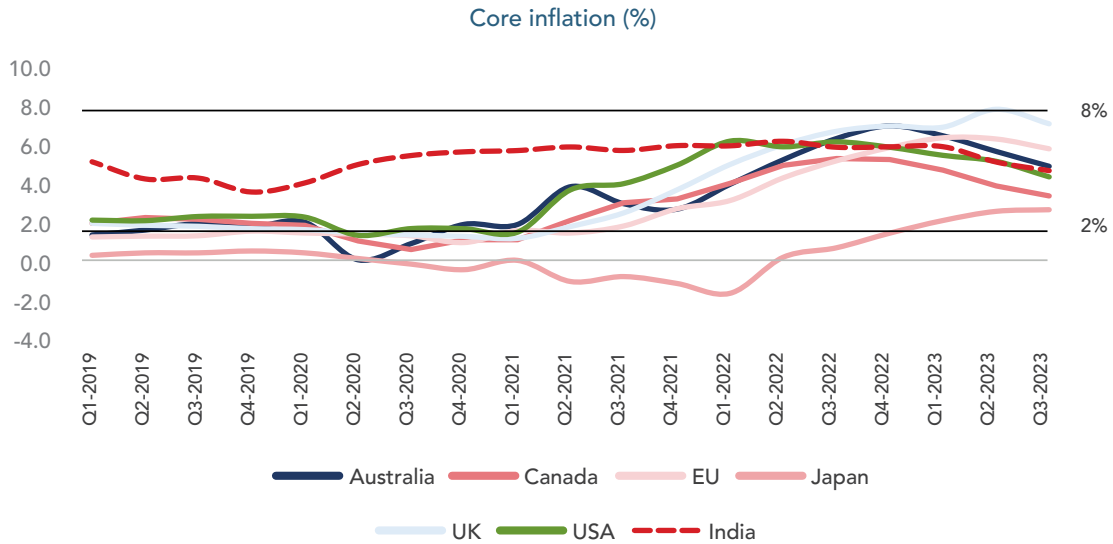
World merchandise trade volume growth projections



- Slowdown in global merchandise trade during the year highlights the strain in the industrial sector.
- 2024 is expected (by World Trade Organisation) to be only moderately positive for merchandise exports, that too uneven across geographies.
- Overall expected increase in import demand in 2024 lacks vigour, except for the case of Asia.



## Core inflation remains elevated though gradual disinflation is underway

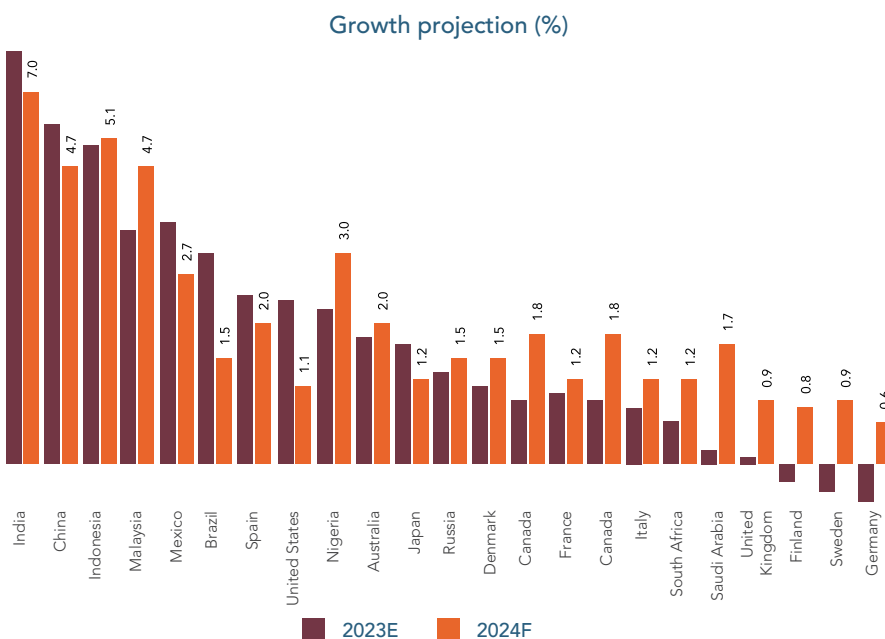


Source: Dun & Bradstreet, WTO, Haver Analytics

- Gradual disinflation is underway.
- Services and core inflation have eased but continue to outpace headline inflation in most advanced economies.
- Food inflation is subsiding, but uncertainty prevails.
- Brent crude oil is expected increase from the current level and average at around US\$84/bn in the first half of 2024 owing to demand growth and potential supply disruptions.
- The US FED pivots rate cuts from 2024, heralding the end of tight monetary policy and restrictive credit conditions.
- The narrative now has decisively turned to anticipating the timing and magnitude of rate cuts in 2024 for other Central Banks - mostly, timelines for cuts have moved up.

## Macro Overview: India seems to be decoupled and continues to be a story of resilience and potential

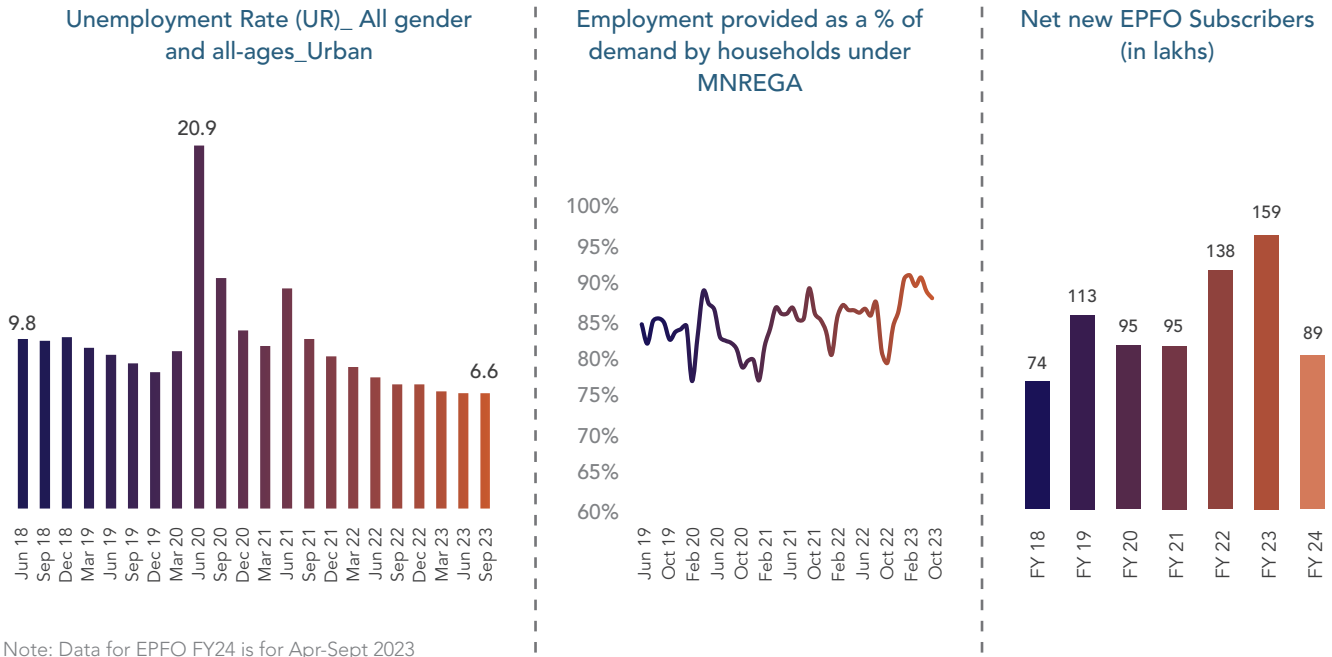
### India's growth stays resilient amidst difficult external environment



- Strong domestic demand, buoyant consumer and business optimism, increase in private investments & substantial public-sector expenditure sets India for high growth.
- Strengthening rural demand amidst high interest rates and retail inflationary pressures bodes well for both major corporations and MSMEs.



The job market seems to be getting better, aligning with the optimistic stance observed among companies regarding their plans for hiring

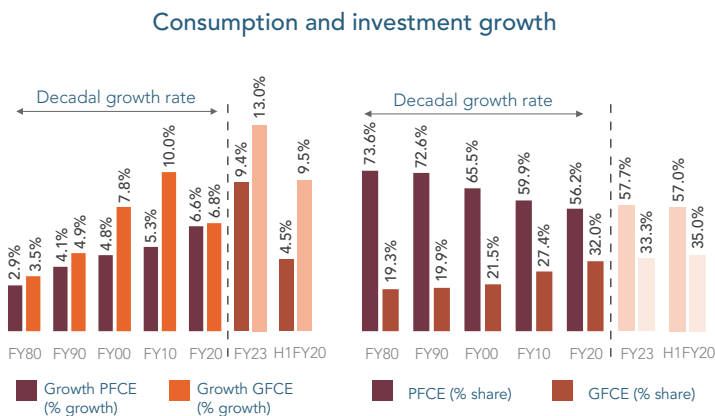


Note: Data for EPFO FY24 is for Apr-Sept 2023  
Source: Dun & Bradstreet, CMIE, EPFO

- Urban unemployment rates have moderated since the September 2021 quarter.
  - Employment provided as % of demand by households averaged at around 89% (Apr-Oct 2023) higher than the pre-pandemic level.
- The two key risks to growth are:
- Retail inflation is expected to inch higher, setting the stage for lending rates to remain high for an extended period.
  - External demand remains weak. Risk from the external sector persists. There are concerns about the tempered growth in services exports.

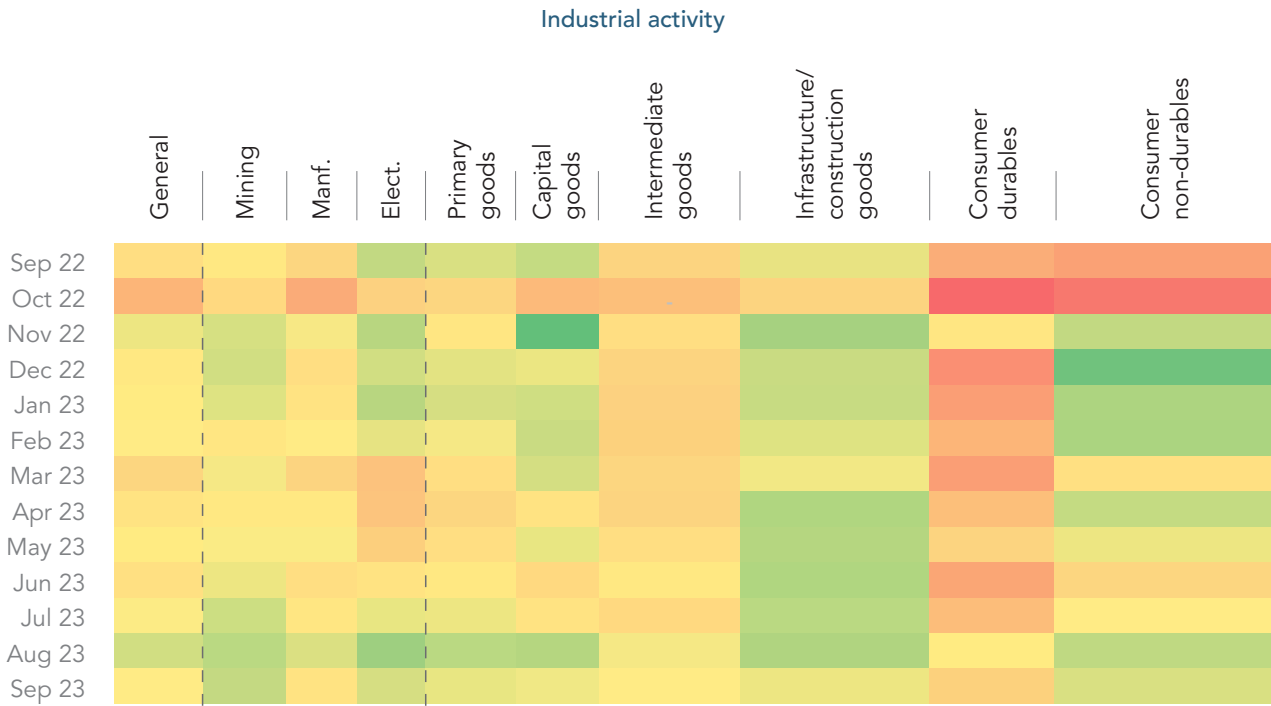
Macro Overview: India seems to be decoupled and continues to be a story of resilience and potential

Investment rate has improved, and private consumption remains resilient

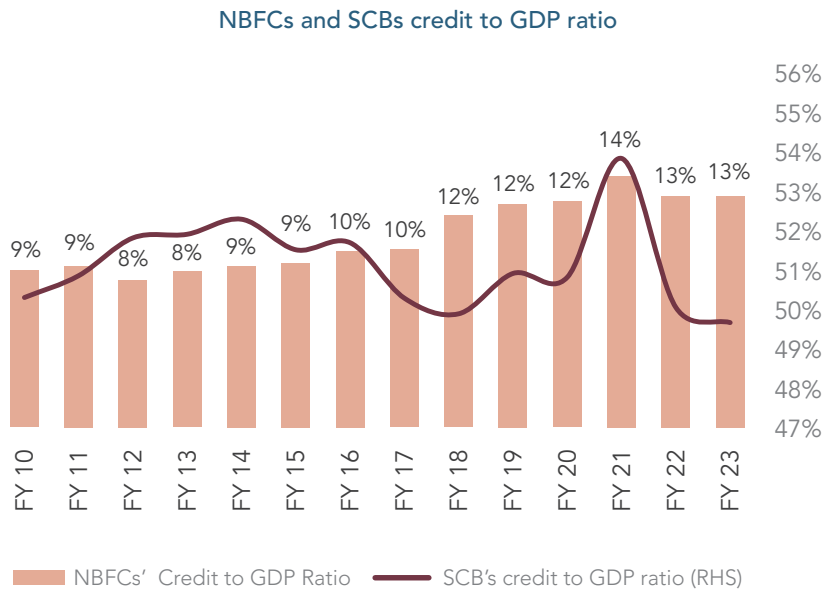


- Though private consumption growth is resilient, it has not reached the pre-pandemic (FY13 to FY19) growth rate, suggesting a potential for catching up.
- Both the growth and investment as share of GDP has increased compared to the previous decades, set to propel growth momentum.
- Resilient demand and flow of credit supporting industrial activity.
- Infrastructure/construction sector picked up pace since Q1 2021 and clocked double digit growth rate during Q2 and Q3 2023.

## Industrial activity gains momentum primarily led by infrastructure goods



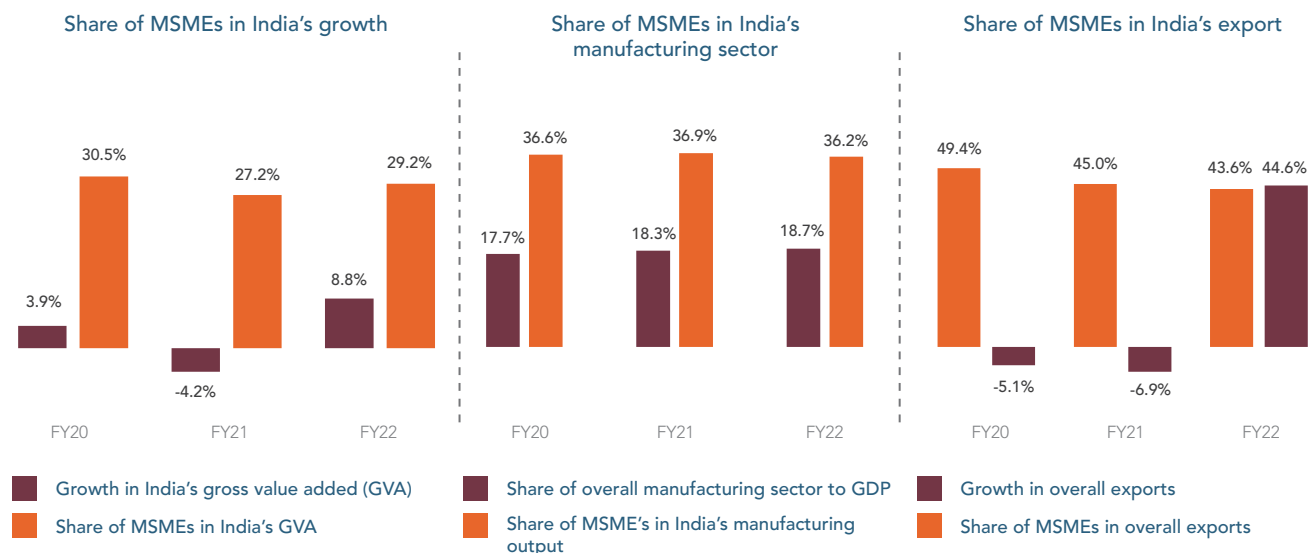
## Low credit intensity signals potential credit growth, low leverage by businesses and reduced risk of financial crisis



Source: MOSPI, RBI

- Even though bank credit growth is at a decadal high, India's credit to GDP gap from the long-term trend stays negative i.e., below the trend, showing further potential for credit growth.
- The credit intensity of NBFCs (loans and advances) has sustained its upward trajectory, surpassing the pre-pandemic level.
- While that of SCBs (total bank credit) in FY23 is below is long-term average of 52%.
- While it can be read as positive, signalling businesses are not excessively leveraged, and reduced risk of financial crisis, it can also indicate limited access to financing for certain segments of the economy.

## MSME Activity: A robust MSME activity will be pivotal to India's growth story



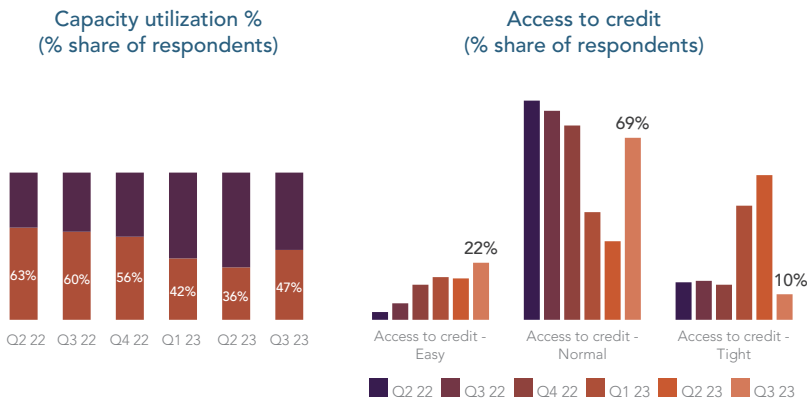
Source: RBI

- MSMEs contribute around 30% to India's GVA, 36% to India's manufacturing sector and 44% to India's exports.
- Recent government-provided data shows that MSME sector in India has continued to demonstrate resilience and growth.
- Following the pandemic, the contribution of MSMEs to India's Gross Value Added (GVA) decreased as India's overall growth declined. The noteworthy increase in the contribution of MSMEs to India's Gross Value Added (GVA) from FY21 to FY22 signifies a substantial rebound for these businesses from the pandemic.

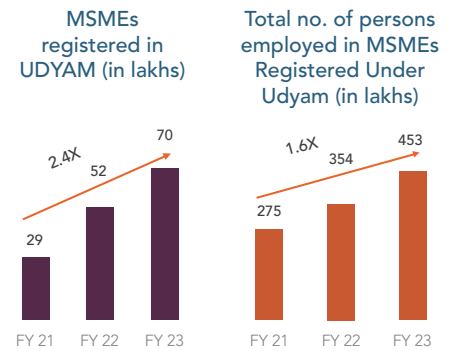
- This trend is further supported by the MSME registration statistics obtained from the UDYAM portal. The data reveals a rising number of MSMEs registering themselves to access a range of policy benefits offered by the government, facilitating their growth prospects.
- While the share of MSMEs in the manufacturing sector has remained fairly constant, their share in overall exports has declined despite the overall recovery in exports during FY22. This highlights the need to bolster MSMEs' export capabilities and providing support by various stakeholders, especially considering the persistent weakness in external demand.

# MSME Activity: Small businesses are gearing up for growth in response to robust domestic demand

## Small businesses plan to ramp up ability usage

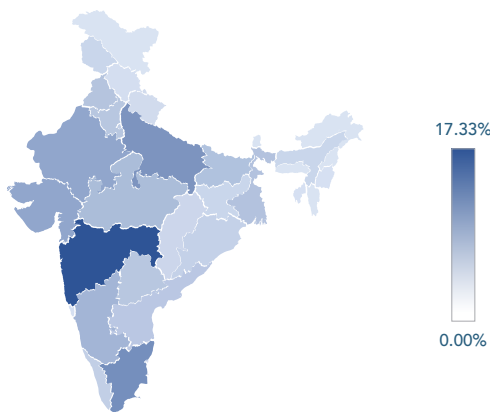


## MSME registered in UDYAM

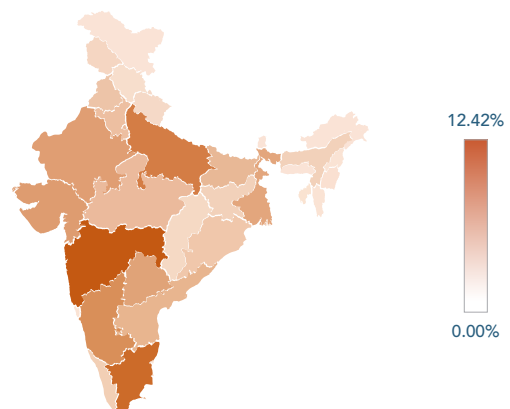


# Share of states in MSME registration and employment generated by MSMEs

Share of states in MSME registered in UDYAM



Share of states in employment generated by the MSMEs registered in UDYAM

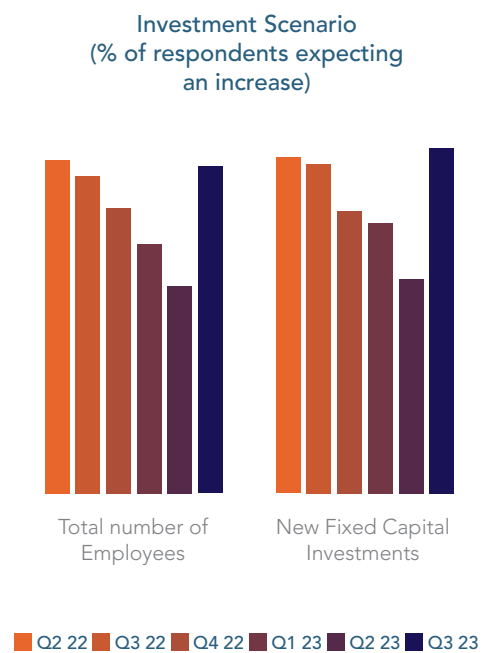
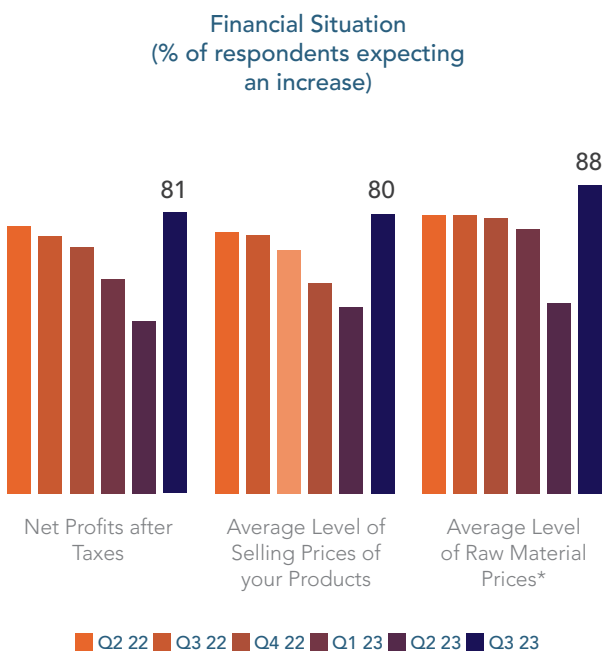
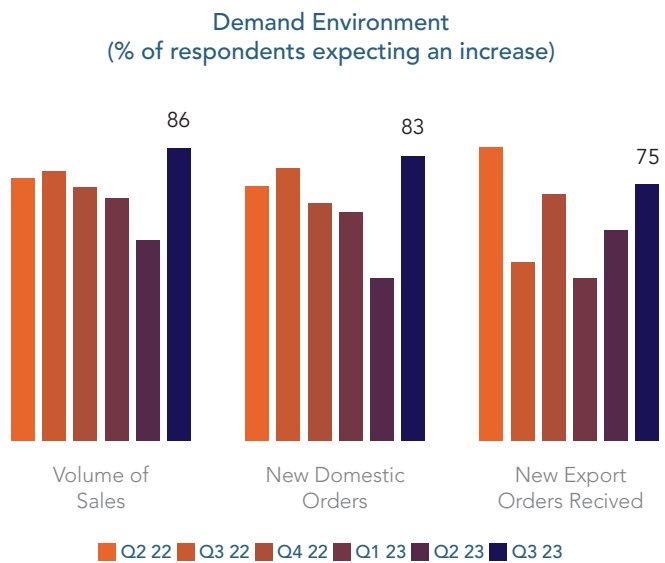
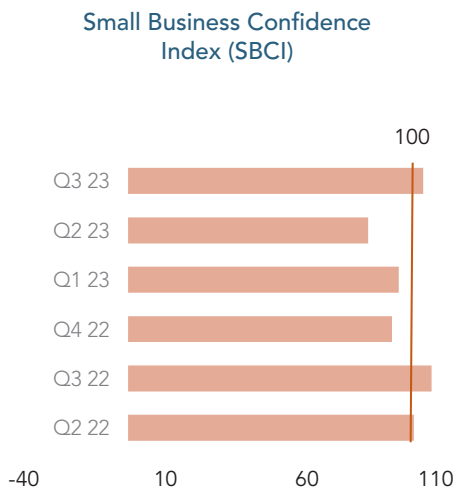


Source: Dun & Bradstreet survey, UDYAM

- According to the quarterly survey of MSMEs across India by Dun and Bradstreet and ASSOCHAM to gauge their optimism for business activity, it was found that, anticipating strong demand, small businesses are planning to ramp up their capacity usage.
- MSMEs indicate credit conditions are easy. The improved feeling of credit accessibility may also lead to increase in investments. Their optimism for investment and hiring employees remain high as shown in the graphs below.
- The increase in MSME activity can also be gauged from the pace of increase in MSME registration in the UDYAM portal.
- Since its inception in 2020, MSME registrations on UDYAM have increased by 2.4 times, while they have generated 1.6 times more employment opportunities by FY23.

- MSMEs are increasingly realising that to grow, getting formal recognition is vital, which will facilitate them to receive credit from formal institutions and the various benefits from ongoing and future schemes from the government.
- The top three states i.e., Maharashtra, Tamil Nadu and Uttar Pradesh, which have the largest registrations of MSMEs amongst the states also have the largest share of employment generated. However, states like Karnataka, Madhya Pradesh, Telangana, and Andhra Pradesh have a disproportionate share.
- Besides, from 452 in 2016, there are currently more than 90,000 entities recognised by the government as start-ups. 49% of the start-ups are from Tier-2 and Tier-3 cities.

# MSME Activity: MSMEs signal optimism for a robust growth driven by the resilient demand and favourable supply scenario

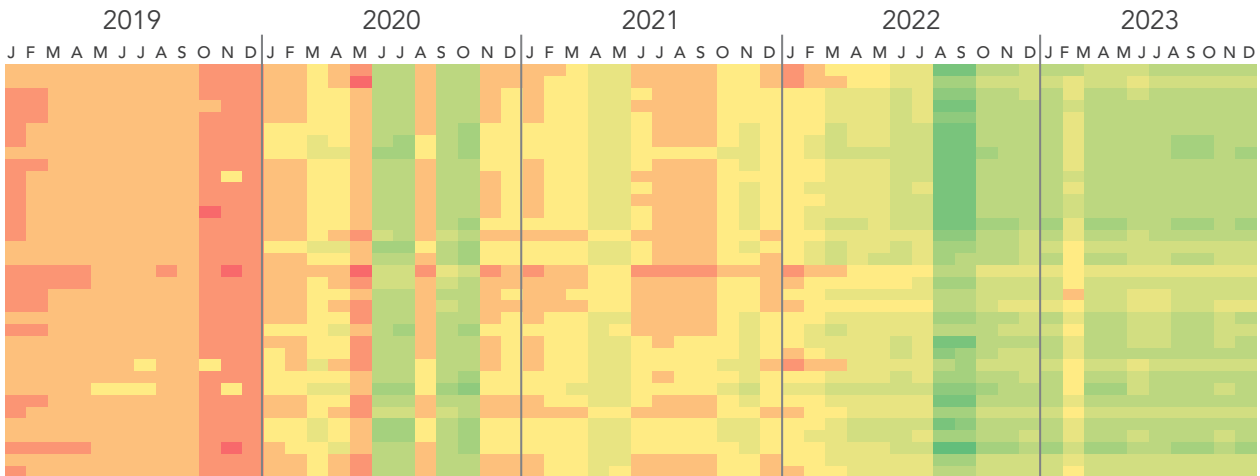


Source: Dun & Bradstreet

- According to the Small Business Confidence Index (SBCI) by D&B and Assocham, optimism amongst small businesses for demand and profitability has inched up in Q3 2023.
- Small businesses are also highly optimistic about capital investments, despite the rising lending rates, and hiring employees which bodes well for the overall growth momentum.

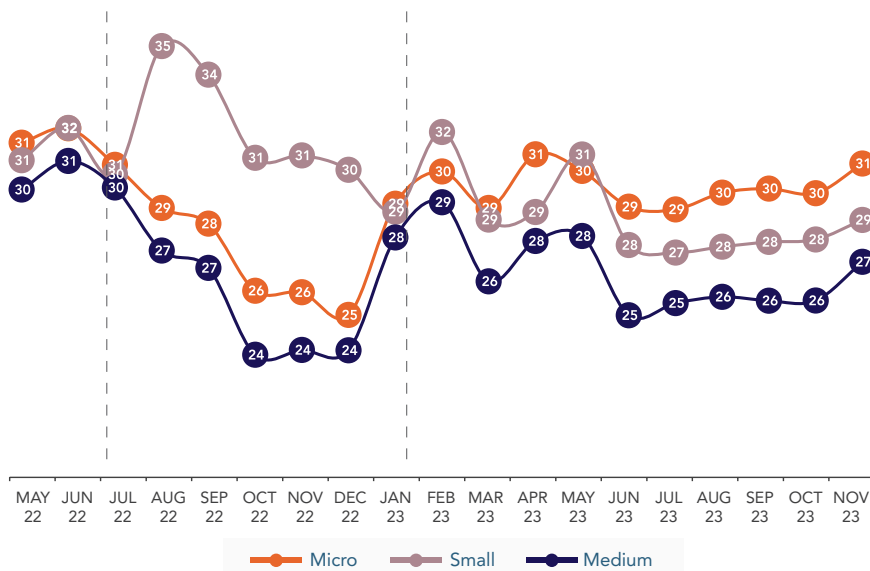
# Risk to MSMEs: While the overall risk to MSMEs is improving but MSMEs continue to face delays in payment

Trend of D&B Sector Risk Ratings for India - Risk has moderated



- Given the changing business dynamics, monitoring the incipient risk of the MSMEs at the sector level by looking through the lens of macroeconomic and financial parameters coupled with the payment experiences and other public information becomes crucial.
- We have seen that risk to the MSME segment moderated in 2022 compared to 2019 but is slowly inching up.

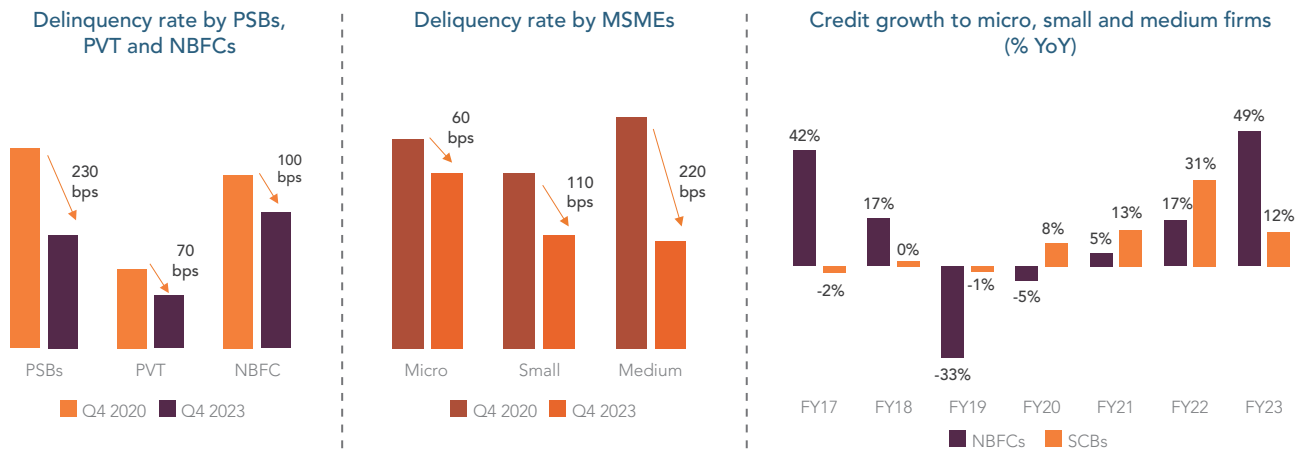
Avg. Payment Delay (Days Past Due)



Source: MOSPI and Dun & Bradstreet

- Average payment delays experienced by businesses (based on Dun and Bradstreet’s Paydex® score) indicates an uptrend in delayed payments, averaging to over 30 days for micro enterprises in Nov 2023.
- Between July 2022 to June 2023, payment delays for micro enterprises had increased whereas it had decreased for medium enterprises.

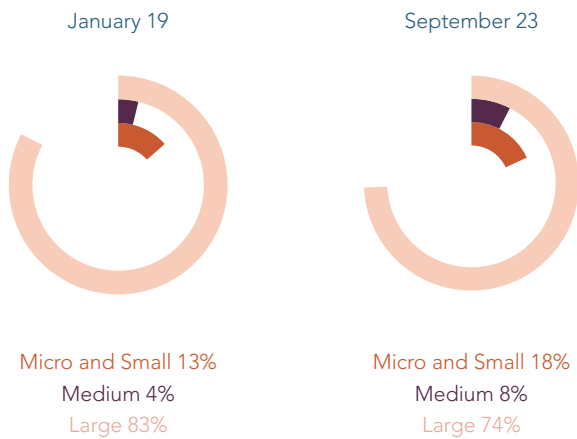
# MSMEs Credit Scenario: Low risk to the MSME sector and falling delinquency rates are improving MSMEs borrowing prospects, drawing attention to the pivotal role of NBFCs



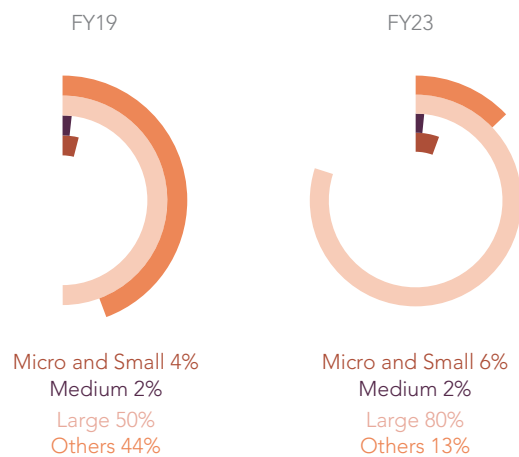
Source: RBI, TransUnion CIBIL and SIDBI

Notably, both SCBs and NBFCs share of credit to micro and small firms has increased in FY23 compared to the pre-pandemic period

Distribution of SCBs credit to MSMEs (% share)



Distribution of NBFC credit to MSMEs (% share)



Source: RBI

- Although there is considerable credit expansion towards Micro, Small, and Medium Enterprises (MSMEs) from Scheduled Commercial Banks (SCBs), the growth in credit provided by Non-Banking Financial Companies (NBFCs) to the MSME sector has exceeded that of banks by over threefold (FY23). This has been facilitated by their capacity to provide tailored financing solutions, resulting in significant advantages for the MSMEs.
- However, low overall risk and declining delinquency rates across micro, small, and medium enterprises in both public and private banks

and NBFCs are poised to enhance borrowing opportunities for MSMEs.

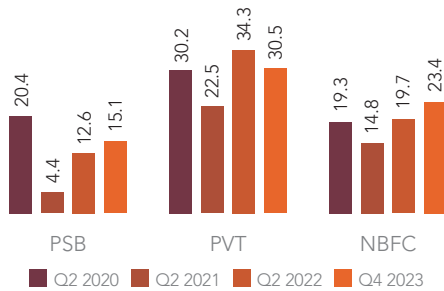
- Data shows that after the pandemic, delinquency rates has fallen more steeply for medium sized enterprises, followed by small and micro enterprises.
- Lender-wise it has fallen more sharply for PSBs, followed by NBFCs and Private banks.
- Data shows that growth in lending by SCBs to medium size firms were higher compared to micro and small and even large enterprises during this period.



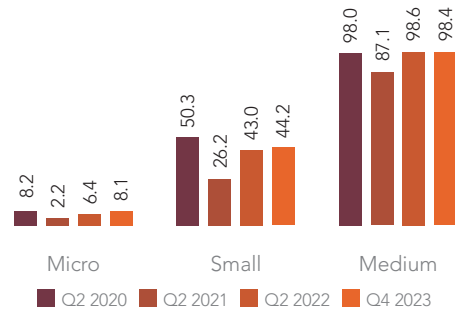
# MSMEs Credit Scenario: Ticket size of loans by lenders to MSMEs has increased post-COVID while approval rates have fallen indicating cautiousness after the removal of pandemic relief measures

## Ticket size of loans by lenders increased post-COVID 19

Average ticket size of loans (in lakh) by Lender category



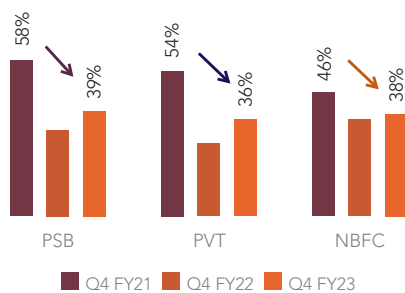
Average ticket size of loans (in lakh) by Segment



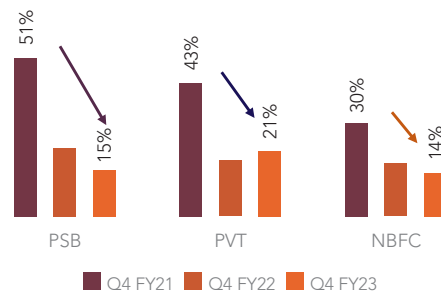
- Post COVID-19, ticket size of loans is slowly rising across PSBs and NBFCs while it has dipped for private banks.
- Segment-wise, tickets size of loans to micro and small has increased while it has dipped for medium firms in 2023 compared to 2022.

## Approval rates have fallen from FY21 levels: The drop is greater in PSUs

Approval rates for Medium Risk Tier (rank 4,5,6) firms



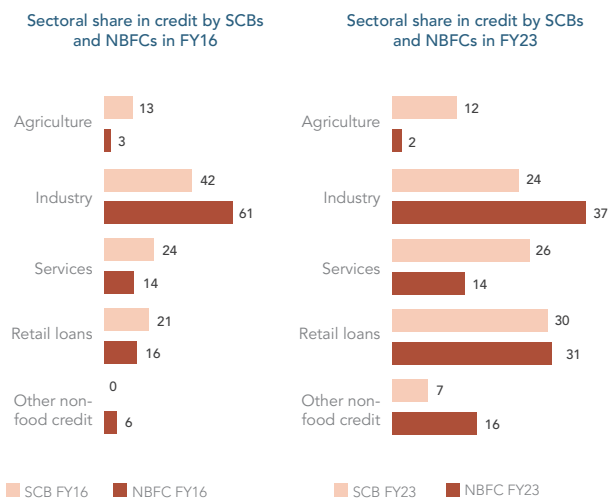
Approval rates for High Risk Tier (CMR7 - 10) firms



Source: TransUnion CIBIL and SIDBI

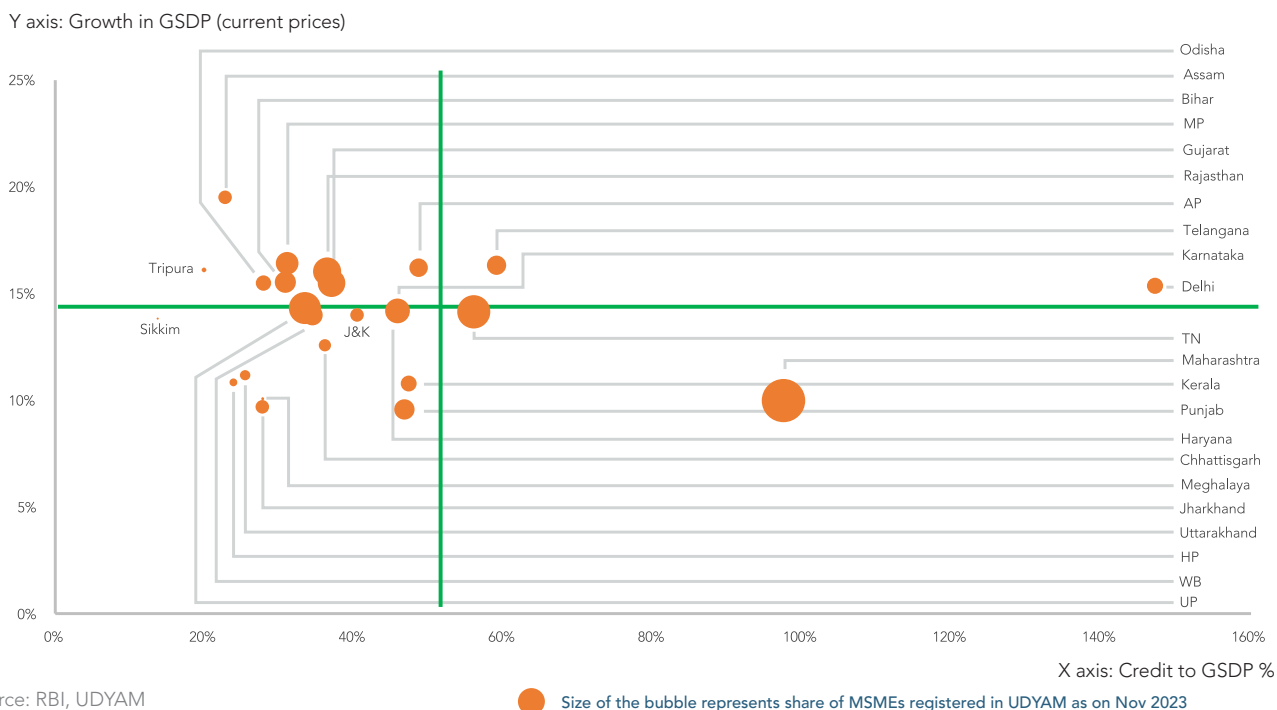
- Post COVID-19, banks have turned cautious after the covid support measures were withdrawn. Approval rates of banks have fallen from FY21 levels.
- The drop in the approval rate is greater in PSUs for both the medium risk and high-risk firms. NBFCs remain the most cautious for the high-risk firms.

## MSMEs Credit Scenario: Tightening of unsecured loan products might increase the share of loans to the industry and in turn to MSMEs while higher formal credit penetration to MSMEs to increase as the government act proactively towards formalization of MSMEs



- Sectoral distribution of credit shows that both SCBs and NBFCs have reduced the share of loans to the industry and increased their credit exposure to the retail sector.
- Following which the Reserve Bank of India has tightened its norms for banks and non-bank financial companies' unsecured loan products (such as personal loans and credit card receivables).
- This is expected to hurt growth for lenders, which have benefited from a surge in demand for small consumer credit.
- On the flipside, this is likely to divert share of credit towards industry and in turn MSMEs.

### Credit penetration to states



- India's credit penetration (52%) is lowest among its Asian peers — China (185%), South Korea (175%), and Vietnam (126%).
- Bank credit to GSDP ratio for majority of states is below the national average.
- Only three states, i.e. Maharashtra, Telangana, and Tamil Nadu and Delhi have credit penetration i.e., credit to GSDP ratio above the national average.
- As the MSMEs get formalised through the various direct and indirect incentives that the government (Central and State) undertakes, formal credit penetration to MSMEs is expected to increase.
- Besides, the various policy interventions taken by the government to increase the productivity and competitiveness of MSMEs, their skill development, technology upgradation and market access, MSMEs are likely to grow which is crucial to sustain the current momentum and driving it forward.

## Policy Measures to Support MSME Development

Over the years, the government has implemented various policies aimed at supporting the growth and development of MSMEs. These government initiatives have played a crucial role in assisting the segment to maintain resilience and recover from the slowdown caused by the pandemic.

Finance and credit related schemes	Impact
Credit Guarantee Fund Scheme (CGTMSE): 2000 to 2022	Cumulatively 67.03 lakh proposals have been approved for guarantee cover of Rs 3.86 trn
Emergency Credit Line Guarantee Scheme (ECLGS): 2020 till Mar 23	1.13 crore guarantees amounting to Rs 2.41 trn have been provided to MSMEs
Credit Lined Capital Subsidy Scheme (CLSSS): FY17 to FY22	Total no. of units benefited-47,100. Total subsidy disbursed Rs 32.5 bn
Pradhan Mantri MUDRA Yojana: 2015-2023	More than 408.2 mn loans amounting to Rs 23.2 trn sanctioned
Micro Credit Scheme (PMSvaNidhi): 2015-2023 (up to Aug 23)	65.75 lakh loans, benefiting over 50 lakh street vendors, with a total value exceeding Rs 86 bn
59 minute loan: 2018 to 1st Dec 23	2.28 lakh loans, involving Rs 690.40 bn have been disbursed
Other schemes: Self-Reliant India (SRI) Fund, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), 2% interest subvention for all GST registered MSMEs on incremental credit, Credit Guarantee Scheme for Subordinate Debt (CGSSD) for Stressed MSMEs, Priority Sector Lending, Trade Receivables e-Discounting System (TReDS), etc.	

Productivity and competitiveness related schemes	Impact
Micro and Small Enterprises Cluster Development Programme (MSE-CDP): 2017 to Nov 23	Total projects approved 580 Completed 308 In progress 257
Scheme of Fund for Regeneration of Traditional Industries (SFURTI): FY16-FY24 (25th Dec 23)	No of clusters approved is 513 Amount Approved Rs 13.4 bn Artisans benefitted - 298,580
Rising and Accelerating MSME Performance (RAMP) programme	Launched in 2022 with an outlay of Rs 60 bn over 5 years
Khadi Reform and Development Programme' (KRDP): FY10 - 12 Dec 22	466 sales outlets renovated with financial assistance of Rs 420.9 mn
Other schemes: Development of Production Infrastructure Scheme, Strengthening of Infrastructure of Existing and weak Khadi Institutions and Assistance for Marketing Infrastructure, Scheme of Surveys, Studies and Policy Research, Promotion of MSMEs among SC/STs & in North -Eastern States (NER) etc.	

Technology upgradation related schemes	Impact
MSME Champions Sub-schemes: 28 Apr-31Dec 2022 1) MSME Sustainable (ZED) 2) MSME Competitive 3) MSME Innovative	1) MSME Sustainable ZED: Over 26,000 MSMEs registered. Expenditure as on Dec 23 is Rs 139.9 mn. 2) MSME-Competitive (Lean): Expenditure as of Dec 2022 is Rs 22.5 mn. 3) MSME-Innovative: Rs.20.57 crores released for 257 ideas approved in MSME Idea Hackathon, 2022. No. of IP Facilitation Centres On-boarded: 88. No. of Reimbursement for Patent – 108. No. of Trademark reimbursement- 863.
Establishment of New Technology Centres / Extension Centres	20 Technology Centres (TCs) and 100 Extension Centres (ECs) under Hub and Spoke model. From Jan 22 to Nov 22, 111 MSMEs have availed Technology Services of TCs.
Other Schemes - Tool Rooms & Technical Institutions (TR/TIs) Rejuvenation, Modernisation and Technological Upgradation of Coir Industry, Scheme of Science and Technology of Coir Board, In-house test laboratory scheme for Khadi and Village Industries etc.	

Marketing assistance and export related schemes	Impact
Public Procurement Scheme	During FY24 (till Dec) CPSUs have procured goods and services worth Rs 333.2 bn from 1,17,456 MSEs (35.06% of the total procurement)
GeM- Government e-Marketplace (11 Nov 18 - 25 Dec 20)	49.04% of orders value on GeM portal is from MSEs
Districts as Export Hub (DEH) (The One District One Product Initiative)	Products/services with export potential have been identified in 734 districts across the country
Other Schemes: Procurement and Marketing Support Scheme (P&MS), International Cooperation Scheme (ICS), Single Point Registration Scheme: Domestic Marketing Promotion Scheme, International Marketing Promotion Scheme, Barcode Scheme, Scheme for Providing Financial Assistance to Coir Units for Export, Scheme for Trade and Industry Related Functional Support, Market Promotion & Development Scheme (MPDA) (Khadi sector), Vendor Development Programme (VDP) for Ancillarisation, MSME Global Mart Portal etc.	

Schemes for skill development and promoting entrepreneurship	Impact
Prime Minister's Employment Generation Programme (PMEGP)	More than 8.58 lakhs enterprises have been assisted generating a total estimated employment of around 70 lakhs. Around Rs 215.09 bn. has been disbursed till date as Margin Money subsidy
A Scheme for Promotion of Innovation, Rural Industries & Entrepreneurship (ASPIRE)	Till Dec 22, 102 Livelihood Business Incubators (LBIs) and 22 Technology Business Incubators (TBIs) have been approved. 67,564 beneficiaries have been trained in the LBIs.
Entrepreneurship and Skill Development Programmes (ESDP)	In FY23 (up to Jan 23), total no of programmes completed is 1,105. Total beneficiaries - 66,502
Other Schemes: Assistance to Training Institutions, Craftsmen Training Scheme (CTS) for imparting digital skills etc.	

Source: PIB, Various government websites



# Micro Enterprises

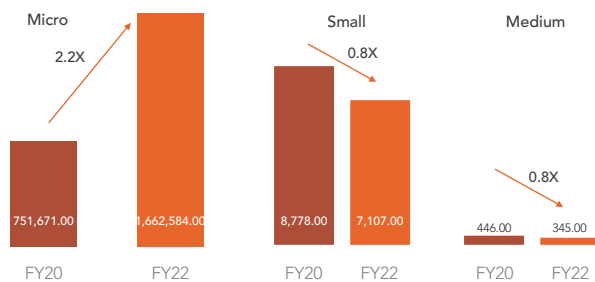
For every 5 Small, Medium, and Large Enterprises (SMLEs) in India, there exist 95 Micro Businesses, with a staggering 94% of these micro enterprises operating in an unorganized manner. Consequently, understanding or monitoring the progress of these enterprises becomes imperative as their substantial growth could significantly contribute to India's overall development in the medium to long term.

Two datasets provide a broad, albeit indirect, reflection of Micro enterprise activity in the absence of numerous high-frequency databases. These datasets include registrations to the UDYAM portal and credit growth in the sector. In January 2023, the government initiated the Udyam Assist Platform (UAP) intending to assimilate Informal Micro Enterprises (IMEs) into the formal sector, thereby enabling their access to benefits under Priority Sector Lending (PSL). It has been observed that prior to this initiative, registration of Micro enterprises in the UDYAM portal had increased by more than double in FY22 over FY20 indicating

the potential for micro and small firms to access credit and various government-designed policies. However, registrations for small and medium firms experienced a moderation during this period. Notably, micro-enterprise registrations saw the highest increase (FY22 over FY20) in Himachal Pradesh, while small firms exhibited this trend in Bihar and medium firms in Jharkhand.

Encouragingly, both credit growth and share of credit disbursed by SCBs and NBFCs to the micro and small industries have increased post pandemic. Comparison of credit growth between SCBs and Non-Banking Financial Companies (NBFCs) for MSMEs reveals that, before the pandemic, SCBs had relatively subdued credit growth to MSEs. However, starting from FY22, there was an acceleration in credit growth from SCBs. Conversely, NBFCs demonstrated a consistently high credit growth trend to this segment before and after the pandemic, maintaining its robust momentum.

MSE registrations in UDYAM

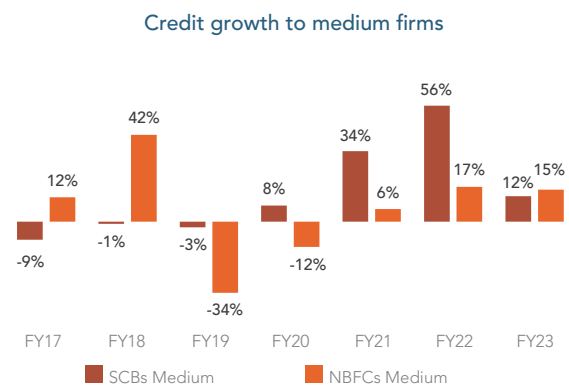
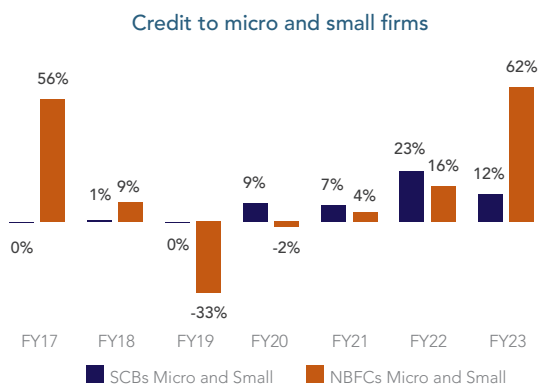


Source: UDYAM

Rank of states - Increase of MSMEs in FY22 over FY20

Micro	Small	Medium
Himachal Pradesh	Bihar	Jharkhand
Madhya Pradesh	Madhya Pradesh	Bihar
Bihar	Uttar Pradesh	Odisha
Uttarakhand	Himachal Pradesh	Uttar Pradesh
Haryana	Jharkhand	Assam

## Credit growth to micro, small and medium firms



Source: RBI



# Healthcare Sector

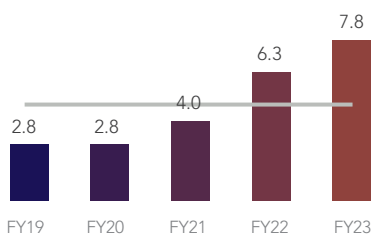
## Sector highlights

- Budgeted spending on healthcare touched 2.1% of GDP in FY23 and is expected to reach 2.5% by 2025.
- The government's healthcare expenditure has exhibited a consistent upward trajectory during FY15-23. (Rs 1.5 trn to Rs 5.5 trn). The share of healthcare spending in the government's total expenditure reached 6.9% FY23 (4.5% in FY15).
- According to WHO, India's public spending on healthcare services is considerably lower than its global counterparts, US\$56.6 (CY2020), while that of the US, the UK, and Singapore are significantly higher at US\$11,702, US\$4,926, and US\$3,537 respectively.

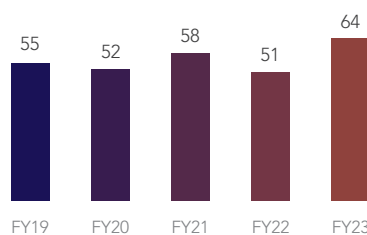
## Latest developments

- The government unveiled a scheme for promotion of research and innovation in Pharma-MedTech Sector with a financial allocation of Rs 50 bn over a 5-year period. The government will set up 7 Centres of Excellence (Rs 7 bn) and ~125 start-ups. MSME or small-scale units will be provided with a funding of Rs 10 mn each if they are working on projects in any of the six priority areas.
- Ayush Ministry and WHO collaborate to integrate India's traditional medicine globally, aiming to formulate the Traditional Medicine Global Strategy 2025-34.
- 51 pharmaceutical companies received government's approval to avail incentives for bulk drug manufacturing and produce 92,130 MT of various active pharmaceutical ingredients and KSMs.

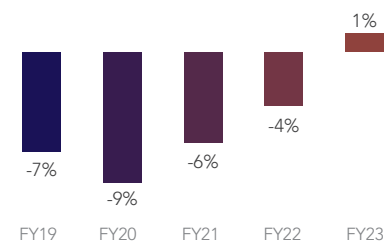
Interest coverage (x) - Median



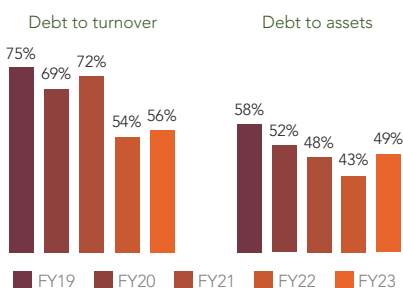
DSO (daily sales outstanding days)



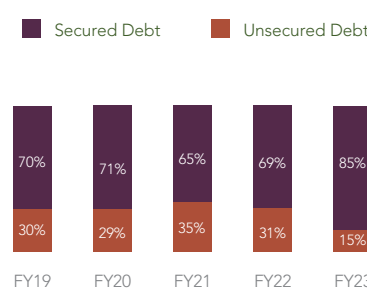
Working Capital to Assets



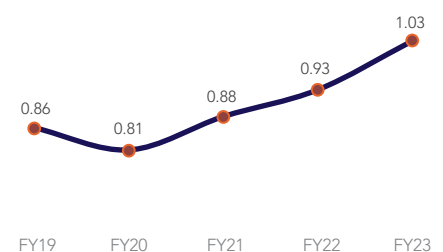
Debt ratios



Debt split



Current ratio (x)



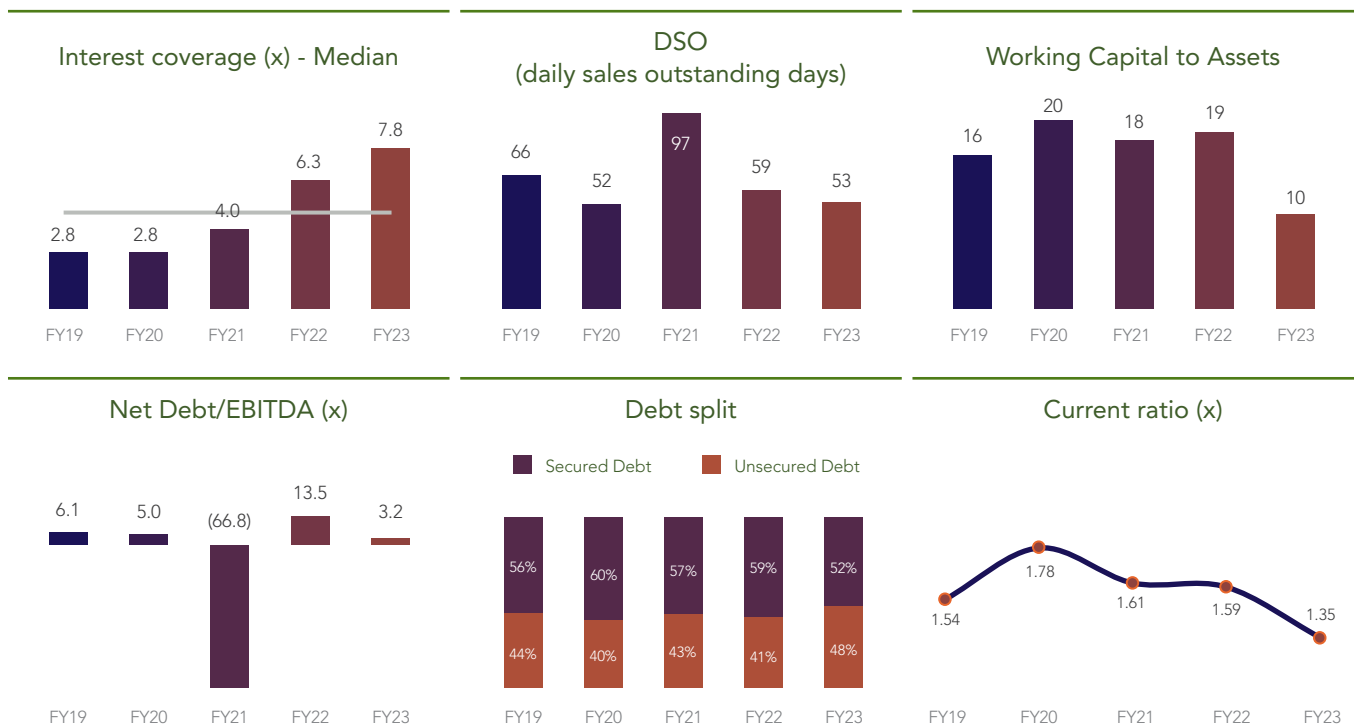
Source: CMIE, Dun & Bradstreet

## Sector highlights

- According to Hotel Association of India, the industry's contribution to GDP was Rs 3.2 trn (US\$ 40 bn) in FY22, which is expected to increase to Rs 5.5 trn (US\$ 68 bn) by 2027.
- Foreign Tourist Arrivals (FTAs) during the period Jan-Sep 2023, were reported at 6.4 mn, up 61.7% YoY. The Foreign Exchange Earnings (FEEs), for the period was reported at US\$ 2.2 bn, up 33.2% YoY.
- The hotel industry reported FY23 average occupancy of 42-45%, up 10-13% YoY.
- As of September 2023, 48,318 accommodation units are registered on the National Integrated Database of Hospitality Industry (NIDHI) portal and 11,282 units have been self-certified for SAATHI standards.
- In FY23, hotel and tourism sector has attracted Rs 26 bn (0.7% of total) in FDI vs. Rs 54 bn in FY22.

## Latest developments

- Debut tourism investors meet in Kerala secures investment commitments totaling Rs 151 bn.
- Tamil Nadu unveils ambitious tourism policy, aiming for Rs 200 bn investments over 5 years.
- In November 2023, Bengal Government Granted Industry Status to Hospitality Sector, anticipating economic boost with lower costs and increased investments.
- India and the United Nations World Tourism Organization (UNWTO), signed an agreement to enhance cooperation on key programmatic areas related to tourism market intelligence, tourism, and rural development, tourism investment, education, and innovation.
- Ayush visa unveiled to foster medical tourism for international travelers.



Source: CMIE, Dun & Bradstreet





# Food Processing Sector

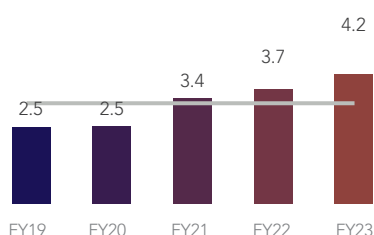
## Sector highlights

- In FY23, the sector attracted Rs 72 bn (2% of total) in FDI vs. Rs 53 bn in FY22 (1.2% of total).
- PLI schemes for food processing approved by Union Cabinet has an outlay of Rs 109 bn. For FY22, amount of Rs 5.2 bn as been disbursed.
- As on Sep 23, under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) the projects sanctioned under various schemes include:
  - 41 Mega Food Parks
  - 371 Cold Chain projects
  - 68 Agro-Processing Clusters
  - 474 proposals under Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC)
  - 61 Creation of Backward and Forward Linkages Projects
  - 46 Operation Green projects
  - 186 Food Testing Laboratories projects.

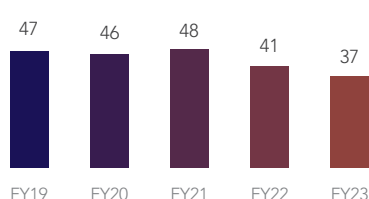
## Latest developments

- In an effort to keep domestic price of key essential commodities in check, the Government has imposed ban on export of wheat, sugar and non-basmati white rice.
- In the 2nd edition of World Food India Event held in Nov 2023, global and domestic investors pledged an investment of Rs 331 bn in India's food processing sector.
- In November 2023, the Ministry of Food Processing Industries (MoFPI) has approved 30 millet-based proposals for PLI scheme, which includes proposals from 22 MSMEs.
- 11 food processing units with production capacity of 0.3 mn tonnes (costing Rs 17.2 bn) launched in Andhra Pradesh in July 2023.
- Abu Dhabi's Lulu Group to invest Rs100 bn in India over the next three years for hypermarkets, shopping malls, and food processing units.

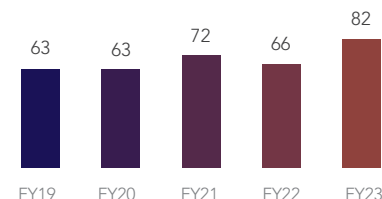
Interest coverage (x) - Median



DSO (daily sales outstanding days)



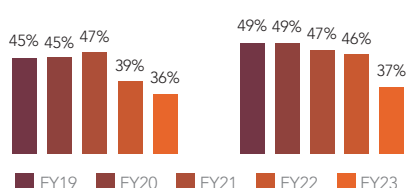
Net working capital cycle (days) - Median



Debt ratios

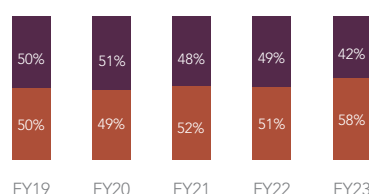
Debt to turnover

Debt to assets



Debt split

Secured Debt Unsecured Debt



Current ratio (x)



Source: CMIE, Dun & Bradstreet



# Auto Components Sector

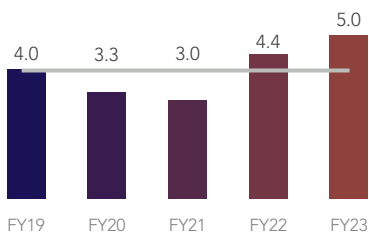
## Sector highlights

- According to Automotive Component Manufacturers Association of India (ACMA), in FY23, industry turnover grew 32.8% YoY to Rs 5.6 trn (US\$ 69.7 bn); domestic market grew 39.5% YoY to Rs 4.8 trn.
- As per ACMA, in FY23, exports were up 5% YoY to Rs 1.6 trn, expected to be double by FY26.
- The industry accounts for 2.3% of India's GDP and provided direct employment to 1.5 mn people.

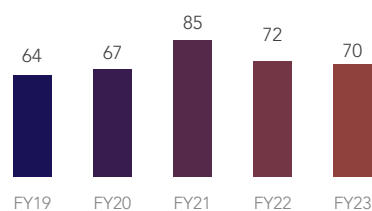
## Latest developments

- Starting Dec 1, 2023, China has tightened exports of key battery material like graphite, to safeguard its supply of critical minerals.
- Lithium and graphite miners in the western countries have raised prices for their materials in response to the electric vehicle supply chain's demand for eco-friendly and China-independent sourcing.
- India plans new Incentive scheme to boost domestic EV battery production, aiming for Rs 80 bn (US\$1 bn) investments and 1 mn jobs by 2030.
- Hyundai Motors India (HMIL) is injecting Rs 7 bn into a battery assembly plant in Tamil Nadu, with an initial annual capacity of 75k units.

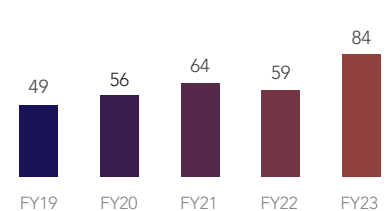
### Interest coverage (x) - Median



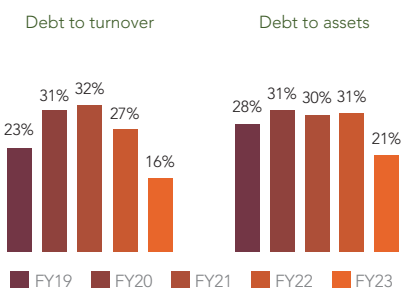
### DSO (daily sales outstanding days)



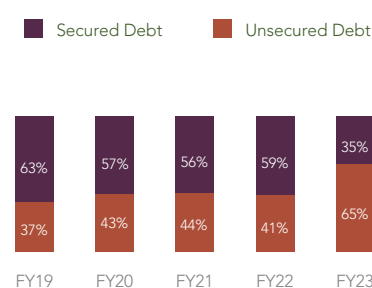
### Net working capital cycle (days) - Median



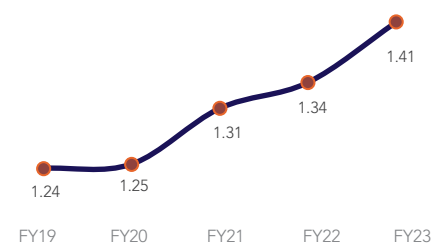
### Debt ratios



### Debt split



### Current ratio (x)



Source: CMIE, Dun & Bradstreet



# Electrical Equipment Sector

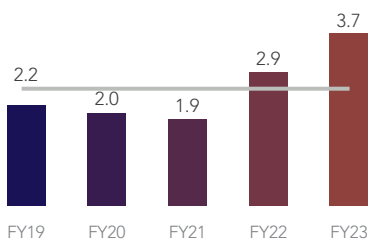
## Sector highlights

- According to Indian Electrical & Electronics Manufacturers Association (IEEMA), the industry represents 1% of India's GDP, 45% of capital goods sector, and 6.8% of total manufacturing (FY23).
- According to IEEMA, the electrical and industrial electronics industry has witnessed a record double-digit growth of 13.2% YoY in FY23 to Rs 2.6 trn.
- For FY23, exports were reported at Rs 942 bn (up 30% YoY), while imports were at Rs 1.0 trn (up 24% YoY). Top 5 export destinations are USA, UAE, Germany, UK, and Bangladesh. China accounts for 37% share in imports followed by Germany and Japan.
- In FY23, the sector has attracted Rs 71 bn (1.9% of total) in FDI vs. Rs 51 bn in FY22 (1.4% of total).

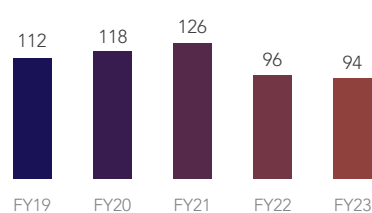
## Latest developments

- Taiwanese multinational electronics giant Foxconn is set to invest Rs 41 bn in establishing a new electronics manufacturing facility in Hyderabad, to generate 25,000 job opportunities.
- India and Japan has signed an MoU on semiconductor development, with focus on semiconductor design, manufacturing, equipment research and talent development.
- In September 2023, Tata Power Solar and SIDBI has entered into an agreement to facilitate financing for solar adoption among MSMEs.
- American chipmaker Advanced Micro Devices (AMD) to invest Rs 32 bn (US\$ 400 mn) in Bengaluru for its largest design centre in India.
- The government has issued norms to ensure quality control for electric ceiling fans for domestic manufacturers including MSMEs.

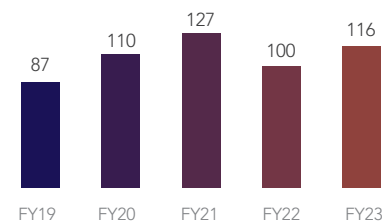
### Interest coverage (x) - Median



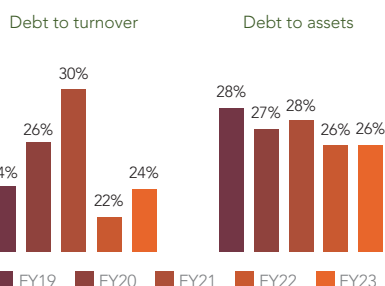
### DSO (daily sales outstanding days)



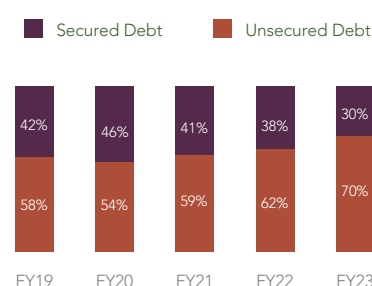
### Net working capital cycle (days) - Median



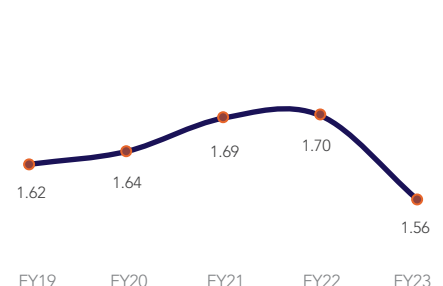
### Debt ratios



### Debt split



### Current ratio (x)



Source: CMIE, Dun & Bradstreet



# Chemicals Sector

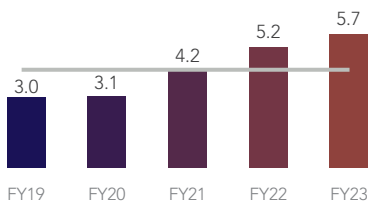
## Sector highlights

- According to Associated Chambers of Commerce & Industry (ASSOCHAM), India's chemical trade deficit stood at Rs 1.4 trn (US\$ 17 bn) in FY23 compared to a trade surplus of Rs 240 bn (US\$3 bn) in FY21.
- According to Ministry of Chemicals & Fertilizers, the chemical industry is expected to contribute Rs 31 trn (US\$ 383 bn) to India's GDP by 2030.
- India accounts for 2.5% of the world's global chemical sales (2022), exporting to more than 175 countries.

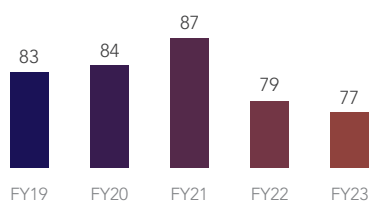
## Latest developments

- At a UN conference on Chemicals Management (ICCM5) held in Sep 2023, countries adopted a new global framework to reduce environmental risks from chemicals and waste, pledging to phase out the most harmful substances by 2035.
- In Oct 2023, Haldia Petrochemicals Ltd (HPL) announced to invest Rs 30 bn, towards setting up new plant in West Bengal, with the target to complete the project by Q1 2026.
- In August 2023, the Prime Minister announced a subsidy of Rs 10 trn (US\$ 125 bn) for providing cheaper urea to farmers.
- The government is considering a PLI scheme for the chemicals and petrochemicals sector to promote manufacturing and reduce import dependency.

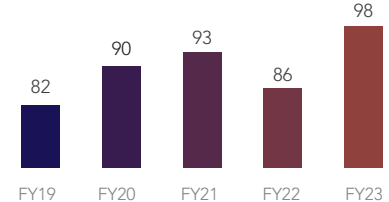
Interest coverage (x) - Median



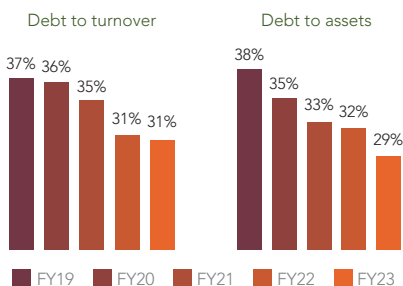
DSO (daily sales outstanding days)



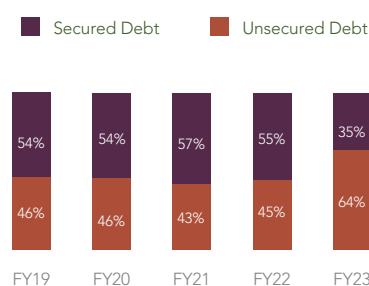
Net working capital cycle (days) - Median



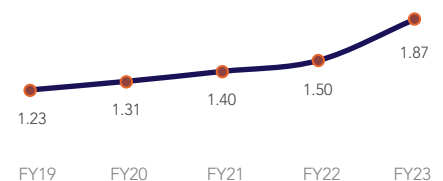
Debt ratios



Debt split



Current ratio (x)



Source: CMIE, Dun & Bradstreet

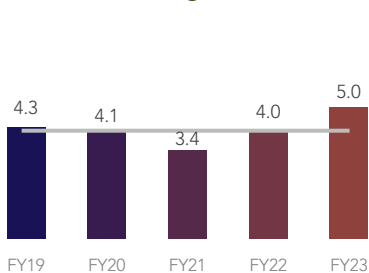
## Sector highlights

- The share of Government expenditure on education sector as % of GDP has remained stable at 2.8% over the last 4 years, while as % of total expenditure it has remained in the range of 9-10%.
- In FY23, the education sector received an FDI equity inflow totaling Rs 116 bn (3.1% of total FDI).
- In the Union Budget FY24, the government allocated Rs 688 bn for the Department of School Education and Literacy, compared with Rs 598 bn (FY23).
- As per New Education Policy, the 10+2 structure of school curricula is to be replaced by a 5+3+3+4 curricular structure.
- The Indian government aims to achieve a Gross Enrolment Ratio (GER) of 50% for students aged 18-23 by the year 2035 (27.3% in FY21).
- Sector shows improved liquidity management as reflected by DSO, net working capital cycle and working capital to assets ratio.

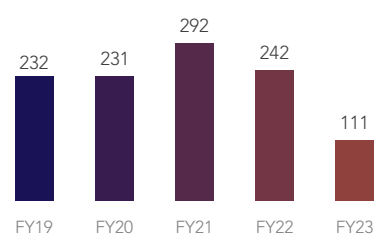
## Latest developments

- The government has joined forces with Meta for 'Education to Entrepreneurship,' targeting 500,000 entrepreneurs with digital skills training across seven languages.
- The government has unveiled National Curriculum Framework 2023 aligned with National Education Policy 2020.
- In June 2023, World Bank approved Rs 20 bn (US\$ 255.5 mn) loan to enhance technical education in Indian government institutions.
- On 23 Nov 2023, Asian Development Bank approved an Rs 40 bn (US\$ 500 mn) loan to improve tertiary healthcare and medical education in Maharashtra.
- Over 200 MSMEs in Coimbatore have undergone a skilling programme, to tap the emerging opportunities in the EV manufacturing sector.

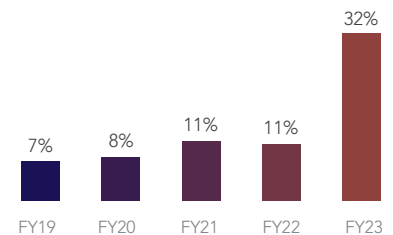
Interest coverage (x) - Median



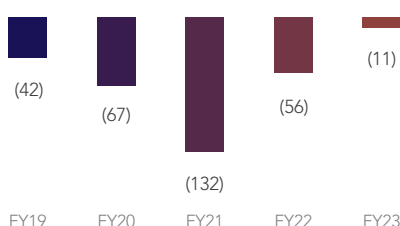
DSO (daily sales outstanding days)



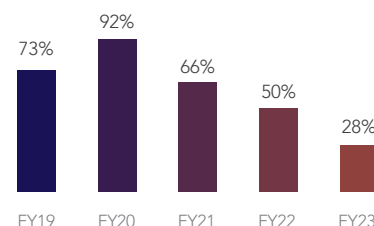
Working Capital to Assets



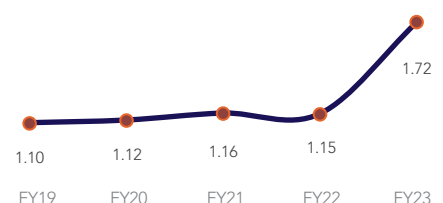
Net working capital cycle (days) - Median



Debt to turnover



Current ratio (x)



Source: CMIE, Dun & Bradstreet



# Light Engineering Sector

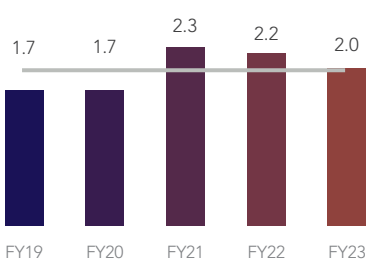
## Sector highlights

- The Light Engineering Sector (LES) market size is at ~US\$ 4.6 trn in FY23 and expected to reach US\$ 9.3 trn by FY28E (CAGR 15%).
- The sector's share of India's FY23 GDP is at ~3% with Government's target to achieve 5% by 2025.
- The Government of India has set an ambitious goal of achieving US\$1 trn in merchandise exports by 2030, with the engineering sector tasked with reaching a remarkable US\$ 300 bn in exports.
- The share of light engineering exports in total engineering exports was reported at ~35% in FY23 vs. 31% in FY22.
- Light engineering exports from India were reported at ~US\$ 40 bn in FY23, up 4.6% YoY.

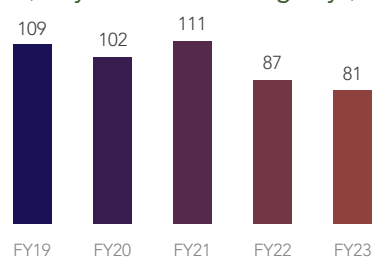
## Latest developments

- The Ministry of Heavy Industries (MHI) has launched Phase 2 of the "Enhancement of Competitiveness in the Indian Capital Goods Sector" scheme, with a total budget of Rs. 12 bn, sanctioning nine projects for advanced Centres of Excellence and five projects for Common Engineering Facility Centres.
- According to Medical Technology Association of India (MTAI), India's MedTech witnessed FDI of US\$464 mn in first three quarters.
- Dell and HP, prominent U.S. technology companies, along with China's Lenovo, are among the 27 firms granted approval to manufacture IT hardware in India under a PLI scheme.
- Nexzu Mobility to invest Rs 50 bn in Smart EV Park in Gujarat.

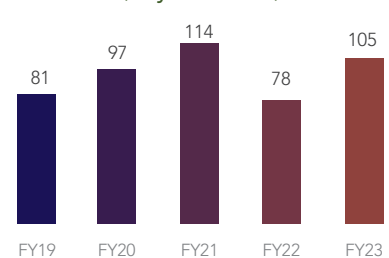
### Interest coverage (x) - Median



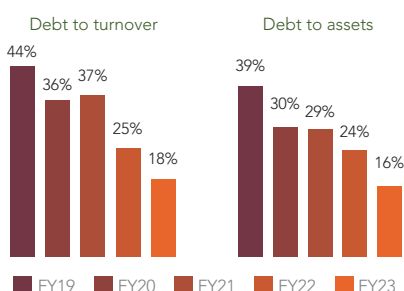
### DSO (daily sales outstanding days)



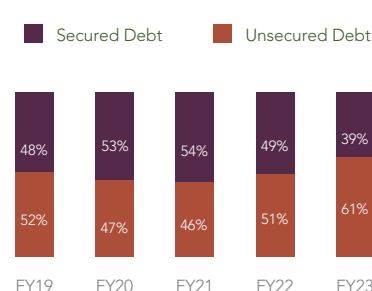
### Working capital cycle (days-Median)



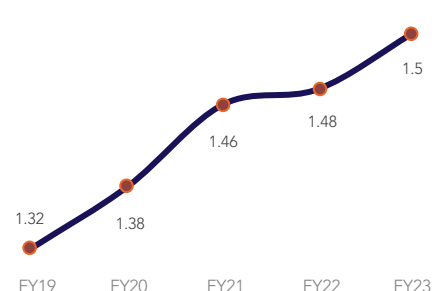
### Debt ratios



### Debt split



### Current ratio (x)

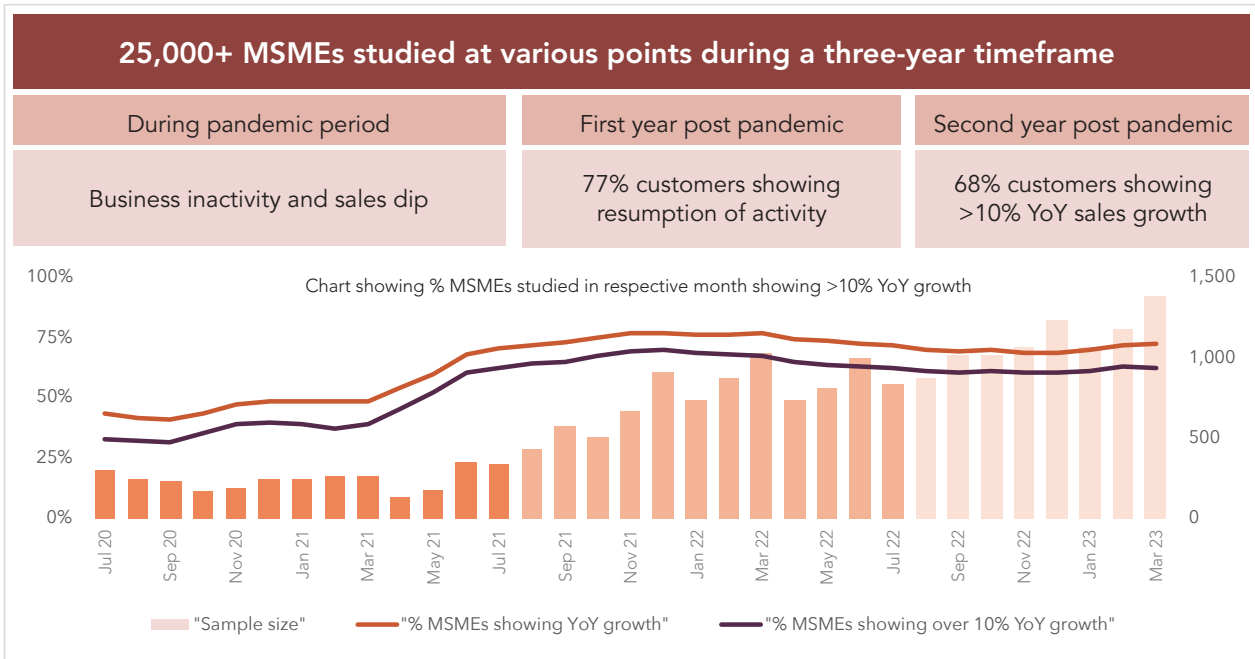


Source: CMIE, Dun & Bradstreet

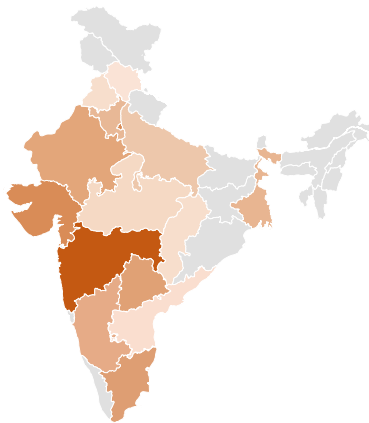
**MSMEs Through a  
Practitioner's Lens:  
by UGRO Capital**



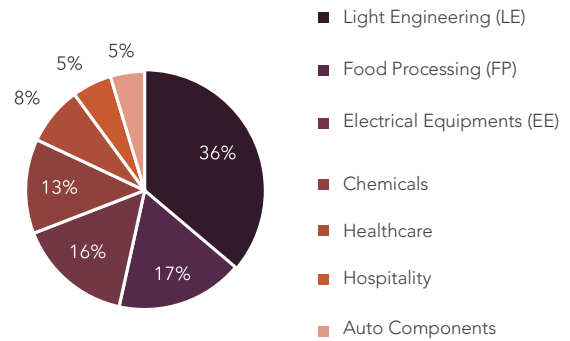
The study is done using 25,000+ MSME enterprises which have been observed at various points of time during a 3-year timeframe and the method of the analysis is based on their financial and repayment information. These MSMEs cover a PAN India footprint and a turnover range of <100 Cr within UGRO focused sector.



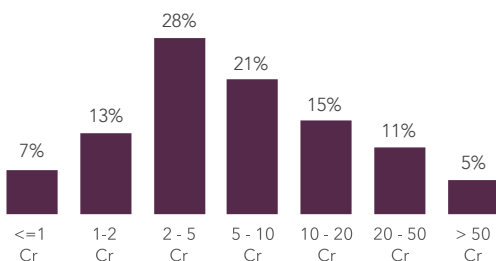
Representing a PAN India footprint



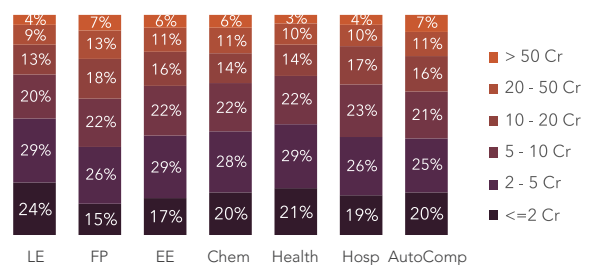
Well distributed sectoral representation



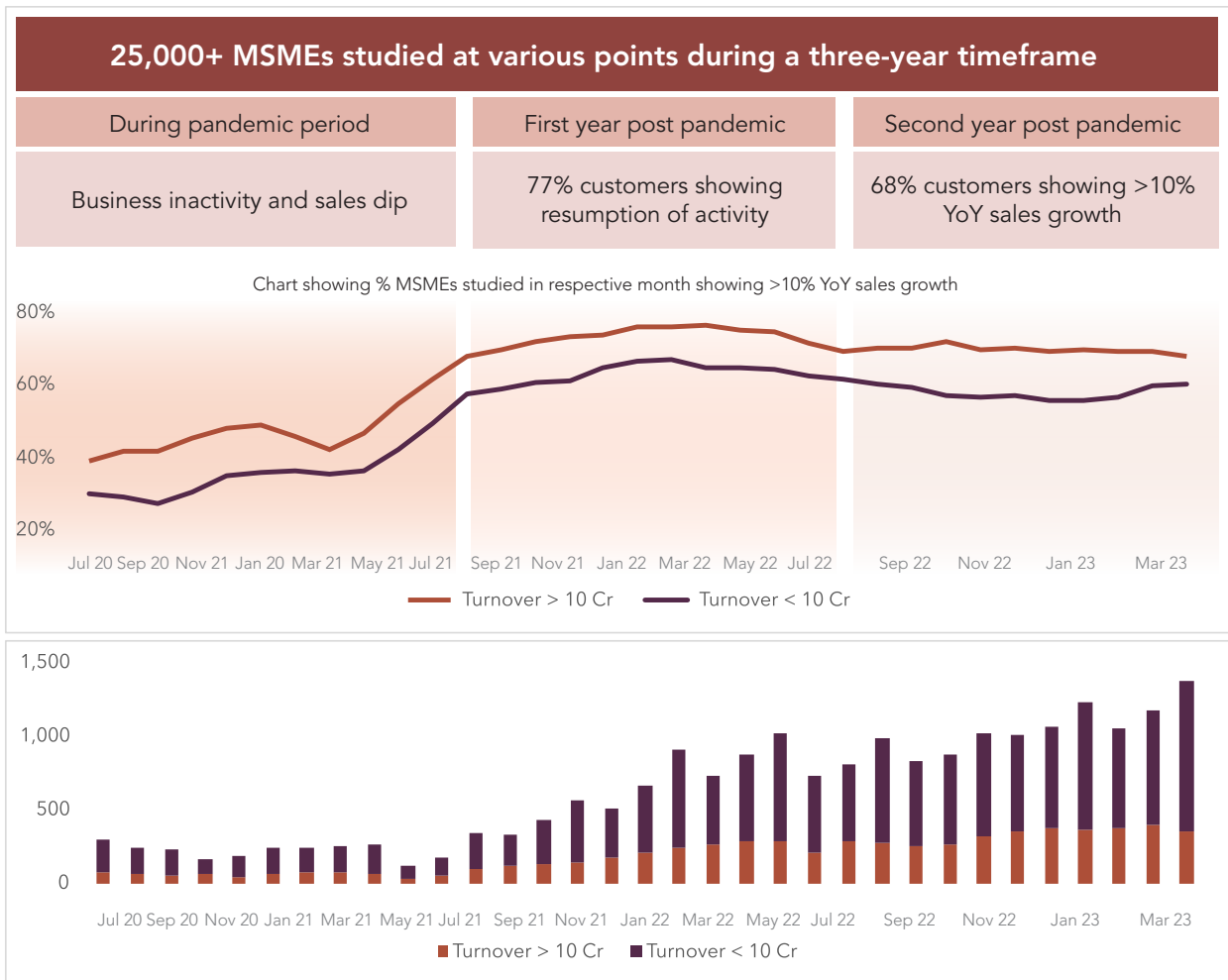
84% of sample are entities with < 20 Cr turnover



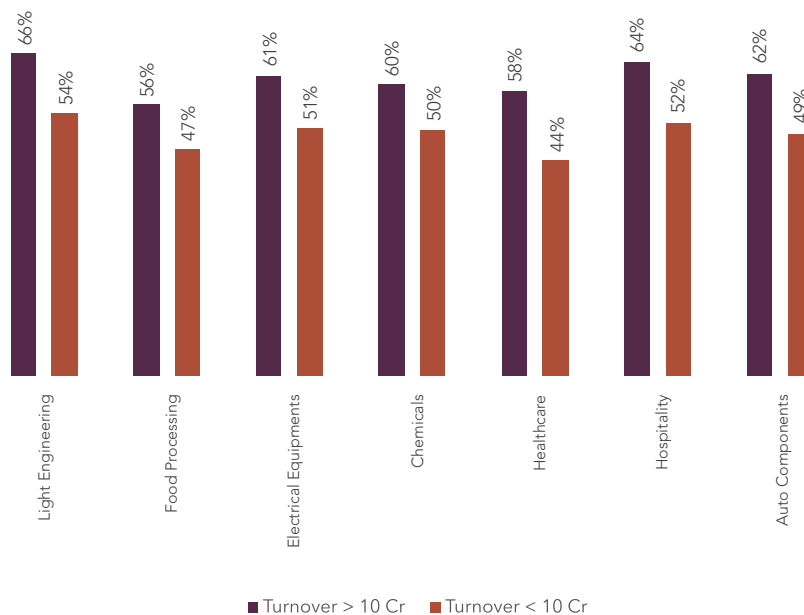
Similar turnover distribution across all sectors



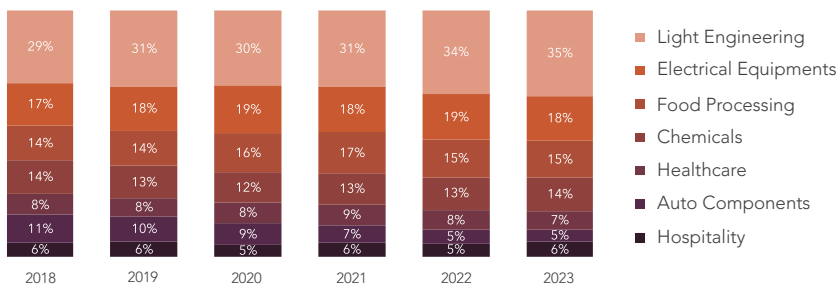
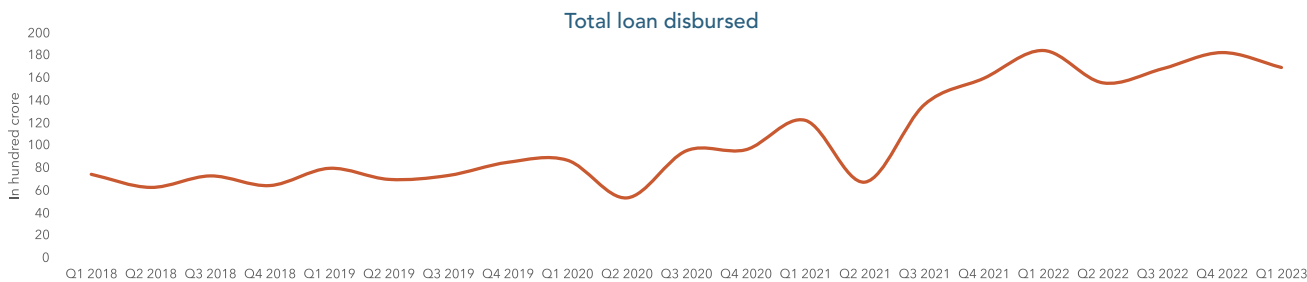
Good recovery in post COVID-19 regime is visible even in smaller entities, though at slower pace than larger scale counterparts: YoY growth in sales of over 10% is visible in ~50% of entities with turnover less than 10 Cr as compared to ~60% for higher turnover entities. This growth trend is visible across all sectors with highest % being seen in the Light Engineering sector.



### % entities exhibiting >10% YoY growth



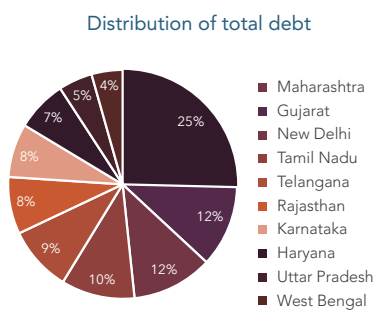
**Loan Disbursement: After the slowdown during COVID period, the growth of loan disbursement are back on track. The similar trend can be seen in each sector as well.**



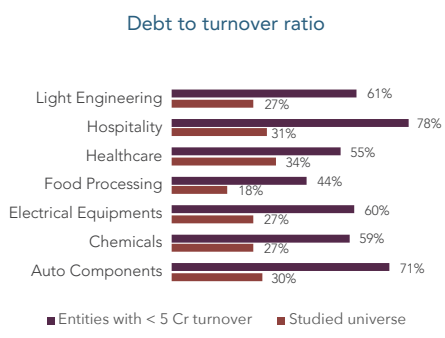
**Sector wise break up of new debt:**  
Light Engineering & Electrical Equipment received larger share of new disbursements during the period, as well as post COVID-19.

**Penetration of credit: Healthy penetration of credit is visible across sectors and geographical footprint across the studied universe of business entities. It can be observed that the smaller entities are borrowing more relative to their scale of business to meet the capital needs during a growing phase.**

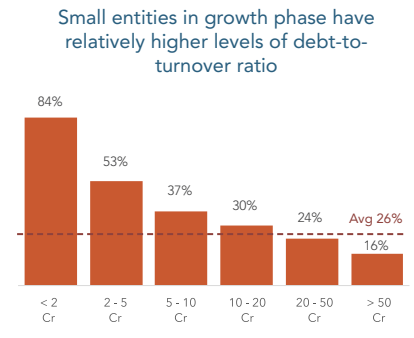
**Across markets**



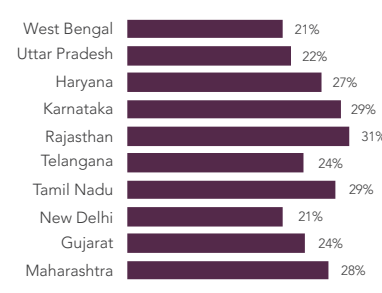
**Across sectors**



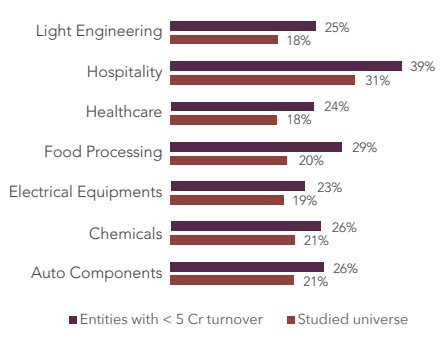
**Composition of debt by scale**



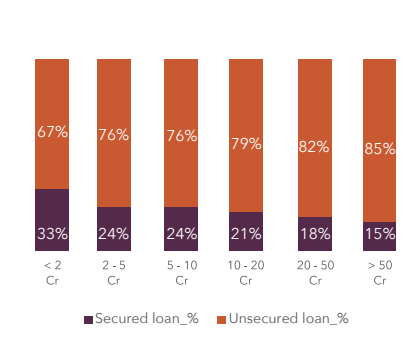
**Across markets**



**Across sectors**



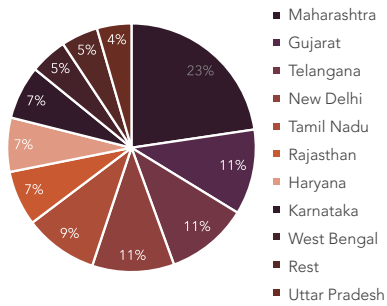
**Composition of debt by scale**



## New debt: Similar trends are observed across markets and sectors with respect to new credit disbursals in the recent twelve months\*.

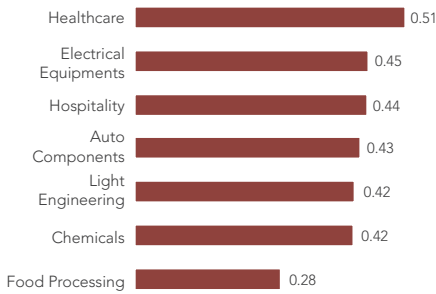
### Across markets

Credit dissemination across markets, with MH, GJ, Telangana, Delhi, TN and Rajasthan capturing 72% of share



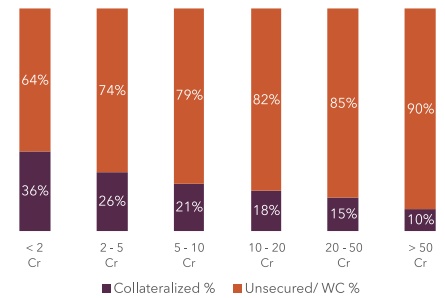
### Across sectors

Credit dissemination observed across sectors with maximum credit relative to turnover seen in Healthcare sector



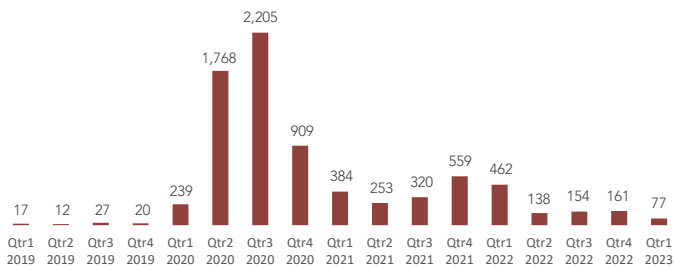
### Composition of debt by scale

The graph shows change in the credit composition with respect to change in scale of business. As the scale of business increase the requirement for working capital also increase



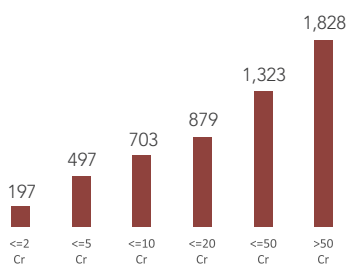
## Impact of ECLGS Loans: The impact of government schemes is visible during COVID and post COVID regime. These loans have helped small businesses to survive the crisis with timely infusion of relief capital.

Quarterly total Govt. scheme disbursed (in Cr)

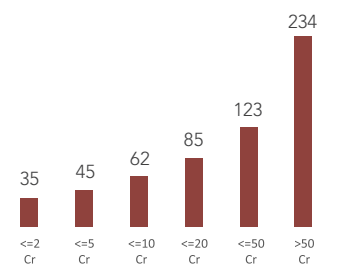


Turnover band	Sample Size	MSMEs with Govt. Loan	Total Govt. Loans (in Cr.)	Govt. Loans Distribution
<=2 Cr	5,027	28%	197	4%
<=5 Cr	7,061	37%	497	9%
<=10 Cr	5,372	43%	703	13%
<=20 Cr	3,769	48%	879	16%
<=50 Cr	2,665	52%	1,323	24%
>50 Cr	1,336	58%	1,828	34%
<b>Grand Total</b>	<b>25,230</b>	<b>41%</b>	<b>5,427</b>	<b>100%</b>

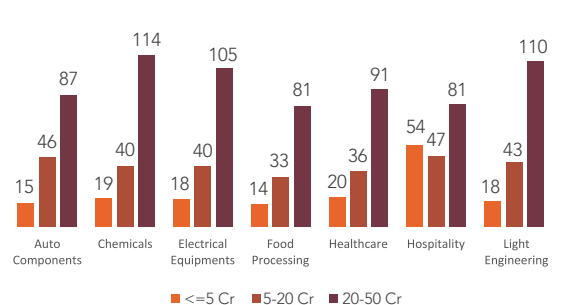
Govt. schemed loans disbursed (in Cr)



Avg loan ticket size (in Lakhs)



Avg Govt. scheme loan amount (in Lakhs)



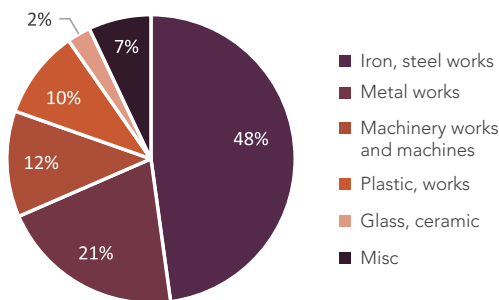
\*during the period of Jul 22 Jun 23



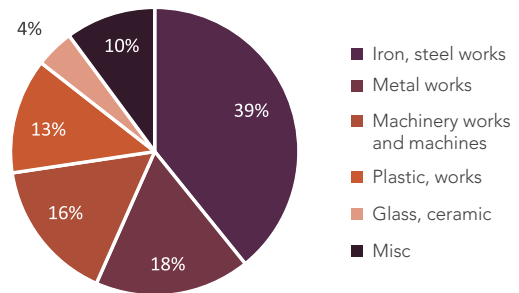
# Light Engineering Sector

Iron, steel and other metal works is the other dominant sub-industry with highest market size and it is also the most efficient sub-sector in terms of debt to total turnover across various size of entities. Overall sector footprint can be seen across India, with Maharashtra being the dominant market with subsector hubs such as Gujarat for plastic/ glass/ ceramic products.

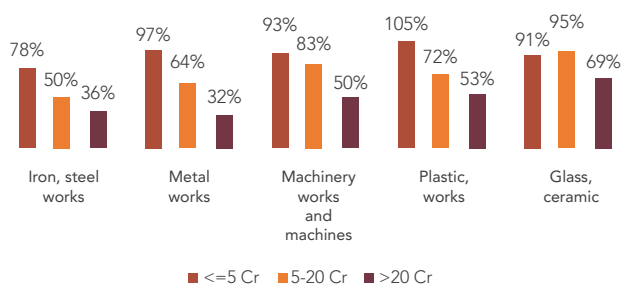
Share of turnover



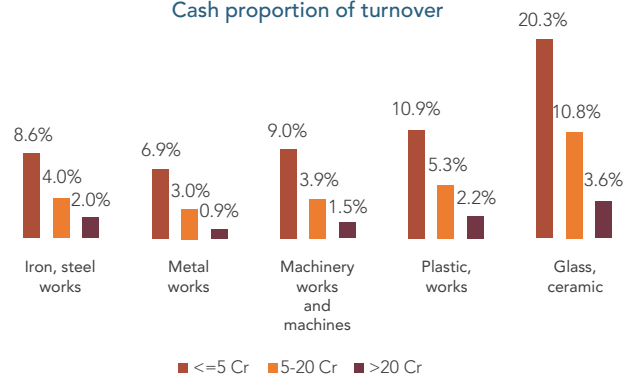
Share of debt



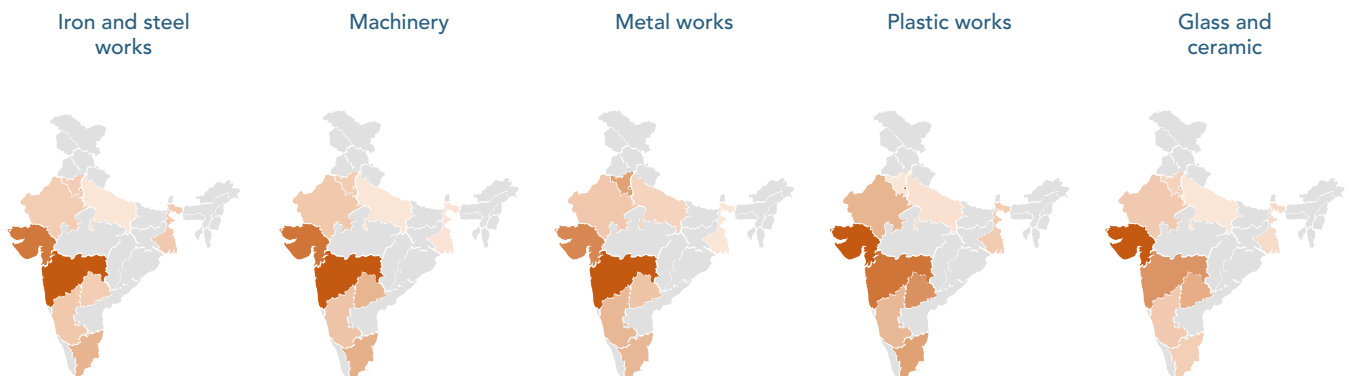
Debt to turnover ratio



Cash proportion of turnover



Geographical footprint of various sub-sectors

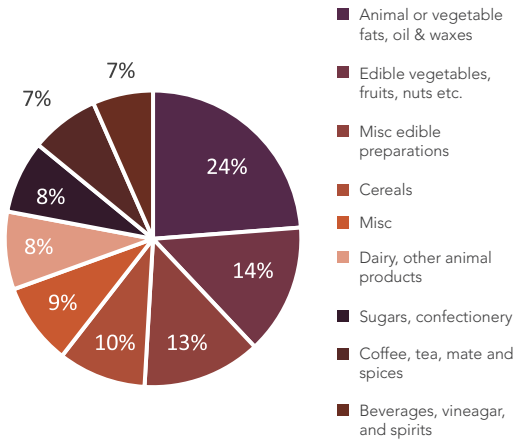




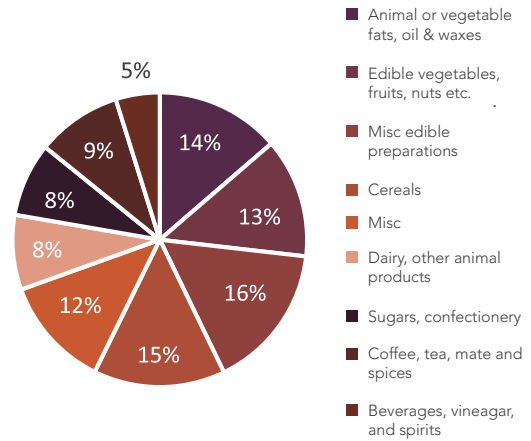
# Food Processing Sector

The major contributors to food processing sector in MSME segment are animal or vegetable fats/ oil & waxes, edible preparations, fruits, nuts and cereals. Cash proportion is highest in food processing industry as compared to other sectors. Overall sector footprint can be seen across India with Maharashtra, Gujarat and Rajasthan being the dominant markets.

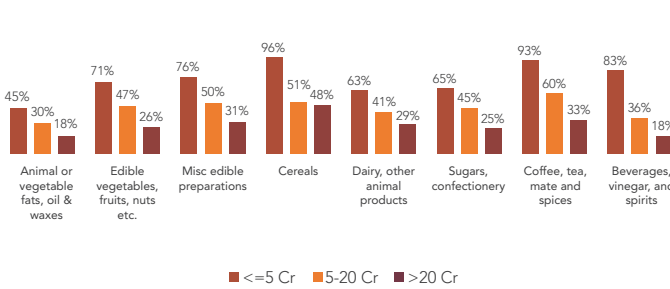
Share of turnover



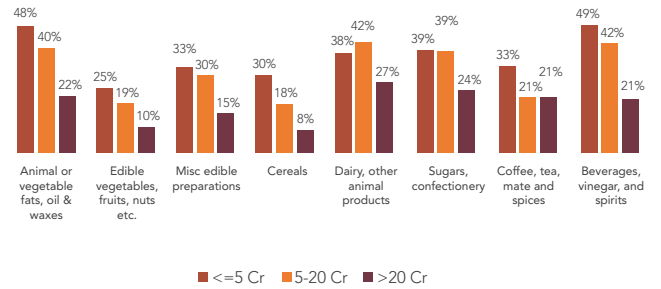
Share of debt



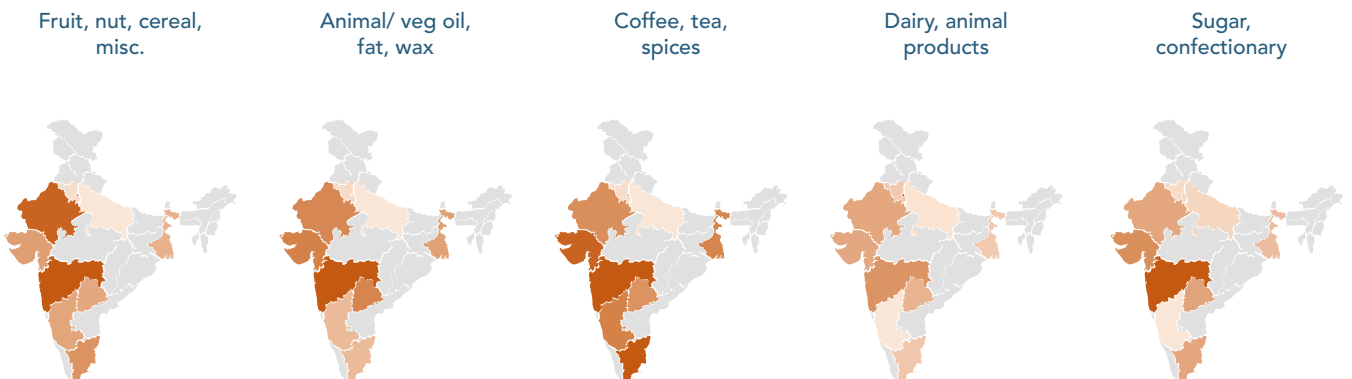
Debt to turnover ratio



Cash proportion of turnover



Geographical footprint of various sub-sectors

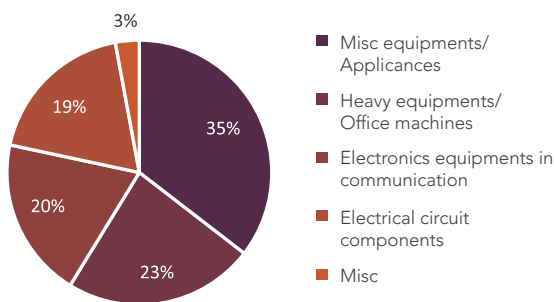




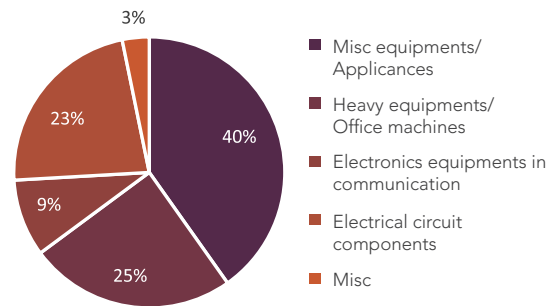
# Electrical Equipment Sector

Misc. equipment and appliances, heavy equipments/office machines, electrical circuit components and electronics equipments in communications are the other dominant sub-industries. Overall sector footprint can be seen across India with Maharashtra being the dominant market with sub-sector hubs such as Gujarat and New Delhi.

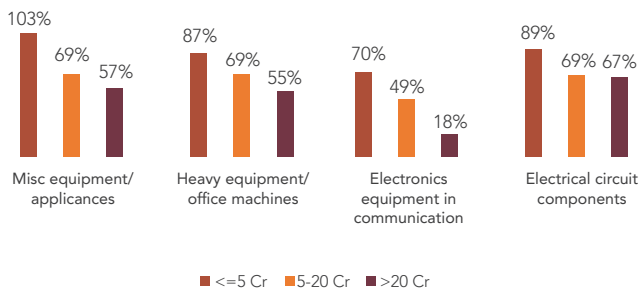
Share of turnover



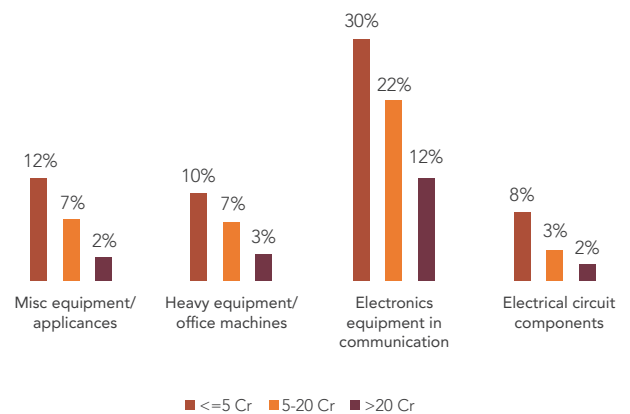
Share of debt



Debt to turnover ratio

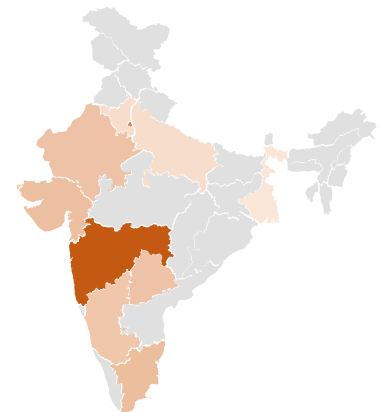


Cash proportion of turnover



Geographical footprint of various sub-sectors

State	Misc equipment/ appliances	Heavy equipments/ office machines	Electrical circuit components	Electronics equipments in communication	Misc	Grand Total
Maharashtra	18%	20%	19%	20%	26%	19%
Gujarat	8%	11%	9%	12%	3%	9%
New Delhi	18%	13%	14%	12%	12%	15%
Tamil Nadu	9%	10%	9%	8%	13%	9%
Telangana	10%	9%	9%	7%	5%	9%
Karnataka	8%	7%	13%	4%	10%	8%
Haryana	7%	6%	6%	4%	9%	6%
Rajasthan	5%	13%	7%	14%	10%	9%
West Bengal	5%	4%	5%	11%	1%	5%
Uttar Pradesh	8%	4%	6%	4%	7%	6%
Rest	4%	3%	4%	4%	4%	4%
Grand Total	100%	100%	100%	100%	100%	100%
Share of sector	39%	23%	20%	15%	4%	100%



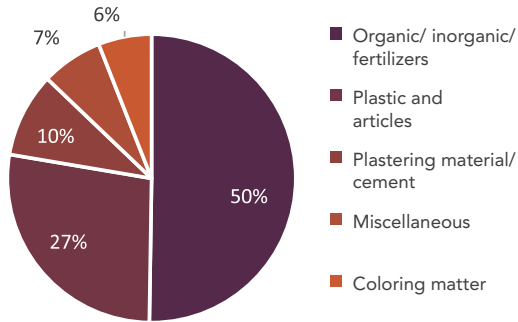
States with highest concentration of MSMEs in respective sub-sector



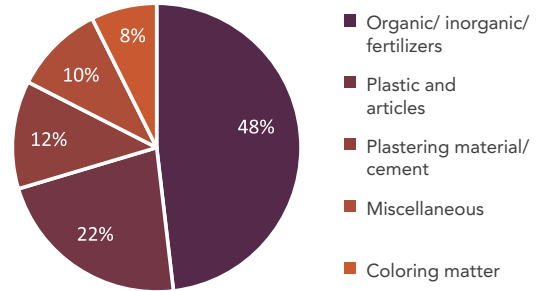
# Chemical Industry Sector

Organic, inorganic and fertilizers accounts for 50% of the turnover share in this sector, with overall sector footprint seen across India.

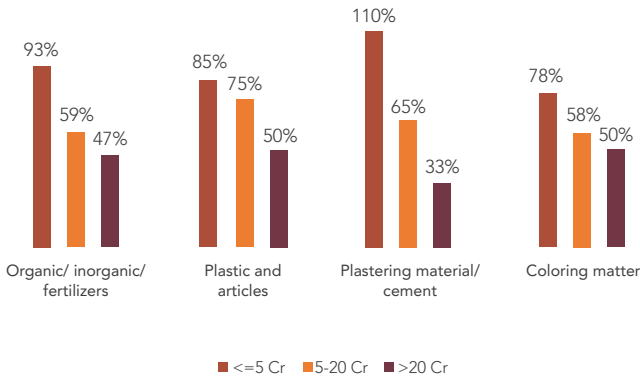
Share of turnover



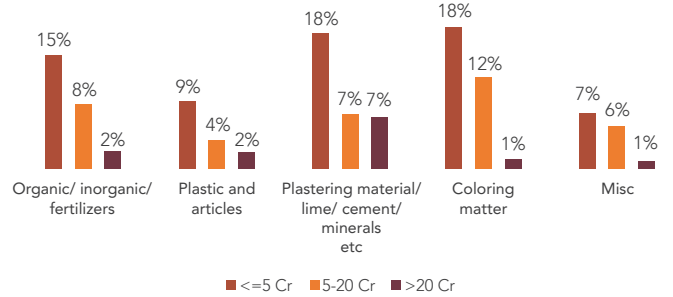
Share of debt



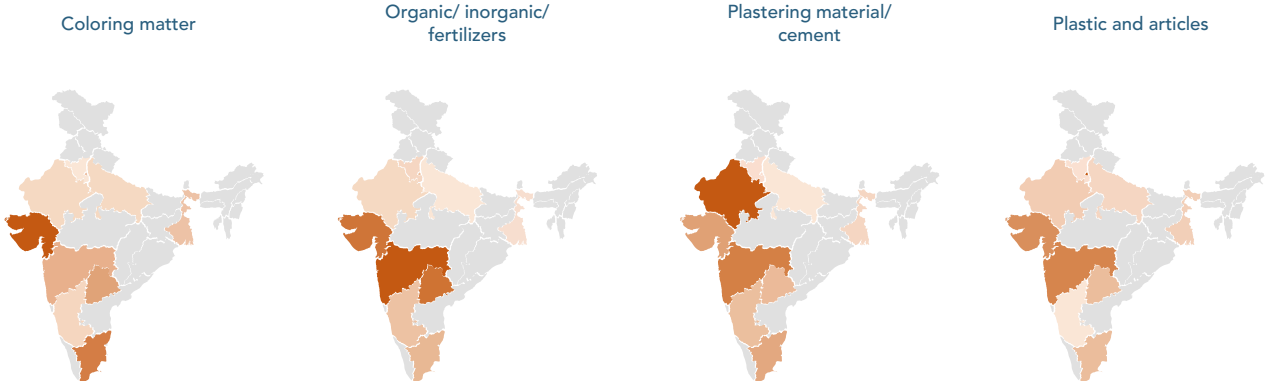
Debt to turnover ratio



Cash proportion of turnover



Geographical footprint of various sub-sectors



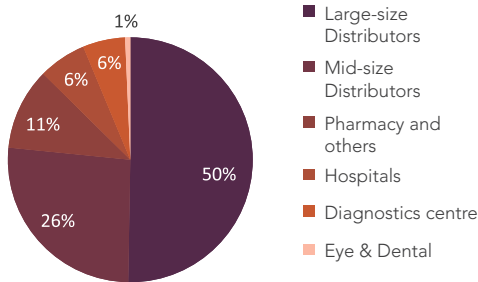




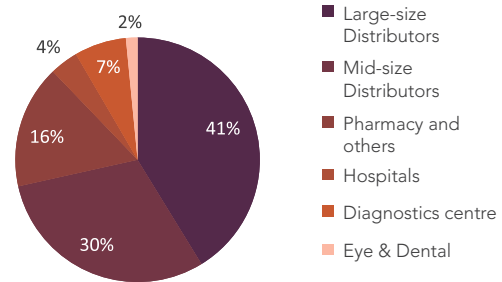
# Healthcare Sector

Healthcare delivery and service (dealers, distributors, hospitals, diagnostic centers) forms larger share of the market and recipients of majority share of credit to the sector. Similar to other sectors, smaller entities in Healthcare (such as dental/ eye clinics and pharmacies) have growth capital requirements which can be served through various business loan and equipment financing solutions.

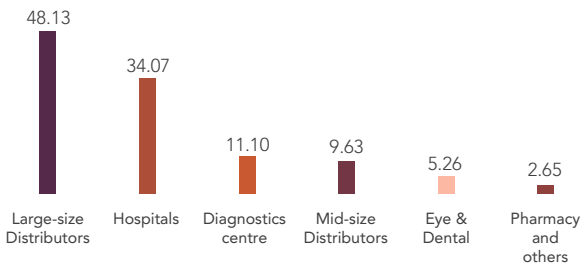
Share of turnover



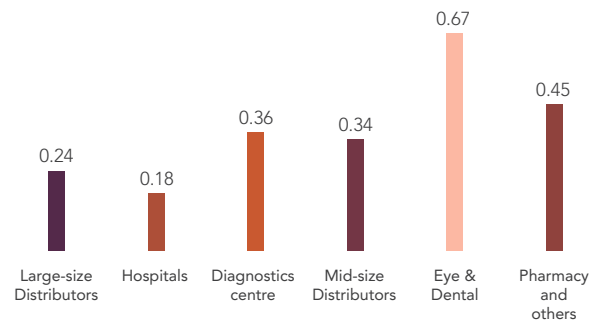
Share of debt



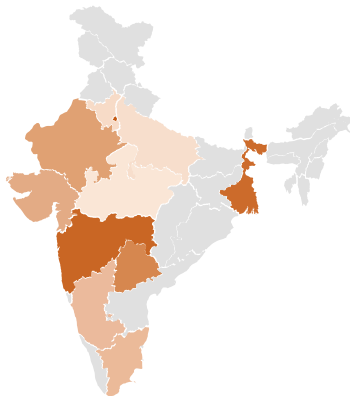
Avg. turnover (in Cr)



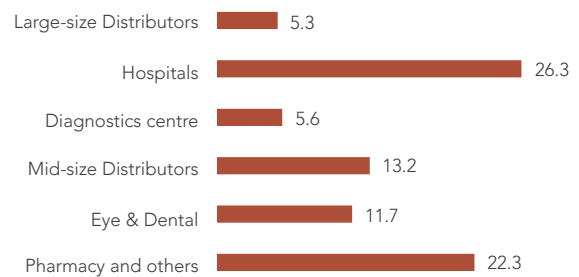
Debt to turnover ratio



PAN India distribution



Cash proportion of turnover (%)



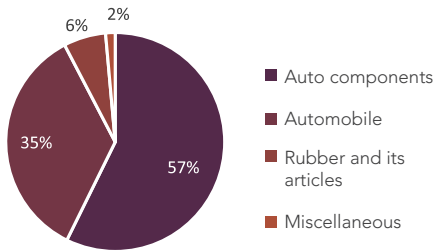


# Auto-Components and Hospitality Sector

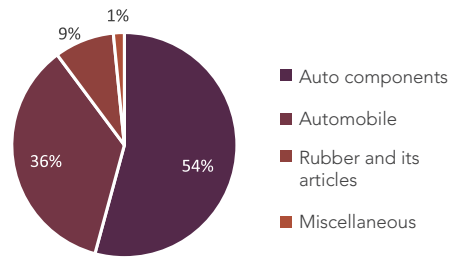
Vehicle and Vehicle parts contribute to major part of Auto component industry whereas Hotel, Food, Transport and Manpower services form majority of the market and are recipients of larger share of credit.

## Auto Components

Share of turnover

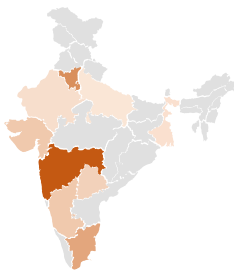


Share of debt

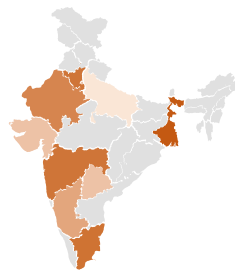


## Geographical footprint of various sub-sectors

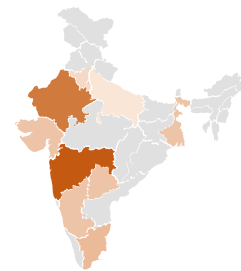
Auto components



Automobile

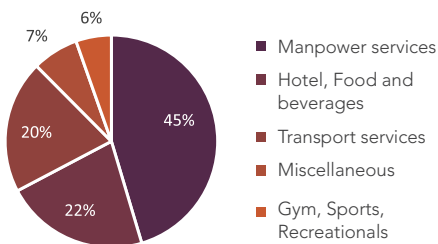


Rubber and articles

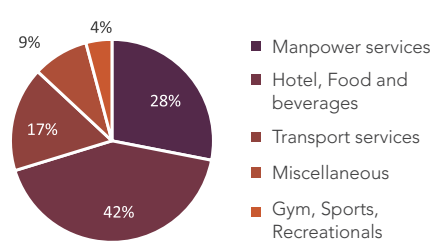


## Hospitality

Share of turnover

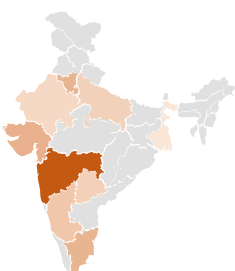


Share of debt

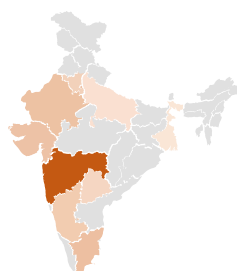


## Geographical footprint of various sub-sectors

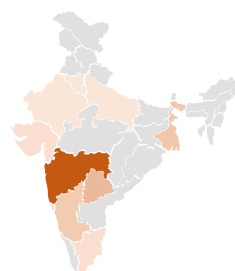
Manpower services



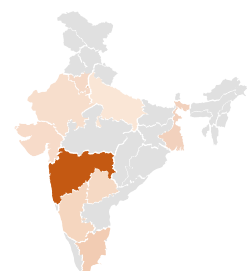
Hotel, Food and beverages



Gym, sports, Recreational



Transport services



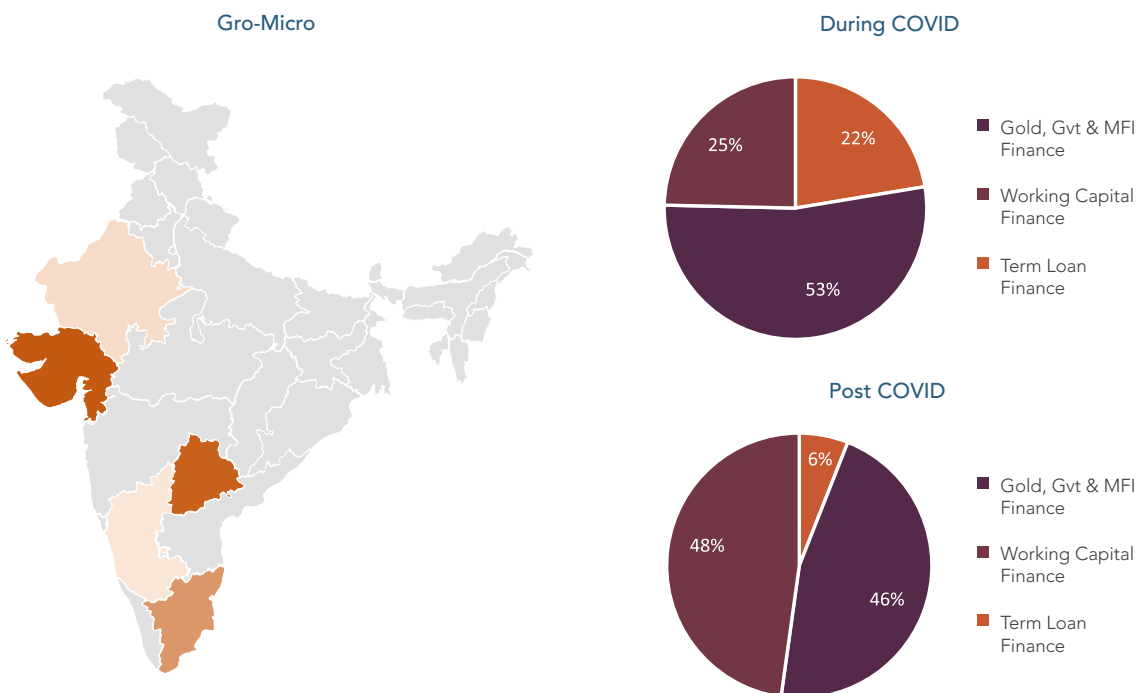


# Gro-Micro Sector

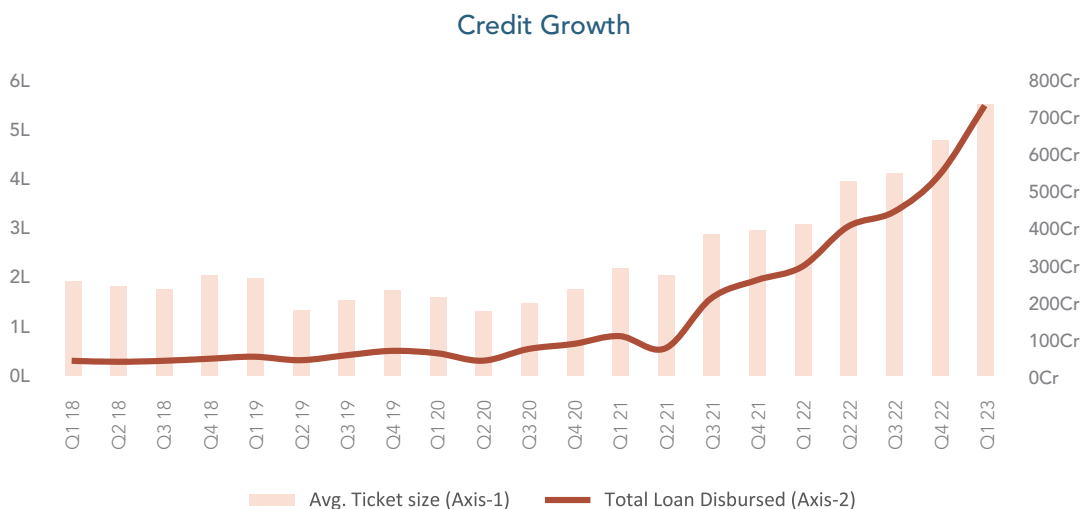
A study done across 10,000+ micro-sized MSMEs show rising credit penetration into the sector reflecting the lenders' positive view on their resilience and recovery. Reduction in gold loans and higher proportion of term loans indicate a gradual journey into the fold of mainstream lending.

Study representing 10,000+ MSMEs across UGRO Capital's geographical footprint

Distribution across loan types pre and post COVID: Lesser Gold loans and higher proportion of term loans observed in post-COVID timeframe.



**Credit penetration:** Growth observed in total disbursements to the sector as well as average ticket size of loans in post-COVID timeframe.



## Credentials

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## About UGRO Capital Ltd.

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.

U GRO Capital has pioneered the “Lending as a Service” (LaaS) model in India which is prevalent in the West through Co-Lending relationships with 10+ Large Public Sector Banks and large NBFCs, and built a sizeable off-balance sheet asset of more than 45% of its AUM through the GRO Xstream platform. In a short period of 5 Years, the Company has built an AUM of over Rs. 7590 Cr and served over 55,500 customers across 4,200+ pin codes, scrutinizing over 1,17,000 bank statements, 39,000+ GST records, and processing more than 81,000 GRO Score logins.

Looking ahead, U GRO Capital remains steadfast in its dedication to leverage technology, data-driven insights, and industry expertise to provide innovative financial solutions that meet the evolving needs of MSMEs.

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



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## About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet’s Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. For more information on Dun & Bradstreet, please visit [www.dnb.com](http://www.dnb.com).

Dun & Bradstreet Information Services India Private Limited is headquartered in Mumbai and provides clients with data-driven products and technology-driven platforms to help them take faster and more accurate decisions in domains of finance, risk, compliance, information technology and marketing. Working towards Government of India’s vision of creating an Atmanirbhar Bharat (Self-Reliant India) by supporting the Make in India initiative, Dun & Bradstreet India has a special focus on helping entrepreneurs enhance their visibility, increase their credibility, expand access to global markets, and identify potential customers & suppliers, while managing risk and opportunity.

Get in touch: [www.dnb.co.in](http://www.dnb.co.in) | 022 4941 6666

# Notes

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