Placement Document
Subject to Completion
Not for Circulation
Serial Number: [●]
Strictly Confidential

UGRO CAPITAL LIMITED

Registered Office: Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India
CIN: L67120MH1993PLC070739, **Telephone No**.: +91 22 4182 1600; **Email**: cs@ugrocapital.com;
Contact Person: Ms. Namrata Sajnani, Company Secretary and Compliance Officer; **Website**: www.ugrocapital.com

UGRO Capital Limited ("**Company**" or the "**Issuer**") was incorporated as *"Chokhani Securities Private Limited"* under the Companies Act, 1956 on February 10, 1993 with Registrar of Companies, Maharashtra at Bombay. Our Company was subsequently converted into a public limited company pursuant to the fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Bombay on July 26, 1994. The name of our Company was subsequently changed from *"Chokhani Securities Limited"* to *"UGRO Capital Limited"* and a fresh Certificate of Incorporation was issued by Registrar of Companies, Maharashtra at Mumbai on September 26, 2018. Our Company is also registered with RBI as Systematically Important non-deposit taking Non-Banking Finance Company with registration no. No. 13.00325. See *"General Information"* and *"Organizational Structure"* on pages 514 and 430, respectively.

Our Company is issuing 66,11,325 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 152 per Equity Share (the "**Issue Price**"), including a premium of ₹ 142 per Equity Share, aggregating to ₹ 10,049.21 lakhs (the "**Issue**"). For further details, see *"Summary of the Issue"* on page 33.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

OUR COMPANY HAS PREPARED THE PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THE PRELIMINARY PLACEMENT DOCUMENT OR THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THE PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION *"RISK FACTORS"* ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER). PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with NSE, the "**Stock Exchanges**"). The closing prices of the outstanding Equity Shares on BSE and NSE as on April 13, 2023 was ₹ 155.50 and ₹ 155.65 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, for listing of the Equity Shares to be issued pursuant to the Issue have been received from each of BSE and NSE on April 10, 2023. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**"), within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs *(as defined hereinafter)*. This Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note *(each as defined hereinafter)*. For further details, see *"Issue Procedure"* on page 451. The distribution of the Preliminary Placement Document, this Placement Document or the disclosure of its contents, without our Company's prior consent, to any person, other than Eligible QIBs to whom the Preliminary Placement Document, this Placement Document is specifically addressed, and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 467. Also see, "*Purchaser Representations and Transfer Restrictions*" on page 476 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the BRLM *(as defined thereunder)* or any of their respective affiliates does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Placement Document is dated April 13, 2023

BOOK RUNNING LEAD MANAGER

Keynote Financial Services Limited

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as on the date of this Placement Document and neither our Company nor the BRLM has any obligation to update such information to a later date.

Keynote Financial Services Limited (the "**BRLM**"**)** has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM and/or any of its respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company and the Equity Shares or distribution of this Placement Document. Each person receiving this Placement Document acknowledges that such person has not relied either on the BRLM nor any of its respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the BRLM. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLM or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLM that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see *"Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* beginning on page 467 and 476, respectively.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. For selling restrictions in certain other jurisdictions, see *"Selling Restrictions"* on page 467. Also see, *"Purchaser Representations and Transfer Restrictions"* on page 476 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

In making an investment decision, the prospective investors must rely on their own examination and due diligence of our Company, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, our Company and the BRLM are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to the Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations.

Each investor, purchaser, offeree, subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction, from buying, selling or dealing in securities including the Equity Shares. Each investor, purchaser, offeree, subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document. The information on our Company's website, www.ugrocapital.com, or any website directly or indirectly linked to the website of our Company or on the website of the BRLM or any of its respective affiliates, does not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites. Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN THE UNITED STATES AND U.S. PERSONS

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see *"Selling Restrictions"* on page 467. Also see, *"Purchaser Representations and Transfer Restrictions"* on page 476 of this Placement Document for information about purchasers representations and transfer restrictions that apply to the Equity Shares sold in the Issue.

NOTICE TO INVESTORS IN CERTAIN JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see *"Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* on page 467 and 476, respectively for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

REPRESENTATIONS BY INVESTORS

All references herein to "you" or "your" in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed set forth in the sections *"Notice to Investors"*, *"Selling Restrictions"* and *"Purchase Representations and Transfer Restrictions"* on pages 3, 467 and 476, respectively, and to have represented, warranted, acknowledged, and agreed with our Company and the BRLM, as follows:

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted *(as defined hereinafter)* to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act *(as defined hereinafter)*, and all other applicable laws; and (ii) comply with all requirements under applicable laws in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable laws, including the FEMA Non-Debt Rules *(as defined hereinafter)* and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- You are aware that in terms of the SEBI FPI Regulations and FEMA Non-Debt Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Further, the aggregate limit of all FPIs investments, is up to 100%, being the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Non-Debt Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

- If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Non-Debt Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules and applicable SEBI ICDR Regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges. Further, additional restrictions may apply if you are within the United States and certain other jurisdictions. For further details in this regard, see

"Selling Restrictions" and *"Purchase Representations and Transfer Restrictions"* on pages 467 and 476, respectively;

- You are aware that the Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by the SEBI, the Stock Exchanges, the RBI, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You are aware that the Preliminary Placement Document has been filed, and this Placement Document will be filed, with the Stock Exchanges for record purposes only and the Preliminary Placement Document and this Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Placement Document and this Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLM or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions that you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLM. The BRLM or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in a fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLM may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLM have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company, and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to our Company which is not set forth in this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company, financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Neither our Company nor the BRLM or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible QIBs and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the BRLM;

- You are aware that in terms of the requirements of the Companies Act, as amended upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the discretion of the Company, in consultation with the Book Running Lead Manager;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of the Placement Document and this Placement Document and have read it in its entirety, including in particular- *"Risk Factors"* on page 44;

- In making your investment decision, you have (i) relied on your own examination of the Company and the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company nor the BRLM nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the BRLM or any of its respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matter as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the BRLM or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity

Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to any of our Promoters, either directly or indirectly and your Bid (as defined hereinafter) does not directly or indirectly represent any of our 'Promoters', or members of our 'Promoter Group' (as defined under the SEBI ICDR Regulations) or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with any of our Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares;

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom this Placement Document will be circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC within the due date as may be required under the Companies Act;

- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid/ Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance, if any with all other applicable provisions of the SEBI Takeover Regulations;

- Your aggregate equity shareholding in our Company, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

  a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

  b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations.

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares to be issued pursuant to this Issue are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI LODR Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares, to be issued pursuant to the Issue, will be obtained in time or at all. Neither our Company nor the BRLM nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLM has entered into a Placement Agreement with our Company whereby the BRLM have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and that neither the BRLM nor any person acting on its behalf or any of the counsel or advisors to the Issue has or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLM or our Company or any other person, and the BRLM or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLM and their affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLM or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company of any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in *"**Selling Restrictions**"* on page 467 of this Placement Document and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in *"**Selling Restrictions**"* on page 467 of this Placement Document;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in *"**Purchaser Representations and Transfer Restrictions**"* on page 476 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "***Purchaser Representations and Transfer Restrictions***" on page 476;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. You are outside the United States and are subscribing to the Equity Shares in an "offshore transaction" as defined in and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLM and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that the Preliminary Placement Document does not, and this Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You will make the payment for the subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the Application Form (*as defined hereinafter*);

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with Consolidated FDI Policy, issued by the DPIIT (*as defined hereinafter*), and Rule 6 of the FEMA Rules;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for the Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLM;

- You represent that you are not an affiliate of our Company or the BRLM or a person acting on behalf of such affiliate;

- Our Company, the BRLM, their respective affiliates, directors, officers, employees, shareholders, representative agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLM; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the BRLM, who are registered as Category I FPIs may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by the SEBI and subject to compliance with such other conditions as may be specified by the SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis ("**Investment Restrictions**"). The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with Consolidated FDI Policy, issued by the DPIIT, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy and FEMA Non-Debt Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLM do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLM and does not constitute any obligations of or claims on the BRLM.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also, see *"Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* on page 467 and 476, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES AND RBI

As required, a copy of the Preliminary Placement Document and this Placement Agreement has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company;

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of RBI

A license authorizing our Company to carry on lending business has been obtained from the RBI. It must be distinctly understood, however, that in issuing the license, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinion expressed in this connection.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘bidder(s)’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investor(s)’, ‘prospective investor(s)’ and ‘potential investor(s)’ are to the Eligible QIBs who are the prospective investors in the Issue and references to *‘our Company’, ‘Company’, ‘the Company’* and the *‘Issuer’,* are to UGRO Capital Limited on a standalone basis, unless the context otherwise indicates or implies or unless otherwise specified.

Currency and units of presentation

In this Placement Document, references to ‘US$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America, references to ‘₹’, ‘INR’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of Republic of India. All references herein to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. All references herein to “India” are to the Republic of India and its territories and possessions and all references herein to the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Figures in this Placement Document have been presented in lakhs or in whole numbers where the numbers have been too small to present in lakhs unless stated otherwise. Further, certain figures in the “*Industry Overview*” section of this Placement Document have been presented in Lakhs, millions, billions and crores. Our Audited Financial Statements for Fiscal 2022, Fiscal 2021, Fiscal 2020 and the Unaudited Financial Results as at and for the six months period ended September 30, 2022 and Unaudited Financial Results for the nine months period ended December 31, 2022 are prepared in lakhs and have been presented in this Placement Document in lakhs for presentation purposes.

In this Placement Document, references to “Lakh” or “Lacs” represents “100,000”, “million” represents “10 lakh” or “1,000,000”, “Crore” represents “10,000,000” or “10 million” or “100 lakhs”, and “billion” represents “1,000,000,000” or “1,000 million” or “100 Crore”.

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies between the totals and the sum of the amounts listed are due to rounding off adjustments. All figures in decimals have been rounded off to the second decimal.

Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page numbers

Unless stated otherwise, all references to page numbers in this Placement Document are to the page numbers of this Preliminary Placement Document.

Financial Data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular ‘financial year’, ‘Fiscal Year’, ‘fiscal’ or ‘FY’ are to the twelve-month period ended on March 31 of that year and references to a particular ‘year’ are to the calendar year ending on December 31 of that year.

As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document:

- The audited financial statements of our Company as at and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, prepared in accordance with the Indian Accounting Standards (referred to as “**Ind AS**”), as prescribed under Section 133 of the Companies Act read with Companies (Indian Accounting

Standards) Rules 2015, as amended and other accounting principles generally accepted in India and other relevant provisions of the Companies Act (collectively, the "**Audited Financial Statements**");

- The unaudited limited reviewed financial results of our Company as at and for the six months period ended September 30, 2022 and unaudited limited reviewed financial results for the nine months period ended December 31, 2022 prepared in accordance with the principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India (the "**Unaudited Financial Results**").

The Audited Financial Statements should be read along with the respective audit reports dated June 13, 2020, June 29, 2021 and May 24, 2022 and the Unaudited Financial Results should be read along with its limited review reports dated November 10, 2022 and January 25, 2023 and the Unaudited Financial Results have been subjected to limited review by our Statutory Auditors, based on their review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**"). Further, our Unaudited Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials. For further information, see *"Financial Statements"* on page 79.

There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS. Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**") and the reconciliation of the financial information to other accounting principles has not been provided. Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its Audited Financial Statements and Unaudited Financial Results to IFRS or U.S. GAAP and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the Audited Financial Statements and the Unaudited Financial Results included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. See *"Risk Factors - Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document"* on page 60.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in the Preliminary Placement Document and this Placement Document as at and for the year ended March 31, 2022 is derived from the Audited Financial Statements as at and for the year ended March 31, 2022, as at and for the year ended March 31, 2021 is derived from the comparative financial information included for Fiscal 2021 in our Fiscal 2022 Audited Financial Statements, as at and for the year ended March 31, 2020 is derived from the comparative financial information included for Fiscal 2020 in our Fiscal 2021 Audited Financial Statements and for the period ended September 30, 2022 are derived from Unaudited Financial Results as at and for the six months period ended September 30, 2022 and for the period ended December 31, 2022 are derived from the Unaudited Financial Results for the nine months period ended December 31, 2022. For details, see *"Financial Statements"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on pages 79 and 373, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been derived from publicly available sources. While our Company has taken reasonable care in the reproduction of the information from such publicly available sources, none of our Company, the BRLM, any of our Company or their respective affiliates or advisors or any other person connected with the Issue has independently verified data and statistics obtained from such publicly available sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Statements from third-parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the BRLM can assure potential Investors as to their accuracy.

This information is subject to change and cannot be certified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor any of the BRLM have independently verified the industry and market data and do not make any representation regarding accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company nor any of the BRLM can assure Bidders as to their accuracy.

Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information.

Disclaimer Clause

This Placement Document contains industry data from the presentation on Financial Services by IBEF (India Brand Equity Foundation) which are subject to the following disclaimer:

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute ‘forward-looking statements.’ Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘seek’, ‘shall’, ‘should’, ‘will’, ‘would’, ‘will likely result’ ‘is likely’, ‘are likely’, ‘believe’, ‘expect’, ‘expected to’, ‘will continue’, ‘will achieve’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements and any other projections include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

1. We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share;
2. Performance of the financial and capital markets in India and globally;
3. We are involved in certain legal and other proceedings which, if determined against us, may have impact on our operations;
4. The outcome of any legal or regulatory proceedings we are or may become a party to;
5. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, Insurance and other regulations;
6. Changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
7. Our inability to successfully diversify our portfolio;
8. Any disruption in our sources of funding;
9. Our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business;
10. Performance of the Indian debt and equity markets;
11. Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations; and
12. Any increase in the levels of non-performing assets (“**NPA**”) on our loan portfolio, for any reason; whatsoever would adversely affect our business and results of operations.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections *“Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry Overview”* and *“Our Business”* and on pages 44, 373, 408 and 415, respectively.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company nor any of the Book Running Lead Manager nor any of their respective affiliates undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Except for our Directors, Chetan Kulbhushan Gupta and Manoj Kumar Sehrawat who are non-resident Indians and Amit Gupta, who is a Chinese National, all the Directors and Key Managerial Personnel of our Company named herein are resident citizens of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the CPC. Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

1. where the judgment has not been pronounced by a court of competent jurisdiction;
2. where the judgment has not been given on the merits of the case;
3. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;
4. where the proceedings in which the judgment was obtained were opposed to natural justice;
5. where the judgment has been obtained by fraud; and
6. where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the CPC provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the CPC, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code as mentioned above.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the CPC, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and FBIL, which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per US$)

	Period End(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal ended:				
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.53	76.92	72.48
March 31, 2021	73.50	74.20	76.81	72.29
Month Ended:				
March 31, 2023	82.22	82.29	82.68	81.74
February 28, 2023	82.68	82.61	82.91	81.85
January 31, 2023	81.74	81.90	82.91	81.22
December 31, 2022	82.79	82.46	82.92	81.15
November 30, 2022	81.60	81.81	82.88	80.65
October 31, 2022	82.39	82.34	83.20	81.43

(Source: www.rbi.org,in and www.fbil.org.in, as applicable.)

Notes:
1. *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*
5. *The reference rates are rounded off to two decimal places.*

Note:
• *In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section *"Statement of Possible Tax Benefits", "Industry Overview", "Financial Statements"* and *"Legal Proceedings"* beginning on pages 483, 408, 79 and 503 respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
Issuer/ UGRO/ Company/ Our Company/ the Company	Unless the context otherwise indicates or implies, refers to UGRO Capital Limited, a public limited company incorporated in India under the Companies Act, 1956 having its registered and corporate office at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India
We/ us/ our	Unless the context otherwise indicates or implies, refers to our Company

Company Related Terms

Term	Description
Articles / Articles of Association/ AoA	The Articles of association of our Company, as amended from time to time
Audit Committee	The Audit committee of our Board of Directors
Audited Financial Statements	Collectively, the audited financial statements of our Company as of and for the years ended March 31, 2022, 2021 and 2020 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the balance sheet, statement of profit and loss (including other comprehensive income), statement of changes in equity and the cash flow statement for the years then ended, and notes to the respective financial statements
Auditors/ Statutory Auditors	Statutory auditors of our Company namely M/s. M S K A & Associates, Chartered Accountants
Board of Directors or Board	The board of directors of our Company or any duly constituted committee thereof
Chief Financial Officer	The Chief Financial Officer of our Company, being Kishore Kumar Lodha
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Namrata Sajnani
Corporate Social Responsibility Committee	The corporate social responsibility committee constituted by our Board of Directors
Director(s)	The director(s) of our Company presently on our Board, unless otherwise specified
Equity Share(s)	The equity shares of our Company of face value of ₹10 each

Term	Description
Financial Statements	Collectively, Audited Financial Statements and Unaudited Financial Results
Independent Director(s)	The independent Director(s) of our Company as per section 2(47) of the Companies Act and Regulation 16(1)(b) of the SEBI LODR Regulations, as disclosed in *"Board of Directors and Senior Management"* on page 431
Key Management Personnel	Key managerial personnel of our Company, as disclosed in *"Board of Directors and Senior Management"* on page 431
Memorandum/ Memorandum of Association / MoA	The memorandum of association of our Company, as amended from time to time
Nomination, Remuneration and Compensation Committee	The nomination, remuneration and compensation committee constituted by our Board of Directors
Previous Auditors	Deloitte Haskins & Sells LLP, Chartered Accountants
Promoter(s)	The promoters of our Company namely, Poshika Advisory Services LLP
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company located at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India
Risk Management Committee	The risk management committee constituted by our Board of Directors
RoC/ Registrar of Companies	The Registrar of Companies, Maharashtra at Mumbai
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee constituted by our Board of Directors
Unaudited Financial Results	Unaudited limited reviewed financial results of our Company as at and for the six months period ended September 30, 2022 and unaudited limited reviewed financial results for the nine months period ended December 31, 2022 prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, as amended and other relevant provisions of the Companies Act, comprising the balance sheet as at September 30, 2022, interim statement of profit and loss, interim statement of changes in equity and interim statement of cash flows for the six months period ended September 30, 2022, and interim statement of profit and loss for the nine months period ended December 31, 2022 and notes to the unaudited financial results including a summary of significant accounting policies and other explanatory information
Vice Chairman and Managing Director	The Vice Chairman and Managing Director of our Company, being Shachindra Nath

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company, in consultation with the BRLM, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Unless, the context otherwise requires, the allotment of Equity Shares to be issued pursuant to this Issue
Allottee(s)	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue

Term	Description
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bidding/ Issue Period. An indicative format of such form is set forth in *"Sample Application Form"* on page 520.
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	An Eligible QIB who has a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Bidding Period/ Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which Bidders can submit their Bids including any revision and/or modifications thereof
Bid Amount/ Application Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Bidder(s) and payable by the Bidder(s) in the Issue on submission of the Application Form
Book Running Lead Manager/ BRLM	Keynote Financial Services Limited
CAN/ Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and shall include details of amount to be refunded, if any, to such Bidders
Closing Date	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e., on or about April 14, 2023
Designated Date	The date of credit of Equity Shares, pursuant to the Issue, to the Allottee's demat account, as applicable to the relevant Allottee
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made
Escrow Account	Special non-interest bearing, no-lien, escrow bank account without any cheques or overdraft facilities, opened with the Escrow Agent by our Company in the name and style of *'UGRO QIP Escrow Account'* subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited and from which refunds, if any, shall be remitted, as set out in the CAN
Escrow Bank/ Escrow Agent	IDFC First Bank Limited, a company within the meaning of the Companies Act, 2013 (VIII of 2013) and a banking company within the meaning of section 5(c) of the Banking Regulation Act, 1949 and having its registered office at KRM Tower, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and having one of its offices at BKC Naman Chambers, Mumbai
Escrow Agreement	The agreement dated April 10, 2023 entered into amongst our Company, the Escrow Agent and the BRLM for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders

Term	Description
Floor Price	The floor price of ₹ 149.54 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations.
Issue	The offer, issue and Allotment of 66,11,325 Equity Shares at a price of ₹ 10 per Equity Share, including a premium of ₹ 142 per Equity Share, aggregating ₹ 10,049.21 lakhs to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	April 13, 2023 the last date up to which the Application Forms and Bid Amount shall be accepted by our Company (or the BRLM, on behalf of our Company)
Issue Opening Date	April 10, 2023 the date on which the acceptance of the Application Forms and Bid Amount shall have commenced by our Company (or the BRLM, on behalf of our Company)
Issue Price	₹ 152 per Equity Share
Issue Size	The aggregate size of the Issue of 66,11,325 Equity Shares, aggregating to ₹ 10,049.21 lakhs
Monitoring Agency	India Ratings and Research Private Limited
Monitoring Agency Agreement	Agreement dated April 10, 2023 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the proceeds of the Issue
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Pay-In Date	Last date specified in the Application Form for the payment of application monies by Bidders in the Issue
Placement Agreement	The agreement dated April 10, 2023 entered between our Company and the BRLM
Placement Document	The placement document dated April 13, 2023 to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document cum application form dated April 10, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIBs/ Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The letter from the Company to relevant Bidders intimating them of the Refund Amount, if any, to be refunded to their respective bank accounts.
Relevant Date	April 10, 2023, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who will be Allocated Equity Shares pursuant to the Issue

Term	Description
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading holiday of the Stock Exchanges, as applicable

Technical and Industry Related Terms

Term	Description
AAN	Account Aggregation Network
AI	Artificial Intelligence
ALM	Asset and liability management
AUM	Asset under Management
BRE	Business Rule Engine
ESG	Environmental, Social and Governance
FMCG	Fast Moving Consumer Goods
KYC	Know Your Customer
LAP	Loan Against Property
LMS	Loan Management Solution
NBFC	Non-Banking Financial Companies
ML	Machine Learning
MSME	Micro, Small and Medium Enterprises
OCEN	Open Credit Enablement Network
OCR	Optical Character Recognition
OEMs	Original Equipment Manufacturer
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprises
TAT	Turnaround time

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by ICAI, as required under the Companies Act
Bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CLB	Company Law Board
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
CGST Act, 2017	The Central Goods and Services Tax Act, 2017, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act / CompaniesAct, 2013	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications andclarifications thereunder
Consolidated FDI Policy	The Consolidated FDI policy, issued by the DPIIT and any modifications thereto or substitutions thereof, issued from time to time

Term	Description
CRISIL	Crisil Ratings Limited
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DPIIT	Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, GoI
EBIT	Earnings before interest and tax expense
EBITDA	Earnings before interest, tax, depreciation and amortization less other income
EGM	Extraordinary general meeting
EPS	Earnings per share
FBIL	Financial Benchmark India Private Limited
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, read with the rule and regulations issued thereunder
FEMA Non-Debt Rules/ FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Financial year/ Fiscal Year/ FY/ Fiscal	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
9MFY	9 months Financial Year/Fiscal Year
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FP&A	Financial planning and analysis
FPI/ Foreign Portfolio Investor(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GDR	Global Depositary Receipt
GIR	General index registrar
GoI/ Government	Government of India, unless otherwise specified
GST	Goods and Services tax
HR	Human resources
HRM	Human Resource Management
HUF	Hindu Undivided Family
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
ICFAI	The Institute of Chartered Financial Analysts of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IIM	Indian Institute of Management

Term	Description
Ind AS	Indian accounting standards, as specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/ IT Act	The Income tax Act, 1961
Lac/ lakh	Lakhs
MBA	Master of Business Administration
MCA	Ministry of Corporate Affairs, GoI
Mn/ mn	million
M.Sc.	Master of Science
N.A./ NA	Not Applicable
NAV	Net asset value
Net Worth	Net worth has been defined under Companies Act as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NCLT	National Company Law Tribunal
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI/ Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax / profit for the respective period / year
PAS Rules	Companies (Prospectus and Allotment of Securities Rules, 2014, as amended
PGDM	Post Graduate Diploma in Management
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Revenue	Revenue from operations is net of Goods and Service Tax as applicable
ROE	Return on equity
ROI	Rate of interest
RTGS	Real-Time Gross Settlement
Rs. / Rupees/ Re. / INR / ₹	Indian Rupees, the legal currency of the India
S&P CNX NIFTY	Regional stock market index endorsed by Standard & Poor's which is composed of 50 of the largest and most liquid stocks found on the National Stock Exchange of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended

Term	Description
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
Stock Exchanges	BSE and NSE, taken together
STT	Securities Transaction Tax
TDS	Tax deducted at source
USA / U.S. / United States	United States of America
U.S.$ / USD / U.S. dollar/ $	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act / Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
Video Conferencing / Other Audio-Visual Means facility or VC / OAVM facility	Audio- visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting
V.J.T.I	Veermata Jijabai Technological Institute
XISS	Xavier Institute of Social Service
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

SUMMARY OF BUSINESS

Our Company 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. Our Company was originally incorporated on February 10, 1993 under the provisions of the Companies Act, 1956 by the name 'Chokhani Securities Private Limited' and was granted a certificate of incorporation bearing registration number 070739. A fresh certificate of incorporation dated July 26, 1994 was issued by the Registrar of Companies, Maharashtra at Bombay, consequent upon conversion of our Company from private limited to public limited. The name of our Company was further changed to UGRO Capital Limited and a fresh certificate of incorporation dated September 26, 2018 was issued by the Registrar of Companies, Maharashtra at Mumbai. On December 31, 2017, Poshika Advisory Services LLP and Shachindra Nath made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Neelam R. Chokhani, Ramakant R. Chokhani HUF and Ramakant R. Chokhani) in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015. Consequently, Ramakant R. Chokhani, Anand R. Chokhani, Neelam R. Chokhani and Ramakant R. Chokhani HUF, the erstwhile Promoters of our Company, were re-classified from the Promoter category to public category during the FY 2018-19 and Poshika Advisory Services LLP was classified as the Promoter of our Company. Post change in management and control of our Company, we shifted our focus to lending business.

Our Company's mission is "To Solve the Unsolved" – India's $ 600+ Bn SME credit availability problem, it aspires to capture 1% market share of the total MSME lending market by 2025. It lends exclusively to MSMEs and caters to all the borrowing needs through its diverse range of product offerings like secured, affordable LAP, micro enterprises loans, machinery loans, unsecured business loans and supply chain financing. It also lends to customers right from the prime segment as well as to the micro enterprises. Additionally, it also does co-lending with FinTech and smaller NBFC partners to expand its reach and lend to the micro enterprises throughout India. While it has maintained a keen focus on the initial prime/near-prime target segment, it has also worked towards addressing a broader demographic as per our efforts to solve India's MSME credit gap.

Our Company is pioneering lending as a service (LaaS) business model in India by successfully harnessing and operationalizing co-lending partnerships with multiples Banks and NBFCs. Currently, we have operationalized 10+ Co-lending partnerships across large public sector banks and NBFCs. Going forward, our Company will further expand its co-lending model to grow its overall AUM profitably.

Use of Data Analytics

We have developed analytics-led, early warning systems by capitalizing data across macro (industry level consumption, regulatory/policy changes, social/demographic changes) and micro/customer indicators (credit score movement, defaults in loans with other lenders, customer enquiries/new loans taken) to drive collection efforts.

Use of Technology

Our Company's lending related aspects and process is supported by technology which spans across all stages of the customer journey including origination, distribution, credit, analytics, operations and collections. We have (a) 25+ API integrations, (b) state-of-the-art bank, bureau and GST statement analyzers, (c) automated policy approvals, (d) machine learning OCR technology to deliver 60 min in principal approval to the customer, (e) in house BRE Rule Engine, (f) customized sourcing modules, and (g) data lake for 360-degree customer view.

Execution of our data prowess is made possible through our very elegant system architecture. At the core of it, is our BRE catering to end target segment. Our BRE is product agnostic and distribution channel agnostic, it is purely based on behaviour of end customer. All customer data is stored in our data lake which can be used for any kind of machine learning model.

We have developed proprietary technology platform for each distribution channel which are customized to support various business needs.

GRO Plus: Supports our branch-based business and is designed to support customers onboarded in metro cities through intermediaries. It has completely integrated every element of underwriting digitally (using all conventional parameters) and allows intermediary to use our application directly for onboarding, servicing and training.

GRO Chain: Specifically designed for catering to supply chain business and supports real time disbursement. Suppliers can upload invoice on this module which can be in turn approved by the anchor on the module itself, real time disbursement can be made available against the invoices approved by anchors.

GRO Direct: Platform built to allow non-intermediated loan applications from eligible SMEs. We soon plan to launch our GRO X app which would allow SMEs to directly apply for loans through their mobile phones.

GRO Xstream: While it is currently being used as a sourcing module for partnership and alliances channel, however, the same will eventually evolve into a marketplace powered by our BRE connecting asset originators on one hand with liability partners on the other. It currently allows seamless API integrations with the systems of each of the partners and hence allowing the Company to achieve record TATs. It is designed to facilitate a wide range of transaction types between onboarded partners including co-lending, onward lending, direct assignments, portfolio buyout and securitization.

Our Differentiated Underwriting Approach

We juxtaposed cash flow-based banking analysis and repayment behaviour of the customer to the sector in which it operates to draw sharper insight about our target segment. This approach enabled us to apply the same basic lending principles with much more data rigor thereby adding to the robustness of decision making. Our Company devised a way in which the homogeneity of cash flows could be measured and observed that the same also translated to homogeneity of repayment behaviour and this become the denominator on which statistical rules could be applied. This framework was labelled as GRO Score.

During Financial Year 2020-2021, GRO Score was upgraded to version 2.0 by adding banking data to the scoring model, GRO Score 2.0 is an output combining two different models i.e. the banking based model with a bureau-based model. It allows for the stratification of the prospective customer pool into ten bands by probability of default while incorporating the effects of geography, sector and customer size. All of the statistical scorecards have demonstrated the ability to remove 80% of 'bads;' simply from the removal of the bottom two deciles of prospective customers.

The average default rate across our chosen sectors is approximately 0.85%; eliminating the bottom 20% using our statistical scorecards reduced this to a mere 0.3%. The scorecards were developed through the big data analysis of more than 8 million small business borrower profiles and are re-calibrated at designated intervals to maintain their accuracy. It takes into consideration 25,000+ parameters from banking and bureau records to categorize a particular customer across 5 bands of "A" to "E" with "A" being the least risky and "E" being the riskiest.

Our Company was formed to address each credit need of every MSME and thus it operates across 4 broad distribution channels as follows:

1) Branch Led: Industry leading turnaround times, including 60 minutes for in-principle approval, mean that SMEs get much faster access to credit. We have a network of 98 branches as on December 31, 2022 comprising of 23 prime and 75 micro branches. Sourcing of prime business is done through intermediaries whereas sourcing for micro branches is carried out through feet on street model. Through these branches, our Company caters to the entire spectrum of MSME borrowers.

2) Eco-system Channel: Ecosystem channel leverages our industry-specific 'Anchor' partnerships, each of which adds a pool of potential lenders. This is further subdivided into supply chain finance and machinery finance. Supply Chain Financing - Working Capital Financing for Anchors and its ecosystem and Non-anchors through sales and purchase invoice discounting and machinery finance where we offer secured loans to machine buyers with a charge on machines.

3) Partnership & Alliances Channel: Partnered with 26 FinTechs / smaller NBFCs under a co-lending model wherein the loan is originated by partner NBFC and we take a part of the loan exposure on our books.

4) Direct Digital Channel: Our proprietary digital lending platform, the digital platform will apply the full suite of UGRO's technological innovations in order to provide widespread credit access for Indian SMEs – maximizing our impact on financial inclusion. We are in process of launching GRO X application which will provide us with the ability to offer credit on tap.

Our portfolio is well diversified across geography and sectors with no exposure to no single sector exceeding 22% and no single geography exceeding 17%.

As on December 31, 2022, we were operating from 23 prime branches and 75 micro branches with AUM of ₹ 5,09,495.52 lakhs and catering to approximately 38,000 customers. Of the said AUM, approximately 70% is in the form of secured/ quasi-secured lending.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the section *"Risk Factors"*, *"Use of Proceeds"*, *"Placement"*, *"Issue Procedure"* and *"Description of the Equity Shares"* beginning on pages 44, 67, 465, 451 and 481 respectively.

Issuer	UGRO Capital Limited
Face Value	₹ 10 per Equity Share
Issue Price	₹ 152 per Equity Share (including a premium of ₹ 142 per Equity Share)
Floor Price	₹ 149.54 per Equity Share, which has been calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue Size	Issue of 66,11,325 Equity Shares, aggregating to ₹ 10,049.21 Lakhs A minimum of 10% of the Issue Size i.e., 6,61,133 Equity Shares was available for Allocation to Mutual Funds only and balance 59,50,192 Equity Shares were made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution authorizing the Issue	May 24, 2022
Date of Shareholders' Resolution authorizing the Issue	August 12, 2022
Dividend	See *"Description of the Equity Shares", "Statement of Possible Tax Benefits"* and *"Dividends"* on pages 481, 483 and 75, respectively.
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form are delivered and to whom this Placement Document will be circulated and who are eligible to bid and participate in the Issue. For further details, see *"Issue Procedure", "Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* on pages 451, 467 and 476, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered which was determined by our Company in consultation with the Book Running Lead Manager.
Equity Shares issued and outstanding immediately prior to the Issue	7,05,59,319 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue	7,71,70,644 Equity Shares.
Issue procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations For further details, see *"Issue Procedure"* on page 451.
Depositories	NSDL and CDSL.
Listing and trading	Our Company has obtained in-principle approvals from each of the BSE and NSE on April 10, 2023, respectively in terms of Regulation 28(1)(a) of the SEBI LODR Regulations, for listing of the Equity Shares to be issued pursuant to the Issue.

	Our Company will make applications to each of the Stock Exchange after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares, to be issued pursuant to this Issue.
Lock-up	For details of the lock-up, see *"Placement – Lock-up"* on page 465.
Transferability Restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Allotments made to VCFs, and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. See *"Issue Procedure"* and *"Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* on pages 451, 467 and 476, respectively.
Use of Proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹ 10,049.21 lakhs. The net proceeds from the Issue, after deducting Issue relating expenses, is expected to be approximately ₹ 9,747.73 lakhs. See *"Use of Proceeds"* on page 67 for information regarding the use of Net Proceeds from the Issue.
Risk Factors	See *"Risk Factors"* on page 44 for a discussion of risks you should consider before investing in the Equity Shares.
Indian taxation	See *"Statement of Possible Tax Benefits"* on page 483.
Closing Date	The Allotment of the Equity Shares, expected to be made on or about April 14, 2023.
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders of our Company who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Bid/ Issue Closing Date, in compliance with the Companies Act, SEBI LODR Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. See *"Dividends"* and *"Description of the Equity Shares"* on pages 75 and 481 respectively.
Security Codes for the Equity Shares	**ISIN**: INE583D01011 **BSE Code**: 511742 **NSE Symbol**: UGROCAP

SUMMARY OF FINANCIAL INFORMATION

The following tables set out selected financial information extracted from our Financial Statements, prepared in accordance with the applicable accounting standards (Ind-AS), Companies Act, 2013 and the requirements of SEBI LODR Regulations, as applicable, and presented in "Financial Statements" on page 79 of this Placement Document. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements", on pages 373 and 79 of this Placement Document, respectively, for further details.

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SUMMARY BALANCE SHEET FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022, 2021, 2020 AND FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2022

(₹ in lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
I. ASSETS				
Financial assets				
Cash and cash equivalents	17,940.43	6,574.94	12,365.55	874.64
Bank balances other than cash and cash equivalents above	18,154.71	12,260.25	19,238.99	321.97
Trade receivables	-	-	357.77	657.93
Derivative financial instruments	222.60	22.29	-	-
Loans	3,16,796.50	2,45,048.34	1,27,880.52	83,238.19
Investments	6,598.90	6,943.99	5,522.75	7,250.81
Other financial assets	1,545.98	789.62	323.11	22,097.49
Total	**3,61,259.12**	**2,71,639.43**	**1,65,688.69**	**1,14,441.03**
Non-financial assets				
Current tax assets (net)	461.98	164.23	-	143.72
Deferred tax assets (net)	3,660.62	4,381.63	4,293.55	2,156.31
Property, plant and equipment	353.30	430.43	468.60	586.82
Non current asset held for sale	792.06	-	-	-
Right of use assets	2,834.08	2,538.28	1,094.31	1,344.01
Capital work in progress	8.75	20.25	-	-
Intangible assets under development	880.85	568.54	388.41	93.96
Other intangible assets	2,951.85	2,602.04	2,062.02	1,839.34
Other non-financial assets	4,457.11	3,077.73	1,093.91	641.06
Total	**16,400.60**	**13,783.13**	**9,400.80**	**6,805.22**
TOTAL ASSETS	**3,77,659.72**	**2,85,422.56**	**1,75,089.49**	**1,21,246.25**
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(A) Trade payables				
(I) total outstanding dues of micro enterprises and small enterprises	-	0.08	0.01	10.14
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	675.39	666.93	735.93	1,039.00

(B) Other payables				
(I) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	16.29	15.04	287.36	371.36
Debt securities	1,22,548.92	70,376.77	29,940.69	5,009.41
Borrowings (other than debt securities)	1,49,980.15	1,09,807.09	46,628.79	20,444.46
Other financial liabilities	4,864.65	4,722.81	1,729.13	1,870.87
Total	**2,78,085.40**	**1,85,588.72**	**79,321.91**	**28,745.24**
Non-financial liabilities				
Current tax liabilities (net)	661.75	126.07	144.13	-
Provisions	2,921.87	2,687.22	241.99	199.72
Other non-financial liabilities	496.14	364.23	137.64	148.93
Total	**4,079.76**	**3,177.52**	**523.76**	**348.65**
TOTAL LIABILITIES	**2,82,165.16**	**1,88,766.24**	**79,845.67**	**29,093.89**
Equity				
Equity share capital	6,932.13	7,055.94	7,052.86	7,052.86
Other equity	88,562.43	89,600.38	88,190.96	85,099.50
TOTAL EQUITY	**95,494.56**	**96,656.32**	**95,243.82**	**92,152.36**
TOTAL LIABILITIES AND EQUITY	**3,77,659.72**	**2,85,422.56**	**1,75,089.49**	**1,21,246.25**

SUMMARY STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022, 2021, 2020 AND FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2022

(₹ in lakhs)

Particulars	For 6 Months period ended September 30, 2022	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations				
Interest income	20,929.44	27,215.28	14,812.85	7,889.19
Net gain on derecognition of financial instruments under amortised cost category	5,298.04	2,852.50	-	-
Dividend Income	-	-	-	17.40
Net gain on fair value changes	-	33.67	34.68	1,693.66
Fees and commission income	725.40	626.01	-	-
Other operating income	-	-	133.54	69.12
Total revenue from operations	**26,952.88**	**30,727.46**	**14,981.07**	**9,669.37**
Other Income	1,165.56	614.13	352.77	845.00
Total income	**28,118.44**	**31,341.59**	**15,333.84**	**10,514.37**
Expenses				
Finance costs	12,301.73	13,738.92	4,456.24	1,367.30
Impairment on financial instruments	2,420.74	2,941.54	1,961.71	1,023.41
Employee benefits expenses	6,009.61	7,289.06	4,532.67	4,714.80
Depreciation, amortization and impairment	652.40	1,233.26	1,173.91	739.35
Other expenses	3,939.74	4,121.03	1,996.40	2,337.72
Total expenses	**25,324.22**	**29,323.81**	**14,120.93**	**10,182.58**
Profit before exceptional items and tax	**2,794.22**	**2,017.78**	**1,212.91**	**331.79**
Exceptional items	**-**	**-**	**-**	**-**
Profit before tax	**2,794.22**	**2,017.78**	**1,212.91**	**331.79**
Tax Expense:				
(1) Current tax				
-Tax as per minimum alternate tax	811.75	660.90	482.99	296.31
(2) Deferred tax benefit (Net)	721.01	(98.18)	(2,142.83)	(1,916.38)
Total tax expenses	**1,532.76**	**562.72**	**(1,659.84)**	**(1,620.07)**
Profit for the year (A)	**1,261.46**	**1,455.06**	**2,872.75**	**1,951.86**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
- Remeasurements of the defined benefit obligations	11.91	25.67	19.19	0.03

-Income tax relating to items that will not be reclassified to profit and loss	(3.47)	(7.47)	(5.59)	(0.01)
Subtotal (B)	**8.44**	**18.20**	**13.60**	**0.02**
Items that will be reclassified to profit and loss				
-The effective portion of Gains and Loss on hedging instrument in a cash flow hedge	(15.38)	9.00	-	-
-Income tax relating to items that will be reclassified to profit and loss	4.48	(2.62)	-	-
Subtotal (C)	**(10.90)**	**6.38**	**-**	**-**
Other comprehensive income for the year (net of tax) (D) = (B) + (C)	**(2.46)**	**24.58**	**13.60**	**0.02**
Total comprehensive income for the year (E)= (A) + (D)	**1,259.00**	**1,479.64**	**2,886.35**	**1,951.88**
Earnings per equity share (face value of Rs 10 each)				
Basic (Rs)	**1.79**	**2.06**	**4.07**	**2.95**
Diluted (Rs)	**1.77**	**2.05**	**4.07**	**2.87**

SUMMARY STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2022

(₹ in lakhs)

Particulars	For 9 months period ended December 31, 2022
Revenue from operations	
Interest income	34,179.91
Net gain on derecognition of financial instruments under amortised cost category	9,169.73
Dividend Income	-
Net gain on fair value changes	-
Fees and commission income	1,398.44
Other operating income	-
Total revenue from operations	44,748.08
Other Income	1,911.94
Total income	**46,660.02**
Expenses	
Finance costs	20,290.61
Impairment on financial instruments	4,091.93
Employee benefits expenses	10,057.38
Depreciation, amortization and impairment	1,140.91
Other expenses	6,062.49
Total expenses	**41,643.32**
Profit before exceptional items and tax	
Exceptional items	
Profit before tax	5,016.70
Tax Expense:	
(1) Current tax	
-Tax as per minimum alternate tax	1,467.36
(2) Deferred tax benefit (Net)	976.09
Total tax expenses	**2,443.45**
Profit for the year (A)	**2,573.25**
Other comprehensive income	
Items that will not be reclassified to profit and loss	
-Remeasurements of the defined benefit obligations	(0.25)
-Income tax relating to items that will not be reclassified to profit and loss	0.07
Subtotal (B)	(0.18)
Items that will be reclassified to profit and loss	
-The effective portion of Gains and Loss on hedging instrument in a cash flow hedge	(46.36)
-Income tax relating to items that will be reclassified to profit and loss	13.50
Subtotal (C)	**(32.86)**

Other comprehensive income for the year (net of tax) (D) = (B) + (C)	(33.04)
Total comprehensive income for the year (E)= (A) + (D)	2,540.21
Earnings per equity share (face value of Rs 10 each)	
Basic (Rs)	**3.67**
Diluted (Rs)	**3.65**

SUMMARY STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022, 2021, 2020 AND FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2022

(₹ in lakhs)

Particulars	For 6 months period ended September 30, 2022	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities:				
Net profit before tax	**2,794.22**	**2,017.78**	**1212.91**	**331.79**
Adjustments for:				
Employee stock option expense	81.41	(107.15)	205.11	348.74
Dividend Income	-	-	-	(17.4)
Depreciation, amortisation and impairment	652.40	1,233.26	1173.91	739.35
Impairment on financial instruments	2,420.74	2,941.54	1,961.71	1,023.41
Net gain on sale of financial instruments / fair valuation of financial instruments	(5,298.04)	(33.67)	(34.68)	(1693.66)
Provision for gratuity	32.12	38.20	37.62	31.27
Provision for compensated absences	126.31	116.66	23.84	99.6
Operating profit before working capital changes	**809.16**	**6,206.62**	**4,580.42**	**863.10**
Change in working capital:				
(Increase) / Decrease in Assets				
Increase in Loans	(69,498.57)	(1,19,713.41)	(46,604.03)	(76,372.13)
Increase in Receivable	-	-	300.15	(425.93)
Increase in Other Non-Financial Assets	(1,379.38)	(1,983.82)	(452.85)	(160.55)
(Increase)/Decrease in Other Financial Assets	(956.67)	(137.91)	8,005.03	(4,162.82)
Increase/(Decrease) in Trade payables	9.63	356.44	(397.20)	386.13
Increase/(Decrease) in other non-financial liabilities	131.91	226.59	(11.29)	(7.41)
Increase in other financial liabilities	1.90	1,086.80	62.85	289.95
Increase in provisions	88.13	1,618.35	-	-
Cash (used in) operating activities	**(70,793.90)**	**(1,12,340.34)**	**(34,516.92)**	**(79,589.66)**
Income taxes paid	(573.85)	(841.33)	(195.14)	(290.96)
Net cash (used in) operating activities (A)	**(71,367.74)**	**(1,13,181.67)**	**(34,712.06)**	**(79,880.62)**
Cash flow from investing activities:				
Purchase of property, plant and equipment	(14.78)	(133.85)	(34.74)	(335.18)
Dividend Income	-	-	-	17.40
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	(5,900.75)	6,978.74	(5,147.68)	13,333.01
Sale of investments	187.01	4,327.30	7,285.50	1,97,373.62

Purchase of investments	-	(5,733.91)	(5,522.75)	(1,92,251.91)
Proceeds from / (Investments in) bank deposits of maturity greater than 12 months	-	-	-	395.81
Payments for intangible assets	(1,058.68)	(1,300.33)	(1,172.06)	(659.96)
Net cash generated from / (used in) investing activities (B)	**(6,787.20)**	**4,137.95**	**(4,591.73)**	**17,872.79**
Cash flow from financing activities:				
Payment for purchase of treasury shares	(2,495.25)	-	-	-
Proceeds:				
From issuance of equity share capital during the year	-	36.92	-	-
Received against partly paid share warrants	-	-	-	6,612.00
Principal payment of lease liabilities	(308.26)	(407.17)	(320.89)	(246.98)
Net proceeds from borrowings through secured NCDs and Commercial paper	52,166.26	38,828.21	24,931.26	5,009.41
Net proceeds from borrowings from banks and financial institutions	40,157.68	64,795.15	26,184.33	19,470.87
Share conversion expenses	-	-	-	(32.31)
Share issue expenses	-	-	-	(17.50)
Net cash generated from financing activities (C)	**89,520.43**	**1,03,253.11**	**50,794.70**	**30,795.49**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**11,365.49**	**(5,790.61)**	**11,490.91**	**(31,212.34)**
Cash and cash equivalents at the beginning of the year	**6,574.94**	**12,365.55**	**874.64**	**32,086.98**
Cash and cash equivalents at the end of the year	**17,940.43**	**6,574.94**	**12,365.55**	**874.64**
Components of cash and cash equivalents				
Cash on hand	-	-	-	-
Balance with banks :				
in current accounts	16,839.95	6,174.61	6,764.51	874.64
in Fixed deposits (maturing within a period of three months)	1,100.48	400.33	5,601.04	-
TOTAL	**17,940.43**	**6,574.94**	**12,365.55**	**874.64**

RISK FACTORS

An investment in equity shares involves a certain degree of risk. You should carefully consider all the information contained in this Placement Document, including the risks and uncertainties described below, and the information provided in "Our Business" on page 415 and "Financial Statements" on page 79, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition and results of operations in the future. The market prices of the equity shares could decline due to such risks and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Placement Document. Unless stated otherwise, the financial data in this section is as per our Audited Financial Statements and Unaudited Financial Results prepared in accordance with Ind AS.

Risks relating to our Business and our Company

1. ***Our financial performance is particularly vulnerable to interest rate volatility. If we are unable to manage interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of our Company.***

   We are engaged in the lending business and pioneering in lending as a service business model. Our results of operations are substantially dependent upon the level of our Total income (which includes interest income from financing activities and net gain on derecognition of financial instrument). Interest income from our financing activities is the largest component of our total income and constituted 86.83% and 73.25%, of our total income for the FY 22 and 9M FY 23, respectively. Net gain on derecognition of financial instrument constituted 9.10% and 19.65% for FY 22 and 9M FY 23. As of December 31, 2022, March 31, 2022 and March 31, 2021, our on book loans and advances was ₹ 3,48,739.18 lakhs, ₹ 2,49,112.74 lakhs and ₹ 1,30,442 lakhs respectively. We borrow and lend funds on both fixed and floating rates. Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

   Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI have led to an increase in interest rates on loans provided by banks and financial institutions, and market interest rates in India have been volatile in recent periods.

   We do not hedge our exposure to interest rate changes except for external commercial borrowings. We cannot assure you that we can adequately manage our interest rate risk in the future. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways except for external commercial borrowings wherein the Company has fully hedged its interest rate exposure through Cross-currency interest rate swaps. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

2. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from issuance of redeemable non-convertible debentures, term loans, borrowing from banks, issue of equity shares. As a part of lending as a service business strategy, the Company also down sell and co-lend its loan portfolio for raising of additional funds for meeting its business requirements. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition. Our ability to co-lend depends on our portfolio performance of the co-lending book, banks internal policies and parameters, their future strategy and regulatory changes.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity and financial condition.

3. ***High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations*.**

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

In addition, our customer portfolio consists of MSMEs, who may or may not have easy access to financing from commercial banks or other organized lenders and often have limited credit history. Such borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analysis on our clients.

Customer defaults could also adversely affect our levels of NPAs and provisioning of the same, which could in turn adversely affect our operations, cash flows and profitability. Our Gross NPAs have increased from ₹ 3,647.71 lakhs as at March 31, 2021 representing 2.72% of the book loan and advances to ₹ 5,641.15 lakhs as at March 31, 2022 representing 2.28% of the book loans and advances and our Net NPAs have increased from ₹ 2,297.45 lakhs as at March 31, 2021 representing 1.75% of the book loans and advances to ₹ 4,152.32 lakhs as at March 31, 2022 representing 1.70% of the book loans and advances. Our gross NPAs as of December 31, 2022 stands at ₹ 8,576.64 lakhs representing 2.46% of the book loans and advances and our Net NPAs stands at ₹ 5,372.90 lakhs representing 1.58% of the book loans and advances. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

4. ***Our Company, Directors and Promoter are subject to certain legal proceedings and any adverse decision in such proceedings may effect our business, financial condition and results of operations.***

We, our Directors and Promoter are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc pertaining to the affairs of our Company. We incur substantial cost in defending proceedings before a court of law. Moreover, we are unable to assure you that we or our Promoter and Directors shall be successful in any or all of these actions. In the event, we or our Promoter and Directors suffer any adverse order, our reputation may suffer and may impact our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit and financial condition. For further details of the legal proceedings that we are subject to, see *"Legal Proceedings"* on page 503.

5. ***We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.***

The present management has acquired our Company in the Financial Year 2018-19 from the erstwhile management and forayed into MSME lending. As a result of our limited operating history under the new management, there is limited historical operating information available to help prospective investors to evaluate our past performance as an entity. Given we have limited operating history in the loan finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The loan finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

Our business in each sector and overall is growing and the results and amounts set forth in our financial statements may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and financial institutions that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results.

6. ***We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.***

Out of our Company's AUM of ₹ 5,09,495.52 lakhs as at December 31, 2022, 46% of the aggregate value of our AUM i.e. ₹ 2,32,2117.94 lakhs is secured by collaterals, 24% of the aggregate value of our AUM i.e. ₹ 1,20,335.30 lakhs is secured by receivables and cash collateral and ₹ 1,57,042.28 lakhs representing 30% of the aggregate value of our AUM is unsecured loans. The value of collaterals is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the markets in the areas in which we operate.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers. Although we believe that we generally maintain a sufficient margin in the collateral value, if we have to enforce such charges and if at the time of such enforcement, due to adverse market conditions, the market value of the charged securities have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations would be adversely affected. In case of any shortfall in margins in connection with the securities charged as collaterals, we typically call upon the relevant customer to provide further collateral to make up for the deficit in such margins.

Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

7. ***We are subject to supervision and regulation by the RBI as a systemically important non - deposit accepting NBFC, and changes in RBI's regulations governing us could adversely affect our business.***

We are a non - deposit accepting systemically important NBFC classified as NBFC- Middle Layer under the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by RBI vide its circular dated October 22, 2021 (Scale Based Regulations) with asset size of more than ₹ 100 lakhs and therefore we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on lending and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

8. ***We may be subject to regulations in respect of provisioning for non-performing assets. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations.***

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI vide the RBI SI Master Directions provides for the regulatory framework governing NBFCs pertaining to provision for standard assets.

There are multiple factors that affect the level of NPAs in our Company. Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates), regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations, may result in increasing NPA levels and may have an adverse impact on the quality of our loan portfolio. If we are unable to effectively control our NPA levels in the future, we will be required to increase our provisions, which may adversely affect our profitability and financial condition. The RBI regulates certain aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans under the applicable regulatory regime or otherwise could affect our collections and ability to foreclose on existing NPAs. The level of our provisions may not be adequate to cover further increases in the amount of our nonperforming assets or a decrease in the value of the underlying collateral. If we are unable to control the level of our NPAs in the future, quality of our loan portfolio could deteriorate, our credit ratings could be downgraded and our cost of funds could increase, any of which could have a material adverse effect on our financial condition and results of operations.

9. ***We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions*.**

As a NBFC-ND-SI, we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI may inspect our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by RBI could expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. We cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

10. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systemically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches need to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

11. ***The Equity Shares and Non-Convertible Debentures of our Company are listed on BSE and NSE and our Company is subject to certain obligations and reporting requirements under SEBI LODR Regulations, SEBI Insider Trading Regulations and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our Promoter liable to prosecution and/or penalties.***

Our Company and our Promoter are subject to the obligations and reporting requirements under SEBI LODR Regulations, SEBI Insider Trading Regulations and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other Regulations. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company/our Promoters to prosecution and/or penalties. Any non-compliance with the applicable laws, rules and regulations in the future may subject us to regulatory action, including penalties, suspension of trading of Equity Shares or even compulsory delisting of our Equity Shares, which may not only materially and adversely affect our business, prospects and reputation but also the shareholders. Our inability to comply with or any delay in compliance with such rules and regulations may have an adverse effect on our business, results of operations, financial condition and cash flows.

12. ***Our AUM comprises of unsecured loans. Our inability to recover the amounts due from customers in connection with such loans in a timely manner could adversely affect our operations and profitability.***

Our AUM comprises of unsecured loans. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature, it is essential that such loans are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards we may experience increasing defaults or higher customer acquisition costs.

As of December 31, 2022, our AUM of unsecured loans was ₹ 57,042.28 lakhs constituting 30% of our AUM. Further, our lending products generally do not have any definite end-use restrictions and our customers may utilise such loans for various purposes, which are often incapable of being monitored on a regular basis or at all. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

13. ***Our business operations involve transactions with new to credit borrowers. Any default from our customers could adversely affect our business, results of operations and financial condition*.**

A certain portion of our target customers typically have limited access to credit with limited to or no prior credit history. As a result, we are more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, there can be no assurance that we will be able to ensure a lower delinquency rate. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

14. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the small and medium enterprises, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance may be adversely affected.

15. ***If we are unable to manage our growth effectively, as a results our business and reputation could be adversely affected.***

We commenced our lending business to MSMEs in the financial year 2018-2019. As on December 31, 2022, we were operating from 23 prime branches and 75 micro branches with a AUM of ₹ 5,09,495.52 lakhs and catering to approximately 38,000 customers. Our AUM has grown from ₹ 1,31,687.51 lakhs as at March 31, 2021 to ₹ 2,96,980.01 lakhs as at March 31, 2022. As of December 31, 2022, our AUM stands at ₹ 5,09,495.52 lakhs.

There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our AUM too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our AUM may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Expanding our products or entering into new jurisdictions with new or existing products can be costly and require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to enhance and upgrade our systems and infrastructure to offer an increasing number of enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

16. ***We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

17. ***Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.***

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby and inherent in the “U GRO” brand name is essential to our business. The reputation of our Company and/or the “U GRO” brand could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company or the “U GRO” brand. As such, any damage to our reputation, or that of the “U GRO” brand name, could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value.

18. ***Our Company has delayed in payment of statutory dues in the past under the statutory provisions of the IT Act, the Employees Provident Funds and Miscellaneous Provisions Act, 1952, Employee State Insurance Act, 1948 (“ESI Act”) and for deposit of Professional Tax. Such non-compliance and delayed compliance may attract penalties against our Company which could impact the financial position of us to that extent.***

Our Company has done delayed compliance with certain statutory provisions under the IT Act, for instance, delay in deposit of TDS amount during May 2022, June 2022, July 2022 and December 2022. Our Company have already regularized the same on December 2022, January 2023 and February 2023. There was a delayed compliance with respect to payment of provident fund under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 during May 2021 which has also been regularised in June 17, 2021. Further, while our Company had made a delayed compliance in payment of statutory dues under the ESI Act during July 2021 due to technical issue on the Employees' State Insurance Corporation ("**ESIC**") portal, however there has been no penalty which has been levied by the ESIC till date. Additionally, our Company had done delayed compliance in payment of Professional Tax in the State of Gujarat and Telangana which has already been regularized. While our Company have already regularized the aforesaid delays, however, there can be no assurance that the regulator may not initiate proceedings against us or that we will be able to sufficiently defend against any action initiated by regulators in relation to regulatory compliances for all instances and periods. Any adverse order passed or penalty imposed by regulators on us may adversely affect our business and results of operations.

19. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our LMS, financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

20. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated "CRISIL A- (Outlook: Stable)", "ACUITE A (read as ACUITE A) (Outlook: Stable)" and "IND A/Stable" from India Ratings and Research Private Limited, which reflects the credit worthiness of our Company and also increases the confidence of the lender.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our existing/ future borrowings which may cause disruptions in the business operations.

21. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations and financial condition.

Our Company is required to comply with applicable anti-money-laundering and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("**KYC Directions**") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ND-SIs from the fourth quarter of Fiscal 2020, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

22. ***We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

23. ***Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, co-lending risk, talent risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Our future success will depend, in part, on our ability to respond to new technological advances and evolving the NBFC standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or evolving market standards.

24. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

25. ***We have had negative net cash flows from our operating, investing and financing activities in the recent financial years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.***

We have had negative net cash flows from our operating, investing and financing activities during our last three financial years, the details of which are summarised below:

(in ₹ lakhs)

Particulars	Financial Year 2022	Financial Year 2021	Financial Year 2020
Net cash generated from/ (used in) operating activities	(1,13,181.67)	(34,712.06)	(79,880.62)
Net cash generated from/ (used in) investing activities	4,137.95	(4,591.73)	17,872.79
Net cash generated from/ (used in) financing activities	1,03,253.11	50,794.69	30,795.49

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, see *"Financial Statements"* on page 79.

26. ***This Placement Document includes certain unaudited interim financial results, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.***

This Placement Document includes the six months' period ended September 30, 2022 and nine months' period ended December 31, 2022, unaudited interim financial results prepared in accordance with Regulation 33 and 52 of SEBI LODR Regulations in respect of which the Statutory Auditors have issued their review report dated November 10, 2022 and January 25, 2023, respectively. For further details in relation to the six months' period ended September 30, 2022 and the nine months' period ended December 31, 2022 unaudited interim financial results, see *"Financial Statements"* on page 79. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations and should not place undue reliance on or base their investment decision solely on the financial information included in this PPD.

27. ***Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.***

We maintain insurance coverage for our operations in normal course. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see *"Our Business"* on page 415.

28. ***All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.***

As of December 31, 2022, all of our offices including our Registered and Corporate Office and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

29. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into certain transactions with related parties. While we believe that all such transactions have been conducted on an arm‘s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended and the SEBI LODR Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details, see "*Related Party Transactions*" under "*Financial Statements*" on page 79.

30. We do not have access to records and data pertaining to certain historical legal and secretarial information.

Our Company is unable to locate some of the regulatory filings made with the RoC and/or secretarial records. Despite having conducted search of our records and a search in the records of the RoC for the untraceable documents, which was conducted by a practicing company secretary engaged by us, we have not been able to trace the aforementioned documents. While we believe that the forms had been filed with the RoC in a timely manner, we have not been able to obtain copies of these forms. Accordingly, we have relied on other documents, including corresponding board and/or shareholder resolutions, where available, statutory registers of members, allotment and share transfer, and audited financial statements for such matters. In case of our Company, we have also been unable to trace the form filings made in relation to the change of our registered office. Though our Company has made efforts to retrieve such records however, there is no certainty that these forms or records will be available in the future. Since copies of these regulatory filings are unavailable with us, we cannot assure you that these regulatory filings were duly filed on a timely basis, or at all. Although no regulatory action/litigation is pending against us in relation to the missing documents, we cannot assure you that we will not be subject to penalties imposed by regulatory authorities in this respect. We have relied on the independent search report by practising company secretary engaged by us and we cannot assure you of the accuracy and completeness of the report.

31. The new bankruptcy code in India may affect our rights to recover loans from borrowers. The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016.

The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹ 1,00,000 to ₹ 1,00,00,000. Therefore, the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less the ₹ 1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

32. ***The fund requirement and deployment mentioned in the Use of Proceeds have not been appraised by any bank or financial institution.***

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of augmenting our long-term resources for meeting onward-lending/funding requirements of our business activities and for general corporate purposes. For further details, see "*Use of Proceeds"* at page 67. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Further, as per the provisions of the SEBI ICDR Regulations, we are required to appoint a monitoring agency and therefore India Ratings and Research Private Limited has been appointed as monitoring agency for the Issue.

33. ***Our results of operations could be adversely affected as a result of any disputes with our employees.***

Our operations are personnel-driven, and we place a lot of emphasis on the effective training of our personnel in communication and service orientation skills. However, a failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse impact on our business and future financial performance.

We employ 1,181 full-time employees as of December 31, 2022, and lay significant emphasis on our employees' overall welfare. However, there can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees, or that such disputes will not adversely affect our business and results of operations. We depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely impact our operations. Further, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

34. ***Our Company does not have any documentary evidence for the educational qualifications and experience of some of our Directors.***

Some of our Directors are unable to trace relevant documents with respect to their educational qualifications and their experience. Due to lack of documents and relevant information from the respective Directors, we have relied upon their bio-data/brief profile provided to us as is required under the SEBI ICDR Regulations and therefore cannot verify if the bio-data/profiles of the Directors are correct. For further details, please refer to the chapter titled *"Board of Directors and Senior Management"* beginning on page 431.

35. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and loan industries contained in this Placement Document.

While facts and other statistics in this Placement Document relating to India, the Indian economy as well as the loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in *"Industry Overview"* on page 408. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

36. Our inability to protect our intellectual property rights may prevent us from successfully marketing our products and we may infringe the intellectual property rights of others which could result in litigation.

Our current logo "", is registered under Class 35 and 36 under the Trade Marks Act, 1999. For further details in relation to our intellectual property, see *"Our Business – Intellectual Property"* on page 429. Failure to protect our intellectual property could harm our brand and our reputation, and adversely affect our ability to compete effectively. Further, enforcing or defending our intellectual property rights, including our trademarks could result in the expenditure of significant financial and managerial resources.

37. Our ability to pay dividends in the future will depend on restrictive covenants of our financing arrangements, our future results of operations, financial condition, cash flows and working capital and capital expenditure requirements.

Any dividends to be declared and paid by us in the future are required to be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association, Dividend Policy and applicable laws and regulations. Our ability to pay dividends in the future will depend on our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements, capital expenditure requirements, business prospects and any other financing arrangements. Dividends distributed by us will be taxed by any applicable dividend distribution tax and may be subject to other requirements prescribed by the regulatory authorities, as the case may be. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our shareholders in future consistent with our past practices, or at all. For details pertaining to dividend declared by us in the past, see *"Dividends"* on page 75. As per the law, dividends may be paid out of profits earned during the year or out of accumulated profits earned by a company in previous years and transferred by it to its reserves (subject to certain conditions). Any accumulated profits that are not distributed in a given year are retained and may be available for distribution in subsequent years.

38. The objects of the issue are not for any specified projects.

The proceeds of this Issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, see "*Use of Proceeds"* on page 69.

39. Negative publicity could damage our reputation and adversely impact our business and financial results. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business.

The reputation of the non-banking financial industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the non-banking finance industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity, or attract regulatory investigations. Negative publicity can result from our own or our third-party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organisations in response to that conduct. Although we take steps to minimise reputational risk in dealing with customers and other constituencies, we, as a large financial services organisation with a high industry profile, are inherently exposed to this risk. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

40. Fluctuations in the market value of our investments could adversely affect our results of operations and financial condition.

Fluctuations in the market values of our investments as part of treasury management could cause us to write down the value of our assets, affect our liquidity and reduce our ability to enforce our security, which could adversely affect our result of operations and financial condition. We may not accurately identify changes in the value of our investments caused by changes in market prices, and our assessments, assumptions or estimates may prove inaccurate or not predictive of actual results.

41. We may raise further borrowings and charge our assets.

We are not barred from raising future borrowings and may charge its assets from time to time for any of such future borrowings. We also borrow the funds through issuance of non-convertible Debentures and in the event if we default in repayment of the borrowings of the Company which will also trigger cross default of the Debentures, the borrowings of the Company which are secured with the assets of the Issuer will have a higher probability of being repaid/redeemed than the Debentures.

42. ***We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled *"Industry Overview"* of this Placement Document. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Placement Document. Further, the industry data mentioned in this Placement Document or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Placement Document in this context.

ISSUE SPECIFIC RISKS

43. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if securities transaction tax ("**STT**") was paid on the sale transaction.

However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India' s ability to impose tax on capital gains.

As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

Further, the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

These amendments have been notified on December 10, 2019, however these amendments will come into effect from July 1, 2020. The Finance Act, 2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Further, the Government of India has announced the union budget for the financial year 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill 2021**") has introduced various amendments. The Finance Bill 2021 has received assent from the President of India on March 28, 2021, and has been enacted a s the Finance Act, 2021 ("**Finance Act**").

Thereafter, the Government of India has announced the union budget for the Financial Year 2023, and the Finance Bill, 2022 ("**Finance Bill 2022**") has been introduced in Lok Sabha on February 1, 2022. The Finance Bill 2022 is scheduled to be passed in the ongoing budget session of the Parliament. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act or the Finance Bill 2022 would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

44. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in, does not permit the exercise of such pre-emptive rights, without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise, available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

45. ***Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Bid /Issue Closing Date.***

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

46. Fluctuations in the exchange rate between the Rupee and the U.S. Dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. Dollars for repatriation, as required. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors in terms of domicile currency of the investor. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

47.*Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.*

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

48.*After this Issue, our Equity Shares may experience price and volume fluctuations.*

The Issue Price has been determined by us in consultation with the Book Running Lead Manager, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India 's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

49. An investor will not be able to sell any of our Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of Equity Shares in this Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have a n effect on the price and liquidity of the Equity Shares.

External Risk Factors

50. Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document

Our summary statements of assets and liabilities as at March 31, 2022 and summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2022 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles.

US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Financial Information included in this Placement Document will provide meaningful information is entirely dependent on the reader' s level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

51. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

52. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

53. ***Natural disasters, fires, epidemics, pandemics, acts of war, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations.

Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N, H1N1 and H3N2 strains of influenza in birds and swine and more recently, the COVID-19 virus. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. A worsening of the current outbreak of COVID-19 virus or future outbreaks of COVID-19 virus, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region and in turn have a material adverse effect on our business and the trading price of the Equity Shares. Any of the above factors may adversely affect our business, results of operation and financial condition.

54. ***We face risks related to public health epidemics in India and abroad.***

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world has imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand. The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally in general and in India, in particular remains uncertain and may turn severe. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, results of operations and prospects.

55. ***Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business. Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

56. Trading of the equity shares may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

57. Additional issuances of equity may dilute your holdings.

Any future equity issuances by us, including in a primary offering or pursuant to a preferential allotment or issuances of stock options under employee stock option plans, or any perception by investors that such issuances or sales might occur may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales that might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by our Promoter, or the perception that such sales may occur, may significantly affect the trading price of the Equity Shares. Except as disclosed in *"Capital Structure"* on page 71, we cannot assure you that our Promoter will not dispose of, pledge or encumber their Equity Shares in the future.

58. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

59. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national Goods and Services Tax ("**GST**") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure.

Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2022 and the Ministry of Finance has notified the Finance Act, 2020 ("**Finance Act"**) on March 27, 2020, pursuant to assent received from the

President, and the Finance Act will come into operation with effect from July 1, 2020 There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 ("**Bill**") has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

60. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 70,559,319 Equity Shares have been issued, subscribed and fully paid up. The Equity Shares have been listed on BSE and NSE since April 12, 1995 and August 11, 2021 respectively. The Equity Shares are listed and traded on BSE under the scrip code 511742 and NSE under the symbol UGROCAP.

On April 13, 2023 the closing price of the Equity Shares on BSE and NSE was ₹ 155.50 and ₹ 155.65 per Equity Share respectively. Since the Equity Shares are available for trading on the BSE and NSE, the market price and other information for each of BSE and NSE has been provided separately.

1. The following tables set forth the reported high, low and average of the closing market prices and the trading volumes of the Equity Shares on the Stock Exchange on the dates on which such high and low prices were recorded for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021:

BSE									
Fiscal Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total turnover of the Equity Shares traded on the date of high (₹)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on the date of low**	**Total turnover of the Equity Shares traded on the date of low (₹)**	**Average Price for the Year (₹)**
2023	211.50	September 19,2022	1,59,390	3,31,07,549	130.90	June 17, 2022	8,355	11,22,840	172.46
2022	229	January 17, 2022	4,18,755	9,05,79,862	80	April 22, 2022	17,982	17,15,514	157.34
2021	155	May 05, 2020	1,393	2,06,629	70	October 29, 2020	65,188	46,55,824	108.89

(Source: www.bseindia.com)

1. *High and low prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *In the case of a year, average price for the year represents the total turnover for the year divided by the total number of shares traded during the year.*

NSE									
Fiscal Year / Period	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of the Equity Shares traded on the date of high (₹)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on the date of low**	**Total volume of the Equity Shares traded on the date of low (₹)**	**Average Price for the Year (₹)**
2023	212	September 19, 2022	8,86,233	18,40,11,155.05	119.95	May 17, 2022	57,779	83,75,152.95	168.62
2022	230.35	January 17, 2022	7,24,079	15,95,28,698.6	108.55	August 11, 2021	21,750	24,67,537.90	171.34.
2021*	NA	NA	NA	NA	NA	NA	NA	NA	NA

(Source: www.nseindia.com)

1. *High and low prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *In the case of a year, average price for the year represents the total turnover for the year divided by the total number of shares traded during the year.*

**Our Company was listed on NSE w.e.f. August 11, 2021*

2. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchange on the dates on which such high and low prices were recorded during each of the last six months:

BSE									
Month /Period	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total turnover of the Equity Shares traded on the date of high (₹)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on the date of low**	**Total turnover of the Equity Shares traded on the date of low (₹)**	**Average Price for the Month (₹)**
March -2023	160.10	March 9, 2023	2,996	4,74,582	144	March 31, 2023	25,019	36,55,310	150.64
February-2023	168	February 07, 2023	28,240	43,83,499	146	February 09, 2023	3,518	5,28,092	151.93
January-2023	174	January 27, 2023	45,197	72,99,241	148.30	January 20, 2023	7,638	11,53,401	154.28
December-2022	170.15	December 13,2022	7,305	11,95,522	136	December 23,2022	20,771	29,60,500	157.18
November-2022	180.7	November 02, 022	4,467	7,89,512	136.30	November 22, 2022	18,021	27,19,969	167.46
October-2022	189.4	October 06, 2022	6,704	12,58,016	168.9	October 18, 2022	25,585	45,39,019	177.56

(Source: www.bseindia.com)

1. *High and low prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *In the case of a month, average price for the month represents the total turnover for the month divided by the total number of shares traded during the month.*

NSE									
Month/ Period	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total turnover of the Equity Shares traded on the date of high (₹)**	**Low (₹)**	**Date of Low**	**Number of Equity Shares traded on the date of low**	**Total volume of the Equity Shares traded on the date of low (₹)**	**Average Price for the Month (₹)**
March-2023	160	March 9, 2023	91,026	1,44,65,988.15	144.30	March 31, 2023	1,06,924	1,55,79,960.20	151.82
February-2023	169	February 07, 2023	4,87,376	7,77,96,003.45	146.75	February 06, 2023	30,064	45,69,004.9	152
January-2023	174	January 27, 2023	10,01,220	15,99,82,921	147.6	January 30, 2023	1,08,026	1,65,80,006.45	154.27
December-2022	170	December 13, 2022	62,543	1,02,63,831.15	140	December 23, 2022	90,272	1,28,55,424.65	157.24
November-2022	179.8	November 01, 2022	21,911	39,00,275.05	131.25	November 22, 2022	3,75,946	5,63,27,994.85	167.19
October-2022	197.3	October 24, 2022	1,31,936	2,40,92,107.30	168.8	October 18, 2022	1,23,711	2,17,25,695.95	177.69

(Source: www.nseindia.com)

1. *High and low prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*

3. *In the case of a month, average price for the month represents the total turnover for the month divided by the total number of shares traded during the month.*

3. The following table set forth the details of the number of Equity Shares traded and the turnover during the last six months and the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 on the Stock Exchanges:

Period	**Number of Equity Shares Traded**		**Turnover**	
	BSE	**NSE**	**BSE**	**NSE**
Fiscal 2023	33,00,636	2,81,26,800	56,92,15,424	4,74,28,03,381
Fiscal 2022	1,26,84,645	3,38,67,784	1,99,57,56,299	6,15,85,66,877
Fiscal 2021	11,58,495	NA*	12,61,43,716	NA*
Mar-23	1,64,929	21,64,770	2,48,45,719	32,86,55,024
Feb-23	1,05,990	40,03,571	1,62,17,674	61,26,91,909
Jan-23	1,62,621	37,43,753	2,56,74,728	59,17,88,201
Dec-22	1,63,495	14,22,787	2,55,59,410	22,28,44,982
Nov-22	1,58,089	18,17,635	2,58,81,946	29,37,06,619
Oct-22	2,47,023	15,82,041	4,46,01,776	28,28,46,629

(Source: www.bseindia.com and nseindia.com)
**Our Company was listed on NSE w.e.f. August 11, 2021*

4. The following table sets forth the market price on the Stock Exchanges on May 25, 2022, being the first working day following the approval of the Board of Directors for the Issue:

	Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹)**
BSE	155	155	149.30	153.80	7,003	10,67,310.00
NSE	152	154.95	149.50	153.50	60,413	91,99,506.90

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue will be up to approximately ₹ 10,049.21 lakhs. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the issue of approximately ₹ 301.48 lakhs, shall be approximately ₹ 9,747.73 lakhs ("**Net Proceeds**")*.

** Subject to Allotment of Equity Shares pursuant to the Issue.*

Purpose of this Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects, as may be permissible under the applicable law and approved by the Board:

i) Augmenting our long-term resources for meeting onward-lending/funding requirements of our business activities; and
ii) General corporate purposes

*(collectively, referred to hereinafter as the "**Objects**").*

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake the objects contemplated in this issue.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in Lakhs)

S No.	Particulars	Amount
1.	Augmenting our long-term resources for meeting onward lending/funding requirements of our business activities	7,798.19
2.	General corporate purposes [(1)]	1,949.54

[(1)] The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.
** Subject to Allotment of Equity Shares pursuant to the Issue.*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in Lakhs)

S. No.	Particulars	Amount to be funded from net proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2024
1.	Augmenting our long-term resources for meeting onward lending/funding requirements of our business activities	7,798.19	7,798.19
2.	General corporate purposes[(1)]	1,949.54	1,949.54

[(1)] The aggregate amount to be utilised for general corporate purposes does not exceed 25% of the Gross Proceeds.

Our fund requirements and deployment plans for the Net Proceeds are based on management estimates, our business plan based on current market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency.

Our fund requirements and proposed deployment schedule for the Net Proceeds are based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including our financial condition, business and strategy or external circumstances such as financial and market conditions, competitive environment, inflation, employment and disposable income levels, demographic trends, technological changes, changing customer preferences, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control.

Since, the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

Details of the Objects

(i) Augmenting our long-term resources for meeting onward lending/funding requirements of our business activities

The Company is registered as a NBFC – NDSI and is in the business of lending to MSMEs. As part of its business the Company needs to maintain a capital adequacy ratio in line with RBI guidelines at all times. The funds raised shall augment the Capital adequacy of the Company which in turn will allow the Company to grow its business further. Hence we will utilise the designated portion of the issue towards onward lending to MSME customers.

(ii) General corporate purposes

Our Company intends to deploy ₹ 1,949.54 lakhs from the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such amount not exceeding 25% of the gross proceeds of the Issue, in compliance with the NSE circular (reference no. NSE/CML/2022/56) dated December 13, 2022 ("**NSE Circular**"). Such general corporate purposes may include, funding growth opportunities, business development initiatives, meeting ongoing general corporate exigencies and contingencies, capital expenditure, expenses of our Company, funding working capital requirements of our Company and/or any other general purposes as may be permissible under applicable law.

The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our management, based on our business requirements and other relevant considerations, from time to time.

Monitoring Utilization of Funds

In accordance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed India Ratings and Research Private Limited as the Monitoring Agency for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹ 10,000 lakhs. Our Audit Committee and the Monitoring Agency will monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such periods as required under the SEBI ICDR Regulations, the SEBI LODR Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable Fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Further, our Company, on a quarterly basis, shall include the deployment of Net Proceeds under various heads, as applicable, in the notes to our financial results. The statement shall be certified by the Statutory Auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Other confirmations

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments.

Pending utilization of the Net Proceeds, our Company intends to invest the funds in creditworthy instruments, including but not limited to money market, mutual funds and deposits with banks and corporates and other securities. Such investments will be in accordance with the investment policies approved by the Board and/ or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws.

Our Company shall disclose the utilization of funds raised through the Issue in its annual report every year until such funds are fully utilized and shall file such quarterly or other statements in relation to utilization of funds as may be required under applicable laws.

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the use of the Net Proceeds.

Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors or Key Managerial Personnel or senior managerial personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation and total debt as at December 31, 2022 which is derived from the Unaudited Financial Results and adjusted to give effect to the receipt of the gross proceeds of the Issue.

This capitalisation table should be read together with *"Summary of Financial Information", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements"* on pages 35, 44, 373 and 79, respectively.

(₹ in lakhs)

Particulars	**Pre – Issue**	**Post – Issue**
	As at December 31, 2022 (A) (Un adjusted)	**As Adjusted#**
Borrowings:		
Deposits	-	-
Debt Securities	1,14,256.95	1,14,256.95
Borrowings (consists of non – current borrowings, current borrowings, current maturity of non-current borrowings, current maturity of deferred payment liabilities but excludes payable for share purchase)	1,74,195.97	1,74,195.97
Subordinated Liabilities	-	-
Total indebtedness (A)	**2,88,452.92**	**2,88,452.92**
Equity		
Equity Share capital	7,055.94*	7,717.06
Other Equity	89,936.51	99,023.12
Total Equity (B)	**96,992.45**	**1,06,740.18**
Total Capitalization (C = A+B)	**3,85,445.37**	**3,95,193.10**
Debt/Equity (A/B)	**2.97**	**2.70**

^*Only the securities premium account and the equity share capital after the Issue is adjusted on the basis of gross proceeds.*

**The equity share capital considered for the purpose of capitalization statement is gross of treasury shares adjustment to the tune of ₹ 123.83 lakhs as at December 31, 2022 as per the financial statements".*

See "Significant Developments after December 31, 2022 that may affect our future results of operations" under Management's Discussion and Analysis of Financial Condition and Results of Operations on page 407.

Note:

1. Current borrowing is considered as borrowing due within 12 months from the balance sheet date.

2. Non-current borrowing is considered as borrowing other than short term borrowing, as defined above and also includes the current maturities of long term borrowing.

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Placement Document is set forth below:

(In ₹ Lakhs, except share data)

Sr. No.	Particulars	Aggregate value at face value (except for securities Premium account)
(A)	**AUTHORISED SHARE CAPITAL**	
	81,500,000 Equity shares of ₹ 10 each	8,150.00
	20,500,000 Preference shares of ₹ 10 each	2,050.00
(B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	70,559,319 Equity shares of ₹ 10 each	7,055.93
(C)	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	66,11,325 equity shares of face value of ₹ 10 each aggregating to ₹ 6,61,13,250(1)(2)	661.13
(D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	7,71,70,644 Equity Shares of face value of ₹ 10 each(2)	7,717.06
(E)	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	75,352.47
	After the Issue(2)(3)	84,439.07

(1) *The Issue has been authorised by the Board of Directors on May 24, 2022 and the shareholders pursuant to their resolution passed at the annual general meeting dated August 12, 2022.*
(2) *Subject to Allotment of Equity Shares pursuant to the Issue.*
(3) *The securities premium amount for heading 'After the Issue' is calculated on the basis of gross proceeds from this Issue. Adjustments will include Issue related expenses.*

Equity Share Capital History of our Company

The history of the Equity Share capital of our Company as on the date of this Placement Document is provided in the following table:

Date of issue/ allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares
January 28, 1993	20	10	10	Cash	Subscription to the Memorandum of Association	20
July 5, 2018*	25,58,138	10	129	Cash	Allotment of Equity shares on preferential basis	72,56,638
August 14, 2018	80,89,385	10	140	Cash	Allotment of equity shares through QIP	1,53,46,023
October 3, 2018	44,97,087	10	140	Consideration other than cash	Conversion of CCPS	1,98,43,110
January 18, 2019	34,88,372	10	129	Consideration other than cash	Conversion of CCDs	2,33,31,482
July 30, 2019	1,35,65,891	10	129	Consideration other than cash	Allotment pursuant to Scheme of Arrangement as approved by NCLT, Mumbai Bench	3,68,97,373

September 18, 2019	1,00,00,000	10	129	Consideration other than cash	Conversion of CCD	4,68,97,373
September 18,2019	1,00,00,000	10	129	Consideration other than cash	Conversion of CCPS	5,68,97,373
December 19, 2019	38,37,210	10	129	Consideration other than cash	Conversion of CCD	6,07,34,583
December 19, 2019	38,37,210	10	129	Consideration other than cash	Conversion of CCPS	6,45,71,793
December 20, 2019	59,56,757	10	148	Consideration other than cash	Conversion of warrants	7,05,28,550
January 06, 2022	30,769	10	130	Cash	Allotment on conversion of ESOPs	7,05,59,319

**Since incorporation till the date of allotment made prior to July 5, 2018, the records of the equity share capital build up are not traceable. Also, see "Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information" on page 54."*

Except as stated in *"Equity Share Capital History of our Company"* above, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Placement Document, including for consideration other than cash, or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

Employee Stock Option Scheme

(i) CSL Employee Stock Option Scheme 2017 ("**ESOP-I**")

The Company has stock option scheme namely "CSL Employee Stock Option Scheme 2017". The said scheme was approved by Board of Directors on December 31, 2017 and by the shareholders through postal ballot on May 07, 2018 (Results of which were declared on May 09, 2018) and ratified by the shareholders in Extra-Ordinary General Meeting held on September 18, 2018 and amended by the shareholders through postal ballot on May 5, 2022 (Results of which declared on May 6, 2022). The number of options outstanding under *"CSL Employee Stock Option Scheme 2017"* as on April 13, 2023 is 25,00,999.

(ii) Ugro Capital Employee Stock Option Scheme – 2022 ("**ESOP-II**")

The Board of Directors in their meeting held on July 22, 2022, approved a new scheme "Ugro Capital Employee Stock Option Scheme – 2022" and approved by the shareholders of the Company through postal ballot on September 4, 2022 and number of options outstanding under *"Ugro Capital Employee Stock Option Scheme – 2022*" as on April 13, 2023 is 1,084,379.

The following table sets forth details in respect of the ESOP Schemes as on the date of this Placement Document:

Particulars	ESOP I	ESOP II
Total number of stock options	3,900,000	1,238,252
Stock options granted	3,008,306	1,111,929
Stock options vested and remain unexercised	207,692	Nil
Stock options exercised	30,769	Nil
Stock options lapsed / forfeited/ cancelled	476,538	27,550
Total stock options outstanding	2,500,999	1,084,379

Proposed Allottees

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue"* on page 516.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of the Company is set forth below:

Sr. No.	Category	Pre-Issue (As of March 31, 2023)^		Post-Issue (As of March 31, 2023^, for all categories except for institutional investors)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A	**Promoters' holding***				
1	*Indian*				
	-Individual/Hindu Undivided Family	-	-	-	-
	-Bodies corporate/Firms	20,27,709	2.87	20,27,709	2.63
	-Any others	-	-	-	-
	Sub-total	**20,27,709**	**2.87**	**20,27,709**	**2.63**
2	Foreign promoters	-	-	-	-
	Sub-total (A)	**20,27,709**	**2.87**	**20,27,709**	**2.63**
B	**Non - Promoters' holding**				
1	Institutional Investors	64,55,713	9.15	1,30,67,038	16.93
2	*Non-Institutional Investors*				
	Private Corporate Bodies	48,59,239	6.89	48,59,239	6.30
	Directors and relatives (excluding Independent Directors and nominee Directors)	1,48,076	0.21	1,48,076	0.19
	Indian public (Individual and Hindu Undivided Family)	1,42,59,052	20.21	1,42,59,052	18.48
	Others (including Non-resident Indians (NRIs) and Foreign Company, Trusts, Body Corp-Ltd Liability, Partnership, Clearing Member, ESOP Trust)	4,28,09,530	60.67	4,28,09,530	55.47
	Sub-total (B)	6,85,31,610	97.13	7,51,42,935	97.37
	Grand Total	**7,05,59,319**	**100**	**7,71,70,644**	**100**

^ Based on beneficiary position data of our Company as on March 31, 2023.
** This includes shareholding of the members of the Promoter Group.*
#The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category as of March 31, 2023 adjusted for allocation made in the Issue, and reflects the shareholding of all other categories of shareholders as of March 31, 2023.
@Assuming allotment of Equity Shares to each of the proposed Allotees, referred to in Proposed Allottees pursuant to the Issue.

Other Confirmation

No change in control in our Company will occur consequent to the Issue.

Our Company has not allotted Equity Shares on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Placement Document.

Our Company has not made any allotments for consideration other than cash, in the last one year preceding the date of this Placement Document.

Our Equity Shares have been listed on the BSE for a period of at least one year prior to the date of issuance of the notice to its shareholders for convening the shareholders' meeting to pass the Special Resolution.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board of Directors and thereafter the same shall be approved by our Shareholders, (if required) at their discretion subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on May 3, 2019 in terms of Regulation 43A of the SEBI LODR Regulations and as per the guidelines issued by RBI vide its notification bearing ref no. RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 on distribution of dividend by NBFCs ("**Dividend Distribution Policy**").

In accordance with the Dividend Distribution Policy, the dividend pay-out shall be determined by our Board after taking into account a number of financial, internal and external factors, including but not limited to cash flow of the Company, retained earnings available with the Company, macro-economic environment, regulatory changes and other factors that may be considered relevant from time to time and the external factors including economic conditions, prevalent market practices, applicable laws and regulations including prevailing taxation laws, changes in the Government policies, industry specific rulings & regulatory provision and inflation rate.

Our Company has not paid any dividend on the Equity Shares in the Fiscals 2022, 2021 and 2020, and in the nine months' period ended December 31, 2022. Further, our Company has not declared any dividend from January 1, 2023 till the date of this Placement Document.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The amounts paid as dividends in the past are not necessarily indicative of the Dividend Distribution Policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future or that the amount thereof will not be decreased. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, the factors set out in the Dividend Distribution Policy and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, see *"Description of the Equity Shares"* on page 481. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, See, *"Risk Factors – Our ability to pay dividends in the future will depend on restrictive covenants of our financing arrangements, our future results of operations, financial condition, cash flows and working capital and capital expenditure requirements*" on page 56.

RELATED PARTY TRANSACTIONS

For details in relation to the related party transactions entered into by our Company for Fiscals 2022, 2021 and 2020, as per the requirements under Ind AS 24 *'Related party disclosures'*, as applicable and notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported see *"Financial Statements – Related Party Transactions"* beginning on pages 148, 249 and 339.

The Related Party Transactions entered by the Company for the six months' period ended September 30, 2022 are disclosed hereunder (disclosure given below is as per the Regulation 23(9) of SEBI (LODR) Regulations, 2015):

For the six months' period ended September 30, 2022

											Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.							
Sr No.	Details of the party (listed entity /subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ intercorporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ Unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (endusage)
1	UGRO Capital Limited	AAACC2069E	Livfin India	AAACD4634N	Related Party	Purchase of goods	32,00,000.00	18,26,364.16	0.00	0.00	0	0	0	0	0	0	0	0

			Private Limited			or services												
2	UGRO Capital Limited	AAACC2069E	Livfin India Private Limited	AAACD4634N	Related Party	Sale of goods or services	40,00,000.00	38,09,572.00	0.00	0.00	0	0	0	0	0	0	0	0
3	UGRO Capital Limited	AAACC2069E	Shachindra Nath	ABOPN3798F	KMP-Vice Chairman & Managing Director	Remuneration	NA	1,54,36,170.00	0.00	0.00	0	0	0	0	0	0	0	0
4	UGRO Capital Limited	AAACC2069E	Amit Gupta	AFIPG2588N	KMP-CFO-resigned w.e.f. 01-09-2022	Remuneration	NA	50,59,628.00	0.00	0.00	0	0	0	0	0	0	0	0
5	UGRO Capital Limited	AAACC2069E	Kishore Lodha	ABBPL8821A	KMP-CFO-appointment w.e.f. 15-09-2022	Remuneration	NA	50,91,152.00	0.00	0.00	0	0	0	0	0	0	0	0
6	UGRO Capital Limited	AAACC2069E	Aniket Karandikar	ALNPK8037B	KMP-CS-resigned w.e.f 13-06-2022	Remuneration	NA	8,76,426.00	0.00	0.00	0	0	0	0	0	0	0	0
7	UGRO Capital Limited	AAACC2069E	Namrata Sajnani	DAFPS6449F	KMP-CS-appointment w.e.f 22-07-2022	Remuneration	NA	6,50,130.00	0.00	0.00	0	0	0	0	0	0	0	0

FINANCIAL STATEMENTS

MSKA & Associates
Chartered Accountants

HO
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Geetanjali Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6831 1600

Independent Auditor's Review Report on unaudited financial results for the quarter and nine months ended December 31, 2022 of UGRO Capital Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To the Board of Directors
UGRO Capital Limited

1. We have reviewed the accompanying statement of unaudited financial results of UGRO Capital Limited ('the Company') for the quarter and nine months ended December 31, 2022 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India and in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQKH1085

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
January 25, 2023

UGRO CAPITAL LIMITED

Registered Office: 4th Floor, Tower 3 -West Wing, Equinox Business Park, LBS Road, Kurla (West), Mumbai City MH 400070

Telephone: +91 22 48918686 E-mail: cs@ugrocapital.com Website: www.ugrocapital.com

CIN:L67120MH1993PLC070739

Statement of Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2022

(Rupees in Lakh)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	March 31, 2022
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
1	Revenue from operations						
	(a) Interest income	13,311.83	11,569.53	7,335.98	34,179.91	17,812.20	27,212.19
	(b) Net gain / (loss) on derecognition of financial instruments under amortised cost category	4,288.66	2,835.35	624.24	9,169.73	1,232.55	2,693.46
	(c) Net gain on fair value changes	-	-	-	-	49.46	49.46
	(d) Fees and commission income	573.61	479.26	256.39	1,398.44	432.10	675.78
2	Other income	784.48	645.00	300.23	1,911.94	400.23	580.32
3	**Total income (1 + 2)**	**18,958.58**	**15,529.14**	**8,516.84**	**46,660.02**	**19,926.54**	**31,211.21**
4							
	(a) Finance cost	8,159.36	6,850.57	3,834.44	20,290.61	8,762.95	13,725.68
	(b) Impairment on financial instruments	1,671.18	1,485.33	941.28	4,091.93	2,025.75	2,957.33
	(c) Employee benefits expense	4,047.77	3,090.92	1,894.51	10,057.38	4,493.58	7,289.06
	(d) Depreciation, amortisation and impairment	488.51	475.37	310.22	1,140.91	856.43	1,233.26
	(e) Other expenses	2,369.26	1,871.28	1,029.20	6,062.49	2,573.11	3,988.10
	Total expense	**16,736.08**	**13,773.47**	**8,009.65**	**41,643.32**	**18,711.82**	**29,193.43**
5	**Profit before tax (3-4)**	**2,222.50**	**1,755.67**	**507.19**	**5,016.70**	**1,214.72**	**2,017.78**
6	Tax expense						
	(a) Current tax	655.61	476.03	246.42	1,467.36	388.89	660.90
	(b) Deferred tax*	255.08	752.44	(77.81)	976.09	(20.69)	(98.18)
	Total tax expense (a +b)	**910.69**	**1,228.47**	**168.61**	**2,443.45**	**368.20**	**562.72**
7	**Profit for the period (5-6)**	**1,311.81**	**527.20**	**338.58**	**2,573.25**	**846.52**	**1,455.06**
8	**Other comprehensive income**						
	Items that will not be reclassified to profit and loss						
	Remeasurements of the defined benefit obligations	(12.18)	5.50	5.30	(0.25)	28.45	25.67
	Income tax relating to items that will not be reclassified to profit and loss	3.54	(1.60)	(1.54)	0.07	(8.29)	(7.47)
	Items that will be reclassified to profit and loss						
	The effective portion of gains and (loss) on hedging instrument in a cash flow hedge	(30.98)	(72.20)	(82.86)	(46.36)	(82.86)	9.00
	Income tax relating to items that will be reclassified to profit and loss	9.03	21.02	24.13	13.50	24.13	(2.62)
	Total other comprehensive income (Net of Tax)	**(30.59)**	**(47.28)**	**(54.97)**	**(33.04)**	**(38.57)**	**24.58**
9	**Total comprehensive income (7+8)**	**1,281.22**	**479.92**	**283.61**	**2,540.21**	**807.95**	**1,479.64**
10	Paid up equity share capital (Face value Rs. 10 each)	6,932.13 **	6,932.13 **	7,052.86	6,932.13 **	7,052.86	7,055.94
11	**Earnings per share (Face Value of Rs 10 each)**						
	Basic (in rupees)	1.89	0.75	0.48	3.67	1.20	2.06
	Diluted (in rupees)	1.88	0.74	0.47	3.65	1.20	2.05
		Not annualised	Not annualised	Not annualised	Not annualised	Not annualised	

*** Refer Note no 11**

**** Refer Note no 10**

UGRO CAPITAL LIMITED

Notes to Statement of Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2022

1. UGRO Capital Limited ("the Company") is a Non-Deposit taking Systemically Important Non-Banking Financial Company ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI").

2. The above unaudited financial results for the quarter and nine months ended December 31, 2022 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on January 25, 2023. The above results have been subjected to limited review by the statutory auditor of the Company.

3. These financial results have been prepared in accordance with the recognition and measurement principles as laid down in the Indian Accounting Standard ("IND AS")- 34- Interim Financial Reporting as prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and in compliance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India ("SEBI") Listing Obligations and Disclosure Requirements ("LODR") Regulations, 2015 as amended from time to time.

4. The Company has followed the same significant accounting policies in the preparation of the financial results as those followed in the annual financial statement for the year ended March 31, 2022.

5. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments, as per the IND AS 108 "Operating Segments" specified under Section 133 of the Act. The Company operates in a single segment only. There are no operations outside India and hence, there are no reportable geographical segments.

6. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

7. Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/86 Master Direction DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (the "Notification").

    a. Details of transfer through Assignment in respect of loans not in default during the nine months ended December 31, 2022*

Sr.No.	Particulars	To Banks / NBFCs
i.	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	28,013.75
ii.	Aggregate consideration received (Rs. in Lakh)	28,013.75
iii.	Weighted average Maturity of Loans (in years)	7.37
iv.	Weighted average Holding period of Loans (in years)	0.98
v.	Retention of Beneficial economic interest (in %)	11.96%
vi.	Coverage of Tangible security Coverage (in %) **	237.88%
vii.	Rating- wise distribution of rated loans	Non- Rated

UGRO CAPITAL LIMITED

Note

* The above table does not include loans transferred by the Company through Co-Lending arrangements.

** For computation of coverage of Tangible Security coverage ratio, the Company has considered only the secured loans

b. The Company has not acquired loans not in default during the nine months ended December 31, 2022

c. The Company has neither transferred nor acquired any stressed loans during the nine months ended December 31, 2022.

d. The rating wise distribution of Security Receipts (SRs) held by the Company as on December 31, 2022 is given below:

Ratings	**Rating Agency**	**Amount (in Rs. Lakh)**
BW RR1	Brick Works Rating India Private Limited	1,108.32
In Process	Brick Works Rating India Private Limited	1,271.64

8. During the nine months ended December 31, 2022, the Company has transferred loans amounting to Rs. 57,599.39 lakh through Co-lending arrangements to the respective participating banks which are akin to Direct assignment transaction under circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21, dated November 05, 2020 pertaining to Co-Lending by Banks and NBFCs to Priority Sector.

9. All secured Non-Convertible Debentures ("NCDs") issued by the Company are secured by way of an exclusive and continuing charge on identified receivables to the extent as stated in the respective offer document, term sheet and debenture trust deed (together referred to as "transaction documents"). Further the Company has maintained asset cover as stated in the transaction documents which is sufficient to discharge the principal amount at all times for the said NCDs.

10. An Employee Benefit Trust ("Trust") has been constituted. The objective of the Trust is to distribute shares to employees under the employee benefit program. The Trust is responsible for the purchase of shares of the Company from the secondary market for the purpose of this program. The Trust is treated as an extension of the Company; hence the shares held by the Trust are treated as treasury shares. Own equity instruments so reacquired (treasury shares) are recognised at face value and deducted from Equity Share Capital to the tune of Rs. 123.83 lakh as at September 30, 2022. The amount received in excess of the face value is deducted from the Securities Premium Account. Pursuant to the same, the Company has granted 11,11,929 options on October 10, 2022.

11. During the F.Y. 2019-20 there was a demerger of Asia Pragati Capfin Private Limited (APCPL) into UGRO Capital Limited. By virtue of that, the Company inherited certain brought forward business losses. Out of the above, business losses to the tune of Rs. 2,468.94 lakh have crossed the statutory time limit of 8 years and hence the deferred tax asset amounting to Rs.718.96 lakh on the same have been reversed. In lieu of this, the total tax line item for the quarter ended September 30, 2022 and nine months ended December 31, 2022 is higher by Rs. 718.96 lakh.

UGRO CAPITAL LIMITED

12. The figures for the quarter ended December 31, 2022, and December 31, 2021 are the balancing figures between reviewed figures in respect of the nine months ended December 31, 2022 and December 31, 2021 and the reviewed figures for the half year ended September 30, 2022 and September 30, 2021 respectively.

13. Information as required by Regulations 52(4) of the SEBI Listing Obligations and Disclosure Requirements ("LODR") Regulations, 2015 as amended, is attached as Annexure 1.

14. Previous period/ year figures have been regrouped/ rearranged wherever necessary, to conform with the current period presentation.

For and on behalf of Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath
Vice Chairman & Managing Director
DIN: 00510618
Mumbai
January 25, 2023

UGRO CAPITAL LIMITED

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at and for the nine months ended December 31, 2022:

Sr. No	Particular	Ratio
1	Debt - Equity Ratio [1]	2.98
2	Debt Service Coverage Ratio [2]	Not Applicable
3	Interest Service Coverage Ratio [2]	Not Applicable
4	Outstanding redeemable preference shares (quantity and value)	Nil
5	Capital redemption reserve (Rs. in Lakh) [3]	Not Applicable
6	Debenture redemption reserve (Rs. in Lakh) [3]	Not Applicable
7	Net worth [4] (Rs. in Lakh)	96,868.64
8	Net profit after Tax (Rs. in Lakh)	2,573.24
9	Current ratio	Not Applicable
10	Long term debt to working capital	Not Applicable
11	Bad debts to Account receivable ratio	Not Applicable
12	Current liability ratio	Not Applicable
13	Total debts to total assets [5]	0.72
14	Debtors turnover	Not Applicable
15	Inventory turnover	Not Applicable
16	Operating margin	Not Applicable
17	Net profit margin (%) [6]	5.51%
18	Sector specific equivalent ratios	
	a. Gross Stage 3 [7]	2.46%
	b. Net Stage 3 [8]	1.58%
	c. Capital to risk-weighted assets [9]	21.54%

UGRO CAPITAL LIMITED

Notes –

1. Debt - Equity Ratio = (Debt securities + Borrowings (other than debt securities)) / Total Equity.
2. Debt service coverage ratio and interest service coverage ratio are not applicable to Banks or NBFC / Housing Finance Companies registered with RBI as per Regulation 52(4) of SEBI Listing Obligations and Disclosure Requirements Regulation 2015.
3. Capital redemption Reserve and Debenture redemption reserve are not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
4. Net worth = Equity Share Capital + Other Equity
5. Total debts to total assets = (Debt securities + Borrowings (other than debt securities)) / Total Assets
6. Net profit margin = Net profit after tax / total income
7. Gross Stage 3 = Gross Stage 3 Loans Exposure at Default (EAD) / Gross Total Loans EAD
8. Net Stage 3 = (Gross Stage 3 Loans EAD - Impairment loss allowance for Stage 3) / (Gross Total Loans EAD - Impairment loss allowance)
9. Capital to risk-weighted assets is calculated as per the RBI guidelines.

UGRO CAPITAL LIMITED

MSKA & Associates
Chartered Accountants

HO
602, Floor 6, Raheja Titanium,
Western Express Highway,
Geetanjali Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6831 1600

Independent Auditor's Review Report on unaudited financial results for the quarter and half year ended September 30, 2022 of UGRO Capital Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors
UGRO Capital Limited

1. We have reviewed the accompanying statement of unaudited financial results of UGRO Capital Limited ('the Company') for the quarter and half year ended September 30, 2022 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India and in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812BCRSKV4782

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
November 10, 2022

Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune

www.mska.in

UGRO CAPITAL LIMITED

Registered Office: 4th Floor, Tower 3 -West Wing, Equinox Business Park, LBS Road, Kurla (West), Mumbai City MH 400070

Telephone: +91 22 48918686 E-mail: cs@ugrocapital.com Website: www.ugrocapital.com

CIN:L67120MH1993PLC070739

Statement of Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2022

(Rupees in Lakh)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		Sep 30, 2022	Jun 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021	March 31, 2022
		Reviewed #	Reviewed	Reviewed #	Reviewed	Reviewed	Audited
1	Revenue from operations						
	(a) Interest income	11,619.64	9,309.80	5,511.67	20,929.44	10,476.21	27,215.28
	(b) Net gain / (loss) on derecognition of financial instruments under amortised cost category	3,033.94	2,264.11	536.27	5,298.04	610.53	2,852.50
	(c) Net gain on fair value changes	-	-	16.29	-	49.46	49.46
	(d) Fees and commission income	421.84	303.55	119.00	725.40	175.72	626.01
2	Other income	662.66	502.90	100.00	1,165.56	100.00	614.13
3	**Total income (1 + 2)**	**15,738.08**	**12,380.36**	**6,283.23**	**28,118.44**	**11,411.92**	**31,357.38**
4							
	(a) Finance cost	6,993.04	5,308.69	2,693.70	12,301.73	4,930.74	13,738.92
	(b) Impairment on financial instruments	1,485.33	935.42	592.25	2,420.74	1,084.47	2,957.33
	(c) Employee benefits expense	3,090.92	2,918.69	1,370.17	6,009.61	2,599.07	7,289.06
	(d) Depreciation, amortisation and impairment	475.37	177.03	286.34	652.40	546.21	1,233.26
	(e) Other expenses	1,937.75	2,002.00	868.93	3,939.74	1,543.91	4,121.03
	Total expense	**13,982.41**	**11,341.83**	**5,811.39**	**25,324.22**	**10,704.40**	**29,339.60**
5	**Profit before tax (3-4)**	**1,755.67**	**1,038.53**	**471.84**	**2,794.22**	**707.52**	**2,017.78**
6	Tax expense						
	(a) Current tax	476.03	335.72	142.47	811.75	142.47	660.90
	(b) Deferred tax*	752.44	(31.43)	(8.42)	721.01	57.12	(98.18)
	Total tax expense (a +b)	**1,228.47**	**304.29**	**134.05**	**1,532.76**	**199.59**	**562.72**
7	**Profit for the period (5-6)**	**527.20**	**734.24**	**337.79**	**1,261.46**	**507.93**	**1,455.06**
8	**Other comprehensive income**						
	Items that will not be reclassified to profit and loss						
	Remeasurements of the defined benefit obligations	5.50	6.42	16.18	11.91	23.16	25.67
	Income tax relating to items that will not be reclassified to profit and loss	(1.60)	(1.87)	(4.71)	(3.47)	(6.74)	(7.47)
	Items that will be reclassified to profit and loss						
	The effective portion of gains and (loss) on hedging instrument in a cash flow hedge	(72.20)	56.82	-	(15.38)	-	9.00
	Income tax relating to items that will be reclassified to profit and loss	21.02	(16.55)	-	4.48	-	(2.62)
	Total other comprehensive income (Net of Tax)	**(47.28)**	**44.82**	**11.47**	**(2.46)**	**16.42**	**24.58**
9	**Total comprehensive income (7+8)**	**479.92**	**779.06**	**349.26**	**1,259.00**	**524.35**	**1,479.64**
10	Paid up equity share capital (Face value Rs. 10 each)	6932.13 **	7,055.94	7,052.86	6932.13 **	7,052.86	7,055.94
11	**Earnings per share (Face Value of Rs 10 each)**						
	Basic (in rupees)	0.75	1.04	0.48	1.79	0.72	2.06
	Diluted (in rupees)	0.74	1.03	0.48	1.77	0.72	2.05
		Not annualised	Not annualised	Not annualised	Not annualised	Not annualised	

*** Refer Note no 13**

**** Refer Note no 12**

 # Refer Note no 14

UGRO CAPITAL LIMITED

Notes to Statement of Unaudited Financial Results For The Quarter and Half Year Ended September 30, 2022:

1. Statement of Assets and Liabilities as at September 30, 2022

(Rupees in lakh)

Particulars	As at Sep 30, 2022	As at March 31, 2022
	Reviewed	Audited
I. ASSETS		
Financial assets		
Cash and cash equivalents	17,940.43	6,574.94
Bank balances other than cash and cash equivalents above	18,154.71	12,260.25
Derivative financial instruments	222.60	22.29
Loans	3,16,796.50	2,45,048.34
Investments	6,598.90	6,943.99
Other financial assets	1,545.98	789.62
	3,61,259.12	**2,71,639.43**
Non-financial assets		
Current tax assets (net)	461.98	164.23
Deferred tax assets (net)	3,660.62	4,381.63
Property, plant and equipment	353.30	430.43
Non current asset held for sale	792.06	-
Right of use asset	2,834.08	2,538.28
Capital work in progress	8.75	20.25
Intangible assets under development	880.85	568.54
Other intangible assets	2,951.85	2,602.04
Other non-financial assets	4,457.11	3,077.73
	16,400.60	**13,783.13**
TOTAL ASSETS	**3,77,659.72**	**2,85,422.56**
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Payables		
(A) Trade payables		
(I) total outstanding dues of micro enterprises and small enterprises	-	0.08
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	675.39	666.93
(B) Other payables	-	-
(I) total outstanding dues of micro enterprises and small enterprises	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	16.29	15.04
Debt securities	1,22,548.92	70,376.77
Borrowings (other than debt securities)	1,49,980.15	1,09,807.09
Other financial liabilities	4,864.65	4,722.81
	2,78,085.40	**1,85,588.72**
Non-financial liabilities		
Current tax liabilities (net)	661.75	126.07
Provisions	2,921.87	2,687.22
Other non-financial liabilities	496.14	364.23
	4,079.76	**3,177.52**
TOTAL LIABILITIES	**2,82,165.16**	**1,88,766.24**
Equity		
Equity share capital*	6,932.13	7,055.94
Other equity	88,562.43	89,600.38
TOTAL EQUITY	**95,494.56**	**96,656.32**
TOTAL LIABILITIES AND EQUITY	**3,77,659.72**	**2,85,422.56**

***Refer Note no 12**

UGRO CAPITAL LIMITED

2. Cash Flow Statement as at September 30, 2022

(Rupees in lakh)

Particulars	For the period ended Sep 30, 2022 Reviewed	For the period ended Sep 30, 2021 Reviewed
Cash flow from operating activities :		
Net profit before tax	**2,794.22**	**707.52**
Adjustments for:		
Employee stock option expense	81.41	64.31
Depreciation, amortisation and impairment	652.40	546.21
Impairment on financial instruments	2,420.74	1,084.47
Net gain on sale of financial instruments / fair valuation of financial instruments	(5,298.04)	(659.99)
Provision for gratuity	32.12	19.09
Provision for compensated absences	126.31	73.88
Operating profit before working capital changes	**809.16**	**1,835.49**
Change in working capital:		
Increase in Loans	(69,498.57)	(50,823.52)
Increase in Other Non - Financial Assets	(1,379.38)	(668.56)
Increase in Other Financial Assets	(956.67)	(1,249.59)
Increase in Trade payable	9.63	1,030.30
Increase in other non-financial liabilities	131.91	22.50
Increase/(Decrease) in other financial liabilities	1.90	(78.01)
Increase in provision	88.13	69.82
Cash used in operating activities	**(70,793.90)**	**(49,861.57)**
Income taxes paid	(573.85)	(273.31)
Net cash used in operating activities (A)	**(71,367.74)**	**(50,134.88)**
Cash flow from investing activities :		
Purchase of property, plant and equipment	(14.78)	(13.89)
Proceeds / (Investment) in bank deposits of maturity greater than 3 months	(5,900.75)	8,723.73
Sale/realisation of investments	187.01	4,106.30
Purchase of investments	-	(4,188.50)
Payments for intangible assets	(1,058.68)	(541.53)
Net cash (used in) / generated from investing activities (B)	**(6,787.20)**	**8,086.11**
Cash flow from financing activities :		
Payment for purchase of treasury shares	(2,495.25)	-
Payment of lease liabilities	(308.26)	(195.05)
Net proceeds from borrowings through secured NCDs and Commercial paper	52,166.26	15,427.65
Net proceeds from borrowings from banks and financial institutions	40,157.68	20,754.13
Net cash generated from financing activities (C)	**89,520.43**	**35,986.73**
Net Increase / (decrease) in cash and cash equivalents (A) +(B) + (C)	**11,365.49**	**(6,062.04)**
Cash and cash equivalents at the beginning of the year	**6,574.94**	**12,365.55**
Cash and cash equivalents at the end of the year	**17,940.43**	**6,303.51**
Components of cash and cash equivalents		
Balance with banks :		
in current accounts	**16,839.95**	**1,393.55**
in Fixed deposit (maturing within a period of three months)	**1,100.48**	**4,909.96**
TOTAL	**17,940.43**	**6,303.51**

UGRO CAPITAL LIMITED

Notes to Statement of Unaudited Financial Results for the Quarter and Half year Ended September 30, 2022

3. UGRO Capital Limited ("the Company") is a Non-Deposit taking Systemically Important Non-Banking Financial Company ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI").

4. The above unaudited financial results for the quarter and half year ended September 30, 2022 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on November 10, 2022. The above results have been subjected to limited review by the statutory auditor of the Company.

5. These financial results have been prepared in accordance with the recognition and measurement principles as laid down in the Indian Accounting Standard ("IND AS")- 34- Interim Financial Reporting as prescribed under section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and in compliance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India ("SEBI") Listing Obligations and Disclosure Requirements ("LODR") Regulations, 2015 as amended from time to time.

6. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments, as per the IND AS 108 "Operating Segments" specified under Section 133 of the Act. The Company operates in a single segment only. There are no operations outside India and hence, there are no reportable geographical segments.

7. Disclosure pursuant to Reserve Bank of India RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19 related stress read with RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048/2021-22 dated May 5, 2021, pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of individuals and Small Businesses.

(Rs. in Lakh)

Type of Borrower	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended September 30, 2022	Of (A), amount written off during the half year ended September 30, 2022	Of (A), amount paid by the borrowers during the half year ended September 30, 2022	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2022*
Personal Loans	-	-	-	-	-
Corporate Persons					
- of which, MSMEs	6,290.31	295.93	-	347.93	5,646.45
- Others	-	-	-	-	-
Total	6,290.31	295.93	-	347.93	5,646.45

* Total ECL provision for the above loans as on September 30, 2022 is Rs. 634.65 Lakh.

8. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The

Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

9. Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/86 Master Direction DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (the "Notification").

   a. Details of transfer through Assignment in respect of loans not in default during the half year ended September 30, 2022*

Sr.No.	Particulars	To Banks / NBFCs
i.	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	17,230.08
ii.	Aggregate consideration received (Rs. in Lakh)	17,230.08
iii.	Weighted average residual tenor of loans sold (in years)	6.14
iv.	Weighted average Maturity of Loans (in years)	7.23
v.	Weighted average Holding period of Loans (in years)	0.89
vi.	Retention of Beneficial economic interest (in %)	11.82%
vii.	Coverage of Tangible security Coverage (in %) **	245.75%
viii.	Rating- wise distribution of rated loans	Non- Rated

Note

* i. The above table includes Special Mention Account ("SMA") Loans

ii. The above table does not include loans transferred by the Company through Co-Lending arrangements

** For computation of coverage of Tangible Security coverage ratio, the Company has considered only the secured loans

   b. The Company has not acquired loans not in default during the half year ended September 30, 2022

   c. The Company has neither transferred nor acquired any stressed loans during the half year ended September 30, 2022.

   d. The rating wise distribution of Security Receipts (SRs) held by the Company as on September 30, 2022 is given below:

Ratings	Rating Agency	Amount (in Lakh)
BW RR1	Brick Works Rating India Private Limited	1,131.17
In Process	Brick Works Rating India Private Limited	1,271.64

10. During the half year ended September 30, 2022, the Company has transferred loans amounting to Rs. 29,680.87 lakh through Co-lending arrangements to the respective participating banks which are akin to Direct assignment transaction under circular no. RBI/2020-21/63

FIDD.CO.Plan.BC.No.8/04.09.01/2020-21, dated November 05, 2020 pertaining to Co-Lending by Banks and NBFCs to Priority Sector.

11. All secured Non-Convertible Debentures ("NCDs") issued by the Company are secured by way of an exclusive and continuing charge on identified receivables to the extent as stated in the respective offer document, term sheet and debenture trust deed (together referred to as "transaction documents"). Further the Company has maintained asset cover as stated in the transaction documents which is sufficient to discharge the principal amount at all times for the said NCDs.

12. An Employee Benefit Trust ("Trust") has been constituted. The objective of the Trust is to distribute shares to employees under the employee benefit program. The Trust is responsible for the purchase of shares of the Company from the secondary market for the purpose of this program. The Trust is treated as an extension of the Company; hence the shares held by the Trust are treated as treasury shares. Own equity instruments so reacquired (treasury shares) are recognised at face value and deducted from Equity Share Capital to the tune of Rs. 123.83 lakh as at September 30, 2022. The amount received in excess of the face value is deducted from the Securities Premium Account.

13. During the F.Y. 2019-20 there was a demerger of Asia Pragati Capfin Private Limited (APCPL) into UGRO Capital Limited. By virtue of that, the Company inherited certain brought forward business losses. Out of the above, business losses to the tune of Rs. 2,468.94 lakh have crossed the statutory time limit of 8 years and hence the deferred tax asset amounting to Rs.718.96 lakh on the same have been reversed. In lieu of this, the total tax line item for the quarter and half year ended September 30, 2022 is higher by Rs. 718.96 lakh.

14. The figures for the quarter ended September 30, 2022, and September 30, 2021 are the balancing figures between reviewed figures in respect of the half year ended September 30, 2022 and September 30, 2021 and the reviewed figures for the quarter ended June 30, 2022 and June 30, 2021 respectively.

15. Information as required by Regulations 52(4) of the SEBI Listing Obligations and Disclosure Requirements ("LODR") Regulations, 2015 as amended, is attached as Annexure 1.

16. Previous period/ year figures have been regrouped/ rearranged wherever necessary, to conform with the current period presentation.

For and on behalf of Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath
Vice Chairman & Managing Director
DIN: 00510618
Mumbai
November 10, 2022

UGRO CAPITAL LIMITED

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at and for the half year ended September 30, 2022:

Sr. No	**Particular**	**Ratio**
1	Debt - Equity Ratio [1]	2.85
2	Debt Service Coverage Ratio [2]	Not Applicable
3	Interest Service Coverage Ratio [2]	Not Applicable
4	Outstanding redeemable preference shares (quantity and value)	Nil
5	Capital redemption reserve (Rs. in Lakh) [3]	Not Applicable
6	Debenture redemption reserve (Rs. in Lakh) [3]	Not Applicable
7	Net worth [4] (Rs. in Lakh)	95,494.56
8	Net profit after Tax (Rs. in Lakh)	1,261.46
9	Current ratio	Not Applicable
10	Long term debt to working capital	Not Applicable
11	Bad debts to Account receivable ratio	Not Applicable
12	Current liability ratio	Not Applicable
13	Total debts to total assets [5]	0.72
14	Debtors turnover	Not Applicable
15	Inventory turnover	Not Applicable
16	Operating margin	Not Applicable
17	Net profit margin (%) [6]	4.49%
18	Sector specific equivalent ratios	
	a. Gross Stage 3 [7]	2.16%
	b. Net Stage 3 [8]	1.51%
	c. Capital to risk-weighted assets [9]	24.66%

UGRO CAPITAL LIMITED

Notes –

1. Debt - Equity Ratio = (Debt securities + Borrowings (other than debt securities)) / Total Equity.
2. Debt service coverage ratio and interest service coverage ratio is not applicable to Banks or NBFC / Housing Finance Companies registered with RBI as per Regulation 52(4) of SEBI Listing Obligations and Disclosure Requirements Regulation 2015.
3. Capital redemption Reserve / Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
4. Net worth = Equity Share Capital + Other Equity
5. Total debts to total assets = (Debt securities + Borrowings (other than debt securities)) / Total Assets
6. Net profit margin = Net profit after tax / total income
7. Gross Stage 3 = Gross Stage 3 Loans Exposure at Default (EAD) / Gross Total Loans EAD
8. Net Stage 3 = (Gross Stage 3 Loans EAD - Impairment loss allowance for Stage 3) / (Gross Total Loans EAD - Impairment loss allowance)
9. Capital to risk-weighted assets is calculated as per the RBI guidelines.

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INDEPENDENT AUDITOR'S REPORT

To the Members of **UGRO Capital Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UGRO Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("the Ind AS") prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<u>Impairment of loans including Expected Credit Losses</u> Total Loans as at March 31, 2022: Rs 2,450.48 Crores Impairment Provision as at March 31, 2022: Rs. 40.64 Crores (Refer Note 6 of the Ind AS financial statements)	In view of the significance of the matter, our audit procedures performed included, but not limited to the following: 1. Understood the Company's accounting policies for impairment of loan and other receivables and evaluate the appropriateness of the same with the principle of Ind AS 109 - 'Financial Instruments'.

MSKA & ASSOCIATES Chartered Accountants

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	Ind AS 109 - 'Financial Instruments', requires the Company to provide for impairment of its financial assets using the expected credit loss (the "ECL") approach involving an estimation of probability of loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: a) Qualitative and quantitative factors used in staging the loan assets; b) Basis used for estimating Probabilities of Default ("PD") and Loss Given Default ("LGD"); and c) Staging of loans and estimation of behavioural life. The Company has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underling inputs to ECL model. The Company has developed models that derive key assumptions used within the provision calculation such as probability of default and loss given default. The output of these models is then applied to the provision calculation with other information including the exposure at default (the "EAD"). Given the high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	2. Verified the assumptions used by the Company for grouping and staging of loan portfolio into various categories according to the internal rating grade, size and geography of the loan and then determining the probability of default and loss given default rates. 3. Obtained an understanding of Management's process of ECL computation and verified the design and effectiveness of internal controls over the: ▪ completeness and accuracy of the Exposure at Default and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. ▪ scorecards developed by the Company using Probability of Default rates sent by the external credit rating agencies. 4. Verified on a test check basis underlying data related to estimates and judgements: ▪ completeness and accuracy of information used in the estimation of the ECL for the different stages depending on the nature of the portfolio. ▪ PD is as per the scorecards provided by the External Credit Rating agency. ▪ Loss Given Default is as per the Foundational-Internal Rating Based (F-IRB) approach, including the appropriateness of the use of collateral and the resultant arithmetical calculations. ▪ Exposures determined to be individually impaired, examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. ▪ Verified the computation of ECL to ensure arithmetical accuracy. ▪ Reconciled the total financial assets considered for ECL estimation with the books of account to ensure the completeness. 5. Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due.

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Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		6. Verified the adequacy of the adjustment including management's assessment of additional provision on stressed loan. 7. Performed inquiries with the Company's management and its risk management function to assess the impact of Covid-19 including the fourth wave on the business activities of the Company. 8. Verified the ECL provision on restructured cases pursuant to the Reserve Bank of India ("the RBI") circular on a sample basis. 9. Assessed the adequacy and appropriateness of the related presentation disclosures in accordance with the requirements of applicable Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 55 (p) to the financial statements; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

MSKA & ASSOCIATES Chartered Accountants

iv.

(1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 68 (a) to the financial statements;

(2) The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 68(b) the financial statements; and

(3) Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

3. As required by the Companies (Amendment) Act, 2017, in our opinion, according to information and explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AJMCIV7951

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
May 24, 2022

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2022

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

i.

(a)

A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company is in the process of conducting the physical verification of all the Property, Plant and Equipment of the Company as on the date of this report. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii.

(a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from banks on the basis of security of loans. Quarterly returns / statements are filed with such banks/ financial institutions are in agreement with the books of account.

iii.

(a) Since the Company's principle business is to give loans, the provisions stated in paragraph 3(iii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, securities given and the terms and conditions of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the interest of the Company.

(c) The Company, being a Non-Banking Financial Company, is registered under provisions of the RBI Act, 1934, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments scheduled are stipulated basis the nature of the loan products. The repayment of the principal and the payment of interest by the borrower's are as per the stipulated repayment schedule except in case of default cases.

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(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days are as follows:

No. of Cases *	Total overdue (Rs. In lakh)	Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest)
606	5641.15	Yes#

* Amount overdue classified under stage 3 - Refer Note 48 (a) C to the financial statements.
# The Company has taken all reasonable steps including legal actions to ensure recovery of the principal and interest.

(e) Since the Company's principle business is to give loans, the provisions stated in paragraph 3(ii)(e) of the order are not applicable to the Company.

(f) According to the information and explanations provided to us, the Company has not granted any loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Hence, the provision stated in paragraph 3(v) of the Order are not applicable to the Company.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, cess and any other statutory dues which have not been deposited on account of any dispute. Refer Note 37(a) to the financial statements.

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

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ix.

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions stated in paragraph 3(ix)(e) of the Order are not applicable to the Company.

(f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions stated in paragraph 3(ix)(f) of the Order are not applicable to the Company.

x.

(a) In our opinion, according to the information and explanations provided to us, money raised by way of initial public offer or further public offer (including debt instruments) during the year have been applied for the purpose for which they were raised. Hence there are no such instances.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi.

(a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.

(b) In our opinion and according to the information and explanations given to us, no report under section 143(12) of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.

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xiv.

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 – 'Using the work of Internal Auditors'.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi.

(a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company.

(b) In our opinion, the Company has not conducted any Non-Banking Financial activity without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Company does not have any group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.

xvii. According to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph 3(xx)(a) to (b) of the Order are not applicable to the Company.

xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AJMCIV7951

MSKA & ASSOCIATES
Chartered Accountants

Mumbai
May 24, 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of UGRO Capital Limited on the Financial Statements for the year ended March 31, 2022]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI") (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether an adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

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Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AJMCIV7951

Mumbai
May 24, 2022

UGRO CAPITAL LIMITED

CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2022

(Rupees in lakh)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	6,574.94	12,365.55
Bank balances other than cash and cash equivalents above	4	12,260.25	19,238.99
Derivative financial instruments	5	22.29	-
Loans	6	2,45,048.34	1,28,269.61
Investments	7	6,943.99	5,522.75
Other financial assets	8	789.62	680.88
		2,71,639.43	**1,66,077.78**
Non-financial assets			
Current tax assets (net)	9	164.23	-
Deferred tax assets (net)	10	4,381.63	4,293.55
Property, plant and equipment	11	430.43	468.60
Right of use assets	12	2,538.28	1,094.31
Capital work in progress	13	20.25	-
Intangible assets under development	14	568.54	388.41
Other intangible assets	15	2,602.04	2,062.02
Other non-financial assets	16	3,077.73	1,093.91
		13,783.13	**9,400.80**
TOTAL ASSETS		**2,85,422.56**	**1,75,478.58**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	17		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		0.08	0.01
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		666.93	218.24
(B) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises		-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		15.04	107.36
Debt securities	18	70,376.77	31,557.55
Borrowings (other than debt securities)	19	1,09,807.09	45,011.94
Other financial liabilities	20	4,722.81	2,118.22
		1,85,588.72	**79,013.32**
Non-financial liabilities			
Current tax liabilities (net)	21	126.07	144.13
Provisions	22	2,687.22	939.67
Other non-financial liabilities	23	364.23	137.64
		3,177.52	**1,221.44**
TOTAL LIABILITIES		**1,88,766.24**	**80,234.76**
Equity			
Equity share capital	24	7,055.94	7,052.86
Other equity	25	89,600.38	88,190.96
TOTAL EQUITY		**96,656.32**	**95,243.82**
TOTAL LIABILITIES AND EQUITY		**2,85,422.56**	**1,75,478.58**

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner

Membership No : 117812
Place : Mumbai
Date : May 24, 2022

For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED

Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Mumbai
May 24, 2022

Abhijit Sen
Independent Director & Chairman - Audit Committee
DIN : 00002593
Mumbai
May 24, 2022

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED

MSKA & ASSOCIATES Chartered Accountants

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2022

(Rupees in lakh)

Particulars	**Note No.**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Revenue from operations			
Interest income	26	27,215.28	14,683.43
Net gain on derecognition of financial instruments under amortised cost category	27	2,852.50	129.42
Net gain on fair value changes	28	33.67	34.68
Fees and commission income	29	626.01	133.54
Total revenue from operations		**30,727.46**	**14,981.07**
Other Income	30	614.13	352.77
Total income		**31,341.59**	**15,333.84**
Expenses			
Finance costs	31	13,738.92	4,456.24
Impairment on financial instruments	32	2,941.54	1,961.71
Employee benefits expenses	33	7,289.06	4,532.67
Depreciation, amortization and impairment	34	1,233.26	1,173.91
Other expenses	35	4,121.03	1,996.40
Total expenses		**29,323.81**	**14,120.93**
Profit before exceptional items and tax		**2,017.78**	**1,212.91**
Exceptional items		-	-
Profit before tax		**2,017.78**	**1,212.91**
Tax Expense:			
(1) Current tax			
-Tax as per minimum alternate tax		660.90	482.99
(2) Deferred tax benefit (Net)		(98.18)	(2,142.83)
Total tax expenses		**562.72**	**(1,659.84)**
Profit for the year (A)		**1,455.06**	**2,872.75**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
-Remeasurements of the defined benefit obligations		25.67	19.19
-Income tax relating to items that will not be reclassified to profit and loss		(7.47)	(5.59)
Subtotal (B)		**18.20**	**13.60**
Items that will be reclassified to profit and loss			
-The effective portion of Gains and Loss on hedging instrument in a cash flow hedge		9.00	-
-Income tax relating to items that will be reclassified to profit and loss		(2.62)	-
Subtotal (C)		**6.38**	**-**
Other comprehensive income for the year (net of tax) (D) = (B) + (C)		**24.58**	**13.60**
Total comprehensive income for the year (E)= (A) + (D)		**1,479.64**	**2,886.35**
Earnings per equity share (face value of Rs 10 each)	36		
Basic (Rs)		**2.06**	**4.07**
Diluted (Rs)		**2.05**	**4.07**

Significant accounting policies	1
Corporate information	2

See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner

Membership No : 117812
Place : Mumbai
Date : May 24, 2022

MSKA & ASSOCIATES * Chartered Accountants *

For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED

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Mumbai
May 24, 2022

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Cash Flow Statement for the year ended March 31, 2022

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from operating activities :		
Net profit before tax	**2,017.78**	**1,212.91**
Adjustments for:		
Employee stock option expense	(107.15)	205.11
Depreciation, amortisation and impairment	1,233.26	1,173.91
Impairment on financial instruments	2,941.54	1,961.71
Net gain on sale of financial instruments / fair valuation of financial instruments	(33.67)	(34.68)
Provision for gratuity	38.20	37.62
Provision for compensated absences	116.66	23.84
Operating profit before working capital changes	**6,206.62**	**4,580.42**
Change in working capital:		
Increase in Loans	(1,19,713.41)	(46,950.53)
Increase in Other Non-Financial Assets	(1,983.82)	(452.85)
(Increase)/Decrease in Other Financial Assets	(137.91)	8,305.18
Increase/(Decrease) in Trade payables	356.44	(495.70)
Increase/(Decrease) in other non-financial liabilities	226.59	(11.29)
Increase in other financial liabilities	1,086.80	409.36
Increase in provisions	1,618.35	98.50
Cash (used in) operating activities	**(1,12,340.34)**	**(34,516.91)**
Income taxes paid	(841.33)	(195.14)
Net cash (used in) operating activities (A)	**(1,13,181.67)**	**(34,712.05)**
Cash flow from investing activities :		
Purchase of property, plant and equipment	(133.85)	(34.74)
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	6,978.74	(5,147.68)
Sale of investments	4,327.30	7,285.50
Purchase of investments	(5,733.91)	(5,522.75)
Payments for intangible assets	(1,300.33)	(1,172.06)
Net cash generated from / (used in) investing activities (B)	**4,137.95**	**(4,591.73)**
Cash flow from financing activities :		
Proceeds from issuance of equity share capital during the year	36.92	-
Principal payment of lease liabilities	(407.17)	(320.89)
Net proceeds from borrowings through secured NCDs and Commercial paper	38,828.21	27,563.88
Net proceeds from borrowings from banks and financial institutions	64,795.15	23,551.70
Net cash generated from financing activities (C)	**1,03,253.11**	**50,794.69**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**(5,790.61)**	**11,490.91**
Cash and cash equivalents at the beginning of the year	**12,365.55**	**874.64**
Cash and cash equivalents at the end of the year	**6,574.94**	**12,365.55**
Components of cash and cash equivalents		
Cash on hand	-	-
Balance with banks :		
in current accounts	6,174.61	6,764.51
in Fixed deposits (maturing within a period of three months)	400.33	5,601.04
TOTAL	**6,574.94**	**12,365.55**

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
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For **M S K A & Associates**
Chartered Accountants
Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner

Membership No : 117812
Place : Mumbai
Date : May 24, 2022

MSKA & ASSOCIATES * Chartered Accountants *

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED

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Chief Financial Officer
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May 24, 2022

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Company Secretary
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2022

A. Equity Share Capital (Refer Note 24 below)

As at March 31, 2022

(Rupees in lakh)

Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year (Issued during the year)	Balance as at the end of the year
7,052.86	-	7,052.86	3.08	7,055.94

As at March 31, 2021

Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year (Issued during the year)	Balance as at the end of the year
7,052.86	-	7,052.86	-	7,052.86

B. Other equity (Refer Note 25 below)

As at March 31, 2022

(Rupees in lakh)

Particulars	Reserves & Surplus									Total
	Statutory reserve u/s 45-IC	Capital Reserve	Securities Premium	Retained Earnings	Employee stock options scheme outstanding	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	
Balance at the beginning of the current reporting period	2,110.47	1,046.00	77,673.45	6,507.18	853.86	-	-	-	-	88,190.96
Total Comprehensive Income for the current year	-	-	-	18.20	-	-	-	6.38	-	24.58
Dividends	-	-	-		-	-	-	-	-	-
Transfer to retained earnings	-	-	-	1,455.06	-	-	-	-	-	1,455.06
Transfer to Reserve Fund u/s 45 IC of Reserve Bank of India Act, 1934	291.01	-	-	(291.01)	-	-	-	-	-	-
Share based payment for the year	-	-	-	-	(107.15)	-	-	-	-	(107.15)
Premium on ESOP exercised during the year	-	-	36.93	-	-	-	-	-	-	36.93
Transfer to Retained Earnings on allotment of shares persuant to ESOP Scheme			13.53		(13.53)					-
Transfer to Retained Earnings on lapse of options persuant to ESOP Scheme	-	-	-	286.32	(286.32)	-	-	-	-	-
Balance at the end of the current reporting period	**2,401.48**	**1,046.00**	**77,723.91**	**7,975.75**	**446.86**	**-**	**-**	**6.38**	**-**	**89,600.38**

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2022

B. Other equity (Refer Note 25 below)

As at March 31, 2021

(Rupees in lakh)

Particulars	Reserves & Surplus									Total
	Statutory reserve u/s 45-IC	Capital Reserve	Securities Premium	Retained Earnings	Employee stock options scheme outstanding	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	
Balance at the beginning of the current reporting period	1,535.92	1,046.00	77,673.45	4,195.38	648.75	-	-	-	-	85,099.50
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balances at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	13.60	-	-	-	-	-	13.60
Dividends	-	-	-		-	-	-	-	-	-
Transfer to retained earnings	-	-	-	2,872.75	-	-	-	-	-	2,872.75
Transfer on allotment of shares persuant to ESOP Scheme		-	-		205.11	-	-	-	-	205.11
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	574.55			(574.55)						
Balance at the end of the current reporting period	**2,110.47**	**1,046.00**	**77,673.45**	**6,507.18**	**853.86**	**-**	**-**	**-**	**-**	**88,190.96**

As required by section 45-IC of the RBI Act,1934, the Company maintains a reserve fund and transfers there a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. The Company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve Fund maintained U/S 45-IC of RBI Act, 1934.

Significant accounting policies 1
Corporate information 2

See accompanying notes forming part of the financial statements

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **M S K A & Associates**
Chartered Accountants

Swapnil Kale
Partner
Membership No : 117812
Place : Mumbai
Date : May 24, 2022

For and on behalf of the Board of Directors of UGRO CAPITAL LIMITED

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Executive Chairman & MD
DIN : 00510618
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Mumbai
May 24, 2022

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

1. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.
Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

(2) Basis of preparation

The financial statements have been prepared on a historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.;
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.; and
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

(3) Application of new and revised Ind AS

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

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UGRO CAPITAL LIMITED

(4) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the DIvision III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(5) Functional and presentation currency

These financial statements are presented in Indian rupees (INR or Rs.) which is also the Company's functional currency. All accounts are rounded-off to the nearest lakh with two decimals, unless otherwise stated.

(6) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods.

(7) Property, plant and equipment

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost thereof can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits/ functioning capability from/ of such assets. Advances paid towards acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advances under other non-financial assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II to the Act
Office Equipments	5 years	5 years
Computer	3 years	3 years
Leasehold improvements	Tenure of lease agreements	Tenure of the lease agreements
Furniture fixture and fittings	10 years	10 years

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UGRO CAPITAL LIMITED

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

(8) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of Software is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of profit or loss when the asset is derecognised.

(9) Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation/amortisation if there were no impairment.

(10) Revenue recognition

Revenue (other than those items to which Ind AS 109 Financial Instruments is applicable) is measured at fair value for the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

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UGRO CAPITAL LIMITED

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(i) Interest Income:
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Rate (EIR) Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Rate (EIR) Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

(ii) Other Financial Charges
Cheque bouncing charges, pre- payment charges, foreclosure charges and initial margin money etc. are recognised on a point-in-time basis and are recorded when realised, since the probability of collecting such monies is established when the customer pays.

(iii) Dividend Income:
Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(iv) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses", in the statement of profit and loss.

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(v) Advisory Fees and Other Income:

Advisory fees and Other Income are recognised when the company satisfies the performance obligation at fair value of the consideration received or receivable. The Company recognises such revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

(vi) Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the transferee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

(11) Leases

The Company follows Ind AS 116-Leases for accounting for contracts which are in the nature of leases. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets are depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the statement of profit and loss.

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The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Finance Lease
The Company does not have leases that were classified as finance leases. Hence, there is no impact on application of this standard.

As a lessor

The Company does not have any lease agreement in which it is a lessor. Hence, there is no impact on application of this standard.

(12) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(12.1) Current tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The entity's current tax is calculated using tax rate that has been enacted by the end of the reporting period.

(12.2) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off the current tax assets against the current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(12.3) Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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(12.4) Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

(13) Employee Benefits

(13.1) Retirement benefit costs and termination benefits

Defined contribution plans –
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The state governed provident fund scheme, employee state insurance scheme and National Pension Scheme (NPS) are defined contribution plans.

Defined benefit plans –
For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

(13.2) Short term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

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The cost of short-term compensated absences is accounted as under:
(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(ii) in case of non-accumulating compensated absences, when the absences occur.

(13.3) Compensatory Payments (Loss of Earned Bonus)

The company amortizes the compensatory payments over the period of twelve months, since amount is recoverable if an employee leaves the organization within a year.

(13.4) Share based payments

The Company recognizes compensation expense relating to share-based payments in the statement of profit and loss using fair value in accordance with Ind AS 102 – Share-based payments. The estimated fair value of the award is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount. The Company has switched from Black-Scholes Model to the Binomial Model for assessing the fair value of the options on the grant date during the year. The share price of the Company was simulated using a binomial model. The simulation was done from each valuation date to maturity of the ESOP.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(14) Finance costs

Finance costs include interest and other ancillary borrowing costs. Ancillary costs include issue costs such as loan processing fee, arranger fee, stamping expense and rating expense etc. The Company recognises interest expense and other ancillary cost on the borrowings as per Effective Interest Rate Method, which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

Finance costs are charged to the Statement of Profit and Loss.

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(15) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A Contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Provisions, contingent liabilities, and contingent assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(16) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
(a) estimated amount of contracts remaining to be executed on capital account and not provided for;
(b) uncalled liability on shares and other investments partly paid;
(c) funding related commitment to associate companies; and
(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

(17) Foreign Currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee (INR). Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(18) Cash and cash equivalents

Cash and cash equivalents include cash at banks and cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

(19) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

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(20) Financial Instruments

(20.1) Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

(20.2) Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

A financial asset and a financial liability is offset and presented on a net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(20.3) Classification and subsequent measurement of financial instruments

(20.3.1) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade-date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(20.3.1.1) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)
• the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate Method

The Effective Interest Rate Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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(20.3.1.2) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount of such financial assets are recognised in other comprehensive income (OCI). When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to the statement of profit and loss.

(20.3.1.3) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories is measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

(20.4) Impairment of financial asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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Category of financial instrument	Manner of recognition of loss allowance
Financial assets measured at amortised cost	Recognised in profit or loss with corresponding adjustment in the carrying value through a loss allowance account.
Debt investments measured at FVTOCI	Recognised in profit or loss with corresponding adjustment in OCI. The loss allowance is accumulated in the 'Reserve for debt instruments through OCI', and is not adjusted with the carrying value of the financial asset

Impairment methodology:

Overall impairment methodology

Particulars	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)
Credit quality	Not deteriorated significantly since its initial recognition.	Deteriorated significantly since its initial recognition	Objective evidence of impairment
ECL model	PD / LGD Model	PD / LGD Model	Cash flow model
ECL	12-month ECL	Life-time ECL	Life-time ECL
ECL Computation	(PD * LGD * EAD)	(PD * LGD * EAD)	Expected Cash Flow basis

A) For loans, cash credit and term loans measured at amortised cost

a) Definition of default:

A default shall be considered to have occurred when any of the following criteria are met:
a) An asset is more than 90 days past due
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

For the purpose of counting of days past due for the assessment of default, special dispensations in respect of any class of assets, if any (e.g. under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

b) Portfolio segmentation:

The entire portfolio is segmented into homogenous risk segments. Common factors for segmentation includes asset classes, internal rating grade, size, geography, product etc.

c) Probability of Default (PD):

12-month PD for all the sectors except Onward Lending to NBFCs:
PD is the likelihood of a borrower defaulting on its obligations within a given interval of time. PD is computed based on the default analysis conducted by external credit bureau for all the sectors (except onward lending) at individual facility level and 12 months default percentage arrived score wise and sector wise for all the sectors.

To compute a 12-month PD for each sector, sector-wise and score-wise default rates as provided by the external credit bureau which is taken as base and calibration model is used to derive the default rates score-wise on the basis of decreasing ranks of scores. The above process is followed for all the sectors to derive score-wise and sector specific default rates which will be used as 12-month PD.

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12-month PD for Onward Lending to NBFCs:
For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

Life-time PD:
Life-time PD is applied for Stage 2 accounts.

Life-time PDs are computed based on survival approach. Survival analysis is statistics for analyzing the expected duration of time until default event happens.
Life-time PD is computed = (1 – (Probability of surviving in year 1) ^ remaining tenure)

d) Loss given default:

Loss given default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach is used for the LGD computation.

(20.5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss.

(20.6) Financial liabilities and equity instruments

(20.6.1) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(20.6.2) Equity instruments

An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(20.6.3) Compound financial instruments

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

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At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

(20.6.4) Financial Liabilities

A financial liability is any liability that is:

➢ Contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

➢ a contract that will or may be settled in the entity's own equity instruments

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at FVTPL.

The Company has not designated any financial liabilities at FVTPL.

(20.6.4.1) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

(20.6.5) Write-off

Loans and debt securities are written-off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written-off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(21) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the resulting gain/loss is recognised through other comprehensive income (OCI). The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

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(22) Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

(23) Cash flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect the statement of profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

(24) Key accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

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(25) Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

(26) Cash flow statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

(27) Standards issued but not yet effective

No new standard as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

2. Corporate Information

UGRO Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC-ND-SI') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is registered with effect from March 11, 1998 having Registration No. 13.00325. The Company is engaged in the business of lending and primarily deals in financing MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

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(Rupees in lakh)

3. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	-
Balances with banks		
- in current accounts	6,174.61	6,764.51
- in fixed deposits with banks (original maturity less than 3 months)	400.33	5,601.04
Total	**6,574.94**	**12,365.55**

4. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend on equity shares	1.43	1.43
Fixed deposits with Banks and Financial Institution*	12,261.68	19,237.56
Less: Impairment loss allowance**	2.86	-
Total	**12,260.25**	**19,238.99**

* Earmarked balances with Banks and Financial Institution are to the tune of Rs 12,255.37 lakh (previous year : Rs 871.21 lakh)
**Impairment Loss allowance is calculated on Fixed Deposits with Banks and Financial Institution

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

5. Derivative financial instruments

	As at March 31, 2022			As at March 31, 2021		
Part I	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**
(i)Currency derivatives:						
-Currency swaps*	3,109.43	22.29	-	-	-	-
(ii)Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	**3,109.43**	**22.29**	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Fair value hedging:						
-Currency derivatives	-	-	-	-	-	-
(ii)Cash flow hedging:						
-Currency derivatives*	3,109.43	22.29	-	-	-	-
Total Derivative Financial Instruments	**3,109.43**	**22.29**	-	-	-	-

* This refers to Cross Currency Interest rate swaps

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

6. Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Loans at amortised cost		
(A)		
Supply chain receivables	25,021.38	18,660.24
Term loans	2,24,090.54	1,12,159.42
Loans to employees	0.82	11.95
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total Net Loans	**2,45,048.34**	**1,28,269.61**
(B)		
Secured by book debts	27,925.48	24,983.39
Secured by property	1,04,885.65	56,383.46
Secured by machinery	23,066.06	7,089.63
Unsecured	93,235.55	42,375.13
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total Net Loans	**2,45,048.34**	**1,28,269.61**
(C)		
Loans in India		
Public sector	-	-
Others	2,49,112.74	1,30,831.61
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total - Net (a)	**2,45,048.34**	**1,28,269.61**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**2,45,048.34**	**1,28,269.61**

Note :
1. There are no loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member as at and for the year ended March 31, 2022 and March 31, 2021.
2. The underlying securities for the assets secured by tangible assets are property, machinery and book debts.

7. Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Investments - at FVTPL		
Mutual funds (unquoted)	-	4,014.54
Security Receipts	2,648.11	-
Investments - at amortised cost		
Debt securities	4,296.72	1,508.21
Less: Impairment loss allowance	0.84	-
Total Net Investments	**6,943.99**	**5,522.75**
Investments in India	6,944.83	5,522.75
Investments outside India	-	-
Total – Gross Investments	**6,944.83**	**5,522.75**
Less: Impairment loss allowance	0.84	-
Total – Net Investments	**6,943.99**	**5,522.75**

Note : For valuation methodology Refer Note 51

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UGRO CAPITAL LIMITED

(Rupees in lakh)

8. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	551.15	323.11
Other receivables	241.64	357.77
Less: Impairment loss allowance	3.17	-
Total	**789.62**	**680.88**

9. Current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax Rs.926.44 lakh (Previous year: Nil))	164.23	-
Total	**164.23**	**-**

10. Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets		
Tax effect of timing differences on account of -		
Provision for compensated absences	83.72	49.75
Provision for gratuity	24.36	20.71
Processing fees received	836.37	358.33
Provision for impairment loss on financial instruments	1,249.12	746.06
Lease rentals expense under Ind AS 116	100.25	71.99
Preliminary expense	69.81	132.50
Disallowance on account of Employee stock options scheme outstanding	217.44	248.64
Unutilised minimum alternate tax credit entitlement	1,587.34	926.44
Income tax losses carried forward	2,856.51	2,748.92
Others	205.20	28.88
Total (A)	**7,230.12**	**5,332.22**
Deferred tax liabilities		
Tax effect of timing differences on account of -		
Difference in written down value of property, plant and equipment and intangible assets	218.84	157.79
Adjustment on account of direct assignment transactions	447.75	22.27
Unrealised gains on investments	-	3.91
Prepaid fees / charges on debt securities allowed upfront in income tax	348.20	113.61
Prepaid fees / charges on borrowings allowed upfront in income tax	624.58	361.12
Deferred loan sourcing cost allowed upfront in income tax	1,209.12	379.97
Total (B)	**2,848.49**	**1,038.67**
Deferred tax assets (net) (A-B)	**4,381.63**	**4,293.55**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

11. Property, plant and equipment

Particulars	As at March 31, 2022				As at March 31, 2021			
	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total
At cost at the beginning of the year	**381.99**	**375.75**	**14.70**	**772.44**	**347.36**	**375.64**	**14.70**	**737.70**
Additions during the year	120.24	-	13.60	133.84	34.63	0.11	-	34.74
Disposals/adjustments during the year	-	-	-		-	-	-	-
At cost at the end of the year	**502.23**	**375.75**	**28.30**	**906.28**	**381.99**	**375.75**	**14.70**	**772.44**
Accumulated depreciation as at the beginning of the year	**118.71**	**182.10**	**3.03**	**303.84**	**54.12**	**95.13**	**1.63**	**150.88**
Depreciation/amortisation for the year	87.83	82.61	1.57	172.01	64.59	86.97	1.40	152.96
Disposals/adjustments during the year	-	-	-	-	-	-	-	-
Accumulated depreciation as at the end of the year	**206.54**	**264.71**	**4.60**	**475.85**	**118.71**	**182.10**	**3.03**	**303.84**
Net carrying amounts as at the end of the year	**295.69**	**111.04**	**23.70**	**430.43**	**263.28**	**193.65**	**11.67**	**468.60**

Note: No revaluation of any class of asset was carried out during the year.

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(Rupees in lakh)

12 . Right of use assets

Particulars	As at March 31, 2022	As at March 31, 2021
At fair value at the beginning of the year	**1,971.28**	**1,854.97**
Remeasurement of assets	10.42	24.21
Additions during the year	1,914.56	92.10
At fair value at the end of the year	**3,896.26**	**1,971.28**
Accumulated depreciation as at the beginning of the year	**876.97**	**510.96**
Depreciation for the year	481.01	366.01
Accumulated depreciation as at the end of the year	**1,357.98**	**876.97**
Net carrying amount as at the end of the year	**2,538.28**	**1,094.31**

13. Capital work in progress

Particulars	As at March 31, 2022	As at March 31, 2021
Capital work in progress	20.25	-
Total	**20.25**	-

The ageing for capital work in progress as on 31 March, 2022 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	20.25	-	-	-	**20.25**
Projects temporarily suspended	-	-	-	-	-
Total	**20.25**	-	-	-	**20.25**

14. Intangible assets under development

Particulars	As at March 31, 2022	As at March 31, 2021
Softwares	568.54	388.41
Total	**568.54**	**388.41**

The ageing for Intangible assets under development as on 31 March, 2022 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	208.85	276.94	72.33	10.42	568.54
Projects temporarily suspended	-	-	-	-	-
Total	**208.85**	**276.94**	**72.33**	**10.42**	**568.54**

The ageing for Intangible assets under development as on 31 March, 2021 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	305.66	72.33	10.42	-	388.41
Projects temporarily suspended	-	-	-	-	-
Total	**305.66**	**72.33**	**10.42**	-	**388.41**

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(Rupees in lakh)

15. Other intangible assets

Particulars	As at March 31, 2022	As at March 31, 2021
Software* :		
At cost at the beginning of the year	**2,972.79**	**2,095.18**
Additions during the year	1,136.78	877.61
Disposal/ adjustments during the year	(16.59)	-
At cost at the end of the year	**4,092.98**	**2,972.79**
Accumulated amortisation as at the beginning of the year	**910.77**	**255.84**
Amortisation for the year	588.76	654.93
Disposals/ adjustments during the year	(8.59)	-
Accumulated amortisation as at the end of the year	**1,490.94**	**910.77**
Net carrying amounts as at the end of the year	**2,602.04**	**2,062.02**

* No revaluation of any class of asset was carried out during the year.

16. Other non-financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advances to vendors and employees	1,162.05	410.07
Goods and services tax input credit receivable	693.63	468.40
Prepaid expenses	1,222.03	215.14
Deferred staff loan cost	0.02	0.30
Total	**3,077.73**	**1,093.91**

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(Rupees in lakh)

17. Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
Due to micro and small enterprises	0.08	0.01
Due to others	666.93	218.24
Other payables		
Due to micro and small enterprises	-	-
Due to others		
- Accrued employee benefits	-	52.65
- Payable to Customers	15.04	54.71
Total	**682.05**	**325.61**

The ageing for trade payables as on 31 March, 2022 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	0.08	-	-	-	0.08
Others	530.84	38.59	53.80	39.60	4.10	666.93
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**530.84**	**38.67**	**53.80**	**39.60**	**4.10**	**667.01**

The ageing for trade payables as on 31 March, 2021 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	0.01	-	-	-	-	0.01
Others	206.67	8.73	0.62	2.22		218.24
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**206.68**	**8.73**	**0.62**	**2.22**	**-**	**218.25**

Details of dues to micro, small and medium enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled the required memorandum with the prescribed authorities. Out of the confirmations sent to the parties, some confirmations have been received till the date of finalisation of the Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under the Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2022	As at March 31, 2021
1. The principal amount remaining unpaid at the end of the accounting year.	0.08	0.01
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year.	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
The balance of MSMED parties as at the end of the year	**0.08**	**0.01**

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(Rupees in lakh)

18. Debt securities

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
Secured				
Redeemable non-convertible debentures	54,621.07	54,621.07	24,670.81	24,670.81
Liabilities arising out of securitization transactions	3,293.38	3,293.38	1,616.85	1,616.85
Unsecured				
Commercial paper	11,472.03	11,472.03	5,269.88	5,269.88
Redeemable non-convertible debentures	990.29	990.29	-	-
Total	**70,376.77**	**70,376.77**	**31,557.55**	**31,557.55**
Debt securities in India	70,376.77	70,376.77	31,557.55	31,557.55
Debt securities outside India	-	-	-	-
Total	**70,376.77**	**70,376.77**	**31,557.55**	**31,557.55**

Security and other terms of debt securities :

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %	8,000.00	2,000.00	-	-	-	10,000.00
9.00 - 10.99 %	18,136.65	16,833.35	2,500.00	-	-	37,470.00
11.00 - 13.00 %	1,166.66	1,166.66	1,166.68	5,000.00	10,700.00	19,200.00
Total	**27,303.31**	**20,000.01**	**3,666.68**	**5,000.00**	**10,700.00**	**66,670.00**

(ii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %*	5,600	-	-	-	-	5,600.00
9.00 - 10.99 %*	10,000	6,500	5,000	-	-	21,500.00
11.00 - 13.00 %*	-	833.33	833.33	833.34	-	2,500.00
Total	**15,600.00**	**7,333.33**	**5,833.33**	**833.34**	**-**	**29,600.00**

The above secured debt securities are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its debt securities. Minimum security cover of 1.1 times is required to be maintained throughout of the year.

(i) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
Rate of Interest 9.75 % to 11.04%*	1,036.54	927.10	924.94	531.03	-	**3,419.61**
Total	**1,036.54**	**927.10**	**924.94**	**531.03**	**-**	**3,419.61**

(ii) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
Rate of Interest 10.00 % to 10.48%*	1,330.02	319.38	-	-	-	**1,649.40**
	1,330.02	**319.38**	**-**	**-**	**-**	**1,649.40**

* Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of loans are as follows :

(a) Out of the the above, Non-convertible debentures amounting to Rs 5,000 lakh as at March 31, 2022 are guaranteed by directors.

(b) Debt Securities were used fully for the purpose for which the same were obtained.

(c) There are no default in repayment of debt securities.

(Rupees in lakh)

19. Borrowings (other than debt securities)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
(a) Term loans				
From banks	67,444.47	67,444.47	18,223.33	18,223.33
From other parties	36,657.03	36,657.03	22,702.07	22,702.07
External commercial borrowings	3,137.88	3,137.88	-	-
(b) Loans repayable on demand	-	-	-	-
Bank overdraft	2,567.71	2,567.71	4,086.54	4,086.54
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**
Borrowings in India	**1,06,669.21**	**1,06,669.21**	**45,011.94**	**45,011.94**
Borrowings outside India	**3,137.88**	**3,137.88**	-	-
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**
Secured	1,03,802.48	1,03,802.48	43,637.23	43,637.23
Unsecured	6,004.61	6,004.61	1,374.71	1,374.71
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**

Terms of repayment of the term loans

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Redeemable within (Payable in monthly instalments)	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 6 % to 12.00%*	25,303.53	19,848.93	15,402.65	7,695.37	250.00	68,500.48
For Other Parties :						
Rate of Interest 10.85 % to 12.75%*	18,696.31	13,737.48	3,456.02	1,238.08	-	37,127.89
Total	**43,999.84**	**33,586.41**	**18,858.67**	**8,933.45**	**250.00**	**1,05,628.37**

(ii) Terms of repayment of External commercial borrowings in foreign currency as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 11.12%*	-	-	3,131.29	-	-	3,131.29
Total	-	-	**3,131.29**	-	-	**3,131.29**

The Company had availed total External Commercial Borrowing (ECBs) of USD 4.125 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time.The borrowing has a maturity of three years. In terms of the RBI guidelines, the borrowing has been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps .The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECB.

(iii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Redeemable within (Payable in monthly instalments)	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 10.78 % to 12.75%*	5,763.63	5,656.27	4,946.00	2,159.72	-	18,525.62
For Other Parties :						
Rate of Interest 11.75 % to 12.00%*	10,078.59	8,961.55	3,965.72	-	-	23,005.86
Total	**15,842.22**	**14,617.82**	**8,911.72**	**2,159.72**	-	**41,531.48**

*Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of the loans are as follows :

(a) Rate of interest of the bank overdraft ranges from 7.30% per annum to 9.70% per annum and the same is secured against fixed deposits.

(b) The above borrowings other than Bank overdraft and unsecured borrowings are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its secured borrowings.

(c) Out of the the above, borrowings amounting to Rs 30,714 lakh as at March 31, 2022 are guaranteed by directors.

(d) Term Loans were used fully for the purpose for which the same were obtained.

(e) There were no default in the repayment of borrowings.

(f) Periodic statements of securities filed with the lending institutions are as per the books of accounts.

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20. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend payable on equity shares	1.43	1.43
Others payables :		
Collateral margin money received	1.67	199.67
Deferred consideration on direct assignments	23.81	156.87
Lease liabilities (Refer Note 44)	2,858.76	1,340.97
Other liabilities	1,437.96	389.09
Book overdraft	174.01	30.19
Provision on unrealised gain*	225.17	-
Total	**4,722.81**	**2,118.22**

*The unrealised gain is on account of sale of loan to ARC.

21. Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of advance tax and tax deducted at source Rs. 534.81 lakh (Previous year: Rs. 782.31 lakh))	126.07	144.13
Total	**126.07**	**144.13**

22. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits :		
-Provision for gratuity (Refer Note 42b)	83.65	71.13
-Provision for compensated absences (Refer Note 42c)	287.52	170.85
-Provision for bonus	700.00	180.00
Provision for Expenses	1,616.05	517.69
Total	**2,687.22**	**939.67**

23. Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	364.23	137.64
Total	**364.23**	**137.64**

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24. Equity

a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorised capital				
Equity shares of Rs 10 each	8,15,00,000	8,150.00	8,15,00,000	8,150.00
Preference shares of Rs 10 each	2,05,00,000	2,050.00	2,05,00,000	2,050.00
Issued, subscribed and fully paid-up				
Equity shares of Rs 10 each, fully paid-up	7,05,59,319	7,055.94	7,05,28,550	7,052.86
Total	**7,05,59,319**	**7,055.94**	**7,05,28,550**	**7,052.86**

b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	7,05,28,550	7,052.86	7,05,28,550	7,052.86
Add: Shares issued during the year*	30,769	3.08	-	-
Outstanding at the end of the year	**7,05,59,319**	**7,055.94**	**7,05,28,550**	**7,052.86**

*During the year the Company has allotted 30,769 equity shares of Rs 10 each under the ESOP scheme.

c. Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having a face value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

d. Particulars of shareholders holding more than 5% of the equity share capital :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	1,51,16,279.00	21.42%	1,51,16,279.00	21.43%
Clearsky Investment Holdings Pte Limited	1,51,16,279.00	21.42%	1,51,16,279.00	21.43%
DBZ (Cyprus) Limited	65,07,687.00	9.22%	1,35,65,891.00	19.23%
Samena Fidem Holdings	59,56,757.00	8.44%	59,56,757.00	8.45%
Total	**4,26,97,002.00**	**60.50%**	**4,97,55,206.00**	**70.54%**

e. Shares reservation :

Particulars	As at March 31, 2022	As at March 31, 2021
	No. of Shares	No. of Shares
Equity shares of Rs 10 each Number of Shares reserved for ESOPs (Refer Note 43)	29,91,097	32,57,033

f. Objectives for managing capital :

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by the RBI.

g. Shareholding of Promoters Disclosure :

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	No.of Shares	% of total shares	
1. Poshika Advisory Services LLP	20,27,709	2.87%	-
Total	**20,27,709**	**2.87%**	

(Rupees in lakh)

25. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Securities premium account	77,723.91	77,673.45
(ii) Employee stock options scheme outstanding account	446.86	853.86
(iii) Reserve Fund u/s 45-IC (1) of Reserve Bank of India Act, 1934	2,401.48	2,110.47
(iv) Capital Reserve	1,046.00	1,046.00
(v) Retained Earnings - other than Remeasurement of Post Employment Benefit Obligations	7,957.55	6,493.58
(vi) Retained Earnings - Remeasurement of Post Employment Benefit Obligations	18.20	13.60
(vii) Cash Flow Hedges Reserve	6.38	-
Total	**89,600.38**	**88,190.96**

Nature and purpose of reserves :

(i) Securities Premium Account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under the stock option schemes of the Company.

(iii) Statutory reserves u/s 45-IC of the RBI Act, 1934

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with the authorisation of the Reserve Bank of India.

(iv) Capital Reserve

Capital reserve comprises of the amount received on share warrants & which are forfeited by the Company for non-payment of call money.

(v) Retained earnings - other than Remeasurement of Post Employment Benefit Obligations

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

(vi) Retained earnings - Remeasurement of Post Employment Benefit Obligations

The Company recognises the change on account of remeasurement of the net defined benefit liabilities (assets) as a part of the retained earnings.

(vii) Cash Flow Hedges Reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through the other comprehensive income (OCI).

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

26. Interest income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At Amortised Cost:		
Interest on loans	26,137.36	13,214.00
Interest on deposits with Banks	696.50	1,425.78
Interest on other financial assets	61.70	25.42
Other interest income	105.43	16.85
Interest on debt securities	214.29	1.38
Total	**27,215.28**	**14,683.43**

27. Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gain on derecognition of financial instruments	2,852.50	129.42
Total	**2,852.50**	**129.42**

28. Net gain on fair value changes

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit and loss :-		
(a) On trading portfolio		
- Gain on sale of investments	49.46	34.68
(b) On financial instruments	(15.79)	-
Total	**33.67**	**34.68**
Fair value changes:		
Realised	62.89	153.65
Unrealised	(29.22)	(118.97)
Total	**33.67**	**34.68**

29. Fees and commission income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fees and commission income	626.01	133.54
Total	**626.01**	**133.54**

30. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Technology support fees	433.81	300.00
Web display fees	180.00	50.00
Insurance commission income	0.32	2.77
Total	**614.13**	**352.77**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

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31. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Costs		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	8,090.88	2,331.37
(b) Interest on debt securities		
Interest on redeemable non-convertible debentures / Discount on Commercial paper	5,416.80	1,934.05
(c) Interest on lease liabilities		
Interest on lease liabilities	225.38	171.20
(d) Other interest expense		
Interest expense on other financial liabilities	5.86	19.62
Total	**13,738.92**	**4,456.24**

32. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial instruments measured at amortised cost:		
Impairment on financial instruments		
- Loans	2,934.67	1,961.71
- Other receivables	3.17	-
- Fixed deposits	2.86	-
- Investments	0.84	-
Total	**2,941.54**	**1,961.71**

33. Employee benefits expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, other allowances and bonus	7,074.49	4,159.92
Contribution to provident and other funds (Refer Note 42a)	236.77	120.15
Gratuity expenses (Refer Note 42b)	38.19	37.62
Staff welfare expenses	46.76	9.87
Share based payments to employees (Refer Note 43)	(107.15)	205.11
Total	**7,289.06**	**4,532.67**

34. Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	172.08	152.96
Amortization on intangible assets	580.17	654.93
Depreciation on right of use assets	481.01	366.02
Total	**1,233.26**	**1,173.91**

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For the year ended March 31, 2022

(Rupees in lakh)

35. Other expenses

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Rent expenses	222.22	92.82
Communication expenses	229.19	71.04
Printing and stationery expenses	49.71	14.20
Advertisement and publicity expenses	15.95	3.03
Directors' sitting fees	171.00	123.38
Payments to auditor *	75.20	46.03
Legal and professional fees	1,393.88	741.84
Insurance expenses	152.29	46.82
Rates and taxes	598.97	256.35
Computer maintenance and software expenses	580.38	320.39
Marketing and brand promotion expenses	36.95	6.73
Power and fuel expenses	12.97	10.65
Meeting and events expenses	18.02	14.91
Travelling, lodging and boarding expenses	151.81	35.24
Brokerage expenses	2.85	0.09
Miscellaneous expenses	370.52	193.83
CSR expenditure (Refer Note 39)	39.12	19.05
Total	**4,121.03**	**1,996.40**

* Payments to auditor includes:

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
a. Statutory audit	24.00	23.21
b. Limited review	19.00	15.77
c. Certification matters	30.70	7.05
d. Out-of-pocket expenses	1.50	-
Total	**75.20**	**46.03**

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(Rupees in lakh)

36. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share' :
Basic EPS is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.
Diluted EPS is calculated by dividing the profit attributable to equity holders (after adjusting the profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.) [B]	7,05,35,715	7,05,28,550
Basic earnings per share Rs. [A/B]	**2.06**	**4.07**
Diluted		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.)	7,05,35,715	7,05,28,550
Weighted average number of potential equity shares on account of employee stock options and share warrants	5,73,817	-
Weighted average number of shares outstanding for diluted earning per share [B]	7,11,09,532	7,05,28,550
Diluted earnings per share Rs. [A/B]	**2.05**	**4.07**
Face value per share Rs.	10.00	10.00

The dilutive effect on the earnings per share is caused by the potential shares that would be issued upon the exercise of the ESOP options. As a result of the dilution, the denominator increased by 5,73,817 shares (Previous year : nil). During the year ended March 31, 2021 the potential equity shares were anti-dilutive in nature, hence the impact of the same was ignored for the purpose of computation of the diluted earnings per share.

37. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by the existing promoters with the erstwhile promoters. Further, there are no other contingent liabilities other than those covered under the deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments not provided for :		
- Commitments related to loans sanctioned but partially undrawn	882.60	1,381.88
- Other commitments*	872.99	-
- Amount of contracts remaining to be executed on capital account	185.00	47.00
Total	**1,940.59**	**1,428.88**

*Other commitments represent financial guarantees given for Co-lending arrangement entered by the Company during the year.

38. Segment Reporting

There is no separate reportable segment as per the Ind AS 108 "Operating Segments" specified under Section 133 of the Act. The Company operates in a single segment only. There are no operations outside India and hence, there are no reportable geographical segments.

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(Rupees in lakh)

39. Corporate Social Responsibility

The average profit before tax of the Company for the last three financial years was Rs.1,956.03 lakh, basis which the Company was required to spend Rs.39.12 lakh towards Corporate Social Responsibility (CSR) during the current financial year.

a) Amount spent during the year on :

Particulars	**31-Mar-22**			**31-Mar-21**		
	Amount Spent	**Amount unpaid/provision**	**Total**	**Amount Spent**	**Amount unpaid/provision**	**Total**
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	39.12	-	39.12	19.05	-	19.05

b) In case of Section 135(5) unspent amount :

Opening Balance	**Amount deposited in Specified Fund of Sch. VII within 6 months**	**Amount required to be spent during the year**	**Amount spent during the year**	**Amount required to be spent during the year**
-	-	39.12	39.12	-

c) In case of Section 135(5) excess amount spent :

Opening Balance	**Amount deposited in Specified Fund of Sch. VII within 6 months**	**Amount required to be spent during the year**	**Amount spent during the year**	**Amount required to be spent during the year**
-	-	39.12	39.12	-

d) In case of Section 135(6) details of ongoing projects :

Opening Balance	**Amount deposited in Specified Fund of Sch. VII within 6 months**	**Amount required to be spent during the year**	**Amount spent during the year**	**Amount required to be spent during the year**
-	-	-	-	-

e) The additional disclosure with regard to CSR activities are summarized below:
(i) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year - Nil
(ii) The total of previous years' shortfall amounts - Nil
(iii) The reason for above shortfalls - Not applicable.

f) Nature of CSR activities

The Company is required to contribute to corporate social responsibility activities as per CSR Rules under the Companies Act, 2013. During the year the Company has spent ₹ 39.12 lakh which was the required amount to be spent under CSR activity. The amount is spent towards healthcare and education of the under-privileged through an NGO.

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(Rupees in lakh)

40. Related party

a. List of related parties and their relationship :

(i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer (upto 30th April 2021)	Abhijit Ghosh
- Chief Financial Officer (upto 2nd November 2021)	Sandeepkumar Zanvar
- Chief Financial Officer (from 3rd November 2021)	Amit Gupta
- Company Secretary	Aniket Karandikar

(ii) Enterprises over which KMP has control :

- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP
- Livfin India Private Limited

b. Transactions with related parties are as enumerated below:

Particulars	As at March 31, 2022	As at March 31, 2021
Transactions during the year		
Expenses		
Arranger Fees Paid		
Livfin India Private Limited	20.57	-
Arranger Fees Received		
Livfin India Private Limited	33.81	-
Reimbursement of expenses		
Aniket Karandikar	0.17	-
Amit Gupta	0.99	-
Shachindra Nath	9.43	-
Remuneration paid *		
Shachindra Nath	295.60	269.35
Abhijit Ghosh	11.38	136.52
Kalpeshkumar Ojha	-	65.04
Sandeepkumar Zanvar	44.48	23.87
Amit Gupta	53.68	-
Aniket Karandikar	30.49	23.83

*The above figures do not include provision towards gratuity.

c. Balance outstanding

Particulars	As at March 31, 2022	As at March 31, 2021
Other financial assets		
Livfin India Private Limited	7.89	-

d. ESOPs held with Key Managerial Personnel

Particulars	As at March 31, 2022 (No. of options)	As at March 31, 2021 (No. of options)
Abhijit Ghosh	-	7,24,615
Sandeepkumar Zanvar	-	1,00,000
Amit Gupta	3,00,000	-
Aniket Karandikar	15,000	-

41. Expenditure in foreign currency

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other expenses	79.49	0.87
Total	**79.49**	**0.87**

42. Disclosure pursuant to Ind AS 19 'Employee benefits'

a. Defined contribution plans :

Particulars	As at March 31, 2022	As at March 31, 2021
Employer's contribution to provident fund	140.11	84.44
Employer's contribution to national pension scheme	96.61	35.58
Employer's contribution to labour welfare fund	0.05	0.13
Total	**236.77**	**120.15**

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42. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

b. Defined benefit plan (Gratuity)

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2022	**As at March 31, 2021**
Discount rate	5.66%	5.18%
Expected rate of return on plan asset	NA	NA
Salary escalation	5.00%	5.00%
Attrition rate	22.00%	22.00%
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)

(ii). Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2022	**As at March 31, 2021**
Service cost:		
Current service cost	34.50	34.75
Net interest expense	3.69	2.87
Components of defined benefit costs recognised in the Statement of profit or loss	**38.19**	**37.62**
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(1.94)	(5.85)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(23.71)	(13.34)
Components of defined benefit costs recognised in other comprehensive income	**(25.67)**	**(19.19)**
Total	**12.52**	**18.43**

(iii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2022	**As at March 31, 2021**
Present value of defined benefit obligation	83.65	71.13
Net liability arising from defined benefit obligation	**83.65**	**71.13**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2022	**As at March 31, 2021**
Opening defined benefit obligation	**71.13**	**52.70**
Current service cost	34.50	34.75
Interest cost	3.69	2.87
Remeasurement (gains)	(25.67)	(19.19)
Closing defined benefit obligation	**83.65**	**71.13**

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	**As at March 31, 2022**	**As at March 31, 2021**
1st following year	0.39	0.41
2nd following year	11.55	0.37
3rd following year	14.19	12.70
4th following year	11.81	15.13
5th following year	14.28	12.87
Sum of years 6 To 10	40.89	37.21
Sum of years 11 and above	19.52	16.45

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

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42. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.81)	4.13	(3.53)	3.83
Future salary growth (1% movement)	3.67	(3.44)	3.37	(3.21)
Attrition rate (1% movement)	(1.88)	1.91	(2.05)	2.09

Note :

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

c. Compensated absences

(i). The principal assumptions used for the purposes of the actuarial valuations towards Privilege Leave liability were as follows :

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Demographic Assumptions		
Mortality Rate:	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition Rate:	22.00% p.a. for all service groups.	22.00% p.a. for all service groups.
Retirement Age:	60 years	60 years
Financial Assumptions		
Salary Escalation Rate:	5.00% p.a.	5.00% p.a.
Discount Rate:	5.66% p.a.(Indicative G.Sec referenced on 31-03-2022)	5.18% p.a.(Indicative G.Sec referenced on 31-03-2021)

(ii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation	287.52	170.85
Net liability arising from defined benefit obligation	**287.52**	**170.85**

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Discontinuance Liability	293.61	171.84
Defined Benefit Obligation	287.52	170.85
Funding Status	Unfunded	Unfunded
Fund Balance	N.A.	N.A.
Current Liability	67.38	38.23
Non-Current Liability	220.14	132.62

The average expected future service is 3.00 years

A distribution of the above liability over different ranges of past service intervals is provided below :

Past Service Interval	Distribution of DBO
9 and below	100%
10 to 19	-
20 to 29	-
30 and above	-

(iii). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2022	
	Increase	Decrease
Discount rate (1% movement)	(8.64)	9.36
Future salary growth (1% movement)	9.32	(8.77)
Attrition rate (1% movement)	(0.32)	0.34

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(Rupees in lakh)

43. Disclosure relating to employee stock option scheme

The Company has one stock option scheme 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by the board of directors on August 13, 2018 and by the shareholders in the EGM dated September 18, 2018. During the year the Company has issued 270,769 (previous year 3,530,759) options representing equal numbers of equity shares of Rs. 10 each.

The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2022 and March 31, 2021 is set below :

Particulars	**As at March 31, 2022**	**Exercise price range**	**As at March 31, 2021**	**Exercise price range**
	In numbers		**In numbers**	
CSL employee stock option scheme 2017 : (face value of Rs. 10 each)				
Options outstanding at the beginning of the year	**32,57,033**	**Rs. 130 - Rs. 180**	**38,01,528**	**Rs. 130**
Add: Granted	13,78,039	Rs. 130	5,97,617	Rs. 130
Less: Exercised	30,769	Rs. 130	-	-
Less: Lapsed	16,13,206	-	11,42,112	-
Option outstanding at the end of the year	**29,91,097**	**Rs. 130**	**32,57,033**	**Rs. 130 - Rs. 180**
Exercisable at the end of the year	**29,91,097**		**32,57,033**	

The Company follows accounting policy of fair value method for employee stock options (ESOPs) valuation. Accordingly, the accumulated expense reversal of Rs. 107.15 lakh (previous year expense Rs. 205.11 lakh) has been credited (previous year debited) to the Statement of profit and loss of the year ended March 31, 2022.

Particulars	**CSL employee stock option scheme 2017 - Grant XVI**	**CSL employee stock option scheme 2017 - Grant XVII**	**CSL employee stock option scheme 2017 - Grant XVIII**	**CSL employee stock option scheme 2017 - Grant XIX**	**CSL employee stock option scheme 2017 - Grant XX**
Date of the grant	April 1, 2021	September 08, 2021	October 7 ,2021	October 21 ,2021	November 1, 2021
Number of options granted	65,000	50,000	25,90,328	35,000	40,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	50:50:00	50:50:00	50:50:00
Weighted average remaining contractual life					
Granted but not vested (in years)	2.00	2.44	1.02	1.06	1.09
Vested but not exercised	Nil	Nil	Nil	Nil	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of three years from the date of vesting		Tranche 1 can be vested within one year and Tranche can be vested within two years from date of vesting		
Vesting conditions	Graded vesting based on fulfillment of IRR target mentioned in the scheme.				
Weighted average fair value of options as on grant date (in Rs)	42.11	48.83	33.06	41.31	47.54

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(Rupees in lakh)

43. Disclosure relating to employee stock option scheme (continued)

Particulars	CSL employee stock option scheme 2017 - Grant XXI	CSL employee stock option scheme 2017 - Grant XXII	CSL employee stock option scheme 2017 - Grant XXIII	CSL employee stock option scheme 2017 - Grant XXIV	CSL employee stock option scheme 2017 - Grant XXV
Date of the grant	December 13, 2021	January 06, 2022	January 21, 2022	January 25, 2022	January 27, 2022
Number of options granted	40,000	40,000	40,000	30,769	60,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant
Vesting pattern	50:50:00	50:50:00	50:50:00	50:50:00	50:50:00
Weighted average remaining contractual life					
Granted but not vested (in years)	1.20	1.27	1.31	1.32	1.33
Vested but not exercised	Nil	Nil	Nil	Nil	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Tranche 1 can be vested within one year and Tranche 2 can be vested within two years from date of vesting				
Vesting conditions	Graded vesting based on fulfillment of IRR target mentioned in the scheme.				
Weighted average fair value of options as on grant date (in Rs)	106.63	107.53	131.27	133.67	135.32

(Rupees in lakh)

43. Disclosure relating to employee stock option scheme (continued)

Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 is as under :

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :

The binomial model of valuation is more advanced and involves the use of computational techniques. In this model, the share price is projected from the date of grant to the date of exercise using upward and downward probabilities. The probabilities are estimated from the share price volatility assumption.
Keeping in view the multiple rules and events during vesting period, the Company switched to binomial method for valuation of it's Share Options as the model is robust model and allows for more complicated rules and events during the vesting period.
The fair value of options have been estimated on the date of the grant using Black-Scholes Model (For Grants XVI and XVII) and Binomial model(For Grants XVIII onwards) :

The key assumptions used in Black-Scholes and Binomial models for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants :

Particulars	CSL employee stock option scheme 2017 - Grant XVI	CSL employee stock option scheme 2017 - Grant XVII	CSL employee stock option scheme 2017 - Grant XVIII	CSL employee stock option scheme 2017 - Grant XIX	CSL employee stock option scheme 2017 - Grant XX
Risk-free interest rate	4.80%	4.60%	5.53%	5.53%	5.57%
Expected volatility of share price*	55.50%	53.60%	58.76%	59.17%	59.56%
Time to maturity (in years)	2.50	2.50	3.30	3.30	3.30
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation (in Rs)	106.10 **	116.50 **	130 **	130 **	130 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

** The QIP issue price has been considered as the current market price for computing the fair value of ESOP since the market value on the date of grant of ESOP was not representative of the fair value of the share.

Particulars	CSL employee stock option scheme 2017 - Grant XXI	CSL employee stock option scheme 2017 - Grant XXII	CSL employee stock option scheme 2017 - Grant XXIII	CSL employee stock option scheme 2017 - Grant XXIV	CSL employee stock option scheme 2017 - Grant XXV
Risk-free interest rate	5.46%	6.03%	6.10%	6.09%	6.14%
Expected volatility of share price*	59.37%	58.82%	58.50%	58.43%	58.40%
Time to maturity (in years)	3.30	3.30	3.30	3.30	3.30
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (Rs.)	130 **	130 **	130 **	130 **	130 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

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UGRO CAPITAL LIMITED

(Rupees in lakh)

44. Leases (entity as a lessee)

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses. The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU asset has been included after the line "Property, Plant & Equipment" and lease liabilities has been included under "Other Financial Liabilities" in the Balance Sheet.

a. Right of use asset :

Particulars	As at March 31, 2022	As at March 31, 2021
Office Premises :		
At cost at the beginning of the year	**1,971.28**	**1,854.97**
Additions during the year	1,914.56	92.10
Remeasurement of assets	10.42	24.21
At cost at the end of the year	**3,896.26**	**1,971.28**
Accumulated depreciation as at the beginning of the year	**876.97**	**510.96**
Depreciation for the year	481.01	366.01
Accumulated depreciation as at the end of the year	**1,357.98**	**876.97**
Net carrying amounts as at the end of the year	**2,538.28**	**1,094.31**

b. Amount recognised in Statement of Profit and loss :

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense for the year on right-of-use assets	481.01	366.01
Interest expense for the year on lease liabilities	225.38	171.20
Total expenses recognised in Statement of profit and loss	**706.39**	**537.21**

The total cash outflow on account of lease rentals amounting for the current year Rs. 587.61 lakh (previous year : Rs. 447.99 lakh).
The average lease term for the rented office premises is ranging between 5 to 12 years.

c. Lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liabilities	2,858.76	1,340.97
Total	**2,858.76**	**1,340.97**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than 1 year	597.97	404.82
Later than 1 year and not later than 5 years	2,185.39	884.64
Later than 5 years	75.40	51.51
Total	**2,858.76**	**1,340.97**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitors and pays lease rentals on a timely manner as per the terms of the respective leave and license agreement.

The Company has the right to extend lease term as per mutually agreed terms laid down in the respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

45. Disclosure under Clause 28 of the Listing Agreement for Debt Securities :

Particulars	**March 31, 2022**	**March 31, 2021**
a) Loans and advances in the nature of loans to Subsidiaries		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
b) Loans and advances in the nature of loans to Associates		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
c) Loans and advances in the nature of loans to Firms/Companies in which director are interested		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
d) Investments by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	Not Applicable	Not Applicable

(Rupees in lakh)

46 Impact of Hedging activities

a) Disclosure of effects of hedge accounting on the financial position:

March 31, 2022

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	**Assets**	**Liabilities**	**Assets**	**Liabilities**				
Currency Derivative (Cross Currency Interest Rate Swaps)	3,109.43	-	22.29	-	December 06, 2024	22.29	22.29	Borrowings (other than debt securities)

March 31, 2021

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	**Assets**	**Liabilities**	**Assets**	**Liabilities**				
Currency Derivative (Cross Currency Interest Rate Swaps)	-	-	-	-	-	-	-	-

b) Disclosure of effects of hedge accounting on the financial performance:

March 31, 2022

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	9.00	-	(61.58)	Finance Cost

March 31, 2021

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	-	-	-	N.A.

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(Rupees in lakh)

47. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2022				As at March 31, 2021			
	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total
Financial assets								
Cash and cash equivalents	6,574.94	-	-	6,574.94	12,365.55	-	-	12,365.55
Bank balances other than cash and cash equivalents above	12,260.25	-	-	12,260.25	19,238.99	-	-	19,238.99
Derivative financial instruments	-	-	22.29	22.29	-	-	-	-
Loans	2,45,048.34	-	-	2,45,048.34	1,28,269.61	-	-	1,28,269.61
Investments	4,295.88	2,648.11		6,943.99	1,508.21	4,014.54	-	5,522.75
Other financial assets (Refer Note 8)	789.62	-	-	789.62	680.88	-	-	680.88
Total	**2,68,969.03**	**2,648.11**	**22.29**	**2,71,639.43**	**1,62,063.24**	**4,014.54**	-	**1,66,077.78**
Financial liabilities								
Payables :								
(A) Trade payables								
(I) Total outstanding dues of micro enterprises and small enterprises	0.08	-	-	0.08	0.01	-	-	0.01
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	-	-	666.93	218.24	-	-	218.24
(B) Other payables			-					
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	-	-	15.04	107.36	-	-	107.36
Debt securities	70,376.77	-	-	70,376.77	31,557.55	-	-	31,557.55
Borrowings (other than debt securities)	1,09,807.09	-	-	1,09,807.09	45,011.94	-	-	45,011.94
Other financial liabilities (Refer Note 20)	4,497.64	225.17	-	4,722.81	2,118.22	-	-	2,118.22
Total	**1,85,363.54**	**225.17**	-	**1,85,588.72**	**79,013.32**	-	-	**79,013.32**

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UGRO CAPITAL LIMITED

(Rupees in lakh)

48. Financial risk management

The Company has exposure to the following risks from financial instruments:

a. Credit Risk
b. Liquidity Risk
c. Market Risk
d. Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc. The Company has therefore, invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks. The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

a. Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business. The same is done primarily through analytics and survey. Further, the company has also developed sophisticated sector/sub-sector scorecards, both statistical and expert. The proposals are appraised based on the understanding of these sector/sub-sectors. A fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

Management of Credit Risk

Write-off policy :

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instruments in the Statement of profit and loss. The write-off decisions are taken by the management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis :

The Company's policies for computation of expected credit loss (ECL) are set out below:

(I) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company :

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of the group of borrowers.

Definition of default :

A default shall be considered to have occurred when any of the following criteria is met:
a) An asset is more than 90 DPD.
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

Significant increase in credit risk (SICR) criteria :

(a) External credit rating going below investment grade rating.
(b) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.
(c) Other Qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.
(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cut-off norms as set by the Company from time to time and current status is Stage 1 is termed as low credit risk.

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :
(i) Stage 1: 0-30 DPD;
(ii) Stage 2: 31-89 DPD and
(iii) Stage 3: >= 90 DPD
Any deviation to the above classification shall be approved by the audit committee of the board (ACB).

(Rupees in lakh)

48. Financial risk management (continued)

Probability of Default (PD%)
PDs are determined depending on the risk profile of the pool of loans based on the internal rating models, credit bureau models, corporate ratings, specific market estimates as applicable to the respective portfolio segments.

Loss given default (LGD%)
Loss given default (LGD) represents recovery from defaulted assets.
LGD computation is based on the Foundational-Internal Rating Based (F-IRB) approach or basis cashflows from post default workout and collections, as applicable to the respective portfolio segments.
LGD is determined based on F-IRB approach for Stage 1 and Stage 2 loans. For Stage 3, loans the Company estimates the cash flows expected over a time period.

Exposure at Default (EAD)
Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered the following for EAD computation :
a.On books principal exposure
b.Accumulated interest exposure
c.Excluding FLDG amount, if any
The Company actively participates in co-lending with other NBFC partners. In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee. In such scenarios, while arriving at EAD, FLDG amount is subtracted. In case of default in such arrangements, if the trigger event occurs for both unsecured and secured loans on the 89th day, the POS plus accumulated interest would be adjusted from the FLDG. The interest accumulation to stop in the accounting books for such assets in case there is no principal outstanding.
(II) ECL on fixed deposits, investments, trade and other receivables
With respect to the Fixed Deposits and Investments held by the Company, ECL provisioning has been computed taking guidance from the RBI's IRB approach. The Company has followed Simplified Approach of ECL provisioning on its Trade and other receivables.

Applicable provisions for NBFCs covered under Ind AS:
RBI vide circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 provides that NBFCs which are required to comply with Indian Accounting Standards (Ind AS) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per the ICAI guidelines for recognition of the impairments. The Company follows the aforesaid circular.

Portfolio default and loss estimates :
To arrive at an early estimation of loss, an internally developed methodology has been adopted.

i) For term loans, the method combines macroeconomic outlook of the sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.

ii) For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focusing on the key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow.

iii) For onward lending , the estimates are based on a client level assessment.

iv) For direct assignment, the estimates are based on partner assessment and high-level multipliers.

Further, the management will continue to review the situation and do this analysis at regular intervals during FY 2023 as the Company will have more data points and keep updating the analysis and make appropriate adjustments, as warranted and reflect the same in the financials also considering further regulatory guidance as may be forthcoming.

Impact of Covid – 19 on expected credit loss :
The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, MSME lending and the efficiency in collection efforts resulting in increase in the delinquency rates and consequent increase in provisions therefor.

India has now emerged from the COVID-19 pandemic and we have witnessed significant revival in the MSME sector in terms of demand resulting in increased disbursements and improved collection efficiency. The extent to which any new wave of COVID-19 will impact the Company's results is estimated to be minimal with the increasing vaccination coverage in the country which will help in mitigating the risks associated with the pandemic and its impact thereof.

In view of the above, the Management estimates that in future there would be minimal impact of the pandemic on the Company.

Management Overlay :
The Company has maintained management overlay of Rs. 273.79 lakh towards its restructured loans and advances as at March 31, 2022.

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(Rupees in lakh)

48. Financial risk management (continued)

A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Management Overlay	Total
Opening balances as at April 01, 2021	**1,197.28**	**75.03**	**1,011.00**	**-**	**270.00**	**2,553.31**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.95	(2.44)	(0.51)	-	-	-
Transfer to Stage 2	(64.73)	64.90	(0.17)	-	-	-
Transfer to Stage 3	(887.16)	(34.09)	921.25	-	-	-
New loans originated during the year	2,156.49	28.68	168.15	-	-	2,353.32
Other movements (on account of changes in EAD)	76.83	(38.17)	(884.68)	-	-	(846.02)
Management overlay	-	-	-	-	3.79	3.79
Closing balance as at March 31, 2022	**2,481.66**	**93.91**	**1,215.04**	**-**	**273.79**	**4,064.40**
Opening balance as at April 01, 2020	**633.25**	**52.10**	**359.68**	**-**	**-**	**1,045.03**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.56	(2.30)	(0.26)	-	-	-
Transfer to Stage 2	(43.87)	43.89	(0.02)	-	-	-
Transfer to Stage 3	(669.50)	(165.61)	835.11	-	-	-
New loans originated during the year	920.10	30.62	56.60	-	-	1,007.32
Other movements (on account of changes in EAD)	354.74	116.33	(240.11)	-	-	230.96
Management overlay	-	-	-		270.00	270.00
Closing balance as at March 31, 2021	**1,197.28**	**75.03**	**1,011.00**	**-**	**270.00**	**2,553.31**

B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2021	**8.69**	**-**	**-**	**8.69**
Changes in the loss allowance during the year :				-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of changes in EAD)	(8.69)	-	-	(8.69)
Closing balance as at March 31, 2022	**-**	**-**	**-**	**-**
Opening balances as at April 01, 2020	**2.77**	**-**	**-**	**2.77**
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	8.69	-	-	8.69
Other movements (on account of changes in EAD)	(2.77)	-	-	(2.77)
Closing balance as at March 31, 2021	**8.69**	**-**	**-**	**8.69**

C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balance of gross carrying amount as at April 01, 2021	**1,24,036.19**	**3,751.00**	**3,044.42**	**-**	**1,30,831.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	430.59	(289.11)	(141.48)		-
Transfer to Stage 2	(2,004.44)	2,010.61	(6.17)		-
Transfer to Stage 3	(4,175.51)	(277.22)	4,452.73		-
New loans originated during the year	1,94,319.04	1,198.16	843.55		1,96,360.75
Other movements (on account of changes in EAD)	(72,389.62)	(3,138.10)	(2,551.90)		(78,079.62)
Closing balance as at March 31, 2022	**2,40,216.25**	**3,255.34**	**5,641.15**		**2,49,112.74**
Opening balance of gross carrying amount as at April 01, 2020	**82,372.14**	**1,820.71**	**817.76**	**-**	**85,010.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	74.76	(64.58)	(10.18)	-	-
Transfer to Stage 2	(1,641.66)	1,651.52	(9.86)	-	-
Transfer to Stage 3	(1,932.42)	(525.88)	2,458.30	-	-
New loans originated during the year	81,548.14	2,023.61	286.61	-	83,858.36
Other movements (on account of changes in EAD)	(36,384.77)	(1,154.38)	(498.21)	-	(38,037.36)
Closing balance as at March 31, 2021	**1,24,036.19**	**3,751.00**	**3,044.42**		**1,30,831.61**

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48. Financial risk management (continued)

D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2021	**1,381.88**	-	-	**1,381.88**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	882.60	-	-	882.60
Other changes	-	-	-	-
Other movements (on account of changes in EAD)	(1,381.88)			(1,381.88)
Closing balance as at March 31, 2022	**882.60**	-	-	**882.60**
Opening balance as at April 01, 2020	**593.91**	-	-	**593.91**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	1,381.88	-	-	1,381.88
Other changes				
Other movements (on account of changes in EAD)	(593.91)	-	-	(593.91)
Closing balance as at March 31, 2021	**1,381.88**	-	-	**1,381.88**

E. Details of collaterals received against loan portfolio :

Nature of security against advances :

Underlying securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collaterals for the below calculation is taken at the date of inception of the loan

Advances (LTV band-wise) :

LTV ratio	As at March 31, 2022		As at March 31, 2021	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	1,52,843.22	1,563.92	20,109.68	132.49
51% - 70%	-	-	21,100.79	183.50
71%-90%	-	-	17,935.08	126.71
> 90%	-	-	28,256.91	419.90

Credit impaired advances (LTV band-wise) :

LTV ratio	As at March 31, 2022		As at March 31, 2021	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	3,033.97	325.26	374.80	30.30
71%-90%	-	-	99.29	5.08
> 90%	-	-	579.93	89.59

There is no collateral repossessed by the Company during the year.

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48. Financial risk management (continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line-up of committed credit facilities. The Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability Management framework. The Company continues to maintain a positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2022 :

Particulars	Carrying amount*	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five years	later than five years
Financial assets (inflow) :							
Cash and cash equivalents	6,574.94	6,574.94	6,574.94	-	-	-	-
Bank balances other than cash and cash equivalents above	12,263.11	12,263.11	562.29	5,061.49	755.98	5,881.92	1.43
Derivative financial instruments	22.29	22.29	-	-	22.29	-	-
Loans	2,49,112.74	2,44,841.52	14,557.20	18,930.32	46,775.13	1,23,644.55	40,934.32
Investments	6,944.83	6,854.27	-	-	2,663.90	4,190.37	-
Other financial assets (Refer Note 8)	792.79	792.79	-	139.20	228.38	425.21	-
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	0.08	0.08	-	0.08	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	666.93	-	666.93	-	-	-
(B) Other payables							
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	15.04	-	15.04	-	-	-
Debt securities	70,376.77	71,924.34	5,479.87	6,255.99	18,438.72	31,049.76	10,700.00
Borrowings (other than debt securities)	1,09,807.09	1,11,572.30	3,242.70	10,458.32	33,111.47	64,509.81	250.00
Other financial liabilities (Refer Note 20)	4,722.81	5,470.75	78.07	1,753.94	639.48	2,902.39	96.87

*Carrying amount reported above is on gross basis.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2021 :

Particulars	Carrying amount*	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five years	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	12,365.55	12,365.55	12,365.55	-	-	-	-
Bank balance other than cash and cash equivalents	19,238.99	19,987.06	7,110.55	5,054.95	6,835.16	986.40	-
Loans	1,30,831.61	1,61,434.82	3,347.20	8,853.06	30,334.89	82,615.22	36,284.45
Investments	5,522.75	6,033.90	4,055.46	-	66.83	1,397.95	513.66
Other financial assets (Refer Note 8)	680.88	680.88	-	357.77	94.97	222.88	5.26
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	0.01	0.01	0.01	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	218.24	228.20	32.64	62.39	133.17	-	-
(B) Other payables							
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	107.36	107.36	-	-	107.36	-	-
Debt securities	31,557.55	35,885.48	242.92	1,581.38	18,023.08	16,038.10	-
Borrowings (other than debt securities)	45,011.94	48,288.24	1,951.34	3,274.99	14,501.89	28,560.02	-
Other financial liabilities (Refer Note 20)	2,118.22	2,408.11	47.41	498.44	408.22	1,381.66	72.38

*Carrying amount reported above is on gross basis.

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(Rupees in lakh)

48. Financial risk management (continued)

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2022 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	882.60	882.60	-	-
Other commitments	-	872.99	-	872.99	-
Capital commitments (outflow)	-	185.00	185.00	-	-

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2021 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,381.88	1,381.88	-	-
Other commitments	-	-	-	-	-
Capital commitments (outflow)	-	47.00	47.00	-	-

The Company has disclosed the below information as stated in RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 that enables the market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI).
The Company had not raised any public deposit.
The details of the borrowings are given below:

Sr.No.	Number of Significant counterparties	Amount*	% of Total Liabilities
1	35	1,64,579.97	87.19%

* The Principal outstanding amounts as on March 31, 2022 have been considered above.

(ii) Top 20 large deposits (amount in ₹ lakh and % of total deposits) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI). The Company has not accepted any deposit during the year.

(iii) Top 10 borrowings (amount in ₹ lakh and % of total borrowings) :

Particulars	As at March 31, 2022	As at March 31, 2021
Total borrowings from ten largest lenders	84607.78*	54,775.47*
Percentage of borrowings from ten largest lenders to total borrowings of the Company	46.62%	71.26%

* The amount considered above excludes unamortised borrowing costs.

(iv) Funding concentration based on significant instrument/ product :

Sr No.	Name of instrument/ product	As at March 31, 2022		As at March 31, 2021	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loans facilities	1,05,628.37	55.96%	40,925.39	51.26%
2	Cash credit / overdraft facilities	2,567.71	1.36%	4,086.54	5.12%
3	Non-convertible debentures	54,670.00	28.96%	24,670.81	30.90%
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	3,419.61	1.81%	1,616.85	2.02%
5	Commercial paper	12,000.00	6.36%	5,269.88	6.60%
6	External Commercial borrowing	3,131.29	1.66%	-	-
	Total	**1,81,416.98**	**96.11%**	**76,569.47**	**95.90%**

(v) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2022			As at March 31, 2021		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Commercial papers	6.61%	6.36%	4.20%	5.88%	7.01%	3.20%

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :

The Company does not have borrowings through non-convertible debentures with original maturity of less than one year in the current and previous years.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2022			As at March 31, 2021		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Cash credit / overdraft facilities	1.42%	1.36%	0.90%	4.29%	5.12%	2.33%

The Principal outstanding amounts as on March 31, 2022 have been considered above.

(vi) Institutional set-up for liquidity risk management :

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in the assets and liabilities in various buckets. The ALM is tabled and evaluated in the ALCO on a monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in G-Secs/ T-Bills/ Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments including Term Loans, Lines of Credit, Non-Convertible Debentures, External Commercial Borrowings and other market instruments.

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48. Financial risk management (continued)

c. Market risk

Market risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company does not have any direct exposure to foreign currency (refer foreign currency risk note below).

The Company primarily deploys funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :

The Company's exposure to price risk arises from investments held by the Company and is classified in the Balance Sheet through fair value through profit and loss account.

Sensitivity :

The table below summarises the impact of increases / decreases of the NAV of the Company's investments in mutual fund schemes on profit for the period.

Sensitivity :	**Impact on Statement of Profit and Loss**	
Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	-	-
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	-	-
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	-	46.17
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	-	(46.17)
* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.		

Interest rate risk :

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from the two perspectives as mentioned below:
a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rates.
b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off-Balance Sheet positions due to variation in interest rates.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure that the positions are maintained within the established limits.

The exposure of the Company's borrowings to interest rate changes as at the end of the reporting period are as follows :

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Variable rate borrowings	69,642.00	30,331.48
Fixed rate borrowings	1,11,774.98	46,535.94
Total borrowings	**1,81,416.98**	**76,867.42**

The Company had the following variable rate borrowings outstanding :

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Weighted average cost	9.78%	11.03%
Outstanding balance	69,642.00	30,331.48
% of total borrowings	38.39%	39.46%
Sensitivity :	**Impact on profit or loss**	
Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
*Interest rate - increase by 1%	(602.80)	(262.85)
*Interest rate - decrease by 1%	602.80	262.85

* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the company arises mainly on account of the foreign currency borrowings. The company manages this foreign currency risk by entering into cross currency interest rate swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The company holds the derivative financial instruments such as cross currency interest rate swaps to mitigate the risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on the quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

d. Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Capital Management :

The Company's capital management objective is primarily to safeguard the business continuity. The Company's capital raising policy is aligned to the macro-economic situations and incidental risk factors. The Company's cashflows are regularly monitored in sync with the annual operating plans and the long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes that this approach would create shareholder value in the long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present, a large portion of the company's resource base is equity. Therefore, the company enjoys a low gearing.

The Company maintains its capital structure in line with the economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio :

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
The gearing ratio at each date were as follows :		
*Debt (I)	1,83,042.62	77,910.47
Less: Cash and cash equivalents (II) (Refer Note 3)	6,574.94	12,365.55
Net debt (I - II)	**1,76,467.68**	**65,544.92**
Total equity	**96,656.32**	**95,243.82**
Net debt to equity ratio	**1.83**	**0.69**

* Debt includes debt securities, borrowings and lease liabilities.

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49. Details of all collaterals used as security for liabilities

Particulars	Carrying amount of financial assets pledged	
	As at 31st March, 2022	As at 31st March, 2021
Assets type		
Loans receivable as collateral under lending agreements	1,80,756.52	84,052.22
Loans receivable as collateral under PTC agreements	348.88	582.12
Fixed deposits with original maturity of less than 3 months as collateral under lending agreements	100.30	-
Fixed deposits as collateral under lending agreements	11,493.08	241.11
Fixed deposits as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	762.29	630.10

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50. Income tax

a. The major components of tax expense for the year ended March 31, 2022 and March 31, 2021 :

Sr.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	**Statement of profit and loss :**		
	Profit and loss section :		
	Current income tax :		
	Tax for current year as per minimum alternate tax	660.90	482.99
	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(98.18)	(2,142.83)
	Income tax expense reported in the Statement of profit and loss	**562.72**	**(1,659.84)**
2	**Other comprehensive income (OCI) section :**		
	Deferred tax :		
	Net loss on remeasurement of defined benefit obligations	7.47	5.59
	- The effective portion of Gains and Loss on hedging instrument in a cash flow hedge	2.62	-
	Income tax expense reported in the OCI section	**10.09**	**5.59**

b. Reconciliation of effective tax rate :

Sr.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Profit before tax as per books	2,017.78	1,212.91
2	Taxable Income	(369.47)	(634.90)
3	Book profit as per MAT	3,782.60	2,764.68
4	Applicable income tax rate	29.12%	29.12%
5	Tax rate as per MAT	17.47%	17.47%
6	**Tax at the applicable income tax rate on profit before tax (A)**	587.58	353.20
7	**Tax effect of amounts not deductible/not taxable while calculating taxable income**		
	-Corporate Social Responsibility	5.70	2.77
	-Excess Interest Spread receivable on direct assignment transactions	(20.48)	-
	-Interest /penalty on TDS	0.02	0.11
	-Differences on account of WDV	-	(179.32)
	-Bonus Disallowed	-	(32.19)
	-Preliminary Expenses	-	207.28
	-Other adjustments	-	1.75
	-Impact on account of brought forward losses	-	(1,927.82)
	-Impact on account of change in surcharge rate	-	(80.03)
	- Tax impact on Other Comprehensive Income	(10.10)	(5.59)
	Total of adjustments (B)	**(24.86)**	**(2,013.04)**
8	**Total Tax Impact (Excl. MAT related adjustments) (C) = (A) - (B)**	**562.72**	**(1,659.84)**
9	Tax under MAT (Current Tax)	660.90	482.99
10	**Less: MAT credit entitlement (D)**	**(660.90)**	**(482.99)**
11	**Total Deferred tax (E) = (D) - (C)**	**(98.18)**	**(2,142.83)**
12	**Total Tax expense/(refund)**	**562.72**	**(1,659.84)**

* The applicable tax rate is the rate prescribed under the Income Tax Act, 1961.

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(Rupees in lakh)

50. Income tax (continued)

c. **Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss :**

Sr.	Particulars	Balance Sheet		Statement of profit and loss and other comprehensive income	
		As at March 31, 2022	As at March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
A	Deferred tax assets (DTA)				
1	Provision for compensated absences	83.72	49.75	33.97	8.85
2	Provision for gratuity	24.36	20.71	3.65	6.05
3	Others	205.20	28.88	176.33	27.36
4	Deferred revenue income - processing fees allowed upfront in income tax	836.37	358.33	478.03	163.24
5	Provision for impairment losses on financial instruments	1,249.12	746.06	503.07	454.56
6	Lease rentals expense under IndAS 116	100.25	71.99	28.26	15.76
7	Preliminary expense (gross)	69.81	132.50	(62.69)	117.34
8	ESOS expenses disallowance	217.44	248.64	(31.20)	68.16
9	Unutilised minimum alternate tax credit entitlement	1,587.34	926.44	660.90	482.99
10	Income tax losses carried forward	2,856.51	2,748.92	107.59	1,357.92
11	**Total (A)**	**7,230.12**	**5,332.22**	**1,897.91**	**2,702.23**
B	Deferred tax liabilities (DTL)				
1	Difference in written down value of property, plant and equipment and intangible assets	218.84	157.79	61.05	134.53
2	Receivable On EIS DA	447.75	22.27	425.48	22.27
3	Unrealised gain / (loss) on investments	(0.00)	3.91	(3.91)	(32.92)
4	Prepaid fees / charges on debt securities allowed upfront in income tax	348.20	113.61	234.59	102.91
5	Prepaid fees / charges on borrowings allowed upfront in income tax	624.58	361.12	263.46	233.71
6	Deferred loan sourcing cost allowed upfront income tax	1,209.12	379.97	829.15	104.49
7	**Total (B)**	**2,848.49**	**1,038.67**	**1,809.82**	**564.99**
C	**Deferred tax asset / (liability)**	**4,381.63**	**4,293.55**	-	-
D	**Deferred tax expense / (benefit)**		-	**(88.09)**	**(2,137.24)**

Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

There are no deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

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51. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

Ind AS 107, 'Financial Instruments - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet using a three-level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on the entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a. Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2022			Carrying value as on March 31, 2022	Fair Value as on March 31, 2021			Carrying value as on March 31, 2021
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Loans	-	-	2,40,905.99	2,49,112.74	-	-	1,32,300.59	1,30,831.61
Investments	3,972.12	-	-	4,296.72	1,476.71	-	-	1,508.21
Other financial assets (Refer Note 8)	-	-	792.79	792.79	-	-	680.88	680.88
Total	**3,972.12**	**-**	**2,41,698.78**	**2,54,202.25**	**1,476.71**	**-**	**1,32,981.47**	**1,33,020.70**
Liabilities								
Debt securities	-	74,189.29	-	70,376.77	-	31,812.13	-	31,557.55
Borrowings (other than debt securities)	-	1,01,864.90	-	1,09,807.09	-	45,693.66	-	45,011.94
Other financial liabilities (Refer Note 20)	-	-	4,497.64	4,497.64	-	-	2,118.22	2,118.22
Total	**-**	**1,76,054.19**	**4,497.64**	**1,84,681.49**	**-**	**77,505.79**	**2,118.22**	**78,687.71**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value :

Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents ,payables, debt securities, other financial assets and other financial liabilities .

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.
Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure.

Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

b. Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2022			Carrying value as on March 31, 2022	Fair Value as on March 31, 2021			Carrying value as on March 31, 2021
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Investments in mutual funds	-	-	-	-	4,014.54	-	-	4,014.54
Investments in security receipts	-	2,648.11	-	2,648.11	-	-	-	-
Total	**-**	**2,648.11**	**-**	**2,648.11**	**4,014.54**	**-**	**-**	**4,014.54**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments measured at fair value :

Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

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52. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets :						
Financial assets :						
Cash and cash equivalents	6,574.94	-	6,574.94	12,365.55	-	12,365.55
Bank balances other than cash and cash equivalents above	6,379.17	5,881.08	12,260.25	18,480.05	758.94	19,238.99
Derivative financial instruments	22.29	-	22.29	-	-	-
Loans	77,762.41	1,67,285.93	2,45,048.34	44,719.27	83,550.34	1,28,269.61
Investments	2,648.11	4,295.88	6,943.99	4,014.54	1,508.21	5,522.75
Other financial assets (Refer note 8)	364.41	425.21	789.62	452.74	228.14	680.88
Non-financial assets :						
Current tax assets (net)	164.23	-	164.23	-	-	-
Deferred tax asset (net)	-	4,381.63	4,381.63	-	4,293.55	4,293.55
Property, plant and equipment	-	430.43	430.43	-	468.60	468.60
Right of use asset	631.68	1,906.60	2,538.28	-	1,094.31	1,094.31
Capital work in progress	20.25	-	20.25	-	-	-
Intangible assets under development	568.54	-	568.54	-	388.41	388.41
Other intangible assets	-	2,602.04	2,602.04	-	2,062.02	2,062.02
Other non-financial assets (Refer note 16)	301.34	2,776.39	3,077.73	1,093.91	-	1,093.91
Total	**95,437.37**	**1,89,985.19**	**2,85,422.56**	**81,126.06**	**94,352.52**	**1,75,478.58**
Liabilities :						
Financial liabilities :						
(A) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.08	-	0.08	0.01	-	0.01
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	569.43	97.50	666.93	215.40	2.84	218.24
(B) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	-	15.04	107.36	-	107.36
Debt securities	29,012.29	41,364.48	70,376.77	17,420.49	14,137.06	31,557.55
Borrowings (other than debt securities)	46,051.32	63,755.77	1,09,807.09	19,795.67	25,216.27	45,011.94
Other financial liabilities (Refer note 20)	2,213.04	2,509.77	4,722.81	825.53	1,292.69	2,118.22
Non-financial liabilities :						
Provisions	2,316.05	371.17	2,687.22	735.90	203.77	939.67
Current tax liabilities (net)	126.07	-	126.07	144.13	-	144.13
Other non-financial liabilities (Refer note 23)	364.23	-	364.23	137.64	-	137.64
Total	**80,667.55**	**1,08,098.69**	**1,88,766.24**	**39,382.13**	**40,852.63**	**80,234.76**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

53. Disclosure pursuant to IndAS 7 ' Statement of Cash Flows' - changes in liabilities arising from financing activities :

Particulars	As at April 01, 2021	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2022
Debt securities	31,557.55	38,819.22	-	70,376.77
Borrowings (other than debt securities)	45,011.94	64,795.15	-	1,09,807.09
Other financial liabilities				
Lease liabilities	1,340.97	(407.17)	1,924.96	2,858.76

Particulars	As at April 01, 2020	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2021
Debt securities	5,009.41	26,548.14	-	31,557.55
Borrowings (other than debt securities)	20,444.46	24,567.48	-	45,011.94
Other financial liabilities				
Lease liabilities	1,545.55	(320.89)	116.31	1,340.97

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UGRO CAPITAL LIMITED

(Rupees in lakh)

54. Financial assets are transferred but not derecognised in their entirety :

a. Securitisation

Particulars	As at March 31, 2022		As at March 31, 2021	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	3,633.76	-	2,089.55	-
Carrying amount of associated Liabilities	3,419.61	-	1,649.40	-
For those liabilities that have recourse only to the transferred financial assets				
Fair value of assets (A)	3,657.84	-	2,050.63	-
Fair value of associated liabilities (B)	3,426.42	-	1,632.39	-
Net Position (C) = (A - B)	**231.42**	-	**418.24**	-

b. Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.
As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet.
The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of de-recognised financial asset	50,558.53	1,251.63
Carrying amount of retained asset at amortised cost	6,945.20	312.91
Gain on sale of the de-recognised financial asset	2,852.50	129.42

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(Rupees in lakh)

55. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk assets ratio (CRAR)

Particulars		**As at March 31, 2022**	**As at March 31, 2021**
i)	CRAR (%)	34.37	65.55
ii)	CRAR - Tier I capital (%)	33.61	65.15
iii)	CRAR - Tier II capital (%)	0.76	0.40
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

b. Investments

Particulars				**As at March 31, 2022**	**As at March 31, 2021**
(1)	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	6,944.83	5,522.75
		(b)	Outside India,	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	0.84	-
		(b)	Outside India,	-	-
	(iii)	Net value of investments			
		(a)	In India	6,943.99	5,522.75
		(b)	Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance			-
	(ii)	Add : provisions made during the year		0.84	-
	(iii)	Less : write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		0.84	-

c. Derivatives

1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	**Particulars**	**31st March 2022**	**31st March 2021**
I	The Notional Principal of swap agreement	3,109.43	-
II	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreement	-	-
III	Collateral required by the Company upon entering into swaps	-	-
IV	Concentration of credit risk arising from the swaps	-	-
V	The fair value of the swap book (Asset/(Liability))	22.29	-

2. Exchange traded interest rate (IR) derivatives

The Company has not entered into any exchange traded derivative.

3. Disclosures on risk exposure and derivatives

Qualitative Disclosures

I. The Company undertakes the derivative transactions to prudently hedge the risk in context of a particular borrowing or diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transaction. The Company reviews the proposed transaction and outlines any consideration associated with the transaction, including identification of the benefits and potential risks (worst case scenario) ; an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz. , counter party risk , market risk, operational risk, basis risk, etc.

II. Credit risk is controlled by restricting the counter parties that the Company deals with, to those who either have banking relationship with the Company or are internationally reowned or can provide sufficient information. Market/ price risk arising from the fluctuation of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counter parties to those who have adequate facility, sufficient information and sizable trading capacity and capability to enter into transactions in any market around the world.

III. The respective functions of trading, confirmation and settlement should be performed by different personnel. The front-office and the back-office roles are well defined and segregated. All the derivative transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the Board of Directors on every quarterly board meetings including their financial positions.

(Rupees in lakh)

Quantitaive Disclosures

Sr. No.	Particulars	31 March 2022		31 March 2021	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
I	Derivative (Notional Principal Amount) - For Hedging	3,109.43	-	-	-
II	Market to market position (a) Asset [+] Estimated Gain	22.29	-	-	-
	(b) Liability [-] Estimated Loss	-	-	-	-
III	Credit Exposure	3,131.72	-	-	-
IV	Unhedged exposures	-	-	-	-

* Cross currency interest rate swap

d. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/85 Master Direction DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (the "Notification"), as updated from time to time.

Details of securitization :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	3.00	2.00
2	Total amount of securitized assets as per books of the SPVs sponsored	3,633.76	2,055.74
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off - Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	First loss	348.88	582.12
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	762.29	630.10
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

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Notes forming part of the financial statements (continued)
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d. Disclosures relating to securitization (continued)

Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction.

Details of assignment transactions undertaken during the year :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
1.	No. of accounts	1,853	107
2.	Aggregate value (net of provisions) of accounts assigned*	29,135.80	1,439.68
3.	Aggregate consideration*	29,135.80	1,439.68
4.	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.	Aggregate gain / loss over net book value	-	-

*Details pertaining to direct assignment transactions entered during the year.

Details of non-performing financial assets purchased / sold :

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets, except for those mentioned in note no. 60.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2022 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	7,820.00	2,198.53	4,608.79	7,960.65	10,993.05	20,880.96	25,998.58	89,597.59	30,686.00	48,368.60	2,49,112.74
Investments**	-	-	-	-	-	-	2,648.11	-	4,296.72	-	6,944.83
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	542.51	992.33	1,651.26	5,612.34	4,673.27	12,406.70	20,172.91	54,633.62	8,874.21	247.94	1,09,807.09
Market borrowings (Debt Securities)	1,800.61	76.34	3,458.01	2.10	6,001.48	6,522.91	11,150.85	25,134.64	5,530.86	10,698.97	70,376.77

* Impairment loss allowance of Rs 4,064.40 lakh on advances is not a part of the above disclosure.
** Impairment loss allowance of Rs 0.84 lakh on investments is not a part of the above disclosure.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2021 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	2,275.34	1,882.51	3,018.98	10,560.36	6,218.19	9,540.61	12,690.69	42,035.32	14,774.32	27,835.29	1,30,831.61
Investments	4,014.54	-	-	-	-	-	-	-	1,017.87	490.34	5,522.75
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	4,256.32	731.67	818.42	1,199.99	1,255.50	3,674.88	7,858.90	23,115.78	2,100.48	-	45,011.94
Market borrowings (Debt Securities)	-	192.82	37.16	180.25	960.50	3,720.54	12,329.22	13,326.68	810.38	-	31,557.55

*Impairment loss allowance of Rs 2,562 lakh is not a part of the above disclosure.

(Rupees in lakh)

f. Exposures :

Category				As at March 31, 2022	As at March 31, 2021
a)	**Exposure to real estate sector :**				
	Direct exposure				
	(i)	**Residential mortgages :**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		100,526.69*	56,012.71*
	(ii)	**Commercial real estate :**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures :**			
		a.	Residential	-	-
		b.	Commercial real estate	-	-
Total exposure to real estate sector				**1,00,526.69**	**56,012.71**

* These include properties held as underlying security

Particulars			As at March 31, 2022	As at March 31, 2021
b)		**Exposure to capital market :**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(III)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products :

The Company does not have any parent company hence, this clause is not applicable.

h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2022	As at March 31, 2021
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company.*	-	-

*The Company had acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of Rs 6,793.97 lakh in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to Ind AS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

(Rupees in lakh)

i. Unsecured advances :

Details of unsecured advances the rights, licenses, authorisations,etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators :

Particulars	Type	Number Reference
IRDA	Corporate Agent	CA0733

k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2022	As at March 31, 2021
	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 40 of the financial statements

m. Ratings assigned by credit rating agencies and migration of ratings for the year ended March 31, 2022 :

Rating agency	Type	Rating FY 21-22	Rating FY 20-21
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A+	ACUITE A / stable
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1+/ Upgraded	ACUITE A1
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE AA+/CE/Reaffirmed	-
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE A+/Stable/Reaffirmed	-
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A+ / stable / assigned	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A+ / stable / reaffirmed	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 – Series 1	-	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 – Series 2	-	Acuite AA -(SO)

n. Remuneration of directors :

Particulars	As at March 31, 2022	As at March 31, 2021
Transactions with the Independent directors* Director Sitting Fees	171.00	123.38

* Payment to non-executive directors is NIL during the year ended March 31, 2022 and March 31, 2021 .

Refer Note 40 for remuneration to executive directors.

o. During the year there are no changes in the accounting policies and no prior period items (Refer Note 1)

p. Provisions and contingencies :

Particulars	As at March 31, 2022	As at 31st March, 2021
Provision towards NPA	1,488.83	1,350.25
Provision made towards income tax	126.07	144.13
Provision for depreciation on investments	0.84	-
Provision for depreciation on fixed deposits	2.86	-
Provision for depreciation on other receivables	3.17	-
Provision for gratuity	83.65	71.13
Provision for compensated absences	287.52	170.85
Provision for bonus	700.00	180.00
Provision for expenses	1,616.05	517.68
Provision for standard assets	2,575.57	1,211.75

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q. Draw down from reserves :

During the year, the Company has drawn down Rs 107.15 lakh on account of change in the method for ESOPs option valuation from Black-Scholes Model to Binomial model. On account of same the Employee Stock Option Scheme Outstanding Account has been drawn down to the Statement of Profit & Loss.

r. Concentration of deposits, advances, exposures and NPAs :

(i) Concentration of advances :

Particulars	As at March 31, 2022	As at March 31, 2021
Total advance to twenty largest borrowers	12,099.18	12,055.60
Percentage of advances to twenty largest borrowers to total advances of the company	4.98%	8.98%

(ii) Concentration of exposures :

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers	12,099.18	12,055.60
Percentage of exposures to twenty largest borrowers to total exposure of the company	4.98%	8.98%

(iii) Concentration of NPAs :

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top four NPA accounts	1,454.67	763.01

s. Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	2.11%	2.40%
3	Corporate borrowers	87.07%	16.82%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

Note :The base considered for calculation of sector-wise NPA for Corporate borrowers has decreased from Rs 2,974.52 Lakh in FY21 to Rs 547.88 lakh in FY22 resulting in a higher percentage of NPA as at 31st March, 2022.

t. Movement of NPAs :

Particulars			As at March 31, 2022	As at March 31, 2021
(i)	Net NPAs to Net Advances (%)		1.70%	1.75%
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	3,647.71	817.76
	(b)	Additions during the year	4,671.57	3,328.15
	(c)	Reductions during the year	2,678.13	498.21
	(d)	Closing balance	5,641.15	3,647.71
(iii)	Movement of Net NPAs			
	(a)	Opening balance	2,297.45	458.08
	(b)	Additions during the year	3,364.96	2,097.47
	(c)	Reductions during the year	1,510.09	258.10
	(d)	Closing balance	4,152.32	2,297.45
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1,350.25	359.68
	(b)	Provisions made during the year	242.63	1,212.21
	(c)	provisions	104.05	221.64
	(d)	Closing balance	1,488.83	1,350.25

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(Rupees in lakh)

u. Overseas assets (for those with joint ventures and subsidiaries abroad) :
There are no overseas assets.

v. Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :
There are no off-Balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

w. Customer complaints :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	30	Nil
(c)	No. of complaints redressed during the year	29	Nil
(d)	No. of complaints pending at the end of the year	1	Nil

x. Revenue recognition :
There are no postponement of revenue due to pending resolution of significant uncertainties.

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(Rupees in lakh)

y. Restructured accounts :

Sr.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2021	No. of borrowers	-	-	-	-	-	5	-	-	-	**5**
		Amount outstanding	-	-	-	-	-	597.76	-	-	-	**597.76**
		Provision thereon	-	-	-	-	-	69.25	-	-	-	**69.25**
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	3	-	-	**3**
		Amount outstanding	-	-	-	-	-	-	159.29	-	-	**159.29**
		Provision thereon	-	-	-	-	-	-	23.24	-	-	**23.24**
3.	Upgradation	No. of borrowers	-	-	-	-	-		-	-	-	-
		Amount outstanding	-	-	-	-	-		-	-	-	-
		Provision thereon	-	-	-	-	-		-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	4	-	-	-	**4**
		Amount outstanding	-	-	-	-	-	101.63	-	-	-	**101.63**
		Provision thereon	-	-	-	-	-	6.87	-	-	-	**6.87**
5.	Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	(1)	1	-	-	-
		Amount outstanding	-	-	-	-	-	(496.13)	477.05	-	-	**(19.08)**
		Provision thereon	-	-	-	-	-	(62.38)	55.90	-	-	**(6.48)**
6.	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7.	Restructured accounts as on March 31 , 2022	No. of borrowers	-	-	-	-	-	-	**4**	-	-	**4**
		Amount outstanding	-	-	-	-	-	-	**636.34**	-	-	**636.34**
		Provision thereon	-	-	-	-	-	-	**79.14**	-	-	**79.14**

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC :

		Particulars	As at March 31, 2022		As at March 31, 2021	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side :						
1	**Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :**					
	a	Debentures :				
	i	Secured	54,621.07	-	24,670.81	-
	ii	Unsecured	990.29	-	-	-
		(other than falling within the meaning of public deposits)				
	b	Deferred credits		-	-	-
	c	Term loans	1,07,239.38	-	40,925.40	-
	d	Inter - corporate loans and borrowings		-	-	-
	e	Commercial paper	11,472.03	-	5,269.88	-
	f	Public deposits	-	-	-	-
	g	Other Loans	5,861.09	-	5,703.39	-
2	**Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :**					
	a	In the form of unsecured debentures	-	-	-	-
	b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	c	Other public deposits	-	-	-	-

		Particulars	As at March 31, 2022	As at March 31, 2021
Assets Side :			**As at March 31, 2022**	**As at March 31, 2021**
3	**Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :**			
	a	Secured	1,55,877.19	88,456.48
	b	Unsecured	93,235.55	42,375.13
4	**Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :**			
	a	Lease assets including lease rentals under sundry debtors		
		i. Finance lease	-	-
		ii. Operating lease	-	-
	b	Stock on hire including hire charges under sundry debtors		
		i. Assets on hire	-	-
		ii. Repossessed assets	-	-
	c	Other loans counting towards asset financing activities		
		i. Loans where assets have been repossessed	-	-
		ii. Loans other than (a) above	-	-
5	**Break - up of investments :**			
	Current investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

MSKA & ASSOCIATES Chartered Accountants

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC (continued) :

Assets Side			As at March 31, 2022	As at March 31, 2021
5	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	4,014.54
		(iv) Government securities	-	-
		(v) Others	-	-
	Long term investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	4,295.88	1,508.21
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	2,648.11	-
	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

			As at March 31, 2022		As at March 31, 2021	
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**					
	Category		**Amount**			
			Secured	**Unsecured**	**Secured**	**Unsecured**
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	1,55,877.19	93,235.55	88,456.48	42,375.13
		Total	**1,55,877.19**	**93,235.55**	**88,456.48**	**42,375.13**
	** As per accounting standard issued by ICAI.					

			As at March 31, 2022	As at March 31, 2021
7	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**			
	Category			
	1	Related parties **		
		a. Subsidiaries	-	-
		b. Companies in the same group	-	-
		c. Other related parties	-	-
	2	Other than related parties	6,943.99	5,522.75
		Total	**6,943.99**	**5,522.75**
	** As per accounting standard issued by ICAI.			
8	Other information			
	Particulars			
		Gross non performing assets :	**5,641.15**	**3,647.71**
	a	i. Related parties	-	-
		ii. Other than related parties	5,641.15	3,647.71
		Net non performing assets :	**4,152.32**	**2,297.45**
	b	i. Related parties	-	-
		ii. Other than related parties	4,152.32	2,297.45
	c	**Assets acquired in satisfaction of debt**	-	-

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2022 :

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	2,39,025.36	2,481.66	2,36,543.70	1,856.21	625.45
	Stage 2	3,255.34	93.91	3,161.43	50.52	43.39
Non-performing assets (NPA)						
Substandard	Stage 3	5,451.73	1,299.41	4,152.32	623.40	676.01
Doubtful - up to 1 year	Stage 3	189.42	189.42	-	184.06	5.36
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	882.60	-	882.60	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**2,39,907.96**	**2,481.66**	**2,37,426.30**	**1,856.21**	**625.45**
	Stage 2	**3,255.34**	**93.91**	**3,161.43**	**50.52**	**43.39**
	Stage 3	**5,641.15**	**1,488.83**	**4,152.32**	**807.46**	**681.37**
	Total	**2,48,804.45**	**4,064.40**	**2,44,740.05**	**2,714.19**	**1,350.21**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

MSKA & ASSOCIATES * Chartered Accountants

UGRO CAPITAL LIMITED

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2021 :

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per IndAS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	1,25,395.07	1,128.03	1,24,267.04	497.85	630.18
	Stage 2	3,751.00	75.03	3,675.98	14.94	60.08
Non-performing assets (NPA)						
Substandard	Stage 1	603.27	69.25	534.02	62.17	7.08
Substandard	Stage 3	3,044.42	1,281.00	1,763.41	1,109.58	171.41
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	1,381.88	8.69	1,373.19	-	8.69
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**1,27,380.22**	**1,205.97**	**1,26,174.25**	**560.02**	**645.95**
	Stage 2	**3,751.00**	**75.03**	**3,675.97**	**14.94**	**60.09**
	Stage 3	**3,044.42**	**1,281.00**	**1,763.42**	**1,109.58**	**171.42**
	Total	**1,34,175.64**	**2,562.00**	**1,31,613.64**	**1,684.54**	**877.46**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

(Rupees in lakh)

56 Note on Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

57 Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

58 Total Fixed Deposits stand at Rs 762.29 lakh as at March 31, 2022 (Previous year Rs 630.10 lakh) on account of securitisation transactions.

59 Disclosure on frauds pursuant to RBI Master direction detected and reported to RBI:

Particulars	As at March 31, 2022	As at March 31, 2021
Number of Frauds	4	1
Amount involved (Rs in Lakh)	400.14	500.00

60 The company has not purchased any credit impaired financial assets during the financial year 2021-22. However, the company has transferred certain credit impaired assets to the Asset Reconstruction Company in terms of guidelines issued by RBI circular number DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021. Further, the company has not sold any credit impaired financial asset to institutions other than to securitization/reconstruction Company (SC/RC) [refer note no. 71(c)].

61 The Company does not hold any immovable property as at 31st March 2022 and 31st March 2021. All the lease agreements are duly executed in the favour of the Company for properties where the Company is the lessee.

62 The Company does not have any transactions with the Companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

63 No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.

64 The Company is not a declared wilful defaulter by any bank or financial institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.

65 Registration of charges or satisfaction with Registrar of Companies (ROC)

Brief Description of Charge	Location of Registrar	Period by which charge has been registered	Reason for delay
Canara Bank- Term Loan- Rs. 25,00,00,000/- Charge ID- 100480997 DOH Date- 18/08/2021	Mumbai	22-09-2021 (form filed with MCA) 24-09-2021 (Charge certificate date)	There was delay from the bank's end in providing signed form. Therefore there was delay in filing of the Form.
ECB Charge Form-. Rs. 31,09,42,500/- Charge ID- 100518344 DOH Date- 02/12/2021	Mumbai	06-01-2022 (form filed with MCA) 06-01-2022 (Charge certificate date)	The list of receivable (mandatory part of form) could not be finalized within prescribed timeline of filing of form by the investors who are based out of India. Hence there was delay in filing of Form.
NCD- Rs. 15,00,00,000/- Charge ID- 100542449 DOH Date- 30/11/2021	Mumbai	28-02-2022 (form filed with MCA) 09-03-2022 (Charge certificate date)	The delay in filing form was inadvertent.

66 There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.

67 The Company has not traded or invested in crypto currency or virtual currency during the year ended 31 March 2022 and 31 March 2021.

68 Disclosure under rule 11(e) of the Companies (Audit and Auditors) Rules, 2014:

(a) - The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries;

(b) - The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries;

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UGRO CAPITAL LIMITED

(Rupees in lakh)

69 Gold Loans

The Company does not provide any loans on collateral of gold and gold jewellery.

70 RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 07 April 2021.

Under the circular all the lending institutions were required to refund/adjust the "interest on interest" charged to the borrower during the moratorium period i.e. March 1, 2020 to August 31, 2020 in conformity with the Supreme Court judgement. The status of the same is mentioned in below table.

Sr. No	Particulars	31 March 2022	31 March 2021
1	Aggregate amount	54.71	54.71
2	Refunded/Adjusted	40.12	-
3	Outstanding Balance	14.59	54.71

71 Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/86 Master Direction DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (the "Notification").

a. Details of transfer through Assignment in respect of loans not in default during the year ended March 31, 2022*

Sr. No	Particulars	To Banks / NBFCs
1	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	33,372.84
2	Aggregate consideration received (Rs. in Lakh)	33,372.84
3	Weighted average residual tenor of loans sold (in years)	3.74
4	Weighted average Maturity of Loans (in years)	4.97
5	Weighted average Holding period of Loans (in years)	1.23
6	Retention of Beneficial economic interest (in %)	11.10%
7	Coverage of Tangible security (in %) **	188.22%
8	Rating- wise distribution of rated loans	Non- Rated

Note

* a. The above table includes Special Mention Account ("SMA") Loans

b. The above table does not include loans transferred by the Company through Co-Lending arrangements

** For computation of coverage of Tangible Security coverage ratio, the Company has considered only the secured loans

b. Details of loans acquired in respect of loans not in default during the year ended March 31, 2022

Sr. No	Particulars	From NBFCs
1	Aggregate principal outstanding of loans acquired (Rs. in Lakh)	12,199.68
2	Aggregate consideration paid (Rs. in Lakh)	12,199.68
3	Weighted average residual tenor of loans acquired (in years)	1.35
4	Weighted average Maturity of Loans (in years)	1.96
5	Weighted average Holding period of Loans (in years)	0.67
6	Retention of Beneficial economic interest (in %)	88.57%
7	Coverage of Tangible security (in %) *	709%
8	Rating- wise distribution of rated loans (in Lakh)	a. A-(SO) – 1,438.79 b. BBB+(SO) – 8,456.59 c. BBB (SO) – 2,304.30

Note * - For computation of coverage of Tangible Security coverage ratio, the Company has considered only the secured loans.

c. Details of stressed loans transferred during the year ended March 31, 2022
NPAs as on the date of Transfer **

Sr. No	Particulars	To Assest Reconstruction Companies (ARCs)
1	No. of accounts	3,377
2	Aggregate principal outstanding of loans transferred (Rs. In Lakh)	4,385.77
3	Weighted average residual tenor of the loans transferred (in years)	0.81
4	Net book value of loans transferred (at the time of transfer) (Rs. in Lakh)	3,264.50
5	Aggregate consideration (Rs. in Lakh)	3,394.00
6	Additional consideration realized in respect of accounts transferred in earlier years	-
7	Excess Provision reversed on account of sale	-

** The Company has not transferred any SMA loans in the above category during the year ended 31 March 2022.

d. The Company has not acquired any Stressed loans during the year ended March 31, 2022.

e. The rating wise distribution of Security Receipts (SRs) held by the Company as on March 31, 2022 is given below:

Ratings	Rating Agency	Amount (in Lakh)
BW RR1	Brick Works Rating India Private Limited	1,217.47
In Process	Brick Works Rating India Private Limited	1,430.64

(Rupees in lakh)

72 **a. Disclosure as per the format prescribed under circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021**

Type of borrower	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2022	Of (A), amount written off during the half year ended March 31, 2022	Of (A), amount paid by the borrowers during the half year ended March 31, 2022	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2022*
Personal Loans	Nil	Nil	Nil	Nil	Nil
Corporate persons	Nil	Nil	Nil	Nil	Nil
Of which, MSMEs	6,297.90	Nil	Nil	7.59	6,290.31
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

* Total ECL Provision for the above loans as on March 31, 2022 is Rs 629.03 Lakh.

72 **b. Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" having exposure less than or equal to Rs. 25 crores for the year ended March 31, 2022:**

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current Year	184	6,623.10
	Previous Year	156	7,356.11

MSKA & ASSOCIATES * Chartered Accountants *

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

73 Previous year figures have been reclassified / regrouped wherever necessary to conform to / with the current year classification / disclosure.

As per our report of even date attached
For **M S K A & Associates**
Chartered Accountants
Firm's Registration No : 105047W

Swapnil Kale
Partner

Membership No : 117812
Place : Mumbai
Date : May 24, 2022

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath
Executive Chairman
& MD
DIN : 00510618
Mumbai
May 24, 2022

Abhijit Sen
Independent Director &
Chairman - Audit Committee
DIN : 00002593
Mumbai
May 24, 2022

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of UGRO Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UGRO Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 53 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the financial statements will depend on uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and Measurement of Loans and Provision for Expected Credit Loss (ECL) on Financial Assets – Loans Total ECL Provision as at March 31, 2021 – INR 2562.01 Lakhs Charge to the Statement of Profit and Loss – INR 1961.71 Lakhs

Refer Note 1 on Significant Accounting Policies and Refer Note 6 and 30 to the Financial Statements.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Recognition and measurement of impairment of loans involve significant management judgement. Under Ind AS 109 - Financial Instruments, allowances of loan losses are determined using expected credit loss (ECL) model. Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in IND AS 109 and determining related impairment provision requirements, this is considered to be a key audit matter. As part of our risk assessment, we determined that the impairment allowance on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: ▪ Qualitative and quantitative factors used in staging the loan assets. ▪ Basis used for estimating Probabilities of Default ("PD") and Loss Given Default ("LGD"). ▪ Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID-19 pandemic. During the financial year ended March 31, 2021, the RBI issued various circulars related to the Covid-19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to the Pandemic. We have identified the above matter as Key audit matter due to the judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions.	In view of the significance of the matter, our audit procedures performed included and not limited to the following: 1. Read the Company's accounting policies for estimation of expected credit loss on financial assets as explained in Note XX and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments' and prudential norms laid down by Reserve Bank of India ('RBI'). 2. Obtained an understanding of Management's process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation on a test check basis. 3. Obtained an understanding of management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. 4. Tested the design and effectiveness of internal controls over the: ▪ completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. ▪ scorecards developed by the Company using PD rates sent by the external credit rating agencies. 5. Performed test of details on sample basis on underlying data related to estimates and judgements: ▪ completeness and accuracy of information used in the estimation of the ECL for the different stages depending on the nature of the portfolio.

	▪ Probability of Default (PD) is as per the above scorecards provided by the External Credit Rating agency. ▪ Loss Given Default (LGD) is as per the Foundational-Internal Rating Based (F-IRB) approach, including the appropriateness of the use of collateral and the resultant arithmetical calculations. We also evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. ▪ Exposures determined to be individually impaired, examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. ▪ Verified the computation of ECL by using PD and LGD (EAD*PD*LGD*) to ensure arithmetical accuracy. ▪ Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. 6. Verified the ratings for a sample of PD and LGD of External Credit Rating agency and F-IRB respectively to test the accuracy of input for calculation of ECL. 7. Verified the advances to test the accuracy of inputs for calculation of ECL on test check basis. 8. Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due and other loss indicators considering the various Covid-19 Regulatory Packages related to moratorium, restructuring as per RBI circular dated August 06, 2020, MSME restructuring etc. 9. Performed procedures over segmentation of financial assets related to the advances as per their various products and models and risk characteristics.

	10. We also verified the adequacy of the adjustment including management's assessment of additional provision on stressed loan accounts due to the Covid-19 pandemic. 11. Assessed the adequacy and appropriateness of the related presentation disclosures in compliance with the applicable Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor whose report dated June 13, 2020 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The Company has a programme of verification of fixed assets to cover all items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted loans to one company covered in the register maintained under section 189 of the Act.

(a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loans granted to the company listed in the register maintained under section 189 of the Act, the borrowers have been, where stipulated, regular in the payment of principal and interest.

(c) There are no overdue amounts in respect of the loans granted to the company listed in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Laws	Income Tax	2,74,130	AY 2012-13	Assessing Officer	
Income Tax Laws	Income Tax	37,41,900	AY 2009-10	Commissioner of Income Tax (Appeals)	
Income Tax Laws	Income Tax	5,26,334	AY 2016-17	Assessing Officer	
Income Tax Laws	Income Tax	37,78,234	AY 2008-09	High court	

All the above tax matters are covered by a deed of indemnity entered by existing promoters with erstwhile promoters and hence no provision/disclosure as contingent liability is required to be made in books of accounts.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Institution.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
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Tel: +91 22 6831 1600

Independent Auditor's Report on audited Financial Results of for the quarter and year ended March 31, 2021 pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of UGRO Capital Limited

Report on the Audit of Financial Results

Opinion

We have audited the accompanying annual financial results of UGRO Capital Limited (hereinafter referred to as 'the Company') for the quarter and year ended March 31, 2021 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:

(i) is presented in accordance with the requirements of the Regulations of the Listing Regulations in this regard; and

(ii) gives a true and fair view in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 53 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the Company's financial statements will depend on uncertain future developments.

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibilities for the Statement

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, have been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Statement that give a true and fair view of the net profit and other comprehensive income in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended issued thereunder and other accounting principles generally accepted in India and in compliance with the Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Company, as aforesaid.

In preparing the Statement, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

i) The comparative financial information of the Company provided in the Statement for the corresponding quarter and year ended March 31, 2020 have been audited by the predecessor auditor who expressed an unmodified opinion on those financial information dated June 13, 2020.

ii) The Financial Results include the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

Our opinion is not modified in respect of the above matters.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number :105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

MSKA & Associates
Chartered Accountants

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Auditor's Additional Report

The Board of Directors
UGRO Capital Limited

1. This report is issued in accordance with the requirements of Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 (the "Directions").

2. We have audited the accompanying financial statements of UGRO Capital Limited (hereinafter referred to as the "Company") comprising the Balance Sheet as at March 31, 2021 and the related Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, on which we have issued our report dated June 29, 2021.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The Management is also responsible for compliance with the Reserve Bank of India (the "RBI") Act, 1934 and other relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to the RBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions referred to in paragraph 1 above, it is our responsibility to examine the audited books and records of the Company for the year ended March 31, 2021 and report on the matters specified in the Directions to the extent applicable to the Company.

6. We conducted our examination on test check basis in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements".

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Conclusion

8. Based on our examination of the audited books and records of the Company for the year ended March 31, 2021, as produced for our examination and the information and explanations given to us, we report that:

   i. The Company is engaged in the business of non-banking financial institution, and it has obtained a certificate of registration No. N-13-00325 from Reserve Bank of India ('RBI') dated 26 October 2018 in pursuance of section 45-IA of RBI Act, 1934;

   ii. The Company is entitled to continue to hold initial certificate of registration obtained from Reserve Bank of India dated 21 April 2011 in terms of its asset/income pattern as on March 31, 2021;

   iii. In our opinion and to the best of our information and according to the explanations given to us, the Company is meeting the required net owned fund requirement as laid down in the Master Direction;

   iv. The Board of Directors of the Company has passed a resolution in its meeting held on 27 April 2020 for non-acceptance of public deposits during the year ended 31 March 2021;

   v. In our opinion and to the best of our information and according to the explanations given to us, the Company has not accepted any public deposits during the year ended 31 March 2021;

   vi. The financial statements have been prepared by Management in accordance with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended. Hence, the Company has followed the Indian Accounting Standards vis-à-vis prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Master Direction;

   vii. The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS – 7) has been furnished to the RBI on April 15, 2021 within the stipulated period, based on the unaudited books of account. The Company had correctly arrived at and disclosed the capital adequacy ratio (CRAR), based on the unaudited books of account, in the return submitted to the RBI in Form NBS – 7 and such ratio is in compliance with the minimum CRAR prescribed by the RBI.

Restriction on Use

9. This report is addressed to Board of Directors of the Company pursuant to our obligations under the Directions to submit a report on additional matters as stated in the Directions. It should not be used by any other person or for any other purpose. MSKA & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

10. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No. 117812
UDIN : 21117812AAAAHL7098

Mumbai
June 29, 2021

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UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	**12,365.55**	874.64
Bank balances other than cash and cash equivalents	4	**19,238.99**	14,091.31
Trade receivables	5	**357.77**	657.93
Loans	6	**127,880.52**	83,238.19
Investments	7	**5,522.75**	7,250.81
Other financial assets	8	**323.11**	8,328.15
		165,688.69	**114,441.03**
Non-financial assets			
Current tax assets (net)	9	-	143.72
Deferred tax assets (net)	10	**4,293.55**	2,156.31
Property, plant and equipment	11	**468.60**	586.82
Right of use asset	12	**1,094.31**	1,344.01
Intangible assets under development	13	**388.41**	93.96
Other intangible assets	14	**2,062.02**	1,839.34
Other non-financial assets	15	**1,093.91**	641.06
		9,400.80	6,805.22
TOTAL ASSETS		**175,089.49**	**121,246.25**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	16		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		**0.01**	10.14
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		**735.93**	1,039.00
(B) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises		-	
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		**287.36**	371.36
Debt securities	17	**29,940.69**	5,009.41
Borrowings (other than debt securities)	18	**46,628.79**	20,444.46
Other financial liabilities	19	**1,729.13**	1,870.87
		79,321.91	**28,745.24**

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Non-financial liabilities			
Current tax liabilities (net)	9	**144.13**	-
Provisions	20	**241.99**	199.72
Other non-financial liabilities	21	**137.64**	148.93
		523.76	348.65
TOTAL LIABILITIES		**79,845.67**	**29,093.89**
Equity			
Equity share capital	22	**7,052.86**	7,052.86
Other equity	23	**88,190.96**	85,099.50
TOTAL EQUITY		**95,243.82**	92,152.36
TOTAL LIABILITIES AND EQUITY		**175,089.49**	**121,246.25**

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

For and on behalf of the Board of Directors of

UGRO CAPITAL LIMITED

Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman -Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particulars	**Note No.**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Revenue from operations			
Interest income	24	**14,812.85**	7,889.19
Dividend income	25	**-**	17.40
Net gain on fair value changes	26	**34.68**	1,693.66
Other operating income	27	**133.54**	69.12
Total revenue from operations		**14,981.07**	**9,669.37**
Other Income	28	**352.77**	845.00
Total income		**15,333.84**	**10,514.37**
Expenses			
Finance costs	29	**4,456.24**	1,367.30
Impairment on financial instruments	30	**1,961.71**	1,023.41
Employee benefits expenses	31	**4,532.67**	4,714.80
Depreciation and amortisation	32	**1,173.91**	739.35
Other expenses	33	**1,996.40**	2,337.72
Total expenses		**14,120.93**	**10,182.58**
Profit before exceptional items and tax		**1,212.91**	**331.79**
Exceptional items	34	**-**	**-**
Profit before tax		**1,212.91**	**331.79**
Tax Expense:			
(1) Current tax			
Tax for current year as per minimum alternate tax		**482.99**	296.31
(2) Deferred tax benefit (Net)		**(2,142.83)**	(1,916.38)
Total tax expenses		**(1,659.84)**	**(1,620.07)**
Profit for the year (A)		**2,872.75**	**1,951.86**

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit obligations		**19.19**	0.03
- Income tax relating to items that will not be reclassified to profit and loss		(5.59)	(0.01)
Subtotal (A)		**13.60**	0.02
Other comprehensive income for the year (net of tax) (B)		**13.60**	0.02
Total comprehensive income for the year (C)= (A+B)		**2,886.35**	**1,951.88**
Earnings per equity share of face value of ₹ 10 each	35		
Basic (₹)		**4.07**	**2.95**
Diluted (₹)		**4.07**	**2.87**

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

For and on behalf of the Board of Directors of
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UGRO CAPITAL LIMITED

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Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Cash Flow for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particular	For the year ended March 31, 2021	For Year Ended March 31, 2020
Cash flow from operating activities :		
Net profit before tax	**1,212.91**	331.79
Adjustments for:		
Employee stock option expense	**205.11**	348.74
Dividend income	**-**	(17.40)
Depreciation expense	**1,173.91**	739.35
Impairment on financial instruments	**1,961.71**	1,023.41
Net gain on sale of financial instruments / fair valuation of financial instruments	**(34.68)**	(1,693.66)
Provision for gratuity	**37.62**	31.27
Provision for compensated absences	**23.84**	99.60
Operating profit before working capital changes	**4,580.42**	**863.10**
Movements in working capital:		
(Increase) / Decrease in Assets		
(Increase) / Decrease in Loans	**(46,604.03)**	(76,372.13)
(Increase) / Decrease in Receivable	**300.15**	(425.93)
(Increase) / Decrease in Other Non - Financial Assets	**(452.85)**	(160.55)
(Increase) / Decrease in Other Financial Assets	**8,005.03**	(4,162.82)
Increase (Decrease) in Liability		
Increase / (Decrease) in Trade payable	**(397.20)**	386.13
Increase / (Decrease) in other non-financial liabilities	**(11.29)**	(7.41)
Increase / (Decrease) in other financial liabilities	**62.85**	289.95
Cash used in operations	**(34,516.92)**	**(79,589.66)**
Income taxes paid	**(195.14)**	(290.96)
Net cash used in operating activities (A)	**(34,712.06)**	**(79,880.62)**
Cash flow from investing activities :		
Payments for property, plant and equipment	**(34.74)**	(335.18)
Dividend income	**-**	17.40
Proceeds / (Investment) in bank deposits of maturity greater than 3 months	**(5,147.68)**	13,333.01
Sale of investments	**7,285.50**	197,373.62
Purchase of investments	**(5,522.75)**	(192,251.91)
Proceeds / (Investment) in bank deposits of maturity greater than 12 months (net)	**-**	395.81
Payments for intangible assets	**(1,172.06)**	(659.96)
Net cash (used in) / generated from investing activities (B)	**(4,591.73)**	**17,872.79**
Cash flow from financing activities :		
Proceeds received against partly paid share warrants	**-**	6,612.00
Principal payment of lease liabilities	**(320.89)**	(246.98)
Proceeds from borrowings through secured NCDs and Commercial paper	**24,931.26**	5,009.41
Proceeds from borrowings from banks and financial institutions (net of repayment)	**26,184.33**	19,470.87
Share issue expenses	**-**	(17.50)
Net cash generated from financing activities (C)	**50,794.70**	**30,827.80**
Net Increase / (decrease) in cash and cash equivalents (A) +(B) + (C)	**11,490.91**	**(31,180.04)**

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Cash Flow for the year ended March 31, 2021

(Currency : ₹ in lacs)

Cash and cash equivalents at the beginning of the year	874.64	32,086.98
Cash and cash equivalents at the end of the year	12,365.55	874.64
Components of cash and cash equivalents (Refer Note 3)		
Cash on hand	-	-
Balance with banks :		
in current accounts	6,764.51	874.64
in Fixed deposit (maturing within a period of three months)	5,601.04	-
TOTAL	12,365.55	874.64

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

For and on behalf of the Board of Directors of
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Shachindra Nath
Executive Chairman
& MD
DIN : 00510618
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June 29, 2021

Abhijit Sen
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Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended Mar 31, 2021

(Currency ₹ in lacs)

a. Equity share capital (refer note 22 below)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital of face value of Rs.10/- each		
Balance at the beginning of the year	7,052.86	2,333.15
Issued during the year	-	1,356.59
Converted during the year :		
- From compulsorily convertible preference shares	-	1,383.72
- From compulsorily convertible debentures	-	1,383.72
- From share warrants	-	595.68
Balance as at the end of the year	**7,052.86**	**7,052.86**

b. Other equity (refer note 23 below)

Particulars	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures	Money received against share warrants	Reserves and surplus					Total
					Statutory reserve u/s 45-IC	Capital reserve	Securities premium account	Employee stock options scheme outstanding	Retained earnings	
Balance as at April 1, 2019	**1,383.72**	**17,500.00**	**1,383.72**	**3,250.00**	**1,145.55**	**-**	**53,327.22**	**300.01**	**2,666.19**	**80,956.41**
Converted during the year	(1,383.72)	-	(1,383.72)	-	-	-	-	-	-	**(2,767.44)**
Issued during the year	-	(17,500.00)	-	-	-	-	-	-	-	**(17,500.00)**
Conversion of share warrants	-	-	-	(2,204.00)	-	-	8,220.32	-	-	**6,016.32**
Transfer to capital reserve for warrants lapsed	-	-	-	(1,046.00)		1,046.00	-	-	-	**-**
Securities premium on equity shares issued	-	-	-	-	-	-	16,143.40	-	-	**16,143.40**
Addition / (Reduction) during the year	-	-	-	-	390.37	-	-	348.74	(390.37)	**348.74**
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(17.50)	-	-	**(17.50)**
Share conversion expenses	-	-	-	-	-	-	-	-	(32.31)	**(32.31)**
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.02	**0.02**
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	1,951.86	**1,951.86**
Balance as at March 31, 2020	**-**	**-**	**-**	**-**	**1,535.92**	**1,046.00**	**77,673.44**	**648.75**	**4,195.39**	**85,099.50**

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended Mar 31, 2021

(Currency : ₹ in lacs)

Balance as at April 1, 2020	-	-	-	-	1,535.92	1,046.00	77,673.44	648.75	4,195.39	85,099.50
Addition / (Reduction) during the year	-	-	-	-	574.55	-	-	205.11	(574.55)	205.11
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	13.60	13.60
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	2,872.75	2,872.75
Balance as at Mar 31, 2021	-	-	-	-	2,110.47	1,046.00	77,673.44	853.86	6,507.19	88,190.96

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

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June 29, 2021

URGO CAPITAL LIMITED

UGRO CAPITAL LIMITED

CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

2. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.;

- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.; and

- Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

(3) Application of new and revised Ind AS

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

(4) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lacs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

(5) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost there of can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life
Office Equipment	5 years - 6 years
Computer	3 years
Leasehold improvements	2years - 9 years (Primary period of lease of premises)
Furniture fixture and fittings	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(Currency : ₹ in lacs)

(6) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.
Estimated useful life of Software is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

(7) Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(8) Revenue Recognition

(i) Interest Income:
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

(ii) Other Financial Charges
Cheque bouncing charges, pre- payment charges, foreclosure charges and initial margin money etc. are recognised on a point-in-time basis and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(iii) Dividend Income:
Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(iv) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(v) Advisory Fees and Other Income :

Advisory fees and Other Income are recognised when the company satisfies the performance obligation at fair value of the consideration received or receivable. The Company recognises such revenue from contracts with customers based on a five step model as set out in Ind AS 115.

(vi) Income from De-Recognition of Assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the transferee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

(9) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets is depreciated using the straight-line method from the commencement

UGRO CAPITAL LIMITED

date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the retrospective method and has taken the cumulative adjustment to Retained Earning, on the date of application. Consequently, the Company recorded lease liability at present value of future lease payments discounted at the incremental borrowing rate and corresponding right of use asset at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

As a lessee

Operating Lease

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of lease of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognise right of use asset and lease liabilities with less than 12 months of lease term remaining on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Weighted average incremental borrowing rate is applied to lease liabilities as at April 1, 2019.

UGRO CAPITAL LIMITED

Finance Lease
The Company does not have leases that were classified as finance leases. Hence, there is no impact on application of this standard.

As a lessor

The Company does not have any lease agreement in which it is a lessor. Hence, there is no impact on application of this standard.

(10) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(10.1) Current tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Entity's current tax is calculated using tax rate that has been enacted by the end of the reporting period.

(10.2) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(10.3) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(10.4) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

(11) Employee Benefits

(11.1) Retirement benefit costs and termination benefits

Defined contribution plans –
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The state governed provident fund scheme, employee state insurance scheme and National Pension Scheme (NPS) are defined contribution plans.

Defined benefit plans –
For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

(11.2) Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

The cost of short-term compensated absences is accounted as under:
(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(ii) in case of non-accumulating compensated absences, when the absences occur.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

(11.3) Compensatory Payments (Loss of Earned Bonus)

The company amortizes the compensatory payments over the period of twelve months, since amount is recoverable if an employee leaves the organisation within a year.

(12) Borrowing Costs

Borrowing costs include interest and other ancillary borrowing costs. Ancillary costs includes issue costs such as loan processing fee, arranger fee, stamping expense and rating expense . The Company shall recognise interest expense and other ancillary cost on the borrowings as per Effective Interest Method, which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

Finance costs are charged to the Statement of Profit and Loss

(13) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(14) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
(a) estimated amount of contracts remaining to be executed on capital account and not provided for;
(b) uncalled liability on shares and other investments partly paid;
(c) funding related commitment to associate companies; and
(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

(15) Foreign Currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(16) Cash and Bank balances

Cash and bank balances also include fixed deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(17) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company

(18) Financial Instruments

(18.1) Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

(18.2) Initial Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.
A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

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(18.3) Subsequent Measurement of Financial Instruments

(18.3.1) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(18.3.1.1) Financial Assets carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)
• the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Method

The Effective Interest Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(18.3.1.2) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Interest income is recognised in profit or loss for FVTOCI debt instruments. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

(18.3.1.3) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

(18.4) Impairment of Financial Asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Category of financial instrument	Manner of recognition of loss allowance
Financial assets measured at amortised cost	Recognised in profit or loss with corresponding adjustment in the carrying value through a loss allowance account.
Debt investments measured at FVTOCI	Recognised in profit or loss with corresponding adjustment in OCI. The loss allowance is accumulated in the 'Reserve for debt instruments through OCI', and is not adjusted with the carrying value of the financial asset

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Impairment methodology:

Overall Impairment Methodology

Particulars	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)
Credit quality	Not deteriorated significantly since its initial recognition.	Deteriorated significantly since its initial recognition	Objective evidence of impairment
ECL model	PD / LGD Model	PD / LGD Model	Cash flow model
ECL	12 months ECL	Life time ECL	Life time ECL
ECL Computation	(PD * LGD * EAD)	(PD * LGD * EAD)	Expected Cash Flow basis

A) For Loans , Cash Credit and Term Loans Measured at Amortised Cost

a) Definition of Default:

A default shall be considered to have occurred when any of the following criteria are met:
a) An asset is more than 90 days past due
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

For the purpose of counting of day past due for the assessment of default, special dispensations in respect of any class of assets, if any (e.g. under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

b) Portfolio Segmentation:

The entire portfolio is segmented into homogenous risk segments. Common factors for segmentation includes asset classes, internal rating grade, size, geography, product, etc.

c) Probability of Default (PD):

12 Month PD for all the sectors except Onward Lending to NBFCs:
PD is the likelihood of a borrower defaulting on its obligations within a given interval of time. PD is computed based on the default analysis conducted by external credit bureau for all the sectors (except onward lending) at individual facility level and 12 months default percentage arrived score wise and sector wise for all the sectors.

To compute a 12 month PD for each sector, Sector wise and score wise default rate as provided by external credit bureau which is taken as base and calibration model is used to derive the default rates score wise on the basis of decreasing ranks of scores. The above process is followed for all the sectors to derive score wise and sector specific default rates which will be used as 12 month PD.

12 Month PD for Onward Lending to NBFCs:
For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

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(Currency : ₹ in lacs)

Life time PD:
Life time PD is applied for Stage 2 accounts.

Life time PD's are computed based on survival approach. Survival analysis is statistics for analyzing the expected duration of time until default event happens.
Life time PD is computed = (1 – (Probability of surviving in year 1) ^ remaining tenure)

d) Loss Given Default :

Loss Given Default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.

(18.5) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(18.6) Financial Liabilities and Equity Instruments

(18.6.1) Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(18.6.2) Equity Instruments

An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(18.6.3) Compound Financial Instruments

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

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At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(18.6.4)Financial Liabilities

A financial liability is any liability that is:

➢ Contractual obligation :

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

➢ a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Company has not designate any financial liabilities at FVTPL.

(18.6.4.1) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(19) Write off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(20) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-

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settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(21) Key accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

(22) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

(23) Cash Flow Statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

(24) Operating cycle for current and non-current classification

Based on the nature of products / activities of the Company entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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(Currency ₹ in lacs)

2. Corporate Information

Ugro Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 2013 The Company is a non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 The Company is registered with effect from March 5, 1998 having Registration No. A-13.00243. The Company is engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

(Currency ₹ in lacs)

3. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	-
Balances with banks		
- in current accounts	6,764.51	874.64
- in fixed deposits with banks (original maturity less than 3 months)	5,601.04	-
	12,365.55	**874.64**

4. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend on equity shares	1.43	1.43
Fixed deposits with banks (original maturity between 3 to 12 months)*	2,014.14	320.54
Fixed deposits with bank (original maturity more than 12 months)*	17,034.33	13,359.13
Cash collateral*	189.09	410.21
	19,238.99	**14,091.32**

* Earmarked balances of ₹ 871.21 lacs (previous year - ₹ 987.00 lacs) (Refer Note 46)

5. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables		
Unsecured considered good	357.77	657.93
	357.77	**657.93**

1. The average credit period ranges between 1 to 3 months.
2. The Company measures trade receivables at amortised cost. Trade receivables are measured at transaction price.
3. Expected credit loss on trade receivables: The Company applies the simplified approach for computation of expected credit loss on trade receivables as allowed under IndAS 109. The Company is recognizing lifetime expected credit loss for trade receivables, as applicable.
4. The carrying amount of trade receivables approximates the fair value because of their short term nature.
5. The average ageing period ranges between 1 to 3 months.
6. There are no due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

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6. Loans

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Loans at amortised cost		
(A)		
Supply chain receivables	18,660.24	16,548.03
Term loans	111,770.33	67,733.73
Loans to employees	11.95	4.23
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**127,880.52**	**83,238.19**
(B)		
Secured by book debts	23,457.14	24,815.34
Secured by property	56,383.46	33,959.68
Secured by machinery	7,089.63	138.30
Unsecured	43,512.29	25,372.67
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**127,880.52**	**83,238.19**
(C)		
Loans in India		
Public sector	-	-
Others	130,442.52	84,285.99
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total - Net (a)	**127,880.52**	**83,238.19**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**127,880.52**	**83,238.19**

Note :

1. There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

2. Underlying securities for the assets secured by tangible assets are property, machinery and book debts.

UGRO CAPITAL LIMITED

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7. Investments

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Investments - at fair value through profit and loss account		
Mutual funds (unquoted)	4,014.54	7,250.81
Debt securities	1,508.21	-
Total – Gross	**5,522.75**	**7,250.81**
Investments in India	5,522.75	7,250.81
Investments outside India	-	-
Total – Gross	**5,522.75**	**7,250.81**
Less: Impairment loss allowance	-	-
Total – Net	**5,522.75**	**7,250.81**

Note :

1. For valuation methodology Refer Note 48.

2. For dividend received on investments Refer Note 25.

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Notes forming part of the financial statements (Continued)
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8. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	323.11	197.71
Sale proceeds of mutual fund receivable	0.00	4,130.44
Indemnified assets	-	4,000.00
	323.11	**8,328.15**

9. Current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets		
Advance Tax	782.31	587.17
Total (A)	**782.31**	**587.17**
Current tax liabilities		
Income tax payable as per minimum alternate tax	926.44	443.45
Total (B)	**926.44**	**443.45**
Net (A-B)	**(144.13)**	**143.72**

10. Deferred tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
Provision for compensated absence	49.75	40.90
Provision for gratuity	20.71	14.66
Deferred revenue income - processing fees allowed upfront in income tax	358.33	195.07
Provision for impairment losses on financial instruments	746.06	291.50
Lease rentals expense under IndAS 116	71.99	56.23
Preliminery expense	132.50	15.16
Employee stock options scheme outstanding expenses disallowance	248.64	180.48
Unutilised minimum alternate tax credit entitlement	926.44	443.45
Income tax losses carried forward	2,748.92	1,391.00
Others	28.88	1.54
Total (A)	**5,332.22**	**2,629.99**
Deferred tax liabilities		
Difference in written down value of property, plant and equipment and intangible assets	157.79	23.26
Receivable On EIS DA	22.27	-
Unrealised gain on investments	3.91	36.83
Prepaid fees / charges on debt securities allowed upfront in income tax	113.61	10.70
Prepaid fees / charges on borrowings allowed upfront in income tax	361.12	127.41
Deferred loan sourcing cost allowed upfront in income tax	379.97	275.48
Total (B)	**1,038.67**	**473.68**
Net (A-B)	**4,293.55**	**2,156.31**

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11. Property, plant and equipment

Particulars	As at March 31, 2021				As at March 31, 2020			
	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total
At cost at the beginning of the year	**347.36**	**375.64**	**14.70**	**737.70**	**97.34**	**292.25**	**12.93**	**402.52**
Additions during the year	34.63	0.11	-0.00	**34.74**	250.01	83.39	1.77	335.18
At cost at the end of the year	**381.99**	**375.75**	**14.70**	**772.44**	**347.36**	**375.64**	**14.70**	**737.70**
Accumulated depreciation as at the beginning of the year	**54.12**	**95.13**	**1.63**	**150.88**	**3.17**	**7.91**	**0.31**	**11.39**
Depreciation for the year	64.59	86.97	1.40	**152.96**	50.95	87.22	1.32	**139.49**
Accumulated depreciation as at the end of the year	**118.71**	**182.10**	**3.03**	**303.84**	**54.12**	**95.13**	**1.63**	**150.88**
Net carrying amounts as at the end of the year	**263.28**	**193.65**	**11.67**	**468.60**	**293.24**	**280.51**	**13.07**	**586.82**

URGO CAPITAL LIMITED

(Currency ₹ in lacs)

12 . Right of use asset

Particulars	As at March 31, 2021	As at March 31, 2020
At cost at the beginning of the year	**1,854.97**	**1,794.60**
Remeasurment of Assets	24.21	-
Additions during the year	92.10	60.37
At cost at the end of the year	**1,971.28**	**1,854.97**
Accumulated depreciation as at the beginning of the year	**510.96**	**166.94**
Depreciation for the year	366.01	344.02
Accumulated depreciation as at the end of the year	**876.97**	**510.96**
Net carrying amount as at the end of the year	**1,094.31**	**1,344.01**

13. Intangible assets under development

Particulars	As at March 31, 2021	As at March 31, 2020
Softwares	388.41	93.96
Total	**388.41**	**93.96**

URGO CAPITAL LIMITED

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Notes forming part of the financial statements (Continued)
For the year ended Mar 31, 2021

(Currency : ₹ in lacs)

14. Other intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
Software :		
At cost at the beginning of the year	**2,095.18**	-
Additions during the year	877.61	2,095.18
At cost at the end of the year	**2,972.79**	**2,095.18**
Accumulated amortisation as at the beginning of the year	**255.84**	-
Amortisation for the year	654.93	255.84
Accumulated amortisation as at the end of the year	**910.77**	**255.84**
Net carrying amounts as at the end of the year	**2,062.02**	**1,839.34**

15. Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Advances to vendors and employees	410.07	77.02
Goods and service tax input credit receivable	468.40	291.70
Prepaid expenses	215.14	196.74
Prepaid rental charges	-	74.88
Deferred staff loan cost	0.30	0.72
Total	**1,093.91**	**641.06**

16. Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Micro and small enterprises (Refer Note 43)	0.01	10.14
Due to others	735.93	1,039.00
Other payables		
Micro and small enterprises (Refer Note 43)	-	-
Due to others		
- Accrued employee benefits	232.65	371.36
- Payable to Customer	54.71	-
Total	**1,023.30**	**1,420.50**

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

17. Debt securities

Particulars	As at March 31, 2021		As at March 31, 2020	
	At amortised cost	Total	At amortised cost	Total
a. Secured				
Redeemable non convertible debentures	24,670.81	24,670.81	5,009.41	5,009.41
b. Unsecured				
Commercial Paper	5,269.88	5,269.88	-	-
Total	**29,940.69**	**29,940.69**	**5,009.41**	**5,009.41**
Debt securities in India	29,940.69	29,940.69	5,009.41	5,009.41
Debt securities outside India	-	-	-	-
Total	**29,940.69**	**29,940.69**	**5,009.41**	**5,009.41**
Secured	24,670.81	24,670.81	5,009.41	5,009.41
Unsecured	5,269.88	5,269.88	-	-
Total	**29,940.68**	**29,940.68**	**5,009.41**	**5,009.41**

Security and other terms of debt security :

(i) Terms of repayment (repayment schedule mentioned below includes principal outstanding) as on 31 March 2021:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	Total
6.75 - 8.99 %	5,600.00	-	-	-	**5,600.00**
9.00 - 10.99 %	10,000.00	6,500.00	5,000.00	-	**21,500.00**
11.00 - 13.00 %	-	833.33	833.33	833.33	**2,500.00**
Total	**15,600.00**	**7,333.33**	**5,833.33**	**833.33**	**29,600.00**

(ii) Terms of repayment (repayment schedule mentioned below includes principal outstanding) as on 31 March 2020:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	Total
6.75 - 8.99 %	-	-	-	-	-
9.00 - 10.99 %	-	-	-	-	-
11.00 - 13.00 %	5,000.00	-	-	-	**5,000.00**
Total	**5,000.00**	-	-	-	**5,000.00**

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

18. Borrowings (other than debt securities)

Particulars	**As at March 31, 2021**		**As at March 31, 2020**	
	At amortised cost	**Total**	**At amortised cost**	**Total**
(a) Term loans				
From banks	**18,223.33**	18,223.33	**2,567.65**	2,567.65
From other parties	**22,702.07**	22,702.07	**10,463.32**	10,463.32
From liabilities arising out of securitization transactions resulting into recording of borrowings	**1,616.85**	1,616.85	**4,179.50**	4,179.50
(b) Loans repayable on demand				
Cash credit	-	-	**993.10**	993.10
Bank overdraft	**4,086.54**	4,086.54	**2,240.89**	2,240.89
Total	**46,628.79**	**46,628.79**	**20,444.46**	**20,444.46**
Borrowings in India	**46,628.79**	46,628.79	**20,444.46**	20,444.46
Borrowings outside India	-	-	-	-
Total	**46,628.79**	**46,628.79**	**20,444.46**	**20,444.46**
Secured	45,254.08	45,254.08	17,853.08	17,853.08
Unsecured	1,374.71	1,374.71	2,591.38	2,591.38
Total	**46,628.79**	**46,628.79**	**20,444.46**	**20,444.46**

Security and other terms of loan are as follows :

(a) Rate of interest of over draft is 8.60% per annum and secured against fixed deposit.

(b) Term loans from banks and other parties are secured by way of exclusive charge on hypothecation on the standard asset portfolio of receivables. However in some of the borrowing made from financial institutions the Company has provided bank fixed deposit and cash collateral (Refer Note 46).

(c) For liabilities arising out of securitization transactions resulting into recording of borrowings credit enhancement provided through fixed deposits and loan receivables.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

18. Borrowings (Continued)

(e) Terms of repayment of term loans
(i) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) as on 31 March 2021:

Redeemable within (Payable in monthly installments)	0-12 months	12-24 months	24-36 months	36-60 months	Total
## For Banks :					
Rate of Interest 8.74 % to 12.00%*	5,763.63	5,656.27	4,946.00	2,159.72	18,525.62
# For Other Parties :					
Rate of Interest 06.57 % to 12.75%*	10,078.59	8,961.55	3,965.72	-	23,005.86
For liabilities arising out of securitization transactions resulting into recording of borrowings :					
Rate of Interest 10.00 % to 10.48%*	1,330.02	319.38	-	-	1,649.40
Total	**17,172.23**	**14,937.19**	**8,911.72**	**2,159.72**	**43,180.87**

(ii) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) as on 31 March 2020:

Redeemable within (Payable in monthly	0-12 months	12-24 months	24-36 months	36-60 months	Total
## For Banks :					
Rate of Interest 10.78 % to 12.75%*	1,192.86	1,230.71	193.95	-	2,617.53
# For Other Parties :					
Rate of Interest 11.75 % to 12.00%*	6,869.94	2,222.01	1,546.51	-	10,638.46
For liabilities arising out of securitization transactions resulting into recording of borrowings :					
Rate of Interest 10.00 % to 10.48%*	2,360.32	1,618.50	282.01	-	4,260.83
Total	**10,423.13**	**5,071.22**	**2,022.47**	**-**	**17,516.82**

*Rate of interest on term loans considered annualised payable monthly for reporting purpose.

(f) The rate of interest for the variable borrowings is linked to lender base rate (+) / (-) spread for borrowing made from financial institutions(#). Similarly for variable borrowing from banks(##) linked to external benchmark rates like T-bill, banks base rate, repo rates, MCLR, etc. (+) / (-) spread. The above categorisation is based on the interest rates prevalent as on the respective reporting dates.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

19. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend payable on equity shares	1.43	1.43
Others payables :		
Collateral margin money received	199.67	219.81
Deferred consideration on direct assignment	156.87	95.63
Lease liabilities	1,340.97	1,545.55
Book Overdraft	30.19	-
Other payables	-	8.45
Total	**1,729.13**	**1,870.87**

20. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits :		
Provision for gratuity (Refer Note 40b)	71.14	52.70
Provision for compensated absences	170.85	147.02
Total	**241.99**	**199.72**

21. Other non financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	137.64	148.93
Total	**137.64**	**148.93**

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended Mar 31, 2021

(Currency : ₹ in lacs)

22. Equity

a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised capital				
Equity shares of ₹10 each	81,500,000	8,150.00	81,500,000	8,150.00
Preference shares of ₹10 each	20,500,000	2,050.00	20,500,000	2,050.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each, fully paid up	70,528,550	7,052.86	70,528,550	7,052.86
Total	**70,528,550**	**7,052.86**	**70,528,550**	**7,052.86**

b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	70,528,550	7,052.86	23,331,482	2,333.15
Add: shares issued during the year *	-	-	13,565,891	1,356.59
Add : converted during the year :				
From compulsorily convertible preference shares **	-	-	13,837,210	1,383.72
From compulsorily convertible debentures**	-	-	13,837,210	1,383.72
From compulsorily convertible warrants**	-	-	5,956,757	595.68
Outstanding at the end of the year	**70,528,550**	**7,052.86**	**70,528,550**	**7,052.86**

*During the previous year the Company has allotted 1,35,65,891 equity shares of ₹ 10 each for consideration of ₹ 17,500 lacs on preferential basis.

**During the previous year, the Company has converted 1,38,37,210 compulsorily convertible debentures into equal numbers of equity shares.

** During the previous year, the Company has converted 1,38,37,210 compulsorily convertible preference shares into equal numbers of equity shares.

** During the previous year, the Company has converted 59,56,757 into equal numbers of equity shares and balance stand forfeited.

c. Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

d. Particulars of shareholders holding more than 5% of the share capital :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	15,116,279	21.43%	15,116,279	21.43%
Clearsky Investment Holdings Pte Limited	15,116,279	21.43%	15,116,279	21.43%
DBZ (Cyprus) Limited	13,565,891	19.23%	13,565,891	19.23%
Samena Fidem Holdings	5,956,757	8.45%	5,956,757	8.45%
PNB Metlife India Insurance Company Limited	1,428,600	2.03%	1,428,600	2.03%
Chhattisgarh Investments Limited	1,320,372	1.87%	1,381,372	1.96%
Samena Special Situations Mauritius	3,321,500	4.71%	3,321,500	4.71%
Indgrowth Capital Fund I	3,443,640	4.88%	3,474,086	4.93%
Poshika Advisory Services LLP	2,027,709	2.88%	3,019,817	4.28%
Abakkus Growth Fund- 1	1,078,000	1.53%	1,091,635	1.55%
Total	**62,375,027**	**88.44%**	**63,472,216**	**90.00%**

e. Shares reservation :

As at March 31, 2021 - 32,57,033 shares (as at March 31, 2020 - 38,01,528 Shares) were reserved for issuance as below :

a. 32,57,033 (previous year 38,01,528) shares of ₹ 10 each towards outstanding employee stock options granted (Refer Note 41)

f. Objective for managing capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

23. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Compulsorily convertible preference shares	-	-
Share under issuance	-	-
Compulsorily convertible debentures	-	-
Money received against share warrants	-	-
Statutory reserve	2,110.47	1,535.92
Capital reserve	1,046.00	1,046.00
Securities premium account	77,673.44	77,673.44
Employee stock options scheme outstanding	853.86	648.75
Retained earnings	6,507.19	4,195.39
Total	**88,190.96**	**85,099.50**

Nature and purpose of reserves :

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Capital reserve

Capital reserve comprises of the amount received on share warrants & which are forfeited by the Company for non-payment of call money.

Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

24. Interest income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans		
- Loan portfolio	13,360.27	7,112.74
Interest on other financial assets		
- Other financial assets	25.42	34.64
Interest on investment		
- Interest on fixed deposits with banks	1,425.78	741.81
- Interest on bonds	1.38	-
Total	**14,812.85**	**7,889.19**

25. Dividend income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income on investment	-	17.40
Total	-	**17.40**

26. Net gain on fair value changes

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit and loss :-		
On trading portfolio		
- Gain on sale of investments	34.68	1,693.66
Total	**34.68**	**1,693.66**
Fair value changes :		
Realised	153.65	1,569.71
Unrealised	(118.97)	123.95
Total	**34.68**	**1,693.66**

27. Other operating revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Processing fees income	55.63	51.43
Other miscellaneous income	77.91	17.69
Total	**133.54**	**69.12**

28. Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Marketing advisory fees	-	220.00
Technology support fees	300.00	625.00
Web display fees	50.00	-
Incurance commission Income	2.77	-
Total	**352.77**	**845.00**

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

29. Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Costs		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	2,662.99	834.74
(b) Interest on debt securities		
Interest on redeemable non convertible debentures / Discount on Commercial paper	1,602.43	308.59
(c) Interest on lease liabilities		
Interest on lease liabilities	171.20	198.48
(d) Other interest expense		
Interest expense on other financial liabilities	19.62	25.49
Total	**4,456.24**	**1,367.30**

30. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On financial instruments measured at amortised cost:		
Impairment on loans		
Provision for expected credit loss	1,961.71	1,023.41
Total	**1,961.71**	**1,023.41**

31. Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, other allowances and bonus	4,159.92	4,211.33
Contribution to provident and other funds (Refer Note 40a)	120.15	93.03
Gratuity expenses (Refer Note 40b)	37.62	31.27
Staff welfare expenses	9.87	30.43
Share based payments to employees (Refer Note 41)	205.11	348.74
Total	**4,532.67**	**4,714.80**

32. Depreciation and amortisation

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	152.96	139.49
Amortization on intangible assets	654.93	255.84
Depreciation on right of use asset	366.02	344.02
Total	**1,173.91**	**739.35**

UGRO CAPITAL LIMITED

(Currency ₹ in lacs)

33. Other expenses

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Rent expenses	92.82	92.69
Communication expenses	71.04	95.31
Printing and stationery expenses	14.20	23.96
Advertisement and publicity expenses	3.03	6.02
Directors sitting fees	123.38	141.00
Payment to auditor **	46.03	51.28
Legal and professional expenses	741.84	714.28
Insurance expenses	46.82	102.11
Rates and taxes expenses	256.35	256.31
Computer maintenance and software expenses	320.39	403.78
Marketing and brand promotion expenses	6.73	11.25
Power and fuel expenses	10.65	20.96
Meeting and event expenses	14.91	20.10
Travelling, lodging and boarding expenses	35.24	186.90
Brokerage expenses	0.09	4.45
Miscellaneous expenses	193.83	203.55
CSR expenditure	19.05	3.77
Total	**1,996.40**	**2,337.72**

** Payment to auditor includes :

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
a. Statutory audit	23.21	31.00
b. Limited review	15.77	15.00
c. Certification matter	7.05	4.35
d. Out of pocket expenses	-	0.93
Total	**46.03**	**51.28**

34. Corporate Social Responsibility

Company is required to contribute to corporate social responsibility activity as per CSR Rules under the Companies Act, 2013. During the year ended 31st March 2021 Company has spent ₹ 19.05 lacs whereas required sum to be spent was ₹ 18.57 lacs. The amount is spent towards Skill Training in Healthcare for Under-priveleged youth through NGO.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

35. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (IndAS) 33 'Earnings per share' :
Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic		
Profit after tax [A]	2,872.75	1,951.86
Weighted average number of equity shares outstanding during the year (Nos.) [B]	70,528,550	66,248,148
Basic earnings per share (₹) [A/B]	**4.07**	**2.95**
Diluted		
Profit after tax [A]	2,872.75	1,951.86
Weighted average number of equity shares outstanding during the year (Nos.)	70,528,550	66,248,148
Weighted average number of potential equity shares on account of employee stock options and share warrants	-	1,831,840
Weighted average number of shares outstanding for diluted earning per share [C]	70,528,550	68,079,988
Diluted earnings per share (₹) [A/C]	**4.07**	**2.87**
Face value of shares (₹)	10	10

36. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by existing promoters with erstwhile promoters. Further, there are no other contingent liability other than those covered under deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	-	-
- Commitments related to loans sanction but partially undrawn	1,381.88	593.06
- Amount of contracts remaining to be executed on capital account	47.00	188.12
Total	**1,428.88**	**781.18**

37. Operating segments

There is no separate reportable segment, as per the IndAS 108 "Operating Segments" specified under Section 133 of the Act. The Company operates in a single segment only. There are no operations outside India and hence, there are no reportable geographical segments.

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

38. Related party
a. List of related parties and their relationship :
(i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer	Abhijit Ghosh
- Chief Financial Officer (up to 12th November 2020)	Kalpeshkumar Ojha
- Chief Financial Officer (from 13th November 2020)	Sandeepkumar Zanvar
- Company Secretary	Aniket Karandikar

(ii) Enterprises over which KMP has control :
- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP

Transactions with related parties are as enumerated below:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Transaction during the year		
Remuneration paid *		
Shachindra Nath	269.35	319.45
Abhijit Ghosh	136.52	302.26
Kalpeshkumar Ojha	65.04	117.69
Sandeepkumar Zanvar	23.87	-
Aniket Karandikar	23.83	32.11

*The above figures does not include provision towards gratuity.

39.Expenditure in foreign currency

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Other expenses	0.87	1.30
Total	**0.87**	**1.30**

40. Disclosure pursuant to IndAS 19 'Employee benefits'
a. Defined contribution plans :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Employer's contribution to provident fund	84.44	68.81
Employer's contribution to national pension scheme	35.58	24.16
Employer's contribution to labour welfare fund	0.13	0.06
Total	**120.15**	**93.03**

(Currency : ₹ in lacs)

40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

b. Defined benefit plan

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Discount rate	5.18%	5.45%
Expected rate of return on plan asset	NA	NA
Salary escalation	5.00%	7.00%
Attrition rate	22.00%	22.00%
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

(ii). Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Service cost:		
Current service cost	34.75	29.66
Expected Contributions by the employees	-	-
Past Service Cost (Amortised) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Net interest expense	2.88	1.61
Components of defined benefit costs recognised in Statement of profit or loss	**37.63**	**31.27**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) on defined benefit obligations	(19.19)	(0.03)
Components of defined benefit costs recognised in other comprehensive income	**(19.19)**	**(0.03)**
Total	**18.44**	**31.24**

(iii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Present value of defined benefit obligation	71.14	52.70
Net liability arising from defined benefit obligation	**71.14**	**52.70**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Opening defined benefit obligation	**52.70**	**21.46**
Current service cost	34.75	29.66
Interest cost	2.88	1.61
Remeasurement (gains)	(19.19)	(0.03)
Closing defined benefit obligation	**71.14**	**52.70**

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(Currency : ₹ in lacs)

40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	As at March 31, 2021	As at March 31, 2020
1st following year	0.41	0.30
2nd following year	0.37	0.27
3rd following year	12.70	0.25
4th following year	15.13	9.98
5th following year	12.87	11.89
Sum of years 6 To 10	37.21	34.24
Sum of years 11 and above	16.45	19.08

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.53)	3.83	(3.12)	3.42
Future salary growth (1% movement)	3.37	(3.21)	3.16	(2.98)
Attrition rate (1% movement)	(2.05)	2.09	(2.24)	2.32

Note :

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

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(Currency ₹ in lacs)

41. Disclosure relating to employee stock option scheme

The Company has one stock option schemes 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by board of directors on August 13, 2018 and by the shareholders in EGM dated September 18, 2018. During the year the Company has issued 270,769 (previous year 3,530,759) options representing equal numbers of equity shares of ₹ 10 each

The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2021 and March 31, 2020 is set below :

Particulars	**As at March 31, 2021**	**Exercise price range**	**As at March 31, 2020**	**Exercise price range**
	In numbers		**In numbers**	
CSL employee stock option scheme 2017 (face value of ₹ 10 each)				
Option outstanding at the beginning of the year	**3,801,528**	**₹ 130**	3,530,759	₹ 130
Add Granted	597,617	₹ 130	270,769	₹ 130 - ₹ 180
Less Exercised	-	-	-	-
Less Lapsed	1,142,112	-	-	-
Option outstanding at the end of the year	**3,257,033**	**₹ 130 - ₹ 180**	**3,801,528**	**₹ 130 - ₹ 180**
Exercisable at the end of the year	**3,257,033**		**3,801,528**	

The Company follows accounting policy of fair value method for employee stock option (ESOPs) valuation. Accordingly accumulated expense of ₹ 205.11 lacs (previous year ₹ 348.74 lacs)- has been debited to the Statement of profit and loss of the year ended March 31, 2021

Particulars	**CSL employee stock option scheme 2017 - Grant I**	**CSL employee stock option scheme 2017 - Grant II**	**CSL employee stock option scheme 2017 - Grant III**	**CSL employee stock option scheme 2017 - Grant IV**	**CSL employee stock option scheme 2017 - Grant V**
Date of grant	August 13, 2018	September 26, 2018	November 02, 2018	November 14, 2018	December 26, 2018
Number of options granted	2,749,223	289,229	246,154	61,538	184,615
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/08/2019, 13/08/2020, 13/08/2021, 13/08/2022	26/09/2019, 26/09/2020, 26/09/2021, 26/09/2022	02/11/2019, 02/11/2020, 02/11/2021, 02/11/2022	14/11/2019, 14/11/2020, 14/11/2021, 14/11/2022	26/12/2019, 26/12/2020, 26/12/2021, 26/12/2022
Vesting pattern	16:66:16:66:16:66:50	16:66:16:66:16:66:50	16:66:16:66:16:66:50	16:66:16:66:16:66:50	16:66:16:66:16:66:50
Weighted average remaining contractual life					
Granted but not vested	1.12 years	1.24 years	1.34 years	1.37 years	1.49 years
Vested but not exercised	1.87 years	1.99 years	2.09 years	2.12 years	2.24 years
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				

(Currency ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)

Vesting conditions	50 % of the vesting of options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	61.91	63.69	62.92	62.78	62.54

Particulars	**CSL employee stock option scheme 2017 - Grant VI**	**CSL employee stock option scheme 2017 - Grant VII**	**CSL employee stock option scheme 2017 - Grant VIII**	**CSL employee stock option scheme 2017 - Grant IX**	**CSL employee stock option scheme 2017 - Grant X**
Date of grant	August 09, 2019	August 16, 2019	October 14, 2019	February 05, 2020	May 21, 2020
Number of options granted	169,230	46,154	15,385	40,000	191,924
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	09/08/2020, 09/08/2021, 09/08/2022, 09/08/2023	16/08/2020, 16/08/2021, 16/08/2022, 16/08/2023	14/10/2020, 14/10/2021, 14/10/2022, 14/10/2023	05/02/2021, 05/02/2022, 05/02/2023, 05/02/2024	21/05/2021, 21/05/2022, 21/05/2023, 21/05/2024
Vesting pattern	16.66 16.66 16.66 50	16.66 16.66 16.66:50	16.66 16.66 16.66:50	16.66 16.66:16.66 50	16.66 16.66 16.66 50
Weighted average remaining contractual life					
Granted but not vested	1.76 years	1.78 years	1.94 years	2.25 years	2.14 years
Vested but not exercised	2.36 years	2.38 years	2.54 years	2.85 years	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	74.80	81.44	77.38	66.37	46.98

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(Currency : ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)

Particulars	**CSL employee stock option scheme 2017 - Grant XI**	**CSL employee stock option scheme 2017 - Grant XII**	**CSL employee stock option scheme 2017 - Grant XIII**	**CSL employee stock option scheme 2017 - Grant XIV**	**CSL employee stock option scheme 2017 - Grant XV**
Date of grant	13 November 2020	01 January 2021	09 February 2021	24 February 2021	01 March 2021
Number of options granted	115,385	78,000	61,538	20,000	100,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/11/2021, 13/11/2022, 13/11/2023, 13/11/2024	1/1/2022, 1/1/2023, 1/1/2024, 1/1/2025	9/2/2022, 9/2/2023, 9/2/2024, 9/2/2025	24/2/2022, 24/2/2023, 24/2/2024, 24/2/2025	1/3/2022, 1/3/2023, 1/3/2024, 1/3/2025
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
Weighted average remaining contractual life					
Granted but not vested	2.62 years	2.76 years	2.86 years	2.91 years	2.92 years
Vested but not exercised	-	-	-	-	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	31.37	35.47	37.46	38.16	38.41

Particulars	**CSL employee stock option scheme 2017 - Grant XII**
Date of grant	31 March 2021
Number of options granted	30,770
Method of settlement	Equity shares
Vesting period	31/3/2022, 31/3/2023, 31/3/2024, 31/3/2025
Vesting pattern	16.66:16.66:16.66:50
Weighted average remaining contractual life	
Granted but not vested	3.00 years
Vested but not exercised	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil
Exercise period	Within a period of 3 years from date of vesting
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company
Weighted average fair value of options as on grant date in (₹)	41.46

Note - During the year certain employees of the company has surrendered their 2,39,999 ESCP which was issued on August 06, 2019 and January 20, 2020 having an exercise price of Rs. 180 and Rs. 165 respectively. The company has re-issued the same number of ESOPs with the same vesting conditions at an exercise price of Rs. 130

(Currency ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)
Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 are as under :
The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :
The fair value of options have been estimated on the date of grant using Black-Scholes model
The key assumptions used in Black-Scholes model for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Risk-free interest rate	7.75%	8.02%	7.56%	7.48%	7.09%
Expected volatility of share price	39.71% *	41.49% *	41.56% *	41.6% *	42.28% *
Time to maturity (in years)	3.98	3.98	3.97	3.98	3.97
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	140 **	140 **	140 **	140 **	140 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value

** The QIP issue price has been considered as the current market price for computing the fair value of ESOP since the market value on the date of grant of ESOP was not representative of the fair value of the share

Particulars	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant VII	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant IX	CSL employee stock option scheme 2017 - Grant X
Risk-free interest rate	5.99%	6.06%	5.94%	6.05%	5.08%
Expected volatility of share price	44.30% *	44.41%*	45.19%*	45.27%*	50.23%*
Time to maturity (in years)	3.80	3.79	3.71	3.55	3.41
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	180	180	180	165	120.95

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value

(Currency : ₹ in lacs)

42. Leases (entity as a lessee)

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses.

a. Right of use asset :

Particulars	As at March 31, 2021	As at March 31, 2020
Office Premises :		
At cost at the beginning of the year	**1,854.97**	1,794.60
Additions during the year	92.10	60.37
Remeasurment of Assets	24.21	-
At cost at the end of the year	**1,971.28**	**1,854.97**
Accumulated depreciation as at the beginning of the year	**510.96**	**166.94**
Depreciation for the year	366.01	344.02
Accumulated depreciation as at the end of the year	**876.97**	**510.96**
Net carrying amounts as at the end of the year	**1,094.31**	**1,344.02**

b. Amount recognised in Statement of Profit and loss :

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense for the year on right-of-use assets	366.01	344.02
Interest expense for the year on lease liabilities	24.47	198.48
Total expenses recognised in Statement of profit and loss	**390.48**	**542.50**

The total cash outflow on account of lease rental amounting for the current year ₹ 447.99 lacs (previous year : ₹ 445.44 lacs).

The average lease term for the rented office premises is ranging between 5 to 12 years.

c. Lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liabilities	1,340.97	1,545.55
Total	**1,340.97**	**1,545.55**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than 1 year	404.82	294.10
Later than 1 year and not later than 5 years	884.64	1,190.00
Later than 5 years	51.51	61.45
Total	**1,340.97**	**1,545.55**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Company has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

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(Currency : ₹ in lacs)

43. Details of dues to micro and small enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2021	As at March 31, 2020
1. The principal amount remaining unpaid at the end of the accounting year.	0.01	10.14
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
The balance of MSMED parties as at the end of the year	**0.01**	**10.14**

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

44. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total
Financial assets						
Cash and cash equivalents	12,365.55	-	**12,365.55**	874.64	-	**874.64**
Bank balance other than cash and cash equivalents	19,238.99	-	**19,238.99**	14,091.31	-	**14,091.31**
Trade receivables	357.77	-	**357.77**	657.93	-	**657.93**
Loans	127,880.52	-	**127,880.52**	83,238.19	-	**83,238.19**
Investments	1,508.21	4,014.54	**5,522.75**	-	7,250.81	**7,250.81**
Other financial assets (Refer Note 8)	323.11	-	**323.11**	8,328.15	-	**8,328.15**
Total	**161,674.14**	**4,014.54**	**165,688.68**	**107,190.21**	**7,250.81**	**114,441.02**
Financial liabilities						
Payables :						
(A) Trade payables						
(I) total outstanding dues of micro enterprises and small enterprises	0.01	-	**0.01**	10.14	-	**10.14**
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	735.93	-	**735.93**	1,039.00	-	**1,039.00**
(B) Other payables						
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	-	**287.36**	371.36	-	**371.36**
Debt securities	29,940.69	-	**29,940.69**	5,009.41	-	**-**
Borrowings (other than debt securities)	46,628.79	-	**46,628.79**	20,444.46	-	**20,444.46**
Other financial liabilities (Refer Note 19)	1,729.13	-	**1,729.13**	1,870.87	-	**1,870.87**
Total	**79,321.91**	**-**	**79,321.91**	**28,745.24**	**-**	**28,745.24**

(Currency : ₹ in lacs)

45. Financial risk management

The Company has exposure to the following risks from financial instruments:

a Credit Risk
b Liquidity Risk
c Market Risk
d Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc The Company has therefore invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities The Board of Directors has constituted a Risk Management Committee to address these risks The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks.The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions

(A) Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business Same is done primarily through Analytics and survey Further the company has also developed sophisticated sector/sub-sector scorecards both statistical and expert The proposals are appraised based on understanding of these sector/sub-sectors Fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended

Management of Credit Risk

Write off policy :

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery Any subsequent recoveries are credited to impairment on financial instrument in Statement of profit and loss. The write off decisions will be taken by management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis :

The Company's policies for computation of expected credit loss (ECL) are set out below:

(A) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company :

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of group of borrowers.
As a result, Portfolio Segmentation considered for ECL computation for seventeen segments

Definition of default :

A default shall be considered to have occurred when any of the following criteria are met:
a) An asset is more than 90 DPD
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA

Significant increase in credit risk (SICR) criteria :

(a) External credit rating going below investment grade rating.
(b) significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.
(c) Other Qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations
(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cutoff norms as set by Company from time to time and current status is Stage I is termed as low credit risk

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :
(i) 0 - 30 days past due (DPD) as Stage I;
(ii) 31 - 90 DPD as Stage II, and
(iii) outstanding > 90 DPD as Stage III.
Any deviation to the above classification shall be approved by audit committee of the board (ACB)

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45. Financial risk management (Continued)

Probability of Default (PD%)
PD are determined depending on the risk profile of the pool of loans based internal rating models, credit bureau models, corporate ratings, specific market estimates as applicable to the respective portfolio segments

Loss given default (LGD%)
Loss given default (LGD) represents recovery from defaulted assets
LGD computation is based on Foundational-Internal Rating Based (F-IRB) approach or basis cashflows from post default workout and collections, as applicable to respective portfolio segments

LGD is determined based on FIRB approach for Stage 1 and Stage 2, for Stage 3 loans the Company estimates the cash flows expected over a time period

Exposure at Default (EAD)
Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered following for EAD computation
a On books principle exposure
b Accumulated interest exposure
c Excluding FLDG amount, if any
The Company actively participates in co-lending with other NBFC partners, In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee
In such scenario, while arriving at EAD, FLDG amount would be subtracted
In case of default in such arrangements, if the trigger event occurs for both unsecured and Secured loans on 89th day the POS plus accumulated interest would be adjusted from FLDG. The interest accumulation to stop in accounting books for such assets as there would not be principal outstanding

(B) Undrawn exposure
In case of ECL on undrawn exposure , the EAD is computed after considering credit conversion factor (CCF) of 50% (percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to Stage 1 assets considering PD% and LGD% of the respective categories of loans and advances

Applicable provisions for NBFC covered under IndAS :
RBI under this circular provide that NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per ICAI guidelines for recognition of the impairments.

Portfolio default and loss estimates :
To arrive at an early estimation of loss, an internally developed methodology has been adopted
i) For term loans, the method combines macroeconomic outlook of sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.

ii) For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focussing on key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow

iii) For onward lending , the estimates are based on client level assessment

iv) For direct assignment, the estimates are based on partner assessment and high-level multipliers

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

45. Financial risk management (Continued)

A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Management Overlay	Total
Opening balances as at April 01, 2020	**633.25**	**52.10**	**359.68**	-	-	**1,045.03**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.56	(2.30)	(0.26)	-	-	-
Transfer to Stage 2	(43.87)	43.89	(0.02)	-	-	-
Transfer to Stage 3	(669.50)	(165.61)	835.11	-	-	-
New loan originated during the year	920.10	30.62	56.60	-	-	1,007.32
Other movements (on account of change in EAD)	354.74	116.33	(240.11)	-	-	230.96
Management overlay	-	-	-	-	270.00	270.00
Closing balance as at March 31, 2021	**1,197.28**	**75.03**	**1,011.01**	-	**270.00**	**2,553.31**
Opening balance as at April 01, 2019	**23.56**	**0.80**	-	-	-	**24.36**
Changes in the loss allowance during the year :						
Transfer to Stage 1	0.80	(0.80)	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
New loan originated during the year	611.41	52.67	359.68	-	-	1,023.76
Other movements (on account of change in EAD)	(2.52)	(0.57)	-	-	-	(3.09)
Closing balance as at March 31, 2020	**633.25**	**52.10**	**359.68**	-	-	**1,045.03**

B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2020	**2.77**	-	-	**2.77**
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	8.69	-	-	8.69
Other movements (on account of change in EAD)	(2.77)	-	-	(2.77)
Closing balance as at March 31, 2021	**8.69**	-	-	**8.69**
Opening balances as at April 01, 2019	-	-	-	-
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	2.77	-	-	2.77
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	**2.77**	-	-	**2.77**

C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balance of gross carrying amount as at April 01, 2020	**82,372.14**	**1,820.71**	**817.76**	-	**85,010.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	74.76	(64.58)	(10.18)	-	-
Transfer to Stage 2	(1,641.66)	1,651.52	(9.86)	-	-
Transfer to Stage 3	(1,932.42)	(525.88)	2,458.30	-	-
New loan originated during the year	81,536.19	2,023.61	286.61	-	83,846.41
Other movements (on account of change in EAD)	(34,410.67)	(1,154.38)	(498.21)	-	(36,063.26)
Closing balance as at March 31, 2021	**125,998.34**	**3,751.00**	**3,044.42**	-	**132,793.76**
Opening balance of gross carrying amount as at April 01, 2019	**7,943.71**	**19.63**	-	-	**7,963.34**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	10.31	(10.31)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(111.72)	-	111.72	-	-
New loan originated during the year	78,270.04	1,820.70	706.04	-	80,796.78
Other movements (on account of change in EAD)	(3,740.20)	(9.31)	-	-	(3,749.51)
Closing balance as at March 31, 2020	**82,372.14**	**1,820.71**	**817.76**	-	**85,010.61**

(Currency : ₹ in lacs)

45. Financial risk management (Continued)

D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2020	**593.91**	-	-	**593.91**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	1,381.88	-	-	1,381.88
Other movements (on account of change in EAD)	(593.91)	-	-	(593.91)
Closing balance as at March 31, 2021	**1,381.88**	-	-	**1,381.88**
Opening balance as at April 01, 2019	-	-	-	-
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	593.91	-	-	593.91
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	**593.91**	-	-	**593.91**

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collateral for the below calculation is taken at the date of loan inception

Advances (LTV band wise) :

LTV ratio	As at March 31, 2021		As at March 31, 2020	
	Gross carrying amount of advances	**Cumulative loss allowance**	**Gross carrying amount of advances**	**Cumulative loss allowance**
Less than 50%	21,738.07	132.49	10,583.87	65.66
51% - 70%	21,100.79	183.50	14,683.58	123.69
71%-90%	17,935.08	126.71	9,046.87	67.07
> 90%	28,256.91	419.90	98.64	0.07

Credit impaired advances (LTV band wise) :

LTV ratio	As at March 31, 2021		As at March 31, 2020	
	Gross carrying amount of advances	**Cumulative loss allowance**	**Gross carrying amount of advances**	**Cumulative loss allowance**
Less than 50%	374.80	30.30	122.11	1.41
71%-90%	99.29	5.08	-	-
> 90%	579.93	89.59	-	-

*There is no collateral repossessed by the Company during the year

UGRO CAPITAL LIMITED

(Currency: ₹ in lacs)

45. Financial risk management (Continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. Our Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability management framework. Company continues to maintain positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2021 :

Particulars	Carrying amount	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	12,365.55	12,365.55	12,365.55	-	-	-	-
Bank balance other than cash and cash equivalents	19,238.99	19,987.06	7,110.55	5,054.95	6,835.16	986.40	-
Trade receivables	357.77	357.77	-	357.77	-	-	-
Loans	130,442.52	161,045.73	3,347.20	8,463.97	30,334.89	82,615.22	36,284.45
Investments	5,522.75	6,033.90	4,055.46	-	66.83	1,397.95	513.66
Other financial assets	323.11	323.11	-	-	94.97	222.88	5.26
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) total outstanding dues of micro enterprises and small enterprises	0.01	0.01	0.01	-	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	735.93	745.88	32.64	580.07	133.17	-	-
(B) Other payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	287.36	-	-	287.36	-	-
Debt securities	29,940.69	34,226.07	48.72	1,234.19	17,224.43	15,718.73	-
Borrowings (other than debt securities)	46,628.79	49,947.65	2,145.53	3,622.18	15,300.54	28,879.40	-
Other financial liabilities	1,729.13	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2020 :

Particulars	Carrying amount	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	874.64	874.64	874.64	-	-	-	-
Bank balance other than cash and cash equivalents	14,091.31	338.58	1.43	-	4,672.54	10,494.69	-
Trade receivables	657.93	657.93	-	657.93	-	-	-
*Loans	83,238.19	112,088.44	1,790.38	14,873.31	25,510.24	45,452.40	24,462.11
Investments	7,250.81	7,250.81	7,250.81	-	-	-	-
Other financial assets	8,328.14	8,328.14	4,130.44	4,000.00	-	191.55	6.16
Financial liabilities (outflow) :							
(A) Trade payables							
(I) total outstanding dues of micro enterprises and small enterprises	10.14	10.14	-	10.14	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	1,061.58	38.61	702.50	110.06	123.29	-
(B) Other payables							
(I) total outstanding dues of creditors other than m	371.36	371.36	-	-	371.36	-	-
Debt securities	5,009.41	5,061.40	5,061.40	-	-	-	-
Borrowings (other than debt securities)	20,441.46	22,775.15	1,306.12	1,692.98	9,081.20	7,695.15	-
Other financial liabilities	1,870.87	2,317.44	37.95	84.33	351.96	1,756.90	86.30

* Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement

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45. Financial risk management (Continued)

Undiscounted cash flows by contractual maturities for off Balance Sheet items as at March 31, 2021 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,381.88	1,381.88	-	-
Capital commitments (outflow)	-	47.00	47.00	-	-

Undiscounted cash flows by contractual maturities for off Balance Sheet items as at March 31, 2020 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	593.06	593.06	-	-
Capital commitments (outflow)	-	188.12	188.12	-	-

The Company has disclosed below information as stated in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated november 04, 2019 that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :
The Company is a non deposit taking non banking finance company (NBFC). The Company had not invested in any public deposit.

Sr.No.	Number of Significant counterparties	Amount	% of Total Liabilities
1	10	54775.47*	71.26%

* The amount considered above excludes unmortised borrowing cost.

(ii) Top 20 large deposits (amount in ₹ lacs and % of total deposits) :
The Company is a non deposit taking non banking finance company (NBFC).

(iii) Top 10 borrowings (amount in ₹ lacs and % of total borrowings) :

Particulars	As at March 31, 2021	As at March 31, 2020
Total borrowing from ten largest lenders	54775.47*	25688.75*
Percentage of borrowing from ten largest lenders to total borrowing of the Company	71.26%	100%

* The amount considered above excludes unmortised borrowing cost.

(iv) Funding concentration based on significant instrument / product :

Sr No.	Name of instrument / product	As at March 31, 2021		As at March 31, 2020	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loan facilities	40,925.39	51.26%	13,216.88	45.43%
2	Cash credit / overdraft facilities	4,086.54	5.12%	3,236.71	11.13%
3	Non convertible debenture	24,670.81	30.90%	5,000.00	17.19%
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	1,616.85	2.02%	4,235.17	14.56%
5	Commercial paper	5,269.88	6.60%	-	-
Total		76,569.47	95.90%	25,688.76	88.30%

(v) Stock Ratios :

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2021			As at March 31, 2020		
	% of total public funds *	% of total liabilities	% of total assets	% of total public funds *	% of total liabilities	% of total assets
Commercial papers	5.88%	7.01%	3.70%	-	-	-

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :
The Company does not have borrowing through non-convertible debentures (original maturity of less than one year) in current and previous year.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2021			As at March 31, 2020		
	% of total public funds *	% of total liabilities	% of total assets	% of total public funds *	% of total liabilities	% of total assets
Cash credit / overdraft facilities	4.29%	5.12%	2.33%	3.51%	11.12%	2.67%

The amount considered above excludes unmortised borrowing cost.
* Total public funds comprises of total equity

(Currency : ₹ in lacs)

45. Financial risk management (Continued)
c. Market risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company does not have any direct exposure to foreign currency.

The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :
The Company's exposure to price risk arises from investment held by the Company and is classified in the Balance Sheet through fair value through profit and loss account

Sensitivity :
The table below summarises the impact of increases / decreases of the NAV Company's investment of mutual fund schemes on profit for the period

Sensitivity :	Impact on Statement of Profit and Loss	
Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	-	25.74
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	-	(25.74)
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	46.17	21.03
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	(46.17)	(21.03)
* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.		

Interest rate risk :
Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from below two perspectives :
a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rate.
b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off Balance Sheet positions due to variation in interest rate.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure positions are maintained within the established limits.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Variable rate borrowings	30,331.48	14,209.98
Fixed rate borrowings	46,535.94	11,478.77
Total borrowings	**76,867.42**	**25,688.75**

*excluding other borrowing cost

The Company had the following variable rate borrowings outstanding :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Weighted average cost	11.03%	11.43%
Outstanding balance (excluding other borrowing cost)	30,331.48	14,209.98
% of total borrowings	39.46%	55.32%
Sensitivity :	**Impact on profit or loss**	
Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
*Interest rate - increase by 1%	262.85	84.49
*Interest rate - decrease by 1%	(262.85)	(84.49)

* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.

d. Operational Risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.
During the year, the the Company has not come across any instances of fraud.

Capital Management :
Company's capital management objective is primarily to safeguard business continuity. The Company's capital raising policy is aligned to macro economic situation and incidental risk factors. The Company's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes this approach would create shareholder value in long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the company's resource base is equity. Therefore the company enjoys a low gearing.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.
Gearing ratio :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
The gearing ratio at each date were as follows :		
*Debt (I)	77,910.45	26,999.42
Cash and bank balances (II) (Refer Note 3)	12,365.55	874.64
Net debt (I - II)	**65,544.90**	**26,124.78**
Total equity	**95,243.82**	**92,152.36**
Net debt to equity ratio	**0.69**	**0.28**

* Debt includes debt securities, borrowings and lease liabilities.

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

46. Details of all collateral used as security for liabilities

Particulars	**Carrying amount of financial assets pledged**	
	As at 31st March, 2021	**As at 31st March, 2020**
Assets type		
Loans receivable as collateral under lending agreements	84,052.22	22,131.21
Loans receivable as collateral under PTC agreements	582.12	324.92
Cash collateral under lending agreements	189.09	400.00
Fixed deposit (original maturity between 3 to 12 months) as collateral under lending agreements	52.02	-
Fixed deposit (original maturity between 3 to 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	332.36	312.00
Fixed deposit (original maturity more than 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	297.74	275.00

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

47. Income tax

Table A The major components of tax expense for the year ended March 31, 2021 and March 31, 2020 :

Sr.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Statement of profit and loss :		
(a)	**(i) Profit and loss section :**		
	Current income tax :		
	Tax for current year as per minimum alternate tax	482.99	296.31
	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(2,142.83)	(1,916.38)
	Income tax expense reported in the Statement of profit and loss	**(1,659.84)**	**(1,620.07)**
(b)	**Other comprehensive income (OCI) section :**		
	Current income tax :		
	Net loss on remeasurement of defined benefit obligations	-	-
	Deferred tax :		
	Net loss on remeasurement of defined benefit obligations	5.59	0.01
	Income tax expense reported in the OCI section	**5.59**	**(0.01)**

Table B Reconciliation of effective tax rate :

Sr.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	**Profit before tax (PBT)**	1,212.91	331.79
2	Applicable tax rate*	29.12%	27.82%
3	PBT * applicable tax rate (1*2)	353.20	92.30
4(a)	**Add : Provisions and contingencies not allowed under income tax**		
(i)	Provision for impairment losses on financial instruments	440.94	284.71
(ii)	Provision for gratuity	5.37	8.70
(iii)	Provision for compensated absences	6.94	27.71
	Sub total	**453.25**	**321.12**
4(b)	**Add: Non deductible expense under income tax**		
(i)	Interest on TDS / penalty	0.11	0.14
(ii)	Provision for share based payments to employees	59.73	180.48
(iii)	Lease rentals expense under IndAS 116	13.19	27.00
(iv)	Preliminary expense disallowed (gross)	-	-
(v)	Booking of unrealised loss	34.65	-
(vi)	Others	5.84	0.99
	Sub total	**113.52**	**208.62**
4(c)	**Less : Income not chargeable under income tax**		
(i)	Dividend income	-	(4.84)
(ii)	Booking of unrealised gain	-	(34.48)
	Sub total	**0.00**	**(39.32)**
4(d)	**Add : Income chargeable under income tax**		
(i)	Upfront booking of processing fees collected on loans	156.53	172.51
	Sub total	**156.53**	**172.51**
4(e)	**Less : Tax deductible expenses**		
(i)	Tax benefit of preliminary expense	(62.69)	(5.05)
(ii)	Upfront booking of borrowing expenses	(329.07)	(138.11)
(iii)	Upfront booking of loan sourcing cost	(93.38)	(268.19)
(iv)	Depreciation of property, plant and equipment and intangible assets	73.84	(19.84)
	Others	(27.53)	-
	Sub total	**(438.83)**	**(431.19)**
4(f)	**Less : Brought forward tax losses under income tax**		
	Brought forward tax losses set off during the year	(637.66)	(324.03)
	Sub total	**(637.66)**	**(324.03)**
5	Add :Tax for current year as per minimum alternate tax	482.99	296.31
6	Less :Unutilised minimum alternate tax credit entitlement	(482.99)	(296.31)
7	**Tax expense recognised during the year (Total 1 to 6)**	0.00	0.00
8	Effective tax rate	-	-

* The applicable tax is the rate prescribed under the Income - tax Act, 1961.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

47. Income tax (Continued)

Table C **Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss :**

Particulars	Balance Sheet		Statement of profit and loss and other comprehensive income	
	As at March 31, 2021	As at March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred tax assets (DTA)				
Provision for compensated absences	49.75	40.90	8.85	27.71
Provision for gratuity	20.71	14.66	6.05	8.69
Others	28.88	1.54	27.34	0.99
Deferred revenue income - processing fees allowed upfront in income tax	358.33	195.07	163.24	172.51
Provision for impairment losses on financial instruments	746.06	291.50	454.56	284.71
Lease rentals expense under IndAS 116	71.99	56.23	15.76	27.16
Preliminary expense (gross)	132.50	15.16	117.34	(5.05)
ESOS expenses disallowance	248.64	180.48	68.16	180.48
Unutilised minimum alternate tax credit entitlement	926.44	443.45	482.99	296.31
Income tax losses carried forward	2,748.92	1,391.00	1,357.92	1,391.00
Total (A)	**5,332.22**	**2,629.99**	**2,702.21**	**2,384.51**
Deferred tax liabilities (DTL)				
Difference in written down value of property, plant and equipment and intangible assets	157.79	23.26	134.53	19.84
Receivable On EIS DA	22.27	-	22.27	-
Unrealised gain / (loss) on investments	3.91	36.83	(32.92)	34.48
Prepaid fees / charges on debt securities allowed upfront in income tax	113.61	10.70	102.91	10.70
Prepaid fees / charges on borrowings allowed upfront in income tax	361.12	127.41	233.71	134.93
Deferred loan sourcing cost allowed upfront income tax	379.97	275.48	104.49	268.19
Total (B)	**1,038.67**	**473.68**	**564.98**	**468.14**
Deferred tax asset / (liability)	**4,293.55**	**2,156.31**	-	-
Deferred tax expense / (benefit)	-	-	**(2,137.24)**	**(1,916.37)**

Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax losses :		
AY 2015-16 (Expiry - AY 2023-24)	-	3,573.56
AY 2016-17 (Expiry - AY 2024-25)	-	2,372.92
AY 2017-18 (Expiry - AY 2025-26)	-	0.11

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

48. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique

IndAS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1 Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3

a) Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2021			Carrying value as on March 31, 2021	Fair Value as on March 31, 2020			Carrying value as on March 31, 2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Cash and cash equivalents	12,365.55	-	-	12,365.55	-	874.64	-	874.64
Bank balances other than cash and cash equivalents	19,238.99	-	-	19,238.99	-	14,091.32	-	14,091.31
Trade receivables	-		357.77	357.77	-	657.93	-	657.93
Loans	-	-	131,247.25	127,880.52	-	-	85,074.47	83,238.19
Investments	1,476.71			1,508.21	-	-	-	-
Other financial assets	-	-	323.11	323.11	-	8,328.15	-	8,328.15
Total	**33,081.25**	-	**131,928.13**	**161,674.15**	-	**23,952.04**	**85,074.47**	**107,190.21**
Liabilities								
Payables								
(A) Trade payables								
(I) total outstanding dues of micro enterprises and small enterprises	-	-	0.01	0.01	-	10.14	-	10.14
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	735.93	735.93	-	1,039.00	-	1,039.00
(B) Other payables								
(I) total outstanding dues of creditors other than micro enterprises and small enterprises		-	287.36	287.36		371.36	-	371.36
Debt securities	-	30,179.74	-	29,940.69	-	5,009.41	-	5,009.41
Borrowings	-	47,326.05	-	46,628.79	-	21,051.81	-	20,444.46
Other financial liabilities	-	-	1,729.13	1,729.13	-	1,870.87	-	1,870.87
Total	-	**77,505.79**	**2,752.43**	**79,321.91**	-	**29,352.59**	-	**28,745.24**

There were no transfers between Level 1 and Level 2 during the year

Valuation methodologies of financial instruments not measured at fair value :
Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents ,payables, debt securities, other financial assets and other financial liabilities

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.
Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure

Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value

b) Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2021			Carrying value as on March 31, 2021	Fair Value as on March 31, 2020			Carrying value as on March 31, 2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Investments in mutual funds	4,014.54	-	-	4,014.54	7,250.81	-	-	7,250.81
Total	**4,014.54**	-	-	**4,014.54**	**7,250.81**	-	-	**7,250.81**

There were no transfers between Level 1 and Level 2 during the year

Valuation methodologies of financial instruments measured at fair value :
Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

49. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets :						
Financial assets :						
Cash and cash equivalents	12,365.55	-	12,365.55	874.64	-	874.64
Bank balance other than cash and cash equivalents	18,480.05	758.94	19,238.99	321.97	-	321.97
Trade receivables	357.77	-	357.77	657.93	-	657.93
Loans	45,798.56	84,643.96	130,442.52	33,522.09	49,716.10	83,238.19
Investments	4,014.54	1,508.21	5,522.75	7,250.81	-	7,250.81
Other financial assets	94.97	228.14	323.11	12,210.47	9,887.02	22,097.49
Non-financial assets :						
Current tax assets (net)	-	-	-	143.72	-	143.72
Deferred tax asset (net)	-	4,293.55	4,293.55	-	2,156.31	2,156.31
Property, plant and equipment	-	468.60	468.60	-	586.82	586.82
Right of use asset	-	1,094.31	1,094.31	-	1,344.01	1,344.01
Intangible assets under development	-	388.41	388.41	-	93.96	93.96
Other intangible assets	-	2,062.02	2,062.02	-	1,839.34	1,839.34
Other non-financial assets	1,093.91	-	1,093.91	566.18	74.88	641.06
Total	**82,205.35**	**95,446.14**	**177,651.49**	**55,547.81**	**65,698.44**	**121,246.25**
Liabilities :						
Financial liabilities :						
(A) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.01	-	0.01	10.14	-	10.14
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises	735.93	-	735.93	921.79	117.21	1,039.00
(B) Other payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	-	287.36	371.36	-	371.36
Debt securities	16,112.25	13,828.44	29,940.69	5,009.41		5,009.41
Borrowings (other than debt securities)	21,103.91	25,524.88	46,628.79	13,464.32	6,980.14	20,444.46
Other financial liabilities	436.44	1,292.69	1,729.13	303.99	1,566.88	1,870.87
Non-financial liabilities :						
Provisions	38.22	203.77	241.99	31.39	168.33	199.72
Current tax liabilities (net)	144.13	-	144.13	-	-	-
Other non-financial liabilities	137.64	-	137.64	148.93	-	148.93
Total	**38,995.89**	**40,849.78**	**79,845.67**	**20,261.33**	**8,832.56**	**29,093.89**

(Currency : ₹ in lacs)

50. Disclosure pursuant to IndAS 7 ' Statement of Cash Flows' - changes in liabilities arising from financing activities :

Particulars	**As at April 01, 2020**	**Cash inflow / (outflow)**	**Creation of right of use assets**	**As at March 31, 2021**
Debt securities	5,009.41	24,931.28	-	29,940.69
Borrowings (other than debt securities)	20,444.46	26,184.33	-	46,628.79
Other financial liabilities				
Lease liabilities	1,545.55	(320.89)	116.31	1,340.97

Particulars	**As at April 01, 2019**	**Cash inflow / (outflow)**	**Creation of right of use assets**	**As at March 31, 2020**
Debt securities	-	5,009.41	-	5,009.41
Borrowings (other than debt securities)	973.60	19,470.86	-	20,444.46
Other financial liabilities				
Lease liabilities	1,732.15	(246.98)	60.38	1,545.55

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

51. Financial assets are transferred but not derecognised in their entirety :

a) Securitisation

Particulars	As at March 31, 2021		As at March 31, 2020	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	2,089.55	-	4,560.09	-
Carrying amount of associated Liabilities	1,649.40	-	4,235.17	-
For those liabilities that have recourse only to the transferred financial assets				
Fair value of assets (A)	2,050.63	-	4,852.13	-
Fair value of associated liabilities (B)	1,632.39	-	4,282.84	-
Net Position (C) = (A - B)	**418.24**	-	**569.29**	-

b) Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of de-recognised financial asset	1,251.63	Nil
Carrying amount of retained asset at amortised cost	312.91	Nil
Gain on sale of the de-recognised financial asset	Nil	Nil

UGRO CAPITAL LIMITED

(Currency ₹ in lacs)

52. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk

Particulars		As at March 31, 2021	As at March 31, 2020
i)	CRAR (%)	65.55	88.25
ii)	CRAR - Tier I capital (%)	65.15	88.07
iii)	CRAR - Tier II capital (%)	0.40	0.18
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

b. Investments

Particulars				As at March 31, 2021	As at March 31, 2020
(1)	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	**5,522.75**	**7,250.81**
		(b)	Outside India.	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	-	-
		(b)	Outside India.	-	-
	(iii)	Net value of investments			
		(a)	In India	**5,522.75**	**7,250.81**
		(b)	Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments				
	(i)	Opening balance		-	-
	(ii)	Add : provisions made during the year		-	-
	(iii)	Less : write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		-	-

c. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

d. Disclosures relating to securitization

Details of securitization :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	2	2.00
2	Total amount of securitized assets as per books of the SPVs sponsored	2,055.74	4,560.09
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off - Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	First loss	582.12	324.92
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	a. On - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	630.10	587.00
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

d. Disclosures relating to securitization (Continued)
Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable

Details of assignment transactions undertaken during the year :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
1.	No. of accounts	107	-
2.	Aggregate value (net of provisions) of accounts assigned	1,439.68	-
3.	Aggregate consideration	1,439.68	-
4.	Additional consideration realized in respect of accountstransferred in earlier years	-	-
5.	Aggregate gain / loss over net book value	-	-

Details of non-performing financial assets purchased / sold :
During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Therefore disclosures pertaining to it are not applicable.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2021 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	2,275.34	1,882.51	3,018.98	10,171.27	6,218.19	9,540.61	12,690.69	42,035.32	14,774.32	27,835.29	130,442.52
Investments	4,014.54	-	-	-	-	-	-	-	1,017.87	490.34	5,522.75
Liabilities	-	-	-	-	-	-	-	-	-	-	-
Borrowings :	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks and financial Institutions	4,256.32	924.49	815.85	1,380.24	1,416.43	3,954.36	8,355.23	23,424.39	2,100.48	-	46,628.79
Market borrowings (Debt Securities)	-	-	38.74	-	799.57	3,441.05	11,832.89	13,018.06	810.38	-	29,940.69

*Impairment loss allowance of ₹ 2,562.01 lacs and adjustments related to effective interest rate are not part of above disclosure

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2020 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	932.61	237.60	401.52	717.00	12,803.81	9,199.10	10,028.52	23,657.77	7,689.50	19,110.88	84,778.31
Investments	7,250.81	-	-	-	-	-	-	-	-	-	7,250.81
Liabilities	-	-	-	-	-	-	-	-	-	-	
Borrowings :	-	-	-	-	-	-	-	-	-	-	
Borrowings from banks and financial Institutions	3,343.15	285.54	563.43	666.57	715.57	2,505.33	5,580.24	7,093.69	-	-	20,753.53
Market borrowings (Debt Securities)	45.68	5,000.00	-	-	-	-	-	-	-	-	5,045.68

*Impairment loss allowance of ₹ 1,047.80 lacs and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement

URGO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency ₹ in lacs)

f. Exposures :

Category				As at March 31, 2021	As at March 31, 2020
a)	**Exposure to real estate sector :**				
	Direct exposure				
	(i)	**Residential mortgages :**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		56,012.71*	34,669.33*
	(ii)	**Commercial real estate :**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures :**			
		a.	Residential	-	-
		b.	Commercial real estate	-	-
Total exposure to real estate sector				**56,012.71**	**34,669.33**

* These include properties held as underlying security

Particulars			As at March 31, 2021	As at March 31, 2020
b)		**Exposure to capital market :**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products :

There are no parent company products which are financed by the Company during the current and previous year.

h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2021	As at March 31, 2020
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company *	-	-

*The Company has acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of ₹ 6793.97 lacs in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to IndAS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

i. Unsecured advances :

a) Details of unsecured advances the rights, licenses, authorisations,etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators :

Particulars	Type	Number Reference
IRDA	Corporate Agent	CA0733

k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2021	As at March 31, 2020
	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 38 of the financial statements

m. Ratings assigned by credit rating agencies and migration of ratings during the year :

Rating agency	Type	Rating
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 1	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 2	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 3	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 – Series 1	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 – Series 2	Acuite AA -(SO)

* There is no migration in rating during the current year.

n. Remuneration of directors :

Particulars	As at March 31, 2021	As at March 31, 2020
Transactions with the non-executive	123.38	141.00

Refer Note 38 for remuneration to executive directors.

o. During the year there are no changes in the accounting policies and no prior period items (Refer Note 1)

p. Provisions and contingencies :

Particulars	As at March 31, 2021	As at 31st March, 2020
Provision towards NPA	1,350.25	359.68
Provision made towards income tax	926.44	443.45
Provision for standard assets	1,211.75	688.12

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

q. Draw down from reserves :

During the year, the Company has not drawn down any amount from reserves

Concentration of deposits, advances, exposures and NPAs :

r. Concentration of advances :

Particulars	As at March 31, 2021	As at March 31, 2020
Total advance to twenty largest borrowers	12,055.60	13,908.44
Percentage of advances to twenty largest borrowers to total advances of the company	8.98%	16.25%

s. Concentration of exposures :

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers	12,055.60	13,908.44
Percentage of exposures to twenty largest borrowers to total exposure of the company	8.98%	16.25%

t. Concentration of NPAs :

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	763.01	598.06

u. Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2021	As at March 31, 2020
1	Agriculture & allied activities	-	-
2	MSME	2.40%	0.96%*
3	Corporate borrowers	16.82%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

v. Movement of NPAs :

Particulars			As at March 31, 2021	As at March 31, 2020
(i)	Net NPAs to Net Advances (%)		1.75%	0.54%
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	817.76	-
	(b)	Additions during the year	3,328.15	817.76
	(c)	Reductions during the year	498.21	-
	(d)	Closing balance	3,647.71	817.76
(iii)	Movement of Net NPAs			
	(a)	Opening balance	458.08	-
	(b)	Additions during the year	2,097.47	458.08
	(c)	Reductions during the year	258.10	-
	(d)	Closing balance	2,297.45	458.08
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	359.68	-
	(b)	Provisions made during the year	1,212.21	359.68
	(c)	Write-off / write-back of excess	221.64	-
	(d)	Closing balance	1,350.25	359.68

w. Overseas assets (for those with joint ventures and subsidiaries abroad) :

There are no overseas assets.

x. Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :

There are no off-Balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

y. Customer complaints :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	11	Nil
(c)	No. of complaints redressed during the year	11	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

z. Revenue recognition :

There are no postponement of revenue due to pending resolution of significant uncertainties.

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

aa. Restructured accounts :

Sr.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	5	-	-	-	5
		Amount outstanding	-	-	-	-	-	597.76	-	-	-	597.76
		Provision thereon	-	-	-	-	-	69.25	-	-	-	69.25
3.	Upgradation	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5.	Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6.	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7.	Restructured accounts as on March 31, 2021	No. of borrowers	-	-	-	-	-	5	-	-	-	5
		Amount outstanding	-	-	-	-	-	**597.76**	-	-	-	**597.76**
		Provision thereon	-	-	-	-	-	**69.25**	-	-	-	**69.25**

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

ab. Schedule to the Balance Sheet of a NBFC :

		Particulars	**As at March 31, 2021**		**As at March 31, 2020**	
			Amount outstanding	**Amount overdue**	**Amount outstanding**	**Amount overdue**
Liabilities side :						
1		**Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :**				
	a	Debentures :				
	i	Secured	24,670.81	-	5,009.41	-
	ii	Unsecured	-	-	-	-
		(other than falling within the meaning of public deposits)				
	b	Deferred credits	-	-	-	-
	c	Term loans	40,925.40	-	13,030.97	-
	d	Inter - corporate loans and borrowings	-	-	-	-
	e	Commercial paper	5,269.88	-	-	-
	f	Public deposits	-	-	-	-
	g	Other Loans	5,703.39	-	7,413.49	-
2		**Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	a	In the form of unsecured debentures	-	-	-	-
	b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	c	Other public deposits	-	-	-	-
Assets Side :			**As at March 31, 2021**		**As at March 31, 2020**	
3		**Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :**				
	a	Secured	86,930.23		58,913.32	
	b	Unsecured	43,512.29		25,372.67	
4		**Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :**				
	a	Lease assets including lease rentals under sundry debtors				
		i. Finance lease	-		-	
		ii. Operating lease	-		-	
	b	Stock on hire including hire charges under sundry debtors				
		i. Assets on hire	-		-	
		ii. Repossessed assets	-		-	
	c	Other loans counting towards asset financing activities				
		i. Loans where assets have been repossessed	-		-	
		ii. Loans other than (a) above	-		-	
5		**Break - up of investments :**				
		Current investments				
	a	Quoted				
		(i) Shares				
		a. Equity	-		-	
		b. Preference	-		-	
		(ii) Debentures and bonds	-		-	
		(iii) Units of mutual funds	-		-	
		(iv) Government securities	-		-	
		(v) Others	-		-	

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

ab. Schedule to the Balance Sheet of a NBFC (Continued) :

Assets Side			**As at March 31, 2021**	**As at March 31, 2020**
5	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	
		(iii) Units of mutual funds	4,014.54	7,250.81
		(iv) Government securities	-	-
		(v) Others	-	-
	Long term investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	1,508.21	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-
	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

			As at March 31, 2021		**As at March 31, 2020**	
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**					
	Category		**Amount**			
			Secured	**Unsecured**	**Secured**	**Unsecured**
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	86,930.23	43,512.29	58,913.32	25,372.67
		Total	**86,930.23**	**43,512.29**	**58,913.32**	**25,372.67**
	** As per accounting standard issued by ICAI.					

			As at March 31, 2021	**As at March 31, 2020**
7	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**			
	Category			
	1	Related parties **		
		a. Subsidiaries	-	-
		b. Companies in the same group	-	-
		c. Other related parties	-	-
	2	Other than related parties	5,522.75	7,250.81
		Total	**5,522.75**	**7,250.81**
	** As per accounting standard issued by ICAI.			
8	Other information			
	Particulars			
	a	**Gross non performing assets :**	**3,647.71**	**817.76**
		i. Related parties	-	-
		ii. Other than related parties	3,647.71	817.76
	b	**Net non performing assets :**	**2,297.45**	**458.08**
		i. Related parties	-	-
		ii. Other than related parties	2,297.45	458.08
	c	**Assets acquired in satisfaction of debt**	-	-

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

ac. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2021 :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	125,395.07	1,128.03	124,267.04	497.85	630.18
	Stage 2	3,751.00	75.03	3,675.98	14.94	60.08
Non-performing assets (NPA)						
Substandard	Stage 1	603.27	69.25	534.02	62.17	7.08
Substandard	Stage 3	3,044.42	1,281.00	1,763.41	1,109.58	171.41
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	1,381.88	8.69	1,373.19	-	8.69
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**127,380.22**	**1,205.97**	**126,174.25**	**560.02**	**645.95**
	Stage 2	**3,751.00**	**75.03**	**3,675.97**	**14.94**	**60.08**
	Stage 3	**3,044.42**	**1,281.00**	**1,763.42**	**1,109.58**	**171.42**
	Total	**134,175.64**	**2,562.00**	**131,613.64**	**1,684.54**	**877.46**

UGRO CAPITAL LIMITED

ac. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2020 :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	82,372.14	632.68	81,739.46	330.94	301.75
	Stage 2	1,820.70	52.67	1,768.03	63.01	(10.34)
Non-performing assets (NPA)						
Substandard	Stage 3	817.76	359.68	458.08	81.78	277.90
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income	Stage 1	593.91	2.77	591.14	-	2.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**82,966.05**	**635.45**	**82,330.60**	**330.94**	**304.51**
	Stage 2	**1,820.70**	**52.67**	**1,768.03**	**63.01**	**(10.34)**
	Stage 3	**817.76**	**359.68**	**458.08**	**81.78**	**277.90**
	Total	**85,604.51**	**1,047.80**	**84,556.71**	**475.73**	**572.07**

URGO CAPITAL LIMITED

53 Impact of COVID 19 pandemic

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations

As a matter of prudence, the Company has made a provision of Rs. 295.59 lacs towards recoverability of its loans and advances.

b. Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular") :

In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Company, in line with its board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

Period	Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
As on 31st March 2020	1,211.37	1,211.37	60.57	NA
As on 31st March 2021	1,797.29	Nil*	Nil**	NA

* There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

**The Company had made adequate provision for impairment loss under ECL model for the year ended March 31, 2021. Further, the Company has created an additional Covid provision in Q4 FY2020 and Q1 FY2021 amounting to Rs 448.86 lacs. The residual provisions had been written back/ adjusted by the Company in March 2021 as per the circular

54 Note on Social Security Code

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

55 Supreme Court Order dated 23 March 2021

The Honorable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr.), vide an interim order dated September 03, 2020 ("Interim Order"), had directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders which was subsequently vacated vide final order dated March 23, 2021. Accordingly, the Company has classified and recognised provision as at 31 March 2021 in accordance with the Company's Expected Credit Loss policy.

Pursuant to the order passed by the Honourable Supreme Court read along with the instructions received from RBI circular dated April 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021 the Company has put in place a Board approved policy and the methodology for calculation of the amount to be refunded/ adjusted by way of the interest on interest / penal interest' charged to borrowers during the moratorium period i.e., March 01, 2020 to August 31, 2020. The Company has estimated the said amount, considering the relevant portfolio, and has accordingly recognised a charge of Rs. 54.71 lacs in its Statement of Profit and Loss for the year ended March 31, 2021.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

UGRO CAPITAL LIMITED

56 a Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	Nil	Nil	Nil	Nil	Nil
Corporate persons*	Nil	Nil	Nil	Nil	Nil
Of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

56 b Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" having exposure less than or equal to Rs. 25 crores for the year ended March 31, 2021:

No. of accounts restructured	Amount
156	7,356.11

56 c Disclosure on frauds pursuant to RBI Master direction
During the year 2020-21, one fraud instance aggregating to Rs. 500 Lacs (Previous Year : Nil) was detected and reported to RBI

URGO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

57 Previous year figures have been reclassified / regrouped wherever necessary to confirm to / with the current year classification / disclosure

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No 117812

Mumbai
June 29, 2021

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath
Executive Chairman
& MD
DIN 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman
- Audit Committee
DIN 00002593
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Karandikar

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A – G
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Mumbai – 400 063
Maharashtra, India

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INDEPENDENT AUDITOR'S REPORT

To The Members of UGRO CAPITAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **UGRO CAPITAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") read with note (i) of Emphasis of Matter below and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

i. We draw attention to Note 44 to the Financial Statements, which describes the accounting for the Scheme of Arrangement on appointed date as per the approval of National Company Law Tribunal. Our opinion on the Statement is not modified in respect of this matter.

ii. As more fully described in Note 55 (a) to the Financial Statements, to assess the recoverability of certain assets, the Company has considered currently available internal and external information in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual effect of the pandemic may be different from that considered in assessing the recoverability of these assets. Our opinion on the Statement is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	(Refer Note 46 to the financial statements) As at March 31, 2020, loan assets aggregating to ₹ 82,328.19 lacs, constituting 69% of the Company's total assets and the related impairment provisions amounting to Rs. 1047.80 lacs including macro economic overlays on account of COVID. Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in IND AS 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall audit of the Company and a key audit matter. As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets. • Basis used for estimating Probabilities of Default ("PD"), • Basis used for estimating Loss Given Default ("LGD") • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment arising out of the COVID 19 Pandemic	**Principal audit procedures:** We have examined the policies approved by the Board of Directors of the Company for the methodology to be adopted for computation of ECL ("ECL Model") Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors Our audit procedures related to the allowance for ECL included the following, among others: • Testing the design and effectiveness of internal controls over the: – completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. – scorecards and PD rates sent by the external credit rating agency to the Company. – where relevant, we used Information System specialists to gain comfort on data integrity and completeness of the aging report based on which the Staging of the loans is done into Stage 1, 2 and 3 – computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model. • Also, for a sample of ECL on loan assets tested: – completeness and accuracy of information used in the estimation of the PD for the different stages depending on the nature of the portfolio. For Probability of Default (PD) used in the ECL calculations we checked that the PDs used for a sample of exposures is as per the above scorecards provided by the External Credit Rating agency; – we tested that the Loss Given Default (LGD) used in the ECL calculations is as per the Foundational-Internal Rating Based (F-IRB) approach, including the appropriateness of the use of collateral and the resultant arithmetical calculations. – for exposures determined to be individually impaired, we tested a sample of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. We also evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD.

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		– we tested computation of provision for expected credit loss by using PD and LGD (EAD*PD*LGD*) to ensure the correctness of the Company's working – we tested the appropriateness of the opening balance adjustments to verify the bifurcation of impairment loss into transition adjustment and charge for the period • We also tested the adequacy of the adjustment including management's assessment of additional provision due to the Covid-19 impact after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee. • We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.
2	The Company is highly dependent on technology due to significant number of transactions that are processed electronically daily. Accordingly, our audit procedures have a focus on IT systems (Loan Origination System and Loan Management System) and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and Network Operations. Absence of segregation of duties may result in a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of the financial statements. Due to the pervasive nature and use of IT systems, we assess the risk of a material misstatement arising from access to technology as a significant matter for the audit.	Principal audit procedures performed: For the key IT systems used to prepare accounting and financial information: • We obtained an understanding of the Company's business IT environment Furthermore, we conducted a risk assessment and identified IT applications (Loan Origination System and Loan Management System), databases and operating systems that are relevant to our audits; • We tested the design, implementation and operating effectiveness of the Company's General IT controls over the information systems that are critical to financial reporting. This included evaluation of Company's controls to ensure that access was provisioned / modified based on duly approved requests, access for exit cases was revoked in a timely manner and access of all users was re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users; • We tested the controls to ensure that segregation of duties was monitored and conflicting access was either removed or mapped to mitigating controls, which were documented and tested; • We tested the controls over network segmentation, restriction of remote access to the Company's network, controls over firewall configurations and mechanisms implemented by the Company to prevent, detect and respond to network security incidents; • We also tested automated business cycle controls and report logic for system generated reports relevant to the audit, for completeness and accuracy; • Where deficiencies were identified, we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would impact the completeness and accuracy of data.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The comparative financial information of the Company for the year ended 31st March 2019 and the related transition date opening balance sheet as at 1st April 2018 included in these financial statements, have been prepared after adjusting previously issued financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us. Our opinion on the financial statements is not modified in respect of this matter.

Deloitte
Haskins & Sells LLP

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind ASspecified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
(Partner)
(Membership No. 104968)
(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **UGRO CAPITAL LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
(Partner)
(Membership No. 104968)
(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020

Deloitte
Haskins & Sells LLP

ANNEXURE "B" TO THE AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of UGRO CAPITAL LIMITED ('the Company')

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted secured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie,* not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and receipts of principal amounts and interest have been regular as per stipulations.

c) There is no amount overdue for more than 90 days at the balance sheet date.

(iv) The provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company. Consequently, provisions of para 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March 2020 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, cess, Goods and Service tax and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates(A.Y)	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Laws	Income Tax	Assessing Officer	2012-13	274,130	274,130
Income Tax Laws	Income Tax	Commissioner of Income Tax (Appeals)	2009-10	3,741,900	3,741,900
Income Tax Laws	Income Tax	Assessing Officer	2016-17	5,26,334	5,26,334
Income Tax Laws	Income Tax	High Court	2008-09	3,778,234	3,778,234

All the above tax matters are covered by a deed of indemnity entered by existing promoters with erstwhile promoters and hence no provision/ disclosure as contingent liability is required to be made in books of accounts.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company did not raise money by way of initial public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
(Partner)
(Membership No. 104968)
(UDIN: 20104968AAAABZ4582)

Place: MUMBAI

Date: June 13, 2020

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC970739

Balance Sheet as at March 31, 2020

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I. ASSETS				
Financial assets				
Cash and cash equivalents	3	874.64	32,086.98	0.87
Bank balances other than cash and cash equivalents	4	321.97	13,654.98	-
Trade receivables	5	657.93	232.00	-
Loans	6	83,238.19	7,889.47	-
Investments	7	7,250.81	10,678.86	4,220.74
Other financial assets	8	22,097.49	18,330.48	-
		114,441.03	82,872.77	4,221.61
Non-financial assets				
Current tax assets (net)	9	143.72	149.07	11.25
Deferred tax assets (net)	10	2,156.31	239.94	-
Property, plant and equipment	11	586.82	391.13	-
Right of use asset	12	1,344.01	1,627.66	-
Intangible assets under development	13	93.96	1,086.58	-
Other intangible assets	14	1,839.34	-	-
Other non-financial assets	15	641.06	480.50	-
		6,805.22	3,974.88	11.25
TOTAL ASSETS		121,246.25	86,847.65	4,232.86
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables	16			
(A) Trade payables				
(I) total outstanding dues of micro enterprises and small enterprises		10.14	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		1,039.00	90.50	0.64
(B) Other payables				
(I) total outstanding dues of micro enterprises and small enterprises		-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		371.36	501.26	-
Debt securities	17	5,009.41	-	-
Borrowings (other than debt securities)	18	20,444.46	973.60	-
Other financial liabilities	19	1,870.87	1,767.52	-
		28,745.24	3,332.88	0.64
Non-financial liabilities				
Provisions	20	199.72	68.87	-
Deferred tax liabilities (net)	10	-	-	147.07
Other non-financial liabilities	21	148.93	156.34	0.10
		348.65	225.21	147.17
TOTAL LIABILITIES		29,093.89	3,558.09	147.81
Equity				
Equity share capital	22	7,052.86	2,333.15	469.85
Other equity	23	85,099.50	80,956.41	3,615.20
TOTAL EQUITY		92,152.36	83,289.56	4,085.05
TOTAL LIABILITIES AND EQUITY		121,246.25	86,847.65	4,232.86
Significant accounting policies	1			
See accompanying notes forming part of the financial statements	2-56			

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Signing Page

1

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2020

(Currency : ₹ in lacs)

The notes referred to above form an integral part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No : 117366W/W-100018

Anjum A. Qazi
Partner

Membership No : 104968
Mumbai
June 13, 2020

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath	**Abhijit Ghosh**	**Abhijit Sen**
Executive Chairman & MD	Whole Time Director & CEO	Director & Chairman -Audit Committee
DIN : 00510618	DIN : 07935397	DIN : 00002593
Mumbai	Mumbai	Mumbai
May 20, 2020	May 20, 2020	May 20, 2020

Kalpeshkumar Ojha	**Aniket Karandikar**
Chief Financial Officer	Company Secretary
Mumbai	Mumbai
May 20, 2020	May 20, 2020

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2020

(Currency : ₹ in lacs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	24	7,889.19	2,822.62
Dividend income	25	17.40	50.43
Net gain on fair value changes	26	1,693.66	1,013.48
Other operating income	27	69.12	7.07
Total revenue from operations		9,669.37	3,893.60
Other Income	28	845.00	500.00
Total income		10,514.37	4,393.60
Expenses			
Finance costs	29	1,367.30	104.75
Impairment on financial instruments	30	1,023.41	24.39
Employee benefits expenses	31	4,714.80	2,480.62
Depreciation and amortisation	32	739.35	178.33
Other expenses	33	2,337.72	1,084.12
Total expenses		10,182.58	3,872.21
Profit before exceptional items and tax		331.79	521.39
Exceptional items	34	-	366.67
Profit before tax		331.79	154.72
Tax Expense:			
(1) Current tax			
Tax for current year as per minimum alternate tax		296.31	147.14
(2) Deferred tax benefit (Net)		(1,916.38)	(387.06)
Total tax expenses		(1,620.07)	(239.92)
Profit for the year (A)		1,951.86	394.64
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit obligations		0.03	0.21
- Income tax relating to items that will not be reclassified to profit and loss		(0.01)	(0.06)
Subtotal (A)		0.02	0.15
Other comprehensive income for the year (net of tax) (B)		0.02	0.15
Total comprehensive income for the year (C)= (A+B)		1,951.88	394.79
Earnings per equity share of face value of ₹ 10 each	35		
Basic (₹)		2.95	0.77
Diluted (₹)		2.87	0.75

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-56
The notes referred to above form an integral part of the financial statements

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Signing Page

2

UGRO CAPITAL LIMITED

(formerly known as CHOKHANI SECURITIES LIMITED)

CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2020

(Currency : ₹ in lacs)

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No : 117366W/W-100018

Anjum A. Qazi

Partner

Membership No : 104968

Mumbai

June 13, 2020

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath	**Abhijit Ghosh**	**Abhijit Sen**
Executive Chairman & MD	Whole Time Director & CEO	Director & Chairman - Audit Committee
DIN : 00510618	DIN : 07935397	DIN : 00002593
Mumbai	Mumbai	Mumbai
May 20, 2020	May 20, 2020	May 20, 2020

Kalpeshkumar Ojha	**Aniket Karandikar**
Chief Financial Officer	Company Secretary
Mumbai	Mumbai
May 20, 2020	May 20, 2020

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2020

(Currency : ₹ in lacs)

a. Equity share capital (refer note 22 below)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Equity share capital of face value of Rs.10/- each			
Balance at the beginning of the year	2,333.15	469.85	469.85
Changes in equity share capital during the year			
Issued during the year	1,356.59	1,064.75	-
Converted during the year :			
- From compulsorily convertible preference shares	1,383.72	449.71	-
- From compulsorily convertible debentures	1,383.72	348.84	-
- From share warrants	595.68	-	-
Balance as at the end of the year	**7,052.86**	**2,333.15**	**469.85**

b. Other equity (refer note 23 below)

Particulars	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures	Money received against share warrants	Reserves and surplus					Total
					Statutory reserve u/s 45-IC	Capital reserve	Securities premium account	Employee stock options scheme outstanding	Retained earnings	
Balance as at April 1, 2017	-	-	-	-	-	-	-	-	2,935.70	2,935.70
IndAS transition :										-
- Impact of measuring investments at fair value through profit or loss (FVTPL)	-	-	-	-	-	-	-	-	528.64	528.64
- Deferred tax liabilities on fair value gains	-	-	-	-	-	-	-	-	(147.07)	(147.07)
Profit for the year after income tax	-	-	-	-	-	-	-	-	297.93	297.93
Transfer from retained earnings to statutory reserve	-	-	-	-	1,116.44	-	-	-	(1,116.44)	-
Balance as at April 01, 2018	-	-	-	-	1,116.44	-	-	-	2,498.76	3,615.20

DELOITTE HASKINS & SELLS LLP ★ Chartered Accountants

★ UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2020

(Currency : ₹ in lacs)

b. Other equity (Continued)

Particulars	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures	Money received against share warrants	Reserves and surplus					Total
					Statutory reserve u/s 45-IC	Capital reserve	Securities premium account	Employee stock options scheme outstanding	Retained earnings	
Dividend paid including dividend distribution tax	-	-	-	-	-	-	-	-	(198.25)	(198.25)
Share under issuance (refer note 44)	-	17,500.00	-	-	-	-	-	-	-	17,500.00
Issued during the year	1,833.43	-	1,732.56	-	-	-	-	-	-	3,565.99
Converted during the year	(449.71)	-	(348.84)	-	-	-	-	-	-	(798.55)
Transfer from retained earnings to statutory reserve	-	-	-	-	29.11	-	-	-	(29.11)	-
Securities premium on shares, compulsorily convertible preference shares and compulsorily convertible debentures for the year	-	-	-	-	-	-	56,490.33	-	-	56,490.33
Addition during the year	-	-	-	3,250.00	-			300.01	-	3,550.01
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(3,163.11)	-	-	(3,163.11)
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.15	0.15
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	394.64	394.64
Total comprehensive income for the year	**1,383.72**	**17,500.00**	**1,383.72**	**3,250.00**	**1,145.55**	-	**53,327.22**	**300.01**	**2,666.20**	**80,956.42**
Balance as at March 31, 2019	1,383.72	17,500.00	1,383.72	3,250.00	1,145.55	-	53,327.22	300.01	2,666.19	80,956.41
Balance as at April 1, 2019	**1,383.72**	**17,500.00**	**1,383.72**	**3,250.00**	**1,145.55**	-	**53,327.22**	**300.01**	**2,666.19**	**80,956.41**
Converted during the year	(1,383.72)	-	(1,383.72)	-	-	-	-	-	-	(2,767.44)
Issued during the year		(17,500.00)								(17,500.00)
Conversion of share warrants	-	-	-	(2,204.00)	-	-	8,220.32	-	-	6,016.32
Transfer to capital reserve for warrants lapsed	-	-	-	(1,046.00)		1,046.00	-	-	-	-
Securities premium on equity shares issued	-	-	-	-	-	-	16,143.40	-	-	16,143.40
Addition / (Reduction) during the year	-	-	-	-	390.37	-		348.74	(390.37)	348.74
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(17.50)	-	-	(17.50)
Share conversion expenses	-	-	-	-	-	-	-	-	(32.31)	(32.31)
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.02	0.02
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	1,951.86	1,951.86
Balance as at March 31, 2020	-	-	-	-	1,535.92	1,046.00	77,673.44	648.75	4,195.39	85,099.50

*In accordance with Section 52 of the Companies Act 2013, during the year the Company has utilized securities premium account towards expenses on issue of shares amounting to ₹ 17.50 lacs and in pervious year towards issue of shares, compulsorily convertible debenture and preference shares amounting to ₹ 3,163.12 lacs.

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2020

(Currency : ₹ in lacs)

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No : 117366W/W-100018

Anjum A. Qazi
Partner

Membership No : 104968
Mumbai
June 13, 2020

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath	**Abhijit Ghosh**	**Abhijit Sen**
Executive Chairman & MD	Whole Time Director & CEO	Director & Chairman Audit Committee
DIN : 00510618	DIN : 07935397	DIN : 00002593
Mumbai	Mumbai	Mumbai
May 20, 2020	May 20, 2020	May 20, 2020

Kalpeshkumar Ojha	**Aniket Karandikar**
Chief Financial Officer	Company Secretary
Mumbai	Mumbai
May 20, 2020	May 20, 2020

Signed for 3

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Cash Flow Statement for the year ended March 31, 2020

(Currency : ₹ in lacs)

Particular	For Year Ended March 31, 2020	For Year Ended March 31, 2019
Cash flow from operating activities :		
Net profit before tax	331.79	154.72
Adjustments for:		
Employee stock option expense	348.74	300.01
Dividend income	(17.40)	(50.43)
Depreciation expense	739.35	178.33
Impairment on financial instruments	1,023.41	24.39
Net gain on sale of financial instruments / fair valuation of financial instruments	(1,693.66)	(1,013.48)
Provision for gratuity	31.27	21.67
Provision for compensated absences	99.60	47.41
Operating profit before working capital changes	863.10	(337.38)
Movements in working capital:		
(Increase) / Decrease in Assets		
Increase in loans	(76,372.13)	(7,913.85)
Increase in receivable	(425.93)	(232.00)
Increase in non financial assets	(160.55)	(480.50)
Increase in financial assets	(4,162.82)	(165.32)
Increase / (Decrease) in Liability		
Increase in trade payables	386.13	591.12
Increase/ (Decrease) in other non-financial liabilities	(7.41)	156.24
Increase in other financial liabilities	289.95	35.37
Cash used in operations	(79,589.66)	(8,346.32)
Income taxes paid	(290.96)	(284.96)
Net cash used in operating activities (A)	(79,880.62)	(8,631.28)
Cash flow from investing activities :		
Payments for property, plant and equipment	(335.18)	(402.52)
Dividend income	17.40	50.43
Proceeds / (Investment) in bank deposits of maturity greater than 3 months but less than 12 months (net)	13,333.01	(13,654.98)
Sale of investments	197,373.62	125,644.93
Purchase of investments	(192,251.91)	(131,089.56)
Proceeds / (Investment) in bank deposits of maturity greater than 12 months (net)	395.81	(14,165.16)
Payments for intangible assets	(659.96)	(1,086.59)
Net cash (used in) / generated from investing activities (B)	17,872.79	(34,703.45)
Cash flow from financing activities :		
Proceeds received against partly paid share warrants	6,612.00	3,250.00
Principal payment of lease liabilities	(246.98)	(62.46)
Proceeds from issue of equity shares including premium	-	28,125.14
Proceeds from issue of compulsorily convertible preference shares including premium	-	24,145.92
Proceeds from issue of compulsorily convertible debentures including premium	-	22,350.00
Dividend and dividend distribution tax paid	-	(198.25)
Proceeds from borrowings through secured non convertible debenture	5,009.41	-
Proceeds from borrowings from banks and financial institutions (net of repayment)	19,470.87	973.60
Share conversion expenses	(32.31)	-
Share issue expenses	(17.50)	(3,163.11)
Net cash generated from financing activities (C)	30,795.49	75,420.84
Net Increase / (decrease) in cash and cash equivalents (A) +(B) + (C)	(31,212.34)	32,086.11
Cash and cash equivalents at the beginning of the year	32,086.98	0.87
Cash and cash equivalents at the end of the year	874.64	32,086.98

UGRO CAPITAL LIMITED ★

DELOITTE HASKINS & SELLS LLP Chartered Accountants ★

UGRO CAPITAL LIMITED
(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Signing Page (4)

Cash Flow Statement for the year ended March 31, 2020

(Currency : ₹ in lacs)

Components of cash and cash equivalents (Refer Note 3)		
Cash on hand	-	1.53
Balance with banks :		
in current accounts	874.64	18,404.64
in Fixed deposit (maturing within a period of three months)	-	13,680.81
TOTAL	**874.64**	**32,086.98**

Significant accounting policies	1
See accompanying notes forming part of the financial statements	2-56

The notes referred to above form an integral part of the financial statements.

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No : 117366W/W-100018

Anjum A. Qazi
Partner

Membership No : 104968
Mumbai
June 13, 2020

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath Executive Chairman & MD DIN : 00510618 Mumbai May 20, 2020	**Abhijit Ghosh** Whole Time Director & CEO DIN : 07935397 Mumbai May 20, 2020	**Abhijit Sen** Director & Chairman - Audit Committee DIN : 00002593 Mumbai May 20, 2020
Kalpeshkumar Ojha Chief Financial Officer Mumbai May 20, 2020	**Aniket Karandikar** Company Secretary Mumbai May 20, 2020	

1. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment.
The financial statements for the year ended March 31, 2020 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2018. The financial statements upto the year ended March 31, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 read with the Companies (Accounts) Rules, 2014, The Companies Act 2013, and regulatory norms("Previous GAAP") and guidelines prescribed by Reserve Bank of India (RBI)

The figures for the year ended March 31, 2019 have now been restated under Ind AS to provide comparability. Refer Note 26 for the details of first-time adoption exemptions availed by the Company.

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(Currency : ₹ in lacs)

(3) Application of new and revised Ind AS

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

(4) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lacs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

(5) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost there of can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life
Office Equipment	5 years - 6 years
Computer	3 years
Leasehold improvements	2years - 9 years (Primary period of lease of premises)
Furniture fixture and fittings	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

(6) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.
Estimated useful life of Software is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

(7) Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(8) Revenue Recognition

(i) Interest Income:
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(ii) Dividend Income:
Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(iv) Advisory Fees and Other Income :

Advisory fees and Other Income are recognised when the company satisfies the performance obligation at fair value of the consideration received or receivable. The Company recognises such revenue from contracts with customers based on a five step model as set out in Ind AS 115.

(9) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

UGRO CAPITAL LIMITED

HASKINS & SELLS LLP DELOITTE Chartered Accountants

(Currency : ₹ in lacs)

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the retrospective method and has taken the cumulative adjustment to Retained Earning, on the date of application. Consequently, the Company recorded lease liability at present value of future lease payments discounted at the incremental borrowing rate and corresponding right of use asset at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

As a lessee

Operating Lease

On transition adoption of new standard resulted in recognition of 'Right of Use' Asset and lease liability. There is no cumulative effect of applying the standard on retained earning balance as on March 31, 2019. The effect of this adoption would result an impact on profit before tax and profit for the year. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of lease of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognise right of use asset and lease liabilities with less than 12 months of lease term remaining on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Weighted average incremental borrowing rate is applied to lease liabilities as at April 1, 2019.

Finance Lease
The Company does not have leases that were classified as finance leases. Hence, there is no impact on application of this standard.

As a lessor

The Company does not have any lease agreement in which it is a lessor. Hence, there is no impact on application of this standard.

(10) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(Currency : ₹ in lacs)

(10.1) Current tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Entity's current tax is calculated using tax rate that has been enacted by the end of the reporting period.

(10.2) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(10.3) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(10.4) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

(11) Employee Benefits

(11.1) Retirement benefit costs and termination benefits

Defined contribution plans –
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The state governed provident fund scheme, employee state insurance scheme and National Pension Scheme (NPS) are defined contribution plans.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Defined benefit plans –

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

(11.2) Short term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

The cost of short-term compensated absences is accounted as under:
(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(ii) in case of non-accumulating compensated absences, when the absences occur.

(11.3) Compensatory Payments (Loss of Earned Bonus)

The company amortizes the compensatory payments over the period of twelve months, since amount is recoverable if an employee leaves the organisation within a year.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(12) Borrowing Costs

Borrowing costs include interest and other ancillary borrowing costs. Ancillary costs incurred for arrangement of borrowings such as loan processing fee, arranger fee, stamping expense and rating expense including annual fees are period costs. The Company recognises interest expense on the borrowings as per Effective Interest Method, which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

Interest and other related financial charges are recognized as an expense in the period for which they relate as specified in Ind AS on "Borrowing Costs".

(13) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the Financial Statements.
Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(14) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
(a) estimated amount of contracts remaining to be executed on capital account and not provided for;
(b) uncalled liability on shares and other investments partly paid;
(c) funding related commitment to associate companies; and
(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

(15) Foreign Currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

(16) Cash and Bank balances

Cash and bank balances also include fixed deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(17) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company

(18) Financial Instruments

(18.1) Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

(18.2) Initial Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.
A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(18.3) Subsequent Measurement of Financial Instruments

(18.3.1) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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(18.3.1.1) Financial Assets carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)
• the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Method

The Effective Interest Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(18.3.1.2) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

(18.3.1.3)Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement

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or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

(18.4) Impairment of Financial Asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Category of financial instrument	Manner of recognition of loss allowance
Financial assets measured at amortised cost	Recognised in profit or loss with corresponding adjustment in the carrying value through a loss allowance account.
Debt investments measured at FVTOCI	Recognised in profit or loss with corresponding adjustment in OCI. The loss allowance is accumulated in the 'Reserve for debt instruments through OCI', and is not adjusted with the carrying value of the financial asset

Impairment methodology:

Overall Impairment Methodology

Particulars	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)
Credit quality	Not deteriorated significantly since its initial recognition.	Deteriorated significantly since its initial recognition	Objective evidence of impairment
ECL model	PD / LGD Model	PD / LGD Model	Cash flow model
ECL	12 months ECL	Life time ECL	Life time ECL
ECL Computation	(PD * LGD * EAD)	(PD * LGD * EAD)	Expected Cash Flow basis

A) For Loans , Cash Credit and Term Loans Measured at Amortised Cost

a) Definition of Default:

A default shall be considered to have occurred when any of the following criteria are met:
a) An asset is more than 90 days past due
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

For the purpose of counting of day past due for the assessment of default, special dispensations in respect of any class of assets, if any (e.g. under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

b) Portfolio Segmentation:

The entire portfolio is segmented into homogenous risk segments. Common factors for segmentation includes asset classes, internal rating grade, size, geography, product, etc.

c) Probability of Default (PD):

12 Month PD for all the sectors except Onward Lending to NBFCs:
PD is the likelihood of a borrower defaulting on its obligations within a given interval of time. PD is computed based on the default analysis conducted by external credit bureau for all the sectors (except onward lending) at individual facility level and 12 months default percentage arrived score wise and sector wise for all the sectors.

To compute a 12 month PD for each sector, Sector wise and score wise default rate as provided by external credit bureau which is taken as base and calibration model is used to derive the default rates score wise on the basis of decreasing ranks of scores. The above process is followed for all the sectors to derive score wise and sector specific default rates which will be used as 12 month PD.

12 Month PD for Onward Lending to NBFCs:
For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

Life time PD:
Life time PD is applied for Stage 2 accounts.

Life time PD's are computed based on survival approach. Survival analysis is statistics for analyzing the expected duration of time until default event happens.
Life time PD is computed = (1 – (Probability of surviving in year 1) ^ remaining tenure)

d) Loss Given Default :

Loss Given Default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.

(18.5) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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(18.6) Financial Liabilities and Equity Instruments

(18.6.1) Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(18.6.2) Equity Instruments

An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(18.6.3) Compound Financial Instruments

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(18.6.4)Financial Liabilities

A financial liability is any liability that is:

➢ Contractual obligation :

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

➢ a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Company has not designate any financial liabilities at FVTPL.

(18.6.4.1) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the

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financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(19) Write off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(20) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(21) Key accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

(22) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares

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would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

(23) Cash Flow Statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

(24) Operating cycle for current and non-current classification

Based on the nature of products / activities of the Company entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(25) Asset Acquisition

The purchase of the net assets is accounted on the appointed date mentioned in the scheme of arrangement, wherein the purchase consideration has been allocated to the respective net assets at their respective fair values.

(26) First-time adoption – mandatory exceptions and optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2018 by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2018.

2. The estimates as at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with previous GAAP.

3. The Company has determined the classification of all instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

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(Currency : ₹ in lacs)

2. Corporate Information

Ugro Capital Limited ('the Company') formerly known as Chokhani Securities Limited, is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 2013. The Company is a non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is registered with effect from March 5, 1998 having Registration No. A-13.00243. The Company is engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

As per the Share Purchase and Transfer of Control Agreement dated December 31, 2017 signed by the erstwhile promoters of the Company, agreeing to cede control over the management and transfer of their shareholding in the Company to Mr. Shachindra Nath and Poshika Advisory Services LLP (collectively referred to as "Acquirers"), the acquirers have acquired control of 2,140,800 shares of the Company from the exiting promoters on July 05, 2018 after receiving RBI approval which is effective from June 22, 2018.

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(Currency : ₹ in lacs)

3. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash on hand	-	1.53	0.05
Balances with banks			
- in current accounts	874.64	18,404.64	0.82
- in fixed deposits with banks (original maturity less than 3 months)	-	13,680.81	-
	874.64	**32,086.98**	**0.87**

4. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unclaimed dividend on equity shares	1.43	1.52	-
Fixed deposits with banks (original maturity between 3 to 12 months)*	320.54	13,653.46	-
	321.97	13,654.98	-

* Earmarked balances of ₹ 312.00 lacs (previous year - ₹ 5.00 lacs) (refer note 47)

5. Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured considered good	657.93	232.00	-
	657.93	232.00	-

1. The average credit period ranges between 1 to 3 months.
2. The Company measures trade receivables at amortised cost. Trade receivables are measured at transaction price.
3. Expected credit loss on trade receivables: The Company applies the simplified approach for computation of expected credit loss on trade receivables as allowed under IndAS 109. The Company is recognizing lifetime expected credit loss for trade receivables, as applicable.
4. The carrying amount of trade receivables approximates the fair value because of their short term nature.
5. The average ageing period ranges between 1 to 3 months.
6. There are no due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

6. Loans

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Loans at amortised cost			
(A)			
Supply chain receivables	16,548.03	1,166.89	-
Term loans	67,733.73	6,741.57	-
Loans to employees	4.23	5.39	-
Total Gross Loans	**84,285.99**	**7,913.85**	-
Less: Impairment loss allowance	1,047.80	24.38	-
Total Net Loans	**83,238.19**	**7,889.47**	-
(B)			
Secured by book debts	24,815.34	5,935.76	-
Secured by property	33,959.68	1,400.85	-
Secured by machinery	138.30	-	-
Unsecured	25,372.67	577.24	-
Total Gross Loans	**84,285.99**	**7,913.85**	-
Less: Impairment loss allowance	1,047.80	24.38	-
Total Net Loans	**83,238.19**	**7,889.47**	-
(C)			
Loans in India			
Public sector	-	-	
Others	84,285.99	7,913.85	-
Total Gross Loans	**84,285.99**	**7,913.85**	-
Less: Impairment loss allowance	1,047.80	24.38	-
Total - Net (a)	**83,238.19**	**7,889.47**	-
Loans outside India (b)	-	-	
Total - Net (a)+(b)	**83,238.19**	**7,889.47**	-

Note :

1. There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.
2. Underlying securities for the assets secured by tangible assets are property, machinery and book debts.
3. Impairment loss allowance as on March 31, 2020 includes ₹ 331.00 lacs on account of expected impact of COVID 19 pandemic on loan portfolio.
4. Moratorium : The board of directors of the Company in its meeting held on March 30, 2020 approved a policy to extend moratorium as per RBI Circular RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 the payment holiday – COVID-19 Pandemic, as per the assessment made by the management under the policy the payment holiday was extended to all the customers of the Company basis the broad based survey conducted across Company's customer base which necessitated the need of providing this relief.

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(Currency : ₹ in lacs)

7. Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Investments - at fair value through profit and loss account			
Mutual funds (unquoted)	7,250.81	10,678.86	1,125.93
Government securities	-	-	2,924.11
Other approved securities	-	-	109.00
Debt securities		-	-
Equity instruments	-	-	61.70
Total – Gross	**7,250.81**	**10,678.86**	**4,220.74**
Investments in India	7,250.81	10,678.86	4,220.74
Investments outside India	-	-	-
Total – Gross	**7,250.81**	**10,678.86**	**4,220.74**
Less: Impairment loss allowance	-	-	-
Total – Net	**7,250.81**	**10,678.86**	**4,220.74**

Note :

1. For valuation methodology refer note 50.
2. For dividend received on investments refer note 25.

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(Currency : ₹ in lacs)

8. Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Security deposits	197.71	165.32	-
Sale proceeds of mutual fund receivable	4,130.44	-	-
Fixed deposits with bank (original maturity more than 12 months)*	13,359.13	14,165.16	-
Cash collateral*	410.21	-	-
Indemnified assets	4,000.00	4,000.00	-
	22,097.49	18,330.48	-

* Earmarked balances of ₹ 675.00 lacs (previous year - nil) (refer note 47)

9. Current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Current tax assets			
Advance Tax	587.17	296.21	11.25
Total (A)	**587.17**	**296.21**	**11.25**
Current tax liabilities			
Income tax payable as per minimum alternate tax	443.45	147.14	-
Total (B)	**443.45**	**147.14**	**-**
Net (A-B)	**143.72**	**149.07**	**11.25**

10. Deferred tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred tax assets			
Provision for compensated absence	40.90	13.19	-
Provision for gratuity	14.66	5.97	-
Deferred revenue income - processing fees allowed upfront in income tax	195.07	22.56	-
Provision for impairment losses on financial instruments	291.50	6.78	-
Lease rentals expense under IndAS 116	56.23	29.07	-
Preliminary expense	15.16	20.22	-
Employee stock options scheme outstanding expenses disallowance	180.48	-	-
Unutilised minimum alternate tax credit entitlement	443.45	147.14	-
Income tax losses carried forward	1,391.00	-	-
Others	1.54	0.55	-
Total (A)	**2,629.99**	**245.48**	**-**
Deferred tax liabilities			
Difference in written down value of property, plant and equipment and intangible assets	23.26	3.42	-
Unrealised gain on investments	36.83	2.35	147.07
Prepaid fees / charges on debt securities allowed upfront in income tax	10.70	-	-
Prepaid fees / charges on borrowings allowed upfront in income tax	127.41	(7.52)	-
Deferred loan sourcing cost allowed upfront in income tax	275.48	7.29	-
Total (B)	**473.68**	**5.54**	**147.07**
Net (A-B)	**2,156.31**	**239.94**	**(147.07)**

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

11. Property, plant and equipment

Particulars	As at March 31, 2020					As at March 31, 2019					As at April 01, 2018
	Office equipments	Computers	Leasehold improvements	Furniture and fixtures	Total	Office equipments	Computers	Leasehold improvements	Furniture and fixtures	Total	Total
At cost at the beginning of the year	82.75	14.59	292.25	12.93	**402.52**	-	-	-	-	-	-
Additions during the year	234.10	15.92	83.39	1.77	**335.18**	82.75	14.59	292.25	12.93	**402.52**	-
At cost at the end of the year	**316.85**	**30.51**	**375.64**	**14.70**	**737.70**	**82.75**	**14.59**	**292.25**	**12.93**	**402.52**	-
											-
Accumulated depreciation as at the beginning of the year	1.82	1.35	7.91	0.31	**11.39**	-	-	-	-	-	-
Depreciation for the year	43.24	7.71	87.22	1.32	**139.49**	1.82	1.35	7.91	0.31	**11.39**	-
Accumulated depreciation as at the end of the year	**45.06**	**9.06**	**95.13**	**1.63**	**150.88**	**1.82**	**1.35**	**7.91**	**0.31**	**11.39**	-
											-
Net carrying amounts as at the end of the year	**271.79**	**21.45**	**280.51**	**13.07**	**586.82**	**80.93**	**13.24**	**284.34**	**12.62**	**391.13**	-

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(Currency : ₹ in lacs)

12 . Right of use asset

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At cost at the beginning of the year	1,794.60	-	-
Additions during the year	60.37	1,794.60	-
At cost at the end of the year	1,854.97	1,794.60	-
Accumulated depreciation as at the beginning of the year	166.94	-	-
Depreciation for the year	344.02	166.94	-
Accumulated depreciation as at the end of the year	510.96	166.94	-
Net carrying amount as at the end of the year	1,344.01	1,627.66	-

13. Intangible assets under development

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Softwares	93.96	1,086.58	-
Total	93.96	1,086.58	-

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(Currency : ₹ in lacs)

14. Other intangible assets

Particulars	As at March 31, 2020	As at Mar 31, 2019	As at April 01, 2018
Software :			
At cost at the beginning of the year	-	-	-
Additions during the year	2,095.18	-	-
At cost at the end of the year	**2,095.18**	-	-
Accumulated amortisation as at the beginning of the year	-	-	-
Amortisation for the year	255.84	-	-
Accumulated amortisation as at the end of the year	**255.84**	-	-
Net carrying amounts as at the end of the year	**1,839.34**	-	-

15. Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advances to vendors and employees	77.02	15.77	-
Goods and service tax input credit receivable	291.70	244.40	-
Prepaid expenses	196.74	127.05	-
Prepaid rental charges	74.88	91.98	-
Deferred staff loan cost	0.72	1.30	-
Total	**641.06**	**480.50**	-

16. Payables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade payables			
Micro and small enterprises (refer note 43)	10.14	-	-
Due to others	1,039.00	90.50	0.64
Other payables			
Micro and small enterprises (refer note 43)	-	-	-
Due to others			
- Accrued employee benefits	371.36	501.26	-
Total	**1,420.50**	**591.76**	**0.64**

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(Currency : ₹ in lacs)

17. Debt securities

Particulars	**As at March 31, 2020**		**As at March 31, 2019**		**As at April 01, 2018**	
	At amortised cost	Total	At amortised cost	Total	At amortised cost	Total
Redeemable non convertible debentures	5,009.41	5,009.41	-	-	-	-
Total	**5,009.41**	**5,009.41**	-	-	-	-
		-				
Debt securities in India	5,009.41	5,009.41	-	-	-	-
Debt securities outside India	-	-	-	-	-	-
Total	**5,009.41**	**5,009.41**	-	-	-	-
Secured	5,009.41	5,009.41	-	-	-	-
Unsecured	-	-	-	-	-	-
Total	**5,009.41**	**5,009.41**	-	-	-	-

Security and other terms of debt security :
(i) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) :

Particulars	**As at March 31, 2020**	**As at March 31, 2019**	**As at April 01, 2018**
Debenture ISIN	INE583D07018		
Units	500	-	-
Amount	5,000	-	-
Security provided	Exclusive charge by way of hypothecation on the standard asset portfolio of receivables	-	-
Charge	1.10 times	-	-
Rate of interest (annualised)	11.50%	-	-
Contracted maturity date	November 03, 2020*	-	-

*The non convertible debentures were redeemed on April 13, 2020 as per the terms given under disclosure documents dated September 26, 2019.

(ii) Put option is exercisable in every 3 months by the debenture holder.

(Currency : ₹ in lacs)

18. Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	At amortised cost	Total	At amortised cost	Total	At amortised cost	Total
(a) Term loans						
From banks	2,567.65	**2,567.65**	973.60	**973.60**	-	-
From other parties	10,463.32	**10,463.32**	-	-	-	-
From liabilities arising out of securitization transactions resulting into recording of borrowings	4,179.50	**4,179.50**	-	-	-	-
(b) Loans repayable on demand						
Cash credit	993.10	**993.10**	-	-	-	-
Bank overdraft	2,240.89	**2,240.89**	-	-	-	-
Total	**20,444.46**	**20,444.46**	**973.60**	**973.60**	-	-
Borrowings in India	20,444.46	**20,444.46**	973.60	**973.60**	-	-
Borrowings outside India	-	-	-	-	-	-
Total	**20,444.46**	**20,444.46**	**973.60**	**973.60**	-	-
Secured	17,853.08	**17,853.08**	973.60	**973.60**	-	-
Unsecured	2,591.38	**2,591.38**	-	-	-	-
Total	**20,444.46**	**20,444.46**	**973.60**	**973.60**	-	-

Security and other terms of loan are as follows :

(a) Rate of interest of cash credit is 10.78% per annum and secured by way of hypothecation on the standard asset portfolio of receivables.

(b) Rate of interest of over draft is 9.35% per annum and secured against fixed deposit.

(c) Term loans from banks and other parties are secured by way of exclusive charge on hypothecation on the standard asset portfolio of receivables. However in some of the borrowing made from financial institutions the Company has provided bank fixed deposit and cash collateral (refer note 47).

(d) For liabilities arising out of securitization transactions resulting into recording of borrowings credit enhancement provided through fixed deposits and loan receivables.

(Currency : ₹ in lacs)

18. Borrowings (Continued)

(e) Terms of repayment of term loans

Redeemable within (Payable in monthly installments)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Rate of Interest 10.78 % to 12.75%*	Rate of Interest 11.50%	
## For Banks :			
0-12 months	1,192.86	250.65	-
12-24 months	1,230.71	333.33	-
24-36 months	193.95	333.33	-
36-48 months	-	83.33	-
	Rate of Interest 11.75 % to 12.00%*		
# For Other Parties :			
0-12 months	6,869.94	-	-
12-24 months	2,222.01	-	-
24-36 months	1,546.51	-	-
	Rate of Interest 10.00 % to 10.48%*		
For liabilities arising out of securitization transactions			
0-12 months	2,360.32	-	-
12-24 months	1,618.50	-	-
24-36 months	282.01	-	-
Total	**17,516.81**	**1,000.64**	-

*Rate of interest on term loans considered annualised payable monthly for reporting purpose.

(f) The rate of interest for the variable borrowings is linked to lender base rate (+) / (-) spread for borrowing made from financial institutions(#). Similarly for variable borrowing from banks(##) linked to external benchmark rates like T-bill, banks base rate, repo rates, MCLR, etc. (+) / (-) spread. The above categorisation is based on the interest rates prevalent as on the respective reporting dates.

(Currency : ₹ in lacs)

19. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unclaimed dividend payable on equity shares	1.43	1.52	-
Others payables :			
Collateral margin money received	219.81	33.85	-
Deferred consideration on direct assignment	95.63	-	-
Lease liabilities	1,545.55	1,732.15	-
Other payables	8.45	-	-
Total	**1,870.87**	**1,767.52**	**-**

20. Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provision for employee benefits :			
Provision for gratuity (refer note 40b)	52.70	21.46	-
Provision for compensated absences	147.02	47.41	-
Total	**199.72**	**68.87**	**-**

21. Other non financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory dues payable	148.93	132.39	0.10
Deferred payment liabilities	-	23.95	-
Total	**148.93**	**156.34**	**0.10**

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(Currency : ₹ in lacs)

22. Equity

a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised capital						
Equity shares of ₹10 each	81,500,000	8,150.00	81,500,000	8,150.00	6,000,000	600.00
Preference shares of ₹10 each	20,500,000	2,050.00	20,500,000	2,050.00	-	-
Issued, subscribed and fully paid up						
Equity shares of ₹10 each, fully paid up	70,528,550	7,052.86	23,331,482	2,333.15	4,698,500	469.85
Total	**70,528,550**	**7,052.86**	**23,331,482**	**2,333.15**	**4,698,500**	**469.85**

Note:
During the previous year, the authorised share capital of the Company was increased vide approval of equity shareholders from ₹ 600.00 lacs to ₹ 10,200.00 lacs divided into ₹ 8,150.00 lacs of equity shares and ₹ 2,050.00 lacs of preference shares.

b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	23,331,482	2,333.15	4,698,500	469.85	4,698,500	469.85
Add: shares issued during the year *	13,565,891	1,356.59	10,647,523	1,064.75	-	-
Add : converted during the year :					-	-
From compulsorily convertible preference shares **	13,837,210	1,383.72	4,497,087	449.71	-	-
From compulsorily convertible debentures**	13,837,210	1,383.72	3,488,372	348.84	-	-
From compulsorily convertible warrants**	5,956,757	595.68	-	-	-	-
Outstanding at the end of the year	**70,528,550**	**7,052.86**	**23,331,482**	**2,333.15**	**4,698,500**	**469.85**

*During the year the Company has allotted 1,35,65,891 equity shares of ₹ 10 each for consideration of ₹ 17,500 lacs on preferential basis. (refer note 44 Below)
**During the previous year the Company had allotted 1,73,25,582 compulsory convertible debentures of ₹ 10 each for consideration of ₹ 22,350 lacs on preferential basis . Out of which during the year, the Company has converted 1,38,37,210 (previous year 34,88,372) compulsorily convertible debentures into equal numbers of equity shares.

** During the previous year the Company had allotted 18,334,297 compulsory convertible preference shares of ₹ 10 each for consideration of ₹ 241,45.92 lacs preferential basis. Out of which during the year, the Company has converted 1,38,37,210 (previous year 44,97,087) compulsorily convertible preference shares into equal numbers of equity shares.
** During the previous year, the Company had allotted 87,83,785 warrants. Out of which during the year, the Company has converted 59,56,757 (previous year Nil) into equal numbers of equity shares and balance stand forfeited.

c. Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

d. Particulars of shareholders holding more than 5% of the share capital :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	15,116,279	21.43%	1,279,069	5.48%	-	-
Clearsky Investment Holdings Pte Limited	15,116,279	21.43%	1,279,069	5.48%	-	-
DBZ (Cyprus) Limited	13,565,891	19.23%	-	-	-	-
Samena Fidem Holdings	5,956,757	8.45%	-	-	-	-
PNB Metlife India Insurance Company Limited	1,428,600	2.03%	1,428,600	6.12%	-	-
Chhattisgarh Investments Limited	1,381,372	1.96%	1,433,267	6.14%	-	-
Samena Special Situations Mauritius	3,321,500	4.71%	3,321,500	14.24%	-	-
Indgrowth Capital Fund I	3,474,086	4.93%	3,488,372	14.95%	-	-
Poshika Advisory Services LLP	3,019,817	4.28%	3,019,817	12.94%	-	-
Anand Ramakant Chokhani	87,186	0.12%	87,186	0.37%	879,017	18.71%
Ramakant R. Chokhani HUF	315,356	0.45%	315,356	1.35%	327,710	6.97%
Neelam R. Chokhani	9,253	0.01%	29,500	0.12%	633,600	13.49%
Ramakant R. Chokhani	225,435	0.32%	215,435	0.92%	700,000	14.90%
Total	**63,017,811**	**89.35%**	**15,897,171**	**68.11%**	**4,346,817**	**92.52%**

e. Shares reservation :

As at March 31, 2020 - 38,01,528 shares (as at March 31, 2019 - 39,988,964 Shares) were reserved for issuance as below :
a. 38,01,528 (previous year 35,30,759) shares of ₹ 10 each towards outstanding employee stock options granted (refer note 41)
b. Nil (previous year 1,38,37,210) shares of ₹ 10 each towards outstanding compulsorily convertible preference shares.
c. Nil (previous year 1,38,37,210) shares of ₹ 10 each towards outstanding compulsorily convertible debentures.
d. Nil (previous year 87,83,785) shares of ₹ 10 each towards outstanding convertible warrants.

f. Objective for managing capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

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23. Other equity

Particulars	**As at March 31, 2020**	**As at March 31, 2019**	**As at April 01, 2018**
Compulsorily convertible preference shares	-	1,383.72	-
Share under issuance	-	17,500.00	-
Compulsorily convertible debentures	-	1,383.72	-
Money received against share warrants	-	3,250.00	-
Statutory reserve	1,535.92	1,145.55	1,116.44
Capital reserve	1,046.00	-	-
Securities premium account	77,673.44	53,327.22	-
Employee stock options scheme outstanding	648.75	300.01	-
Retained earnings	4,195.39	2,666.19	2,498.76
Total	**85,099.50**	**80,956.41**	**3,615.20**

Nature and purpose of reserves :

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Capital reserve

Capital reserve comprises of the amount received on share warrants forfeited by the Company for non-payment of call money.

Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

24. Interest income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on loans		
- Loan portfolio	7,112.74	113.67
Interest on other financial assets		
- Other financial assets	34.64	7.05
Interest on investments		
- Governments bonds and other taxable bonds	-	63.84
Interest on fixed deposits		
- Interest on fixed deposits with banks	741.81	2,638.06
Total	**7,889.19**	**2,822.62**

25. Dividend income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income on investment	17.40	50.43
Total	**17.40**	**50.43**

26. Net gain on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on financial instruments at fair value through profit and loss :-		
On trading portfolio		
- Gain on sale of investments	1,693.66	1,013.48
Total	**1,693.66**	**1,013.48**
Fair value changes :		
Realised	1,569.71	1,533.68
Unrealised	123.95	(520.20)
Total	**1,693.66**	**1,013.48**

27. Other operating revenue

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Processing fees income	51.43	1.33
Other miscellaneous income	17.69	5.74
Total	**69.12**	**7.07**

28. Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Marketing advisory fees	220.00	-
Technology support fees	625.00	-
Web display fees	-	500.00
Total	**845.00**	**500.00**

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29. Finance cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Costs		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	834.74	1.10
(b) Interest on debt securities		
Interest on redeemable non convertible debentures	308.59	-
(c) Interest on lease liabilities		
Interest on lease liabilities	198.48	103.65
(d) Other interest expense		
Interest expense on other financial liabilities	25.49	-
Total	**1,367.30**	**104.75**

30. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On financial instruments measured at amortised cost:		
Impairment on loans		
Provision for expected credit loss	1,023.41	24.39
Total	**1,023.41**	**24.39**

31. Employee benefit expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, other allowances and bonus	4,211.33	2,118.94
Contribution to provident and other funds (refer note 40a)	93.03	34.00
Gratuity expenses (refer note 40b)	31.27	21.67
Staff welfare expenses	30.43	6.00
Share based payments to employees (refer note 41)	348.74	300.01
Total	**4,714.80**	**2,480.62**

32. Depreciation and amortisation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	139.49	11.39
Amortization on intangible assets	255.84	-
Depreciation on right of use asset	344.02	166.94
Total	**739.35**	**178.33**

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33. Other expenses

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Rent expenses	92.69	81.03
Communication expenses	95.31	5.65
Printing and stationery expenses	23.96	12.63
Advertisement and publicity expenses	6.02	3.84
Directors sitting fees	141.00	87.00
Payment to auditor **	51.28	12.00
Legal and professional expenses	714.28	404.23
Insurance expenses	102.11	15.05
Rates and taxes expenses	256.31	91.20
Computer maintenance and software expenses	403.78	43.63
Marketing and brand promotion expenses	11.25	35.46
Power and fuel expenses	20.96	5.62
Meeting and event expenses	20.10	4.59
Travelling, lodging and boarding expenses	186.90	170.21
Brokerage expenses	4.45	27.97
Miscellaneous expenses	203.55	84.01
CSR expenditure *	3.77	-
Total	**2,337.72**	**1,084.12**

* Company is required to contribute to corporate social responsibility activity as per CSR Rules under the Companies Act, 2013. During the year Company has spent ₹ 3.76 lacs out of required sum of ₹ 4.22 lacs. The amount is spent towards promoting gender equality and empowering women through NGO.

** Payment to auditor includes :

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
a. Statutory audit	31.00	6.15
b. Limited review	15.00	5.25
c. Certification matter	4.35	0.60
d. Out of pocket expenses	0.93	-
Total	**51.28**	**12.00**

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(formerly known as CHOKHANI SECURITIES LIMITED)
CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

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34. Exceptional expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Recruitment fees for appointment of independent directors	-	140.38
Compensatory payment to executives	-	135.45
Stamp duty and fees for increase in authorised share capital	-	90.84
Total	-	**366.67**

35. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (IndAS) 33 'Earnings per share' :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Profit after tax [A]	1,951.86	394.64
Weighted average number of equity shares outstanding during the year (Nos.) [B]	66,248,148	51,114,079
Basic earnings per share (₹) [A/B]	**2.95**	**0.77**
Diluted		
Profit after tax [A]	1,951.86	394.64
Weighted average number of equity shares outstanding during the year (Nos.)	66,248,148	51,114,079
Weighted average number of potential equity shares on account of employee stock options and share warrants	1,831,840	1,805,233
Weighted average number of shares outstanding for diluted earning per share [C]	68,079,988	52,919,312
Diluted earnings per share (₹) [A/C]	**2.87**	**0.75**
Face value of shares (₹)	10	10

36. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by existing promoters with erstwhile promoters (refer note 2). Further, we state that there are no other contingent liability other than covered under deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	-	1,222.80
- Commitments related to loans sanction but partially undrawn	593.06	260.30
- Amount of contracts remaining to be executed on capital account	188.12	306.79
Total	**781.18**	**1,789.89**

37. Operating segments

The Company is mainly engaged in the business of lending and primarily deals in financing SME and MSME sector. Further, all activities are conducted within India. accordingly, there is no separate reportable segment, as per the IndAS 108 "Operating Segments" specified under Section 133 of the Act.

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38. Related party

a. List of related parties and their relationship :

(i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer	Abhijit Ghosh
- Chief Financial Officer	Kalpeshkumar Ojha
- Company secretary	Aniket Karandikar

(ii) Enterprises over which KMP has control :
- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP

Transactions with related parties are as enumerated below:

Particulars	As at March 31, 2020	As at March 31, 2019
Transaction during the year		
Expenses		
Poshika Financial Ecosystem Private Limited		
Advisory and fund raising charges	-	2,457.38
Remuneration paid *		
Shachindra Nath	319.45	217.51
Abhijit Ghosh	302.26	323.48
Kalpeshkumar Ojha	117.69	49.67
Aniket Karandikar	32.11	12.85

*The above figures does not include provision towards gratuity. Gratuity is actuarially determined for the Company as a whole and separate figures are not available.

39.Expenditure in foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other expenses	1.30	-
Total	**1.30**	-

40. Disclosure pursuant to IndAS 19 'Employee benefits'

a. Defined contribution plans :

Particulars	As at March 31, 2020	As at March 31, 2019
Employer's contribution to provident fund	68.81	33.99
Employer's contribution to national pension scheme	24.16	-
Employer's contribution to labour welfare fund	0.06	0.01
Total	**93.03**	**34.00**

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40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)
b. Defined benefit plan
The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Discount rate	5.45%	7.50%	NA
Expected rate of return on plan asset	NA	NA	NA
Salary escalation	7.00%	8.00%	NA
Attrition rate	22.00%	15.00%	NA
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	NA

(ii). Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	Gratuity plans	
	As at March 31, 2020	As at March 31, 2019
Service cost:		
Current service cost	29.66	21.67
Net interest expense	1.61	-
Components of defined benefit costs recognised in profit or loss	**31.27**	**21.67**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) on defined benefit obligations	(0.03)	(0.21)
Components of defined benefit costs recognised in other comprehensive income	**(0.03)**	**(0.21)**
Total	31.24	21.46

(iii). The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Present value of defined benefit obligation	52.70	21.46	NA
Net liability arising from defined benefit obligation	**52.70**	**21.46**	**NA**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	Gratuity plans		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Opening defined benefit obligation	**21.46**	0.00	NA
Current service cost	29.66	21.67	NA
Interest cost	1.61	0.00	NA
Remeasurement (gains)	(0.03)	(0.21)	NA
Closing defined benefit obligation	**52.70**	21.46	NA

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40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	**As at March 31, 2020**	**As at March 31, 2019**
1st following year	0.30	0.11
2nd following year	0.27	0.11
3rd following year	0.25	0.11
4th following year	9.98	0.11
5th following year	11.89	4.34
Sum of years 6 To 10	34.24	17.01
Sum of years 11 and above	19.08	21.32

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	**As at March 31, 2020**		**As at March 31, 2019**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(3.12)	3.42	(1.66)	1.85
Future salary growth (1% movement)	3.16	(2.98)	1.83	(1.67)
Attrition rate (1% movement)	(2.24)	2.32	(1.03)	1.07

Note :

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

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41. Disclosure relating to employee stock option scheme
The Company has one stock option schemes 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by board of directors on August 13, 2018 and by the shareholders in EGM dated September 18, 2018.

The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2020 and March 31, 2019 is set below :

Particulars	As at March 31, 2020	Exercise price range	As at March 31, 2019	Exercise price range
	In numbers		In numbers	
CSL employee stock option scheme 2017 : (face value of ₹ 10 each)				
Option outstanding at the beginning of the year	3,530,759	₹ 130	-	-
Add: Granted	270,769	₹ 130 - ₹ 180	3,530,759	₹ 130
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding at the end of the year	3,801,528	₹ 130 - ₹ 180	3,530,759	₹ 130
Exercisable at the end of the year	3,801,528		3,530,759	

The Company follows accounting policy of fair value method for employee stock option (ESOPs) valuation. Accordingly accumulated expense of ₹ 348.74 lacs (previous year ₹ 300.01 lacs)- has been debited to the statement of profit and loss of the year ended March 31, 2020.

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Date of grant	August 13, 2018	September 26, 2018	November 02, 2018	November 14, 2018	December 26, 2018
Number of options granted	2,749,223	289,229	246,154	61,538	184,615
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/08/2019, 13/08/2020, 13/08/2021, 13/08/2022	26/09/2019, 26/09/2020, 26/09/2021, 26/09/2022	02/11/2019, 02/11/2020, 02/11/2021, 02/11/2022	14/11/2019, 14/11/2020, 14/11/2021, 14/11/2022	26/12/2019, 26/12/2020, 26/12/2021, 26/12/2022.
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
Weighted average remaining contractual life					
Granted but not vested	1.77 years	1.89 years	1.99 years	2.02 years	2.14 years
Vested but not exercised	2.37 years	2.49 years	2.59 years	2.62 years	2.74 years
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting.				

(Currency : ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)

Vesting conditions	50 % of the vesting of options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company.				
Weighted average fair value of options as on grant date in (₹)	61.91	63.69	62.92	62.78	62.54

Particulars	**CSL employee stock option scheme 2017 - Grant VI**	**CSL employee stock option scheme 2017 - Grant VII**	**CSL employee stock option scheme 2017 - Grant VIII**	**CSL employee stock option scheme 2017 - Grant IX**
Date of grant	August 09, 2019	August 16, 2019	October 14, 2019	February 05, 2020
Number of options granted	169,230	46,154	15,385	40,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	09/08/2020, 09/08/2021, 09/08/2022, 09/08/2023	16/08/2020, 16/08/2021, 16/08/2022, 16/08/2023	14/10/2020, 14/10/2021, 14/10/2022, 14/10/2023	05/02/2021, 05/02/2022, 05/02/2023, 05/02/2024
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
Weighted average remaining contractual life				
Granted but not vested	2.36 years	2.38 years	2.54 years	2.85 years
Vested but not exercised	-	-	-	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting.			
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company.			
Weighted average fair value of options as on grant date in (₹)	74.80	81.44	77.38	[illegible]

(Currency : ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)
Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 are as under :
The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :
The fair value of options have been estimated on the date of grant using Black-Scholes model :
The key assumptions used in Black-Scholes model for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants :

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Risk-free interest rate	7.75%	8.02%	7.56%	7.48%	7.09%
Expected volatility of share price	39.71% *	41.40% *	41.56% *	41.6% *	42.28% *
Time to maturity (in years)	3.98	3.98	3.97	3.98	3.97
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	140 **	140 **	140 **	140 **	140 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.
** The QIP issue price has been considered as the current market price for computing the fair value of ESOP since the market value on the date of grant of ESOP was not representative of the fair value of the share.

Particulars	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant VII	CSL employee stock option scheme 2017 - Grant VI	CSL employee stock option scheme 2017 - Grant IX
Risk-free interest rate	5.99%	6.06%	5.94%	6.05%
Expected volatility of share price	44.30% *	44.41%*	45.19%*	45.27%*
Time to maturity (in years)	3.80	3.79	3.71	3.55
Dividend yield	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	180	180	180	165

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

(Currency : ₹ in lacs)

42. Leases (entity as a lessee)

The Company is having several branches spread in various states. The Company functions from the premises taken on lease in these states .

a. Right of use asset :

Particulars	As at March 31, 2020	As at March 31, 2019
Office Premises :		
At cost at the beginning of the year	**1,794.60**	-
Additions during the year	60.37	1,794.60
At cost at the end of the year	**1,854.97**	**1,794.60**
Accumulated depreciation as at the beginning of the year	**166.94**	-
Depreciation for the year	344.02	166.94
Accumulated depreciation as at the end of the year	**510.96**	**166.94**
Net carrying amounts as at the end of the year	1,344.01	1,627.66

b. Amount recognised in profit and loss :

Particulars	As at March 31, 2020	As at March 31, 2019
Depreciation expense for the year on right-of-use assets	344.02	166.94
Interest expense for the year on lease liabilities	198.48	103.65
Total expenses recognised in profit and loss	**542.50**	**270.59**

The total cash outflow on account of lease rental amounting for the current year ₹ 445.44 lacs (pervious year : ₹ 166.01 lacs).

The average lease term for the rented office premises is ranging between 5 to 12 years.

c. Lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities	1,545.55	1,732.15
Total	**1,545.55**	**1,732.15**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than 1 year	294.10	244.71
Later than 1 year and not later than 5 years	1,190.00	1,356.35
Later than 5 years	61.45	131.09
Total	**1,545.55**	**1,732.15**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Company has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

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43. Details of dues to micro and small enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
1. The principal amount remaining unpaid at the end of the accounting year.	10.14	-
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
The balance of MSMED parties as at the end of the year	**10.14**	-

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44. Asset acquisition

a. Brief of the transaction :

The Board of Directors of the Company at their meeting held on December 31, 2017 had considered and approved a scheme of arrangement under Sections 230 to 232 read with section 52 and 66 of the Companies Act, 2013 between Asia Pragati Capfin Private Limited ("APCPL") a private limited company incorporated under the laws of India and holding a license to act as a non-banking finance company, and UGRO Capital Limited ("UGRO") the resulting company and their respective shareholders and creditors. The scheme of arrangement (the "Scheme") for demerger of lending business of APCPL into UGRO has been sanctioned by the National Company Law Tribunal, Mumbai bench ("NCLT") vide order dated June 13, 2019. The certified copy of order of NCLT was filed with the registrar of companies, Maharashtra at Mumbai on June 28, 2019 and June 30,2019 by UGRO and APCPL respectively and has become effective from June 30, 2019.

As per the NCLT approved scheme, the appointed date of the Scheme is April 01, 2018 ("the appointed date"). The Company has issued 135,65,891 number of equity shares at ₹ 129 each (face value ₹ 10) at a premium of ₹ 119 per share aggregating to ₹ 17,500 lacs on July 30, 2019 to DBZ (Cyprus) Limited("DBZ"), a Company incorporated under the laws of Cyprus and the shareholder of APCPL, as the consideration.

Pursuant to the scheme of arrangement and board approval, the purchase of the net assets has been accounted on the appointed date, wherein the purchase consideration of ₹ 17,500 lacs has been allocated to the respective net assets (including indemnification asset) at their respective fair values. DBZ will pay UGRO, the difference (net of applicable taxes, if any) between the consideration and the aggregate realisable value of the assets and cash and cash equivalents. As per the indemnity agreement, UGRO has filed the requisite documentation for the same.

b. Details of assets acquired :

Sr No.	Particulars	
	<u>**Assets**</u>	**Amount**
(i)	Fixed deposits	13,500.00
(ii)	Indemnified assets	4,000.00
	Net assets acquired	**17,500.00**

c. Computation of goodwill :

Sr No.	Particulars	
	<u>**Transfer consideration**</u>	**Amount**
(i)	Equity shares	1,356.59
(ii)	Security premium account	16,143.41
	Total consideration (A)	**17,500.00**
	Net assets acquired (B)	**17,500.00**
	Goodwill (excess of net assets) (A-B)	**-**

(Currency : ₹ in lacs)

45. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total
Financial assets									
Cash and cash equivalents	874.64	-	**874.64**	32,086.98	-	**32,086.98**	0.87	-	**0.87**
Bank balance other than cash and cash equivalents	321.97	-	**321.97**	13,654.98	-	**13,654.98**	-	-	-
Trade receivables	657.93	-	**657.93**	232.00	-	**232.00**	-	-	-
Loans	83,238.19	-	**83,238.19**	7,889.47	-	**7,889.47**	-	-	-
Investments	-	7,250.81	**7,250.81**	-	10,678.86	**10,678.86**	-	4,220.74	**4,220.74**
Other financial assets (refer note 8)	22,097.49	-	**22,097.49**	18,330.48	-	**18,330.48**	-	-	-
Total	**107,190.22**	**7,250.81**	**114,441.03**	**72,193.91**	**10,678.86**	**82,872.77**	**0.87**	**4,220.74**	**4,221.61**
Financial liabilities									
Payables :									
(A) Trade payables									
(I) total outstanding dues of micro enterprises and small enterprises	10.14	-	**10.14**	-	-	-	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	-	**1,039.00**	90.50	-	**90.50**	0.64		**0.64**
(B) Other payables									
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	-	**371.36**	501.26	-	**501.26**	-	-	-
Debt securities	5,009.41	-	**5,009.41**	-	-	-	-	-	-
Borrowings (other than debt securities)	20,444.46	-	**20,444.46**	973.60	-	**973.60**	-	-	-
Other financial liabilities (refer note 19)	1,870.87	-	**1,870.87**	1,767.52	-	**1,767.52**	-	-	-
Total	**28,745.24**	-	**28,745.24**	**3,332.88**	-	**3,332.88**	**0.64**	-	**0.64**

(Currency : ₹ in lacs)

46. Financial risk management

The Company has exposure to the following risks from financial instruments:

a. Credit Risk
b. Liquidity Risk
c. Market Risk
d. Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc. The Company has therefore invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks.The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

(A) Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business. Same is done primarily through Analytics and survey. Further the company has also developed sophisticated sector/sub-sector scorecards both statistical and expert. The proposals are appraised based on understanding of these sector/sub-sectors. Fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.
Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

Management of Credit Risk

Write off policy :

Write off policy Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss. The write off decisions will be taken by management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis :

The Company's policies for computation of expected credit loss are set out below:

(A) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company :

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of group of borrowers. As a result, Portfolio Segmentation considered for ECL computation for seventeen segments.

Definition of default :

A default shall be considered to have occurred when any of the following criteria are met:
a) An asset is more than 90 DPD.
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

Significant increase in credit risk (SICR) criteria :

(a) External credit rating going below investment grade rating.
(b) significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.
(c) Other Qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.
(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cutoff norms as set by Company from time to time and current status is stage I is termed as low credit risk.

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :
(i) 0 - 30 days past due (DPD) as stage I;
(ii) 31- 90 DPD as Stage II; and
(iii) outstanding > 90 DPD as stage III.
Any deviation to the above classification shall be approved by audit committee of the board (ACB).

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46. Financial risk management (Continued)

Probability of Default (PD%)
PD are determined depending on the risk profile of the pool of loans based on default analysis by CRIF, PD published by credit rating agency, bureau application scorecards.

Loss given default (LGD%)
Loss given default (LGD) represents recovery from defaulted assets.
Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.
LGD is determined based on FIRB approach for stage 1 and stage 2, for stage 3 loans the Company estimates the cash flows expected over a time period.

Exposure at Default (EAD)
Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered following for EAD computation :
a.On books principle exposure.
b.Accumulated interest exposure.
c.Excluding FLDG amount, if any.
The Company actively participates in co-lending with other NBFC partners. In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee.
In such scenario, while arriving at EAD, FLDG amount would be subtracted.
In case of default in such arrangements, if the trigger event occurs for both unsecured and Secured loans on 89th day the POS plus accumulated interest would be adjusted from FLDG. The interest accumulation to stop in accounting books for such assets as there would not be principal outstanding.
(B) Undrawn exposure
In case of ECL on undrawn exposure , the EAD is computed after considering credit conversion factor (CCF) of 50% (percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to stage 1 assets considering PD% and LGD% of the respective categories of loans and advances.

Applicable provisions for NBFC covered under IndAS :
RBI under this circular provide that NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall, as hitherto, continue to be guided by the guidelines duly approved by their boards and as per ICAI advisories for recognition of the impairments.

Impact of Covid – 19 on expected credit loss :
This being the black swan event, company feels that the delinquency would be on rise and will impact the ECL. Basis the detail discussions with customers and after carefully analysing the data of customers with the company, a detail scenario building is done to understand the stress in the portfolio.

Portfolio default and loss estimates :
To arrive at an early estimation of loss, an internally developed methodology has been adopted.
i) For retail term loans, the method combines macroeconomic outlook of sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.
ii) For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focussing on key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow.
iii) For onward lending book, the estimates are based on client level assessment.
iv) For inorganic pools, the estimates are based on partner assessment and high-level multipliers.

Further management will continue to review the situation and do this analysis at regular interval during FY 2021 as we will have more data points and keep updating the analysis and make appropriate adjustments, as warranted and reflect the same in financials also considering further regulatory guidance as may be forthcoming.

Provisioning under COVID 19 :
In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Company's best estimate of the recoverable amounts. The Company has estimated and recognised an additional expected credit loss of ₹ 331 lacs on certain financial assets, on account of the anticipated effect of the global health pandemic. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic maybe different from those estimated as on the date of approval of these financial results and the Company will continue to monitor any changes to the future economic conditions.

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(Currency : ₹ in lacs)

46. Financial risk management (Continued)

A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balances as at April 01, 2019	23.56	0.80	-	-	24.36
Changes in the loss allowance during the year :					
Transfer to Stage 1	0.80	(0.80)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	611.41	52.67	359.68	-	1,023.76
Other movements (on account of change in EAD)	(2.52)	(0.57)	-	-	(3.09)
Closing balance as at March 31, 2020	633.25	52.10	359.68	-	1,045.03
Opening balance as at April 01, 2018	-	-	-	-	-
Changes in the loss allowance during the year :					
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	23.56	0.80	-	-	24.36
Other movements (on account of change in EAD)	-	-	-	-	-
Closing balance as at March 31, 2019	23.56	0.80	-	-	24.36

B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2019	-	-	-	-
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	2.77	-	-	2.77
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	2.77	-	-	2.77
Opening balances as at April 01, 2018	-	-	-	-
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2019	-	-	-	-

C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balance of gross carrying amount as at April 01, 2019	7,943.71	19.63	-	-	7,963.34
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	10.31	(10.31)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(111.72)	-	111.72	-	-
New loan originated during the year	78,270.04	1,820.70	706.04	-	80,796.78
Other movements (on account of change in EAD)	(3,740.20)	(9.31)	-	-	(3,749.51)
Closing balance as at March 31, 2020	82,372.14	1,820.71	817.76	-	85,010.61
Opening balance of gross carrying amount as at April 01, 2018	-	-	-	-	-
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New loan originated during the year	7,943.71	19.63	-	-	7,963.34
Other movements (on account of change in EAD)	-	-	-	-	-
Closing balance as at March 31, 2019	7,943.71	19.63	-	-	7,963.34

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46. Financial risk management (Continued)

D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2019	-	-	-	-
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	593.91	-	-	593.91
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	593.91	-	-	593.91
Opening balance as at April 01, 2018	-	-	-	-
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2019	-	-	-	-

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts.

Advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	10,583.87	65.66
51% - 70%	14,683.58	123.69
71%-90%	9,046.87	67.07
91%-100%	98.64	0.07

Credit impaired advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	122.11	1.41

*There is no collateral repossessed by the Company during the year.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

46. Financial risk management (Continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. Our Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability management framework. Company continues to maintain positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2020 :

Particulars	Carrying amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	874.64	874.64	874.64	-	-	-	-
Bank balance other than cash and cash equivalents	321.97	338.58	1.43	-	337.15	-	-
Trade receivables	657.93	657.93	-	657.93	-	-	-
*Loans	83,238.19	112,088.44	1,790.38	14,873.31	25,510.24	45,452.40	24,462.11
Investments	7,250.81	7,250.81	7,250.81	-	-	-	-
Other financial assets	22,097.49	23,158.22	4,130.44	4,000.00	4,335.38	10,686.24	6.16
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) total outstanding dues of micro enterprises and small enterprises	10.14	10.14	-	10.14	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	1,064.58	38.64	792.59	110.06	123.29	-
(B) Other payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	371.36	-	-	371.36	-	-
Debt securities	5,009.41	5,061.40	5,061.40	-	-	-	-
Borrowings (other than debt securities)	20,444.46	22,775.45	4,306.12	1,692.98	9,081.20	7,695.15	-
Other financial liabilities	1,870.87	2,317.44	37.95	84.33	351.96	1,756.90	86.30

* Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2019 :

Particulars	Carrying Amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	32,086.98	32,169.48	31,149.04	1,020.44	-	-	-
Bank balance other than cash and cash equivalents	13,654.98	13,868.03	4,098.57	2,559.18	7,210.28	-	-
Trade receivables	232.00	232.00	-	232.00	-	-	-
Loans	7,889.47	9,817.73	264.29	1,708.79	2,645.12	4,161.98	1,037.55
Investments	10,678.86	10,678.86	10,678.86	-	-	-	-
Other financial assets	18,330.48	18,330.48	-	-	18,165.16	159.83	5.49
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	90.50	90.50	3.04	87.46	-	-	-
(B) Other payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	501.26	501.26	-	501.26	-	-	-
Borrowings (other than debt securities)	973.60	1,197.42	0.96	19.17	326.67	850.62	-
Other financial liabilities	1,767.52	2,381.07	36.49	72.97	330.08	1,776.28	165.25

(Currency : ₹ in lacs)

46. Financial risk management (Continued)

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at April 01, 2018 :

Particulars	Carrying Amount	Gross nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	0.87	0.87	0.87	-	-	-	-
Investments	4,220.74	4,220.74	-	-	4,220.74	-	-
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	0.64	0.64	-	0.64	-	-	-

Undiscounted cash flows by contractual maturities for off Balance sheet items as at March 31, 2020 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	593.06	593.06	-	-
Capital commitments (outflow)	-	188.12	188.12	-	-

Undiscounted cash flows by contractual maturities for off Balance sheet items as at March 31, 2019 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,483.10	1,483.10	-	-
Capital commitments (outflow)	-	306.79	306.79	-	-
Other financial facilities (inflow)	-	1,000.00	1,000.00	-	-

Undiscounted cash flows by contractual maturities for off Balance sheet items as at April 01, 2018 :

Particulars	Carrying Amount	Gross nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments	-	-	-	-	-
Other financial facilities	-	-	-	-	-
Capital commitments	-	-	-	-	-

The Company has disclosed below information as stated in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated november 04, 2019 that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :
The Company is a non deposit taking non banking finance company (NBFC). The Company had not invested in any public deposit.

(ii) Top 20 large deposits (amount in ₹ lacs and % of total deposits) :
The Company is a non deposit taking non banking finance company (NBFC).

(iii) Top 10 borrowings (amount in ₹ lacs and % of total borrowings) :

Particulars	As at March 31, 2020	As at March 31, 2019
Total borrowing from ten largest lenders	25,688.75	1,000.00
Percentage of borrowing from ten largest lenders to total borrowing of the Company	100%	100%

The amount considered above excludes unmortised borrowing cost.

(iv) Funding concentration based on significant instrument / product :

Sr No.	Name of instrument / product	As at March 31, 2020		As at March 31, 2019	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loans facilities	13,216.88	51%	1,000.00	100%
2	Cash credit / overdraft facilities	3,236.71	13%	-	-
3	Non convertible debenture	5,000.00	19%	-	-
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	4,235.17	17%	-	-
5	Commercial paper	-	-	-	-
Total		25,688.76	100%	1,000.00	100%

(v) Stock Ratios :

(a) Commercial papers as a % of total public funds, total liabilities and total assets :
The Company had not borrowed through commercial paper in current and previous year.

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :
The Company does not have borrowing through non-convertible debentures (original maturity of less than one year) in current and previous year. Put option is exercisable in every 3 months by the debenture holder.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2020			As at March 31, 2019		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Cash credit / overdraft facilities	3.51%	11.13%	2.67%	-	-	-

The amount considered above excludes unmortised borrowing cost.
Total public funds comprises of total equity

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46. Financial risk management (Continued)
c. Market risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates The Company does not have any direct exposure to foreign currency

The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :
The Company's exposure to price risk arises from investment held by the Company and is classified in the balance sheet through fair value through profit and loss account

Sensitivity :
The table below summarises the impact of increases / decreases of the NAV Company's investment of mutual fund schemes on profit for the period

Sensitivity :		
Particulars	Impact on statement of profit and loss For the year ended	
	As at March 31, 2020	As at March 31, 2019
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	25.74	51.26
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	(25.74)	(51.26)
Liquid scheme - NAV rate - increase by 1% and 0.30% respectively at reporting period *	21.03	1.28
Liquid scheme - NAV rate - decrease by 1% and 0.30% respectively at reporting period*	(21.03)	(1.28)

* Impact on statement of profit and loss up to 1 year, holding all other variables constant.

Interest rate risk :
Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from below two perspectives :
a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rate.
b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off balance sheet positions due to variation in interest rate.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure positions are maintained within the established limits.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Variable rate borrowings	16,453.58	1,000.00	-
Fixed rate borrowings	9,235.17	-	-
Total borrowings	25,688.75	1,000.00	-

The Company had the following variable rate borrowings outstanding :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Weighted average cost	11.43%	11.50%	-
Outstanding balance (excluding other borrowing cost)	16,453.58	1,000.00	-
% of total borrowings	64.05%	100%	-
Sensitivity :			
Particulars	**Impact on profit or loss** **For the year ended March 31, 2020**	**For the year ended March 31, 2019**	
*Interest rate - increase by 1%	84.94	8.35	
*Interest rate - decrease by 1%	(84.94)	(8.35)	

* Impact on statement of profit and loss up to 1 year, holding all other variables constant.

d. Operational Risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.
During the year, the the Company has not come across any instances of fraud.

Capital Management :
Company's capital management objective is primarily to safeguard business continuity. The Company's capital raising policy is aligned to macro economic situation and incidental risk factors. The Company's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes this approach would create shareholder value in long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the company's resource base is equity Therefore the company enjoys a low gearing.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.
Gearing ratio :

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
The gearing ratio at each date were as follows :			
*Debt (I)	26,999.42	2,705.75	-
Cash and bank balances (II) (refer note 3)	874.64	32,086.98	0.87
Net debt (I - II)	26,124.78	(29,381.23)	(0.87)
Total equity	92,152.36	83,289.56	4,085.05
Net debt to equity ratio	0.28	NA**	NA**

* Debt includes debt securities, borrowings and lease liabilities.
** The Company had not borrowed much in earlier years as compared to financial year 2019-20 and also in earlier years the Company had deployed funds in fixed deposits of short term nature as compared to financial year 2019-20, hence the ratios are not comparable.

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47. Details of all collateral used as security for liabilities

Particulars	Carrying amount of financial assets pledged		
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Assets type			
Loans receivable as collateral under lending agreements	22,131.21	2,221.83	
Loans receivable as collateral under PTC agreements	324.92		-
Cash collateral under lending agreements	400.00	-	-
Fixed deposit (original maturity between 3 to 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	312.00	-	-
Fixed deposit (original maturity more than 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	275.00	-	-

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48. Income tax

Table A **The major components of tax expense for the year ended March 31, 2020 and March 31, 2019 :**

Sr.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Statement of profit and loss :		
(a)	**(i) Profit and loss section :**		
	Current income tax :		
	Tax for current year as per minimum alternate tax	296.31	147.14
	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(1,916.38)	(387.06)
	Income tax expense reported in the statement of profit and loss	(1,620.07)	(239.92)
(b)	**Other comprehensive income (OCI) section :**		
	Current income tax :		
	Net loss on remeasurement of defined benefit obligations	-	-
	Deferred tax :		
	Net loss on remeasurement of defined benefit obligations	(0.01)	(0.06)
	Income tax expense reported in the OCI section	(0.01)	(0.06)

Table B **Reconciliation of effective tax rate :**

Sr.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Profit before tax (PBT)	331.79	154.72
2	Applicable tax rate*	27.82%	27.82%
3	PBT * applicable tax rate (1*2)	92.30	43.04
4(a)	Add : Provisions and contingencies not allowed under income tax		
(i)	Provision for impairment losses on financial instruments	284.71	6.78
(ii)	Provision for gratuity	8.70	5.97
(iii)	Provision for compensated absences	27.71	13.19
4(b)	Add: Non deductible expense under income tax		
(i)	Interest on TDS / penalty	0.14	0.01
(ii)	Provision for share based payments to employees	180.48	-
(iii)	Lease rentals expense under IndAS 116	27.00	29.24
(iv)	Preliminary expense disallowed (gross)	-	20.22
(v)	Others	0.99	0.02
4(c)	Less : Income not chargeable under income tax		
(i)	Dividend income	(4.84)	(14.03)
(ii)	Booking of unrealised gain	(34.48)	(2.35)
(iii)	Capital gain on tax free bonds	-	(41.05)
4(d)	Add : Income chargeable under income tax		
(i)	Upfront booking of processing fees collected on loans	172.51	22.56
4(e)	Less : Tax deductible expenses		
(i)	Tax benefit of preliminary expense	(5.05)	(5.05)
(ii)	Upfront booking of borrowing expenses	(138.11)	-
(iii)	Upfront booking of loan sourcing cost	(268.19)	(7.29)
(iv)	Depreciation of property, plant and equipment and intangible assets	(19.84)	(3.66)
4(f)	Less : Brought forward tax losses under income tax		
	Brought forward tax losses set off during the year	(324.03)	67.60
5	Add :Tax for current year as per minimum alternate tax	296.31	147.14
6	Less :Unutilised minimum alternate tax credit entitlement	(296.31)	(147.14)
7	Tax expense recognised during the year (Total 1 to 6)	-	-
8	Effective tax rate	-	-

* The applicable tax is the rate prescribed under the Income - tax Act, 1961.

Table C **Components of deferred tax assets and liabilities recognised in the balance sheet and statement of profit and loss :**

Sr.	Particulars	Balance Sheet			Statement of profit and loss and other comprehensive income	
		As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	For the year ended March 31, 2020	For the year ended March 31, 2019
	Deferred tax assets (DTA)					
	Provision for compensated absences	40.90	13.19	-	27.71	13.19
	Provision for gratuity	14.66	5.97	-	8.69	5.97
	Others	1.54	0.55	-	0.99	0.55
	Deferred revenue income - processing fees allowed upfront in income tax	195.07	22.56	-	172.51	22.56
	Provision for impairment losses on financial instruments	291.50	6.78	-	284.71	6.78
	Lease rentals expense under IndAS 116	56.23	29.07	-	27.16	29.07
	Preliminary expense (gross)	15.16	20.22	-	(5.05)	20.22
	ESOS expenses disallowance	180.48	-	-	180.48	-
	Unutilised minimum alternate tax credit entitlement	443.45	147.14	-	296.31	147.14
	Income tax losses carried forward	1,391.00	-	-	1,391.00	-
	Total (A)	2,629.99	245.48	-	2,384.51	245.48
	Deferred tax liabilities (DTL)					
	Difference in written down value of property, plant and equipment and intangible assets	23.26	3.42		19.84	3.42
	Unrealised gain / (loss) on investments	36.83	2.35	147.07	34.48	(144.72)
	Prepaid fees / charges on debt securities allowed upfront in income tax	10.70	-	-	10.70	-
	Prepaid fees / charges on borrowings allowed upfront in income tax	127.41	(7.52)	-	134.93	(7.52)
	Deferred loan sourcing cost allowed upfront income tax	275.48	7.29	-	268.19	7.29
	Total (B)	473.68	5.54	147.07	468.14	(141.52)
	Deferred tax asset / (liability)	(2,156.31)	(239.94)	147.07	-	-
	Deferred tax expense / (benefit)	-	-	-	(1,916.37)	(387.00)

Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :

Particulars	As at March 31, 2020
Income tax losses :	
AY 2015-16 (Expiry - AY 2023-24)	3,573.56
AY 2016-17 (Expiry - AY 2024-25)	2,372.92
AY 2017-18 (Expiry - AY 2025-26)	0.11

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

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49. First time adoption of IndAS

The company has prepared opening balance sheet as per IndAS of April 01, 2018 (transition date) by recognising all assets and liabilities whose recognition is required by IndAS, derecognising items of assets or liabilities which are not permitted to be recognised by IndAS, reclassifying items from Previous GAAP to IndAS as required, and applying IndAS to measure the recognised assets and liabilities. The exemptions availed by the company under IndAS 101 are as follows :

a. The company has adopted the carrying value determined in accordance with previous GAAP for all of its assets and as deemed cost of such assets at the transition date.

b. The estimates as at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with previous GAAP.

c. Statement of reconciliation of equity under IndAS and equity reported under previous GAAP :

Particulars	As at March 31, 2019	As at April 1, 2018
Total equity / shareholders funds as per Indian GAAP	63,775.02	3,703.48
Adjustment on account of asset acquisition (refer note 44)	18,252.72	-
Increase in cash and cash equivalents on account of issue of share capital and securities premium on account of assets acquisition	13,500.00	-
Increase in cash and cash equivalents on account of assets acquisition	665.16	-
Increase in indemnified assets	4,000.00	-
Increase in current tax assets on account of acquisition	87.56	-
Summary of IndAS Adjustments :		
EIR adjustment on loans as per IndAS 109	(78.26)	-
Impact of measuring investments at fair value through profit or loss (FVTPL)	8.44	528.64
Provision for expected credit loss as per IndAS 109	7.54	-
Impact of recognition of right of use asset and lease liability as per IndAS 116 (Leases)	(104.49)	-
Discounting of Financial Assets as per IndAS 109	(2.12)	-
Reclassification of compulsory convertible debentures into equity as per IndAS 32	1,383.73	-
Tax Adjustments on above items	46.98	(147.07)
Total IndAS adjustments	19,514.54	381.57
Total equity as per IndAS	83,289.56	4,085.05

d. Statement of reconciliation of total comprehensive income under IndAS and Profit after tax (PAT) reported under previous GAAP :

Particulars	As at March 31, 2019
Net profit as per previous GAAP	145.56
Adjustments on accounting for asset acquisition	
Interest income on fixed deposits	778.13
Gain on sale of mutual funds	29.57
Employee benefits expenses	(5.45)
Other expenses	(59.28)
Tax adjustments	9.75
Net profit after tax after accounting for asset acquisition	898.27
IndAS Adjustments	
EIR adjustment on loans as per IndAS 109	(78.26)
Fair valuation of financial assets as per IndAS 109	(2.12)
Impact of measuring investments at fair value through profit or loss (FVTPL)	(520.20)
Impact of recognition of right of use asset and lease liability as per IndAS 116 (Leases)	(104.49)
Provision for expected credit loss as per IndAS 109	7.54
Transfer of Actuarial gain to other comprehensive income (net of tax)	(0.15)
Tax adjustments on above	194.05
Total IndAS adjustments	394.64
Other comprehensive income (net of tax)	0.15
Total income as per IndAS	394.79

e. Statement of reconciliation of cash flow statement under IndAS and cash flow statement reported under previous GAAP :

Particulars	Previous GAAP	Adjustments	Adjustments on account for asset acquisition	Ind AS
Net cash used in operating activities (A)	(9,554.59)	287.71	635.60	(8,631.28)
Net cash used in investing activities (B)	(20,549.80)	(18.05)	(14,135.60)	(34,703.45)
Net cash generated from financing activities (C)	62,009.69	(88.85)	13,500.00	75,420.84
Net increase in cash and cash equivalents (A+B+C)	31,905.30	180.81	-	32,086.11
Cash and cash equivalents at beginning of the year	0.87	-	-	0.87
Cash and cash equivalents at the end of the year	31,906.17	180.81	-	32,086.98

The major adjustment on account of IndAS can be summarized below :

1. The Company has branches on rental basis across eight states. The MCA has issued new standard on lease which is applicable from April 01, 2019. The Company has to record lease assets and lease liability. These resulted in overall expense of ₹ 104.48 lacs consisting of Interest on lease liability and depreciation on right to use assets.

2. The Company has restated its investment held in books as at April 01, 2018 on fair value basis resulting in recording of fair value gain of ₹ 520 lacs. During the FY 2018-19 there is reversal of ₹ 520 lacs fair value gain on account of actual realisation.

3. The Company has to record interest income on loans based on EIR model as per standard issued by the MCA. These resulted in reversal of Processing income of ₹ 82 lacs and reversal of expense of ₹ 3.73 lacs. Under EIR model, the Company has recorded income using EIR which is based on loan cash flow including loan origination income and expense.

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50. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique.

IndAS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

a) Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2020			Carrying value as on March 31, 2020	Fair Value as on March 31, 2019			Carrying value as on March 31, 2019	Fair Value as on April 1, 2018			Carrying value as on April 1, 2018
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets												
Cash and cash equivalents	-	874.64	-	874.64	-	32,086.98	-	32,086.98	-	0.87	-	0.87
Bank balances other than cash and	-	321.97	-	321.97	-	13,654.98	-	13,654.98	-	-	-	-
Trade receivables	-	657.93	-	657.93	-	232.00	-	232.00	-	-	-	-
Loans	-	-	85,074.47	83,238.19	-	-	9,107.74	7,889.47	-	-	-	-
Other financial assets	-	22,097.49	-	22,097.49	-	18,330.48	-	18,330.48	-	-	-	-
Total	-	**23,952.03**	**85,074.47**	**107,190.22**	-	**64,304.44**	**9,107.74**	**72,193.91**	-	**0.87**	-	**0.87**
Liabilities												
Payables												
(A) Trade payables												
(I) total outstanding dues of micro enterprises and small enterprises	-	10.14	-	10.14	-	-	-	-	-	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,039.00	-	1,039.00	-	90.50	-	90.50	-	0.64	-	0.64
(B) Other payables							-					-
(I) total outstanding dues of creditors other than micro enterprises and small enterprises		371.36	-	371.36	-	501.26	-	501.26	-	-	-	-
Debt securities	-	5,009.41	-	5,009.41	-	-	-	-	-	-	-	-
Borrowings	-	21,051.81	-	20,444.46	-	1,028.72	-	973.60	-	-	-	-
Other financial liabilities	-	1,870.87	-	1,870.87	-	1,767.52	-	1,767.52	-	-	-	-
Total	-	**29,352.59**	-	**28,745.24**	-	**3,388.00**	-	**3,332.88**	-	**0.64**	-	**0.64**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value :
Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents ,payables, debt securities, other financial assets and other financial liabilities .

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.
Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

b) Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2020			Carrying value as on March 31, 2020	Fair Value as on March 31, 2019			Carrying value as on March 31, 2019	Fair Value as on April 1, 2018			Carrying value as on April 1, 2018
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets												
Investments in mutual funds	7,250.81	-	-	7,250.81	10,678.86	-	-	10,678.86	4,220.74	-	-	4,220.74
Total	**7,250.81**	-	-	**7,250.81**	**10,678.86**	-	-	**10,678.86**	**4,220.74**	-	-	**4,220.74**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments measured at fair value :
Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

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(Currency : ₹ in lacs)

51. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets :									
Financial assets :									
Cash and cash equivalents	874.64	-	874.64	32,086.98	-	32,086.98	0.87	-	0.87
Bank balance other than cash and cash equivalents	321.97	-	321.97	13,654.98	-	13,654.98		-	-
Trade receivables	657.93	-	657.93	232.00	-	232.00	-	-	-
Loans	33,522.09	49,716.10	83,238.19	3,792.31	4,097.16	7,889.47	-	-	-
Investments	7,250.81	-	7,250.81	10,678.86	-	10,678.86	4,220.74	-	4,220.74
Other financial assets	12,210.47	9,887.02	22,097.49	18,165.16	165.32	18,330.48	-	-	-
Non-financial assets :									
Current tax assets (net)	143.72	-	143.72	149.07	-	149.07	11.25	-	11.25
Deferred tax asset (net)	-	2,156.31	2,156.31	-	239.94	239.94	-	-	-
Property, plant and equipment	-	586.82	586.82	-	391.13	391.13	-	-	-
Right of use asset	-	1,344.01	1,344.01	-	1,627.66	1,627.66	-	-	-
Intangible assets under development	-	93.96	93.96	-	1,086.58	1,086.58	-	-	-
Other intangible assets	-	1,839.34	1,839.34	-	-	-	-	-	-
Other non-financial assets	566.18	74.88	641.06	388.52	91.98	480.50	-	-	-
Total	55,547.81	65,698.44	121,246.25	79,147.88	7,699.77	86,847.65	4,232.86	-	4,232.86
Liabilities :									
Financial liabilities :									
(A) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	10.14	-	10.14	-	-	-	-	-	-
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises	921.79	117.21	1,039.00	90.50	-	90.50	0.64	-	0.64
(B) Other payables									
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	371.36	-	371.36	501.26	-	501.26	-	-	-
Debt securities	5,009.41		5,009.41	-	-	-	-	-	-
Borrowings (other than debt securities)	13,464.32	6,980.14	20,444.46	234.32	739.28	973.60	-	-	-
Other financial liabilities	303.99	1,566.88	1,870.87	246.23	1,521.29	1,767.52	-	-	-
Non-financial liabilities :									
Provisions	31.39	168.33	199.72	47.52	21.35	68.87	-	-	-
Deferred tax liabilities (net)	-	-	-	-	-	-	-	147.07	147.07
Other non-financial liabilities	148.93	-	148.93	156.34	-	156.34	0.10	-	0.10
Total	20,261.33	8,832.56	29,093.89	1,276.17	2,281.92	3,558.09	0.74	147.07	147.81

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(Currency : ₹ in lacs)

52. Disclosure pursuant to IndAS 7 ' statement of cash flows' - changes in liabilities arising from financing activities :

Particulars	As at April 01, 2019	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2020
Debt securities	-	5,009.41	-	5,009.41
Borrowings (other than debt securities)	973.60	19,470.86	-	20,444.46
Other financial liabilities				
Unclaimed dividend payable on equity shares	1.52	(0.09)	-	1.43
Collateral margin money received	33.85	185.96	-	219.81
Deferred consideration on direct assignment	-	95.63	-	95.63
Lease liabilities	1,732.15	(246.98)	60.38	1,545.55
Other payables	-	8.45	-	8.45

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53. Financial assets are transferred but not derecognised in their entirety :

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	4,560.09	-	-	-	-	-
Carrying amount of associated Liabilities	4,235.17	-	-	-	-	-
For those liabilities that have recourse only to the transferred financial assets						
Fair value of assets (A)	4,852.13	-	-	-	-	-
Fair value of associated liabilities (B)	4,282.84	-	-	-	-	-
Net Position (C) = (A - B)	569.29	-	-	-	-	-

(Currency : ₹ in lacs)

54. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk

Particulars		As at March 31, 2020	As at March 31, 2019
i)	CRAR (%)	88.25	213.55*
ii)	CRAR - Tier I capital (%)	88.07	213.40*
iii)	CRAR - Tier II capital (%)	0.18	0.15*
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

* The % calculated based on the pervious return filed with RBI based on IGAAP.

b. Investments

Particulars				As at March 31, 2020	As at March 31, 2019
(1)	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	7,250.81	10,678.86
		(b)	Outside India,	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	-	-
		(b)	Outside India,	-	-
	(iii)	Net value of investments			
		(a)	In India	7,250.81	10,678.86
		(b)	Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		-	-
	(ii)	Add : provisions made during the year		-	-
	(iii)	Less : write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		-	-

c. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

d. Disclosures relating to securitization

Details of securitization :

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	2	-
2	Total amount of securitized assets as per books of the SPVs sponsored	4,560.09	-
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet		
	a. Off - balance sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - balance sheet exposures		
	First loss	324.92	-
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	a. On - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	587.00	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

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(Currency : ₹ in lacs)

d. Disclosures relating to securitization (Continued)

Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable.

Details of assignment transactions undertaken with other NBFCs :

During the current and previous year, the Company has not entered into any assignment transaction for sale of financial assets. Therefore, disclosures pertaining to it are not applicable

Details of non-performing financial assets purchased / sold :

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Therefore disclosures pertaining to it are not applicable.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2020 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	932.61	237.60	401.52	717.00	12,803.81	9,199.10	10,028.52	23,657.77	7,689.50	19,110.88	84,778.31
Investments	7,250.81	-	-	-	-	-	-	-	-	-	7,250.81
Liabilities	-	-	-	-	-	-	-	-	-	-	-
Borrowings :	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks and financial Institutions	3,343.15	285.54	563.43	666.57	715.57	2,505.33	5,580.24	7,093.69	-	-	20,753.52
Market borrowings	45.68	5,000.00	-	-	-	-	-	-	-	-	5,045.68

*Impairment loss allowance of ₹ 1,047.80 lacs and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2019 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	98.88	-	96.49	707.12	833.10	674.95	1,420.09	3,033.34	289.33	810.72	7,964.02
Investments	10,678.86	-	-	-	-	-	-	-	-	-	10,678.86
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	-	-	-	-	-	83.97	166.67	666.67	83.33	-	1,000.64
Market borrowings	-	-	-	-	-	-	-	-	-	-	-

*Impairment loss allowance of ₹ 24.38 lacs and adjustments related to effective interest rate are not part of above disclosure.

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

f. Exposures :

Category				As at March 31, 2020	As at March 31, 2019
a)	**Exposure to real estate sector :**				
	Direct exposure				
	(i)	**Residential mortgages :**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		34,669.33*	14.05
	(ii)	**Commercial real estate :**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures :**			
		a.	Residential	-	-
		b.	Commercial real estate	-	-
Total exposure to real estate sector				34,669.33	14.05

* These include properties held as underlying security

Particulars			As at March 31, 2020	As at March 31, 2019
b)		**Exposure to capital market :**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products :

There are no parent company products which are financed by the Company during the current and previous year.

h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2020	As at March 31, 2019
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company.*	-	-

*The Company has acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of ₹ 6793.97 lacs in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to IndAS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

i. Unsecured advances :

a) Details of unsecured advances the rights, licenses, authorisations,etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2020	As at March 31, 2019
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators :

Particulars	Type	Number Reference
-	-	-

k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2020	As at March 31, 2019
	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 38 of the financial statements

m. Ratings assigned by credit rating agencies and migration of ratings during the year :

Rating agency	Type	Rating
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 – Series 1	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 – Series 2	Acuite AA -(SO)**

* There is no migration in rating during the current year.
** Provisional

n. Remuneration of directors :

Particulars	As at March 31, 2020	As at March 31, 2019
Transactions with the non-executive	141.00	87.00

refer note 38 for remuneration to executive directors.

0. During the year there are no changes in the accounting policies and no prior period items (refer note 1)

p. Provisions and contingencies :

Particulars	As at March 31, 2020	As at 31st March, 2019
Provision towards NPA	359.68	-
Provision made towards income tax	443.45	147.14
Provision for standard assets	688.12	24.36

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

q. Draw down from reserves :

During the year, the Company has not drawn down any amount from reserves.

Concentration of deposits, advances, exposures and NPAs :

r. Concentration of advances :

Particulars	As at March 31, 2020	As at March 31, 2019
Total advance to twenty largest borrowers	13,908.44	7,010.07
Percentage of advances to twenty largest borrowers to total advances of the company	16.25%	88.03%

s. Concentration of exposures :

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers	13,908.44	7,010.07
Percentage of exposures to twenty largest borrowers to total	16.25%	88.03%

t. Concentration of NPAs :

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	598.06	-

u. Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities	-	-
2	MSME	0.96%*	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

*The above is based on the information and the explaination available with the Company, which have been relied upon by the statutory auditor.

v. Movement of NPAs :

Particulars			As at March 31, 2020	As at March 31, 2019
(i)	Net NPAs to Net Advances (%)		0.54%	-
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	-	-
	(b)	Additions during the year	817.76	-
	(c)	Reductions during the year	-	-
	(d)	Closing balance	817.76	-
(iii)	Movement of Net NPAs			
	(a)	Opening balance	-	-
	(b)	Additions during the year	458.08	-
	(c)	Reductions during the year	-	-
	(d)	Closing balance	458.08	-
(iv)	Movement of provisions for NPAs (excluding			
	(a)	Opening balance	-	-
	(b)	Provisions made during the year	359.68	-
	(c)	Write-off / write-back of excess	-	-
	(d)	Closing balance	359.68	-

w. Overseas assets (for those with joint ventures and subsidiaries abroad) :
There are no overseas assets.

x. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :
There are no off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

y. Customer complaints :

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	Nil	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

z. Revenue recognition :
There are no postponement of revenue due to pending resolution of significant uncertainties.

aa. Restructured accounts :
There are no accounts that have been restructured during the current and previous year.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

ab. Schedule to the balance sheet of a NBFC :

		Particulars	As at March 31, 2020		As at March 31, 2019	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side :						
1		**Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :**				
	a	Debentures :				
	i	Secured	5,009.41	-	-	-
	ii	Unsecured	-	-	-	-
		(other than falling within the meaning of public deposits)				
	b	Deferred credits	-	-	-	-
	c	Term loans	13,030.97	-	973.60	-
	d	Inter - corporate loans and borrowings	-	-	-	-
	e	Commercial paper	-	-	-	-
	f	Public deposits	-	-	-	-
	g	Other Loans	7,413.49	-	-	-
2		**Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	a	In the form of unsecured debentures	-	-	-	-
	b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	c	Other public deposits	-	-	-	-
Assets Side :			**As at March 31, 2020**		**As at March 31, 2019**	
3		**Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :**				
	a	Secured	58,913.32		7,336.61	
	b	Unsecured	25,372.67		577.24	
4		**Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :**				
	a	Lease assets including lease rentals under sundry debtors				
		i. Finance lease	-		-	
		ii. Operating lease	-		-	
	b	Stock on hire including hire charges under sundry debtors				
		i. Assets on hire	-		-	
		ii. Repossessed assets	-		-	
	c	Other loans counting towards asset financing activities				
		i. Loans where assets have been repossessed	-		-	
		ii. Loans other than (a) above	-		-	
5		**Break - up of investments :**				
		Current investments				
	a	Quoted				
		(i) Shares				
		a. Equity	-		-	
		b. Preference	-		-	
		(ii) Debentures and bonds	-		-	
		(iii) Units of mutual funds	-		-	
		(iv) Government securities	-		-	
		(v) Others	-		-	

UGRO CAPITAL LIMITED

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

ab. Schedule to the balance sheet of a NBFC (Continued) :

Assets Side			**As at March 31, 2020**	**As at March 31, 2019**
5	b	Unquoted		
		(i) Shares		
		a. Equity		
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	
		(iv) Government securities	7,250.81	10,678.86
		(v) Others	-	-
	Long term investments		-	-
	a	Quoted		
		(i) Shares		
		a. Equity		
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-
	b	Unquoted	-	-
		(i) Shares		
		a. Equity		
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-
			-	-

6		**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**	**As at March 31, 2020**		**As at March 31, 2019**	
		Category				
			Amount net of provisions			
			Secured	**Unsecured**	**Secured**	**Unsecured**
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	58,913.32	25,372.67	7,336.61	577.24
		Total	**58,913.32**	**25,372.67**	**7,336.61**	**577.24**
		** As per accounting standard issued by ICAI.				

7		**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**		
		Category		
	1	Related parties **		
		a. Subsidiaries	-	-
		b. Companies in the same group	-	-
		c. Other related parties	-	-
	2	Other than related parties	7,250.81	10,678.86
		Total	**7,250.81**	**10,678.86**
		** As per accounting standard issued by ICAI.		
8		Other information		
		Particulars		
	a	**Gross non performing assets :**	817.76	-
		i. Related parties	-	-
		ii. Other than related parties	817.76	-
	b	**Net non performing assets :**	458.08	-
		i. Related parties	-	-
		ii. Other than related parties	458.08	-
	c	**Assets acquired in satisfaction of debt**	-	-

UGRO CAPITAL ★

DELOITTE HASKINS & SELLS LLP ★ Chartered Accountants

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2020

(Currency : ₹ in lacs)

ac. Provision under prudential norms of income recognition, asset classification (IRAC) :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	82,372.14	632.68	81,739.46	330.94	301.75
	Stage 2	1,820.70	52.67	1,768.03	63.01	(10.34)
Non-performing assets (NPA)						
Substandard	Stage 3	817.76	359.68	458.08	81.78	277.90
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	593.91	2.77	591.14	-	2.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**82,966.05**	**635.45**	**82,330.60**	**330.94**	**304.51**
	Stage 2	**1,820.70**	**52.67**	**1,768.03**	**63.01**	**(10.34)**
	Stage 3	**817.76**	**359.68**	**458.08**	**81.78**	**277.90**
	Total	**85,604.51**	**1,047.80**	**84,556.71**	**475.73**	**572.07**

(Currency : ₹ in lacs)

55 Impact of COVID 19 pandemic

a. In assessing the recoverability of loans, receivables, intangible assets, deferred tax asset and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the carrying amount of these assets represent the Company's best estimate of the recoverable amounts. The Company has estimated and recognised an additional expected credit loss of ₹ 331.00 lacs on certain financial assets, on account of the anticipated effect of the global health pandemic. As a result of the uncertainties resulting from COVID-19, the impact of this pandemic may be different from those estimated as on the date of approval of these financial results and the Company will continue to monitor any changes to the future economic conditions.

b. Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular") :

As required underp para 2 of the RBI Circular, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the Income Recognition and Asset Classification norms ("IRAC norms").

Period	Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular*	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
Refer note below	1,211.37	1,211.37	60.57	NA

* These include overdue accounts which would otherwise (i.e. without availing the benefit related to asset classification) have been marked as NPA as at March 31, 2020 (overdue more than 60 days as at February 29, 2020) and does not include overdue accounts that would have continued to be under standard category as at March 31, 2020.

UGRO CAPITAL LIMITED ★

DELOITTE HASKINS & SELLS LLP Chartered Accountants ★

(Currency : ₹ in lacs)

56 The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable to current year.

For and on behalf of the Board of Directors of
UGRO CAPITAL LIMITED

Shachindra Nath	**Abhijit Ghosh**	**Abhijit Sen**
Executive Chairman & MD	Whole Time Director & CEO	Director & Chairman - Audit Committee
DIN : 00510618	DIN : 07935397	DIN : 00002593
Mumbai	Mumbai	Mumbai
May 20, 2020	May 20, 2020	May 20, 2020

Kalpeshkumar Ojha	**Aniket Karandikar**
Chief Financial Officer	Company Secretary
Mumbai	Mumbai
May 20, 2020	May 20, 2020

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements" and "Risk Factors" on pages 18 and 44, respectively.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and the Unaudited Financial Results included in this Placement Document. The financial information for the six months periods ended September 30, 2022 and 2021 and for the nine months periods ended December 31, 2022 and 2021 are not comparable with our results for the full fiscal years and our financial information for the six months periods ended September 30, 2022 and for nine months period ended December 31, 2022 are not necessarily indicative of what our financial information for Fiscal 2023 will be. For further information, see "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 79 and 373, respectively.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information. Unless otherwise indicated, financial, operational, industry and other related information included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

Our Company was originally incorporated on February 10, 1993 under the provisions of the Companies Act, 1956 by the name *'Chokhani Securities Private Limited'* and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Bombay bearing registration number 070739. A fresh certificate of incorporation dated July 26, 1994 was issued by Registrar of Companies at Maharashtra, Bombay, consequent upon conversion of our Company from private limited to public limited vide the special resolution passed in the extra ordinary general meeting held on July 4, 1994. The name of our Company was further changed to *"UGRO Capital Limited"* and a fresh certificate of incorporation dated September 26, 2018 was issued by RoC.

Our Company came out with its first public issue of equity shares in 1995. At present, the Equity Shares of our Company are listed at BSE and NSE with effect from April 12, 1995 and August 11, 2021.

Our registered office is located at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070, Maharashtra, India. In addition to the same, as of December 31, 2022 our network comprises of 23 prime branches and 75 micro branches. Our registered office and branches are located at premises leased or licensed to us.

Factors Affecting Our Financial Condition and Results of Operations

Set out below are some of the more significant factors that have affected our results of operations in the past, as well as factors that are currently expected to affect our results of operations in the foreseeable future. Other factors beyond those identified above may materially affect our results of operations and financial condition. For further details, see the sections entitled "*Risk Factors*" and "*Our Business*" on pages 44 and 415 in this Placement Document.

Significant factors affecting our results of operations and financial condition

MSME Credit Gap

India's vision of becoming a $5 trillion economy can be achieved through an inclusive growth and MSME sector shall have a crucial role to play in that growth story. However, around 50-60% of the MSMEs do not have access to formal lending market. With the gargantuan customer data being collected daily by the Indian fintech eco-system, there is a significant opportunity to utilize this data to underwrite the customers who remain outside the fold of financial ecosystem. The next decade will be about collaboration between fintech and traditional lenders to innovate ways to fulfil the huge credit gap that continue the dampen the growth of the bottom of pyramid.

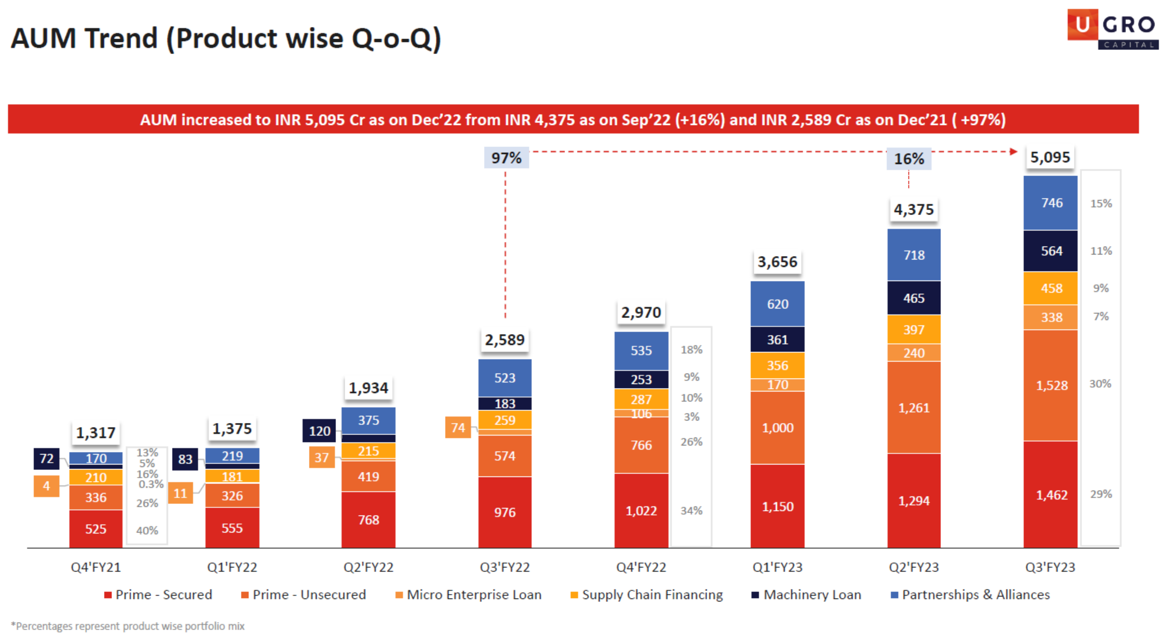
MSME sector is the backbone of MSME sector is the backbone of Indian economy as it contributes to 30% of the country's GDP. It is also a major employer for the masses. As per estimates, 11 crore people are employed by the MSME sector. Despite being such a strong pillar of the Indian economy, their growth is stunted due to non-availability of adequate formal credit. Market size of MSME sector is estimated at INR 46 Lakh crore but the size of formally funded market is INR 20 Lakh Crore. June 2019 UK Sinha committee estimated an overall credit gap of INR 20 -25 Lakh crore for the MSME sector.

MSME lending in India is setting course similar to consumer lending, which got completely revolutionised with the advent of data and technology making it an on-tap product. The transition from collateral-based lending to cash flow-based underwriting has been happening since last 4 years and is accelerating every day. The lenders of the future would be able to underwrite the MSME at the point of origination, which would help in faster customer assessment and credit dissemination. With our strong tech architecture in place, we are transitioning to digital at the forefront, to achieve our mission in the future. Our Company has redefined excellence as a fintech NBFC and in a short period of time of about four years has etched a name for itself in the financial world.

Robust Distribution Channel

Our distribution channels are built with the end goal of integrating technology with traditional & new ways of doing business to achieve financial inclusion. We have 98 branches across 12 states in India, partnership with, 26 Fintech partners, 77 Anchors and 42 OEM's. We cater to all credit needs of MSME by offering products like Secured/ Unsecured Business loans, Machinery loans and Supply Chain Financing. On back drop of this strong distribution channel, we have crossed milestone AUM of INR 5,000 Cr in December 2022. AUM increased 3.86x from INR 1,317 Cr in FY21 to INR 5,095 Cr in 9MFY23 aided by healthy disbursement of INR 10,500+ Cr since inception and made highest ever quarterly disbursement of INR 1,874 Cr in Q3FY23 achieving monthly disbursement run rate of INR 700+ Cr in December 2022.

Below chart represents loan portfolio mix across periods.



Co-Lending/Co-origination with Banks/NBFCs

Our Company has been pioneer of effectively leveraging Co-Lending model and transitioning business model to "Lending as a Service" in line with global lending trend. We have successfully entered into 10+ Co-Lending/ Co-Originator partnerships and built a sizeable off book AUM of INR 1,775 crore (35% of Total AUM).

Asset Quality and NPAs

Stage 3 Assets/Gross NPAs have increased from INR 817.76 lakhs as of March 31, 2020, to INR 3,647.71 lakhs as of March 31, 2021, INR 5,641.15 lakhs as of March 31, 2022 and INR 8,576.64 lakhs as of December 31, 2022. Our Stage 3 Assets net of Stage 3 Provisions have increased from INR 458.08 lakhs as of March 31, 2020, to INR 2,297.45 lakhs as of March 31, 2021, INR 4,152.32 lakhs as of March 31, 2022 and INR 5,372.90 lakhs as of December 31, 2022. Our Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) were 0.96%, 2.72%, 2.28% and 2.46% as of March 2020, March 31, 2021, March 31, 2022 and December 31, 2022 respectively. Our Stage 3 Assets net of Stage 3 Provisions as a percentage of our Net Loan Assets were 0.54%, 1.75%, 1.70% and 1.58% as of March 2020, March 31, 2021, March 31, 2022 and December 31, 2022 respectively.

In certain cases where a customer has delayed payments but has demonstrated an ability to continue servicing the relevant loan, we generally do not enforce the security and seize the financed property but we allow the loan to remain outstanding and continue without restructuring, which can adversely affect the position of our asset quality and expected credit loss provisioning. There can also be no assurance that in such cases the customer would not continue to delay payments, which could adversely affect our profitability and cash flows.

General economic growth in India

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

Non-banking financial companies (NBFCs) are rapidly gaining prominence as intermediaries in the retail finance space. NBFCs finance more than 80% of equipment leasing and hire purchase activities in India. The public funds of NBFCs increased from US$ 278.23 billion in 2016 to US$ 470.74 billion in 2020 at a CAGR of 14.04%. There were 9,425 NBFCs registered with the RBI as of January 22, 2021. In December 2020, the Reserve Bank of India issued a draft circular on declaration of dividends by NBFCs, wherein it proposed that NBFCs should have at least 15% Capital to Risk Weighted Assets Ratio (CRAR) for the last 3 years, including the accounting year for which it proposes to declare a dividend. In July 2021, Rajya Sabha approved the Factoring Regulation (Amendment) Bill in 2020, enabling ~9,000 NBFCs to participate in the factoring market. The bill also gives the central bank the authority to establish guidelines for improved oversight of the US$ 6 billion factoring sector. On September 30, 2021, the Reserve Bank of India communicated that the applicable average base rate to be charged by non-banking financial company - micro finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%. On September 29, 2021, SBI announced that it has signed an agreement with three non-banking finance company-microfinance institutions (NBFCMFIs) for co-lending to joint liability groups (JLGs). *(Source:* https://www.ibef.org/industry/financial-services-india*)*

Significant Accounting Policies

1. **Statement of Compliance**

   The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019- 20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

2. **Basis of preparation**

The financial statements have been prepared on a historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.;

- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

3. **Application of new and revised Ind AS**

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

4. **Presentation of financial statements**

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. **Functional and presentation currency**

These financial statements are presented in Indian rupees (INR or Rs.) which is also the Company's functional currency. All accounts are rounded-off to the nearest lakhs with two decimals, unless otherwise stated.

6. **Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods.

7. **Property, plant and equipment**

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost thereof can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits/ functioning capability from/ of such assets. Advances paid towards acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advances under other non-financial assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing Rs. 5,000/- or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	**Estimated useful life as assessed by the Company**	**Estimated useful life under Schedule II to the Act**
Office Equipment	5 years	5 years
Computer	3 years	3 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements
Furniture fixture and fittings	10 years	10 years

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

8. **Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of Software is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of profit or loss when the asset is derecognised.

9. **Impairment of tangible and intangible assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation/amortisation if there were no impairment.

10. **Revenue recognition**

Revenue (other than those items to which Ind AS 109 Financial Instruments is applicable) is measured at fair value for the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(i) **Interest Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Rate (EIR) Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Rate (EIR) Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

(ii) **Other Financial charges**

Cheque bouncing charges, pre- payment charges, foreclosure charges and initial margin money etc. are recognised on a point-in-time basis and are recorded when realised, since the probability of collecting such monies is established when the customer pays.

(iii) **Dividend Income:**

Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(iv) **Net gain or fair value change:**

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses", in the statement of profit and loss.

(v) **Advisory Fees and Other Income:**

Advisory fees and Other Income are recognised when the company satisfies the performance obligation at fair value of the consideration received or receivable. The Company recognises such revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

(vi) **Income from de-recognition of assets:**

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the transferee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

11. **Leases**

The Company follows Ind AS 116-Leases for accounting for contracts which are in the nature of leases. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The right-of-use assets are depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Finance Lease

The Company does not have leases that were classified as finance leases. Hence, there is no impact on application of this standard.

As a lessor

The Company does not have any lease agreement in which it is a lessor. Hence, there is no impact on application of this standard.

12. **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

12.1. **Current tax**

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The entity's current tax is calculated using tax rate that has been enacted by the end of the reporting period.

12.2. **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off the current tax assets against the current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

12.3. **Current and deferred tax for the year**

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

12.4. **Minimum alternate tax (MAT)**

Minimum alternate tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

13. **Employee Benefits**

13.1. **Retirement benefit costs and termination benefits**

Defined contribution plans –

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The state governed provident fund scheme, employee state insurance scheme and National Pension Scheme (NPS) are defined contribution plans.

Defined benefit plans –

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re- measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

13.2. **Short term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non-accumulating compensated absences, when the absences occur.

13.3. **Compensatory Payments (Loss of Earned Bonus)**

The company amortizes the compensatory payments over the period of twelve months, since amount is recoverable if an employee leaves the organization within a year.

13.4. **Share - based payments**

The Company recognizes compensation expense relating to share-based payments in the statement of profit and loss using fair value in accordance with Ind AS 102 - Share-based payments. The estimated fair value of the award is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount. The Company has switched from Black-Scholes Model to the Binomial Model for assessing the fair value of the options on the grant date during the year. The share price of the Company was simulated using a binomial model. The simulation was done from each valuation date to maturity of the ESOP.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

14. **Finance costs**

Finance costs include interest and other ancillary borrowing costs. Ancillary costs include issue costs such as loan processing fee, arranger fee, stamping expense and rating expense etc. The Company recognises interest expense and other ancillary cost on the borrowings as per Effective Interest Rate Method, which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

Finance costs are charged to the Statement of Profit and Loss.

15. **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A Contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

16. **Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

(a) estimated amount of contracts remaining to be executed on capital account and not provided for;

(b) uncalled liability on shares and other investments partly paid;

(c) funding related commitment to associate companies; and

(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

17. **Foreign currencies**

(i) The functional currency and presentation currency of the Company is Indian Rupee (INR). Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

18. **Cash and cash equivalents**

Cash and cash equivalents include cash at banks and cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

19. **Segment reporting**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

20. **Financial Instruments**

20.1. **Recognition of financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

20.2. **Initial measurement of financial instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

A financial asset and a financial liability is offset and presented on a net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

20.3. **Classification and subsequent measurement of financial instruments**

20.3.1. **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade-date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

20.3.1.1. **Financial assets carried at amortised cost (Ac)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate Method

The Effective Interest Rate Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

20.3.1.2. **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount of such financial assets are recognised in other comprehensive income (OCI). When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to the statement of profit and loss.

20.3.1.3. **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories is measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

20.4. **Impairment of financial asset**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Category of financial instrument	Manner of recognition of loss allowance
Financial assets measured at amortised cost	Recognition in profit or loss with corresponding adjustment in the carrying value through a loss allowance account
Debt investment measured at FVTOCI	Recognised in profit or loss with corresponding adjustment in OCI. The loss allowance is accumulated in the 'Reserve for debt instruments through OCI', and is not adjusted with the carrying value of the financial asset

Impairment methodology:

Overall impairment methodoloy

Particulars	**Stage 1 (Performing)**	**Stage 2 (Under-Performing)**	**Stage 3 (Non-performing)**
Credit	Not deteriorated significantly since its initial recognition.	Deteriorated significantly since its initial recognition	Objective evidence of impairment
ECL model	PD / LGD Model	PD / LGD Model	Cash flow model
ECL	12-month ECL	Life-time ECL	Life-time ECL
ECL Computation	(PD * LGD * EAD)	(PD * LGD * EAD)	Expected Cash Flow basis

A. **For loans, cash credit and term loans measured at amortised cost**

a) **Definition of default:**

A default shall be considered to have occurred when any of the following criteria are met:

a) An asset is more than 90 days past due
b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

For the purpose of counting of days past due for the assessment of default, special dispensations in respect of any class of assets, if any (e.g. under COVID-19 relief package of RBI) are applied in line with the notification by the RBI in this regard.

b) **Portfolio segmentation:**

The entire portfolio is segmented into homogenous risk segments. Common factors for segmentation includes asset classes, internal rating grade, size, geography, product etc.

c) **Probability of Default (PD):**

12-month PD for all the sectors except Onward Lending to NBFCs:

PD is the likelihood of a borrower defaulting on its obligations within a given interval of time. PD is computed based on the default analysis conducted by external credit bureau for all the sectors (except onward lending) at individual facility level and 12 months default percentage arrived score wise and sector wise for all the sectors.

To compute a 12-month PD for each sector, sector-wise and score-wise default rates as provided by the external credit bureau which is taken as base and calibration model is used to derive the default rates score-wise on the basis of decreasing ranks of scores. The above process is followed for all the sectors to derive score-wise and sector specific default rates which will be used as 12-month PD.

12-month PD for Onward Lending to NBFCs:

For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

Life-time PD:

Life-time PD is applied for Stage 2 accounts.

Life-time PDs are computed based on survival approach. Survival analysis is statistics for analyzing the expected duration of time until default event happens.

Life-time PD is computed = (1 – (Probability of surviving in year 1) ^ remaining tenure)

d) **Loss given default:**

Loss given default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach is used for the LGD computation.

20.5. **Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss.

20.6. **Financial liabilities and equity instruments**

20.6.1. **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

20.6.2. **Equity instruments**

An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

20.6.3. **Compound financial instruments**

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

20.6.4. **Financial Liabilities**

A financial liability is any liability that is:

- Contractual obligation:
- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at FVTPL.
The Company has not designated any financial liabilities at FVTPL.

20.6.5. **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

20.6.6. **Write-off**

Loans and debt securities are written-off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Company may apply enforcement activities to financial assets written-off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

21. **Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the resulting gain/loss is recognised through other comprehensive income (OCI). The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

22. **Hedge accounting policy**

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on- going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

23. **Cash flow hedges**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect the statement of profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant IndAS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

24. **Key accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment &

intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

25. **Earnings per share**

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

26. **Cash flow statement**

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

27. **Standards issued but not yet effective**

No new standard as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

Presentation of Financial Information

In this Placement Document, we have included the following financial statements prepared under Ind AS (i) the Audited Financial Statements as of and for the years ended March 31, 2022, 2021 and 2020 comprising the statement of assets and liabilities as of March 31, 2022, 2021 and 2020 and the statement of profit and loss (including other comprehensive income), statement of cash flow and the statement of changes in equity for the years ended March 31, 2022, 2021 and 2020 read along with the notes thereto (the "**Audited Financial Statements**"). Pursuant to the meeting of our Board of Directors on November 10, 2022 and January 25, 2023, we have adopted and filed with the Stock Exchanges, the Ind AS unaudited financial results for the quarter and six months ended September 30, 2022, comprising of the statement of profit and loss (including other comprehensive income) for the quarter and six months ended September 30, 2022 (including the comparative financial information) with respect to the quarter and six months ended September 30, 2021 and the Ind AS unaudited financial results for the quarter and nine months ended December 31, 2022, comprising of the statement of profit and loss (including other comprehensive income) for the quarter and nine months ended December 31, 2022 (including the comparative financial information with respect to the quarter and nine months ended December 31, 2021 and other financial information with respect to historical fiscal year/ periods as required under applicable law) read along with the notes and the limited review report issued thereto (the "**Unaudited Financial Results**"). The Audited Financial Statements and Unaudited Financial Results are collectively referred to as the "*Financial Statements*".

In this section, we have included a comparison of our (i) unaudited limited reviewed financial results for the six months ended September 30, 2022 with that for the six months ended September 30, 2021; (ii) unaudited limited reviewed financial results for the nine months ended December 31, 2022 with that for the nine months ended December 31, 2021; (iii) audited financial statements for Fiscal 2022 with that for Fiscal 2021; and (iv) audited financial statements for Fiscal 2021 with that for Fiscal 2020. Our management's discussion and analysis for Fiscal 2021 is based on the comparative financial information included for Fiscal 2021 in our Fiscal 2022 Audited Financial Statements and our management's discussion and analysis for Fiscal 2020 is based on the comparative financial information included for Fiscal 2020 in our Fiscal 2021 Audited Financial Statements.

The Audited Financial Statements of our Company as of March 31, 2022 and 2021, unaudited limited reviewed financial results for the six months ended September 30, 2022 and unaudited limited reviewed financial results for the nine months ended December 31, 2022, included in this Placement Document, have been audited by our Statutory Auditors.

The Audited Financial Statements of our Company as of March 31, 2020, included in this Placement Document, have been audited by our Previous Auditors.

Results of Operations

Nine months ended December 31, 2022 compared to nine months ended December 31, 2021

The following table sets forth certain information with respect to our results of operations for nine months ended December 31, 2022 compared to nine months ended December 31, 2021:

Particulars	Nine months period ended December 31, 2022		Nine months period ended December 31, 2021	
	(₹ lakhs)	Percentage of total income (%)	(₹ lakhs)	Percentage of total income (%)
Revenue from operations				
Interest Income	34,179.91	73.25%	17,812.20	89.39%
Net gain/(loss) on derecognition of financial instruments under amortised cost category	9,169.73	19.65%	1,232.55	6.19%
Net gain on fair value changes	-	-	49.46	0.25%
Fees and commission income	1,398.44	3.00%	432.10	2.17%
Other income	1,911.94	4.10%	400.23	2.01%
Total income	**46,660.02**	**100.00%**	**19,926.54**	**100.00%**
Expenses				
Finance costs	20,290.61	43.49%	8,762.95	43.98%
Impairment on financial instruments	4,091.93	8.77%	2,025.75	10.17%
Employee benefits expenses	10,057.38	21.55%	4,493.58	22.55%
Depreciation, amortisation and impairment	1,140.91	2.45%	856.43	4.30%
Other expenses	6,062.49	12.99%	2,573.11	12.91%
Total expenses	**41,643.32**	**89.25%**	**18,711.82**	**93.90%**
Profit before tax	**5,016.70**	**10.75%**	**1,214.72**	**6.10%**
Tax Expense:				
(i) Current tax				
- Tax as per minimum alternate tax	1,467.36	3.14%	388.89	1.95%
(ii) Deferred tax (Net)	976.09	2.09%	(20.69)	(0.10%)
Total tax expenses	**2,443.45**	**5.24%**	**368.20**	**1.85%**
Profit for the period (A)	**2,573.25**	**5.51%**	**846.52**	**4.25%**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
-Remeasurements of the defined benefit obligations	(0.25)	-	28.45	0.14%
-Income tax relating to items that will not be reclassified to profit and loss	0.07	-	(8.29)	(0.04%)
Subtotal (B)	**(0.18)**	**-**	**20.16**	**0.10%**
Items that will be reclassified to profit and loss				
-The effective portion of Gains and (Loss) on hedging instrument in a cash flow hedge	(46.36)	(0.10%)	(82.86)	(0.42%)

-Income tax relating to items that will be reclassified to profit and loss	13.50	0.03%	24.13	0.12%
Subtotal (C)	**(32.86)**	**(0.07%)**	**(58.73)**	**(0.29%)**
Other comprehensive income (net of tax) (D) = (B) + (C)	**(33.04)**	**(0.07%)**	**(38.57)**	**(0.19%)**
Total comprehensive income (E)= (A) + (D)	**2,540.21**	**5.44%**	**807.95**	**4.05%**
Earnings per equity share (face value of ₹ 10 each)				
Basic (₹)	3.67		1.20	
Diluted (₹)	3.65		1.20	

December 2022 compared to December 2021

Total Income

Total income increased by 134% from ₹ 19,926.54 lakhs in December 2021 to ₹ 46,660.02 lakhs in December 2022. The increase in total income was primarily due to increase in interest earned from ₹ 17,812.20 lakhs in December 2021 to ₹ 34,179.91 lakhs in December 2022 and net gain on derecognition of financial instruments under amortised cost category from ₹ 1,232.55 lakhs in December 2021 to ₹ 9,169.73 lakhs in December 2022.

Interest income

Interest income increased by 92% from ₹ 17,812.20 lakhs in December 2021 to ₹ 34,179.91 lakhs in December 2022 as a result of the growth in our business.

Net gain on derecognition of financial instruments under amortised cost category

Net gain on derecognition of financial instruments under amortised cost category increased by 644% from ₹ 1,232.55 lakhs in December 2021 to ₹ 9,169.73 lakhs in December 2022. The increase in net gain was primarily due to increase in direct assignment and co-lending business.

Net gain on fair value changes

Net gain on fair value changes decreased by 100% from ₹ 49.46 lakhs in December 2021 to Nil in December 2022. The decrease in net gain on fair value changes was on account of squaring up of mutual fund investments.

Fees and commission income

Fees and commission income increased by 224% from ₹ 432.10 lakhs in December 2021 to ₹ 1,398.44 lakhs in December 2022. The increase in fees and commission income was primarily due to growth in our business.

Other Income

Other income increased by 378% from ₹ 400.23 lakhs in December 2021 to ₹ 1,911.94 lakhs in December 2022 primarily due to increase in technology support services, marketing advisory fees and web display fees and the same is directly proportionate to business growth.

Total Expenses

Total expenses increased by 123% from ₹ 18,711.82 lakhs in December 2021 to ₹ 41,643.32 lakhs in December 2022. The increase in our total expenses was primarily due to reasons mentioned below:

Finance costs

Finance Cost increased by 132% from ₹ 8,762.95 lakhs in December 2021 to ₹ 20,290.61 lakhs in December 2022. The increase in finance cost was primarily due to increase in borrowings and due to marginal increase in average borrowing cost.

Impairment on financial instruments

Impairment on financial instruments increased by 102% from ₹ 2,025.75 lakhs in December 2021 to ₹ 4,091.93 lakhs in December 2022. The increase in impairment on financial instruments was primarily due to increase in book size.

Employee benefits expenses

Employee benefits expenses increased by 124% from ₹ 4,493.58 lakhs in December 2021 to ₹ 10,057.38 lakhs in December 2022. The increase in employee benefits expenses was as a result of an increase in our number of employees as a result of growth in our business and compensation increments given to our employees.

Depreciation, amortisation and impairment

Depreciation, amortization and impairment increased by 33% from ₹ 856.43 lakhs in December 2021 to ₹ 1,140.91 lakhs in December 2022. The increase in depreciation, amortization and impairment was primarily due to increase in tangible and intangible asset.

Other expenses

Other expenses increased by 136% from ₹ 2,573.11 lakhs in December 2021 to ₹ 6,062.49 lakhs in December 2022. The increase in other expenses was primarily due to growth in our business.

Total Tax Expense

Total Tax Expense increased by 564% from ₹ 368.20 lakhs in December 2021 to ₹ 2,443.45 lakhs in December 2022. The increase in total tax expense was primarily due to reversal in deferred tax asset created on certain brought forward business losses crossing the statutory time limits of 8 years.

Profit for the Period

Profit for the period increased by 204% from ₹ 846.52 lakhs in December 2021 to ₹ 2,573.25 lakhs in December 2022. The increase in profit for the period was primarily due to increase in our business.

Six months ended September 30, 2022 compared to six months ended September 30, 2021

Particulars	**Six months period ended September 30, 2022**		**Six months period ended September 30, 2021**	
	(₹ lakhs)	**Percentage of total income (%)**	**(₹ lakhs)**	**Percentage of total income (%)**
Revenue from Operations				
Interest Income	20,929.44	74.43%	10,476.21	91.80%
Net gain/(loss) on derecognition of financial instruments under amortised cost category	5,298.04	18.84%	610.53	5.35%
Net gain on fair value changes	-	-	49.46	0.43%
Fees and commission income	725.40	2.58%	175.72	1.54%
Other income	1,165.56	4.15%	100.00	0.88%
Total income	**28,118.44**	**100.00%**	**11,411.92**	**100.00%**
Expenses				
Finance costs	12,301.73	43.75%	4,930.74	43.21%
Impairment on financial instruments	2,420.74	8.61%	1,084.47	9.50%
Employee benefits expenses	6,009.61	21.37%	2,599.07	22.78%
Depreciation, amortisation, and impairment	652.40	2.32%	546.21	4.79%
Other expenses	3,939.74	14.01%	1,543.91	13.53%
Total expenses	**25,324.22**	**90.06%**	**10,704.40**	**93.80%**
Profit before tax	**2,794.22**	**9.94%**	**707.52**	**6.20%**
Tax Expense:				
(1) Current tax	811.75	2.89%	142.47	1.25%
(2) Deferred tax (Net)	721.01	2.56%	57.12	0.50%
Total Tax Expenses	**1,532.76**	**5.45%**	**199.59**	**1.75%**
Profit for the period (A)	**1,261.46**	**4.49%**	**507.93**	**4.45%**

Other comprehensive income				
Items that will not be reclassified to profit and loss				
-Remeasurements of the defined benefit obligations	11.91	0.04%	23.16	0.20%
-Income tax relating to items that will not be reclassified to profit and loss	(3.47)	(0.01%)	(6.74)	(0.06%)
Subtotal (B)	**8.44**	**0.03%**	**16.42**	**0.14%**
Items that will be reclassified to profit and loss				
-The effective portion of Gains and (Loss) on hedging instrument in a cash flow hedge	(15.38)	(0.05%)	-	-
-Income tax relating to items that will be reclassified to profit and loss	4.48	0.02%	-	-
Subtotal (C)	**(10.90)**	**(0.04%)**	**-**	-
Other comprehensive income (net of tax) (D) = (B) + (C)	**(2.46)**	**(0.01%)**	**16.42**	**0.14%**
Total comprehensive income (E)= (A) + (D)	**1,259.00**	**4.48%**	**524.35**	**4.59%**
Earnings per equity share (face value of ₹ 10 each)				
Basic (₹)	1.79		0.72	
Diluted (₹)	1.77		0.72	

September 2022 compared to September 2021

Total Income

Total income increased by 146% from ₹ 11,411.92 lakhs in September 2021 to ₹ 28,118.44 lakhs in September 2022. The increase in total income was primarily due to increase in interest earned from ₹ 10,476.21 lakhs in September 2021 to ₹ 20,929.44 lakhs in September 2022 and net gain on derecognition of financial instruments under amortised cost category from ₹ 610.53 lakhs in September 2021 to ₹ 5,298.04 lakhs in September 2022.

Interest income

Interest income increased by 100% from ₹ 10,476.21 lakhs in September 2021 to ₹ 20,929.44 lakhs in September 2022 as a result of the growth in our business.

Net gain on derecognition of financial instruments under amortised cost category

Net gain on derecognition of financial instruments under amortised cost category increased by 768% from ₹ 610.53 lakhs in September 2021 to ₹ 5,298.04 lakhs in September 2022. The increase in net gain was primarily due to increase in direct assignment and co-lending business.

Net gain on fair value changes

Net gain on fair value changes decreased by 100% from ₹ 49.46 lakhs in September 2021 to Nil in September 2022. The decrease in net gain on fair value changes was on account of squaring up of mutual fund investments.

Fees and commission income

Fees and commission income increased by 313% from ₹ 175.72 lakhs in September 2021 to ₹ 725.40 lakhs in September 2022. The increase in fees and commission income was primarily due to increase in our business.

Other Income

Other income increased by 1066% from ₹ 100.00 lakhs in September 2021 to ₹ 1,165.56 lakhs in September 2022 primarily due to increase in technology support services, marketing advisory fees and web display fees and the same is directly proportionate to business growth.

Total Expenses

Total expenses increased by 137% from ₹ 10,704.40 lakhs in September 2021 to ₹ 25,324.22 lakhs in September 2022. The increase in our total expenses was primarily due to reasons mentioned below:

Finance costs

Finance Cost increased by 149% from ₹ 4,930.74 lakhs in September 2021 to ₹ 12,301.73 lakhs in September 2022. The increase in finance cost was primarily due to increase in borrowings and due to marginal increase in average borrowing cost.

Impairment on financial instruments

Impairment on financial instruments increased by 123% from ₹ 1,084.47 lakhs in September 2021 to ₹ 2,420.74 lakhs in September 2022. The increase in impairment on financial instruments was primarily due to increase in book size.

Employee benefits expenses

Employee benefits expenses increased by 131% from ₹ 2,599.07 lakhs in September 2021 to ₹ 6,009.61 lakhs in September 2022. The increase in employee benefits expenses was as a result of an increase in our number of employees as a result of growth in our business and compensation increments given to our employees.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by 19% from ₹ 546.21 lakhs in September 2021 to ₹ 652.40 lakhs in September 2022. The increase in depreciation, amortization and impairment was primarily due to increase in tangible and intangible assets.

Other expenses

Other expenses increased by 155% from ₹ 1,543.91 lakhs in September 2021 to ₹ 3,939.74 lakhs in September 2022. The increase in other expenses was primarily due to increase in our business.

Total Tax Expense

Total Tax Expense increased by 668% from ₹ 199.59 lakhs in September 2021 to ₹ 1,532.76 lakhs in September 2022. The increase in total tax expense was primarily due to reversal in deferred tax asset created on certain brough forward business losses crossing the statutory time limits of 8 years.

Profit for the Period

Profit for the period increased by 148% from ₹ 507.93 lakhs in September 2021 to ₹ 1,261.46 lakhs in September 2022. The increase in profit for the period was primarily due to increase in our business.

The following table sets forth our income statement data for our operations for the Fiscal 2022, 2021 and 2020:

Particulars	Fiscal 2022		Fiscal 2021		Fiscal 2020	
	(₹ lakhs)	**Percentage of total income (%)**	**(₹ lakhs)**	**Percentage of total income (%)**	**(₹ lakhs)**	**Percentage of total income (%)**
Revenue from Operations						
Interest Income	27,215.28	86.83%	14,812.85	96.60%	7,889.19	75.03%
Dividend Income	-	-	-	-	17.40	0.17%
Net gain on derecognition of financial instruments under amortised cost category	2,852.50	9.10%	-	-	-	-
Net gain on fair value changes	33.67	0.11%	34.68	0.23%	1,693.66	16.11%
Fees and commission income	626.01	2.00%	-	-	-	-
Other operating income	-	-	133.54	0.87%	69.12	0.66%
Total Revenue from Operations	**30,727.46**	**98.04%**	**14,981.07**	**97.70%**	**9,669.37**	**91.96%**
Other income	614.13	1.96%	352.77	2.30%	845.00	8.04%
Total income	**31,341.59**	**100.00%**	**15,333.84**	**100.00%**	**10,514.37**	**100.00%**
Expenditure						
Finance costs	13,738.92	43.84%	4,456.24	29.06%	1,367.30	13.00%
Impairment on financial instruments	2,941.54	9.39%	1,961.71	12.79%	1,023.41	9.73%
Employee benefits expenses	7,289.06	23.26%	4,532.67	29.56%	4,714.80	44.84%
Depreciation, amortisation, and impairment	1,233.26	3.93%	1,173.91	7.66%	739.35	7.03%
Other expenses	4,121.03	13.15%	1,996.40	13.02%	2,337.72	22.23%
Total expenses	**29,323.81**	**93.56%**	**14,120.93**	**92.09%**	**10,182.58**	**96.84%**
Profit before exceptional items and tax	2,017.78	6.44%	1,212.91	7.91%	331.79	3.16%
Exceptional items	-	-	-	-	-	-
Profit before tax	**2,017.78**	**6.44%**	**1,212.91**	**7.91%**	**331.79**	**3.16%**
Tax Expense:						
(1) Current tax						
- Tax as per minimum alternate tax	660.90	2.11%	482.99	3.15%	296.31	2.82%
(2) Deferred tax benefit (Net)	(98.18)	(0.31%)	(2,142.83)	(13.97%)	(1,916.38)	(18.23%)
Total Tax Expenses	**562.72**	**1.80%**	**(1,659.84)**	**(10.82%)**	**(1,620.07)**	**(15.41%)**

Profit for the year (A)	**1,455.06**	**4.64%**	**2,872.75**	**18.73%**	**1,951.86**	**18.56%**
Other comprehensive income						
Items that will not be reclassified to profit and loss						
-Remeasurements of the defined benefit obligations	25.67	0.08%	19.19	0.13%	0.03	-
-Income tax relating to items that will not be reclassified to profit and loss	(7.47)	(0.02%)	(5.59)	(0.04%)	(0.01)	-
Subtotal (B)	**18.20**	**0.06%**	**13.60**	**0.09%**	**0.02**	**-**
Items that will be reclassified to profit and loss						
-The effective portion of Gains and Loss on hedging instrument in a cash flow hedge	9.00	0.03%	-	-	-	-
-Income tax relating to items that will be reclassified to profit and loss	(2.62)	(0.01%)	-	-	-	-
Subtotal (C)	**6.38**	**0.02%**	**-**	**-**	**-**	**-**
Other comprehensive income for the year (net of tax) (D) = (B) + (C)	**24.58**	**0.08%**	**13.60**	**0.09%**	**0.02**	**-**
Total comprehensive income for the year (E)= (A) + (D)	**1,479.64**	**4.72%**	**2,886.35**	**18.82%**	**1,951.88**	**18.56%**
Earnings per equity share (face value of ₹ 10 each)						
Basic (₹)	**2.06**		**4.07**		**2.95**	
Diluted (₹)	**2.05**		**4.07**		**2.87**	

Fiscal 2022 compared to Fiscal 2021

Total Income

Total income increased by 104% from ₹ 15,333.84 lakhs in Fiscal 2021 to ₹ 31,341.59 lakhs in Fiscal 2022. The increase in total income was primarily due to increase in interest earned from ₹ 14,812.85 lakhs in Fiscal 2021 to ₹ 27,215.28 lakhs in Fiscal 2022 and due to net gain on derecognition of financial instruments under amortised cost category from Nil in Fiscal 2021 to ₹ 2,852.50 lakhs in Fiscal 2022.

Interest income

Interest income increased by 84% from ₹ 14,812.85 lakhs in Fiscal 2021 to ₹ 27,215.28 lakhs in Fiscal 2022 as a result of the growth in our business.

Net gain on derecognition of financial instruments under amortised cost category

Net gain on derecognition of financial instruments under amortised cost category increased by 100% from Nil in Fiscal 2021 to ₹ 2,852.50 lakhs in Fiscal 2022. The increase in net gain was primarily due to increase in direct assignment and co-lending business.

Net gain on fair value changes

Net gain on fair value changes decreased by 3% from ₹ 34.68 lakhs in Fiscal 2021 to ₹ 33.67 lakhs in Fiscal 2022. The marginal decrease is on account of MTM valuation.

Fees and commission income

Fees and commission income increased by 100% from Nil in Fiscal 2021 to ₹ 626.01 lakhs in Fiscal 2022. The increase in fees and commission income was primarily due to increase in our business.

Other Income

Other income increased by 74% from ₹ 352.77 lakhs in Fiscal 2021 to ₹ 614.13 lakhs in Fiscal 2022 primarily due to increase in technology support services, marketing advisory fees and web display fees and the same is directly proportionate to business growth.

Total Expenses

Total expenses increased by 108% from ₹ 14,120.93 lakhs in Fiscal 2021 to ₹ 29,323.81 lakhs in Fiscal 2022. The increase in our total expenses was primarily due to reasons mentioned below:

Finance costs

Finance Cost increased by 208% from ₹ 4,456.24 lakhs in Fiscal 2021 to ₹ 13,738.92 lakhs in Fiscal 2022. The increase in finance cost was primarily due to increase in borrowings and due to marginal increase in average borrowing cost.

Impairment on financial instruments

Impairment on financial instruments increased by 50% from ₹ 1,961.71 lakhs in Fiscal 2021 to ₹ 2,941.54 lakhs in Fiscal 2022. The increase in impairment on financial instruments was primarily due to increase in book size.

Employee benefits expenses

Employee benefits expenses increased by 61% from ₹ 4,532.67 lakhs in Fiscal 2021 to ₹ 7,289.06 lakhs in Fiscal 2022. The increase in employee benefits expenses was as a result of an increase in our number of employees as a result of growth in our business and compensation increments given to our employees.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by 5% from ₹ 1,173.91 lakhs in Fiscal 2021 to ₹ 1,233.26 lakhs in Fiscal 2022. The increase in depreciation, amortization and impairment was primarily due to increase in tangible and intangible asset.

Other expenses

Other expenses increased by 106% from ₹ 1,996.40 lakhs in Fiscal 2021 to ₹ 4,121.03 lakhs in Fiscal 2022. The increase in other expenses was primarily due to increase in our business.

Total Tax Expense

Total Tax Expense increased by 134% from ₹ (1,659.84) lakhs in Fiscal 2021 to ₹ 562.72 lakhs in Fiscal 2022 was primarily due to recognition of deferred tax asset in March 2021.

Profit for the Year

Profit for the year decreased by 49% from ₹ 2,872.75 lakhs in Fiscal 2021 to ₹ 1,455.06 lakhs in Fiscal 2022. The decrease in profit after tax was primarily due to tax impact on account of recognition of deferred tax asset.

Fiscal 2021 Compared to Fiscal 2020

Total Income

Total income increased by 46% from ₹ 10,514.37 lakhs in Fiscal 2020 to ₹ 15,333.84 lakhs in Fiscal 2021. The increase in total income was primarily due to increase in interest earned from ₹ 7,889.19 lakhs in Fiscal 2020 to ₹ 14,812.85 lakhs in Fiscal 2021.

Interest income

Interest income increased by 88% from ₹ 7,889.19 lakhs in Fiscal 2020 to ₹ 14,812.85 lakhs in Fiscal 2021 as a result of the growth in our business.

Net gain on fair value changes

Net gain on fair value changes decreased by 98% from ₹ 1,693.66 lakhs in Fiscal 2020 to ₹ 34.68 lakhs in Fiscal 2021. The visible variance is on account gain on sale of investment in Fiscal 2020.

Other Operating income

Other Operating income increased by 93% from ₹ 69.12 lakhs in Fiscal 2020 to ₹ 133.54 lakhs in Fiscal 2021. The increase in fees and commission income was primarily due to increase in our business.

Other Income

Other income decreased by 59% from ₹ 845 lakhs in Fiscal 2020 to ₹ 352.77 lakhs in Fiscal 2021 primarily due to decrease in technology support services, marketing advisory fees and web display fees.

Total Expenses

Total expenses increased by 39% from ₹ 10,182.58 lakhs in Fiscal 2020 to ₹ 14,120.93 lakhs in Fiscal 2021. The increase in our total expenses was primarily due to reasons mentioned below:

Finance costs

Finance Cost increased by 226% from ₹ 1,367.30 lakhs in Fiscal 2020 to ₹ 4,456.24 lakhs in Fiscal 2021. The increase in finance cost was primarily due to increase in borrowings and due to increase in average borrowing cost.

Impairment on financial instruments

Impairment on financial instruments increased by 92% from ₹ 1,023.41 lakhs in Fiscal 2020 to ₹ 1,961.71 lakhs in Fiscal 2021. The increase in Impairment on financial instruments was primarily due to increase in book size.

Employee benefits expenses

Employee benefits expenses decreased by 4% from ₹ 4,714.80 lakhs in Fiscal 2020 to ₹ 4,532.67 lakhs in Fiscal 2021. The decrease in employee benefits expenses was primarily due to pandemic and cost cutting.

Depreciation, amortization and impairment

Depreciation, amortization, and impairment increased by 59% from ₹ 739.35 lakhs in Fiscal 2020 to ₹ 1,173.91 lakhs in Fiscal 2021. The increase in depreciation, amortization and impairment was primarily due to increase in tangible and intangible asset.

Other expenses

Other expenses decreased by 15% from ₹ 2,337.72 lakhs in Fiscal 2020 to ₹ 1,996.40 lakhs in Fiscal 2021. The decrease in other expenses was primarily due to pandemic and cost cutting.

Total Tax Expense

Total Tax Expense increased by 2% from ₹ (1,620.07) lakhs in Fiscal 2020 to ₹ (1,659.84) lakhs in Fiscal 2021. The increase in total tax expense was primarily due to recognition of deferred tax.

Profit for the Year

Profit for the year increased by 47% from ₹ 1,951.86 lakhs in Fiscal 2020 to ₹ 2,872.75 lakhs in Fiscal 2021. The increase in profit for the year was primarily due to increase in our business.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to fund our working capital requirements and capital expenditure. We have funded these primarily through cash generated from operations, issuance of capital, Non-convertible instruments and borrowings from banks and financial institutions.

We expect to meet our working capital and planned capital expenditure requirements for the next 24 months primarily from the cash flows from business operations, borrowings from banks and financial institutions and the proceeds of this fresh issue.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

(₹ in lakhs)

Particulars	Six months ended September 30, 2022	For the year ended March 31		
		2022	2021	2020
Net Cash generated from/ (used in) Operating Activities	(71,367.74)	(1,13,181.67)	(34,712.06)	(79,880.62)
Net Cash generated from/ (used in) Investing Activities	(6,787.20)	4,137.95	(4,591.73)	17,872.79
Net Cash generated from/ (used in) Financing Activities	89,520.43	1,03,253.11	50,794.70	30,795.49
Net increase / (decrease) in cash and cash equivalents	11,365.49	(5,790.61)	11,490.91	(31,212.34)
Cash and cash equivalents at the beginning of the year	6,574.94	12,365.55	874.64	32,086.98
Cash and cash equivalents at the end of the year	17,940.43	6,574.94	12,365.55	874.64

Operating Activities

Six months ended September 30, 2022

During half year Fiscal 2023, net cash used in operating activities was ₹ 71,367.74 lakhs and the operating profit before working capital changes was ₹ 809.16 lakhs primarily due to increase in book size.

Fiscal 2022

In Fiscal 2022, net cash used in operating activities was ₹ 1,13,181.67 lakhs and the operating profit before working capital changes was ₹ 6,206.62 lakhs primarily due to increase in book size.

Fiscal 2021

In Fiscal 2021, net cash used in operating activities was ₹ 34,712.06 lakhs and the operating profit before working capital changes was ₹ 4,580.42 lakhs primarily due to increase in book size.

Fiscal 2020

In Fiscal 2020, net cash used in operating activities was ₹ 79,880.62 lakhs and the operating profit before working capital changes was ₹ 863.10 lakhs primarily due to increase in book size.

Investing Activities

Six months ended September 30, 2022

Net cash used in investing activities was ₹ 6,787.20 lakhs in half year Fiscal 2023, primarily on account of investment in bank deposits.

Fiscal 2022

Net cash generated from investing activities was ₹ 4,137.95 lakhs in Fiscal 2022, primarily on account of proceeds from bank deposits.

Fiscal 2021

Net cash used in investing activities was ₹ 4,591.73 lakhs in Fiscal 2021, primarily on account of on account of investment in bank deposits which was partially set off against net proceeds from sale of investment.

Fiscal 2020

Net cash generated from investing activities was ₹ 17,872.79 lakhs in Fiscal 2020, primarily on account of proceeds from bank deposits and net proceeds from sale of investment.

Financing Activities

Six months ended September 30, 2022

Net cash generated from financing activities was ₹ 89,520.43 lakhs during half year Fiscal 2023, primarily on account of net proceeds from borrowings.

Fiscal 2022

Net cash generated from financing activities was ₹ 1,03,253.11 lakhs during Fiscal 2022, primarily on account of net proceeds from borrowings.

Fiscal 2021

Net cash generated from financing activities was ₹ 50,794.70 lakhs during Fiscal 2021, primarily on account of net proceeds from borrowings.

Fiscal 2020

Net cash generated from financing activities was ₹ 30,795.49 lakhs during Fiscal 2020, primarily on account of net proceeds from borrowings.

Capital and other commitments

As at December 31, 2022, the estimated amount of contract remaining to be executed on capital account not provided for was ₹ 299.45 lakhs. The details in relation to commitments in relation to leases is as follows:

(₹ in lakhs)

Particulars	**As at December 31, 2022**
Within one year	633.12
After one year but not more	2,367.70
More than five years	63.36
Total	**3,064.18**

Capital Expenditure

(₹ in lakhs)

Particulars	**Nine months period ended December 31, 2022**	**Six months period ended September 30, 2022**	**For the year ended March 31**		
			2022	**2021**	**2020**
Tangible Assets	41.01	14.59	133.84	34.74	335.18
Other Intangible Assets	1,208.07	758.07	1,136.78	877.61	2,095.18
Capital Work-in-progress and Intangible Assets under Development	937.77	300.80	200.38	294.45	-
Total Capital Expenditure	**2,186.85**	**1,073.46**	**1,471.00**	**1,206.80**	**2,430.36**

Off-Balance Sheet Arrangements

Off - Balance Sheet Arrangements primarily includes transactions on account of Direct Assignment, Co lending and Co origination.

Contingent Liabilities and Other Commitments

Contingent liabilities and claims against us as at December 31, 2022 is Nil and other commitments to the extent not provided for, as at December 31, 2022 are described below:

(₹ in lakhs)

Nature of contingent liability	**Amount**
Loan commitments pending disbursal	4,037.82
Guarantee Given for Co-origination arrangement	4,682.36

Financial indebtedness

The following table sets forth our Company's secured and unsecured debt position as at December 31, 2022.

All figures in ₹ lakhs

Particulars	**Payment due by period**				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Total Borrowing as per ALM	2,89,080.75	1,26,726.07	1,36,623.88	21,760.80	3,970.00

* *Including current maturities of long-term borrowings*

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. Primarily these transactions include remuneration paid, salaries, sitting fee, etc. For further details relating to our related party transactions, see "*Financial Statements*" on page 79.

Auditor Observations

There have been no reservations/ qualifications/ adverse remarks highlighted by our auditors in their auditor's reports on the audited financial statements as of and for the financial years ended March 31, 2020, 2021 and 2022, the unaudited financial results of the Company as of and for the nine months period ended December 31, 2021, and the unaudited financial results as of and for the nine month ended December 31, 2022.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk (fluctuation in foreign currency exchange rates, interest rate and fiscal risk), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. We assess the unpredictability of the financial environment and seeks to mitigate potential adverse effects on our financial performance.

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, debt and equity investments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) *Foreign currency risk*

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Company has exposure to foreign currency risk on account of its payables and receivables in foreign currency which are mitigated through the guidelines under the approved foreign currency risk management policy. The Company enters into forward foreign exchange contracts to mitigate the foreign currency risk.

(ii) *Interest rate risk*

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Any rise in market rate of interest effective effecting valuation of financial instruments, financial assets and financial liabilities have been regularly analyzed for mitigation measure.

(ii) *Fiscal risk*

Our Company does not foresee any material fiscal risk pertaining to its overseas transactions with related parties in respect of which its application for advance pricing agreement is pending before fiscal authorities for years even though authorities make any upward revision of prices. Though overseas transactions with related parties for many years are conducted as per application made for advance pricing agreement, impact of any upward revision of prices of any of the items of out- put is unlikely to give rise to any additional financial liability considering huge carry forward loss and unabsorbed depreciation as per company's income tax return.

(B) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations. To manage trade receivable, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and ageing of such receivables. The Company computes an allowance for impairment of trade receivables for unrelated parties based on a simplified approach that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted with scalar factors to reflect differences between current and historical economic conditions and the management's view of economic conditions over the expected lives of the receivables. Financial instruments that are subject to such risk, principally consist of investments, trade receivables and other loans and advances. None of the financial instruments of the Company results in material concentration of credit risks.

(C) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirements. The company mitigates liquidity risk by way of formulation of cash budget and comparison of actual cash flows with budget on a continuous basis.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Segment Reporting

There is no separate reportable segment as per the Ind AS 108 "Operating Segments" specified under Section 133 of the Act. The Company operates in a single segment only. There are no operations outside India and hence, there are no reportable geographical segments.

Known Trends or Uncertainties

Other than as described in this section and in "*Risk Factors*" on page 44 to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Other than as described in this section, see "*Risk Factors*" and "*Our Business*" on pages 44 and 415, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Seasonality of Business

Our business operations are not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 415, 408 and 44, respectively, for further details on competitive conditions that we face in our business.

Changes in Accounting Policies

There have been no changes in our accounting policies in the last three Fiscals, the six months period ended on September 30, 2022 and for nine months period ended on December 31, 2022. For further information, see "*Financial Statements*" on page 79.

Status of any publicly announced new products or business segment, if applicable

Except as disclosed in "*Our Business*" on page 415, we have not announced and do not expect to announce in the near future any new products or business segments.

Reservations, Qualifications, Adverse Remarks and Matters of Emphasis

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our Statutory Auditors in their auditor's reports on the audited financial statements as of and for the years ended 2021 and 2022 and the nine months ended December 31, 2022, except as set out below. Our auditors have not qualified their opinions for any of the years in respect of the matters set out below:

Fiscal 2021

Emphasis of Matter

"We draw attention to Note 53 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the financial statements will depend on uncertain future developments."

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by the Previous Auditors in their auditor's reports on the audited financial statements as of and for the financial years ended March 31, 2020 except as set out below:

Fiscal 2020

Emphasis of Matter

(i) "We draw attention to Note 44 to the Financial Statements, which describes the accounting for the Scheme of Arrangement on appointed date as per the approval of National Company Law Tribunal. Our opinion on the Statement is not modified in respect of this matter.

(ii) As more fully described in Note 55 (a) to the Financial Statements, to assess the recoverability of certain assets, the Company has considered currently available internal and external information in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual effect of the pandemic may be different from that considered in assessing the recoverability of these assets. Our opinion on the Statement is not modified in respect of this matter."

Significant Developments after December 31, 2022 that may affect our future results of operations

Other than as disclosed in this Placement Document, including under *"Our Business", "Risk Factors"* and in this section, to our knowledge no circumstances have arisen since the date of the last financial information disclosed in this Placement Document which materially and adversely affect or are likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

INDUSTRY OVERVIEW

The information presented in this Chapter has been obtained from publicly available information from various sources including industry websites, stock exchanges, from publications and government and company estimates. The data may have been re-classified by us for the purpose of presentation.

The information in this section has not been independently verified by us, the Book Running Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, there is no assurance that the basis of the data included in the said report or the findings thereof are completely accurate or reliable. Industry and government publications are also prepared based on information as on specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Further, statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information.

GLOBAL ECONOMY

The escalation of geopolitical tensions into war from late February 2022 has delivered a brutal blow to the world economy, battered as it has been through 2021 by multiple waves of the pandemic, supply chain and logistics disruptions, elevated inflation and bouts of financial market turbulence, triggered by diverging paths of monetary policy normalisation. The global macroeconomic outlook is overcast with the economic costs of the war and sanctions.

Over the first half of 2021, an uneven and divergent global recovery began to take shape with the ebbing of the "Delta" variant-driven infections and the gathering pace and scale of vaccination. In April 2021, World Economic Outlook (WEO), the IMF estimated world GDP to grow by 6.0 per cent in 2021 and world trade by 8.4 per cent. Emerging market and developing economies (EMDEs) were seen as lagging in view of limited space for maintaining policy stimulus and uneven access to vaccines.

In the second half of 2021, the global recovery became hostage to the "Omicron" variant. This wave turned out to be short-lived and global trade recovered amidst supply and logistics bottlenecks to grow by 10.1 per cent over the year as a whole. Underpinning this upturn, global manufacturing accelerated to 9.4 per cent in 2021 from 4.2 per cent a year ago. The IMF's April 2022 WEO has placed global GDP growth for the year at 6.1 per cent, a shade higher than its projection made a year ago. This experience reflects the innate resilience that has built up in the global economy as it contended with the pandemic, the shortages, and supply chain disruptions that unravelled in its wake.

After a sharp setback due to the virulent Delta variant of the coronavirus in the early part of 2021, the global recovery had regained some traction even as paths of growth were widely differentiated across jurisdictions by the size and durability of monetary and fiscal stimuli, and access to vaccines. Global growth lost pace in the second half of the year, beset by the highly transmissible but milder variant of COVID-19 – Omicron. Despite these waves superimposed on global supply chain and logistics disruptions, global trade recovered in the second half of the year and grew by 10.1 per cent in 2021. Underpinning this upturn, global manufacturing accelerated to 9.4 per cent in 2021 from 4.2 per cent in 2020.

(Source: Reserve Bank of India Annual Report 2021-22 - https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0RBIAR2021226AD1119FF6674A13865C988DF70B4E1A.PDF)

OVERVIEW OF THE INDIAN ECONOMY

In 2021-22, India renewed its tryst with the recovery that had commenced in the second half of 2020-21 with the abatement of the first wave. The second wave took a grievous toll, however, pushing the nation into arguably the worst health crisis the country had ever faced. Supported by continuing fiscal measures and congenial financial conditions engendered by monetary, regulatory and liquidity initiatives undertaken by the RBI, including some unconventional ones, the real GDP bounced back in Q2:2021-22 and grew at 1.3 per cent over Q2:2019-20. The recovery was further entrenched in Q3:2021-22 with GDP exceeding the corresponding pre-pandemic quarter by 6.2 per cent. In Q4, however, the third wave of the pandemic driven by the Omicron variant and more recently, geopolitical conflict has caused a loss of pace in the recovery and darkened the outlook.

Unlike in the first wave, the economic impact of the second wave of the pandemic was contained due to the localised nature of lockdowns and better adaptability to pandemic protocols. Growth impulses, rejuvenated by the receding of the second wave from June 2021, were fortified by the pace and scale of inoculation.

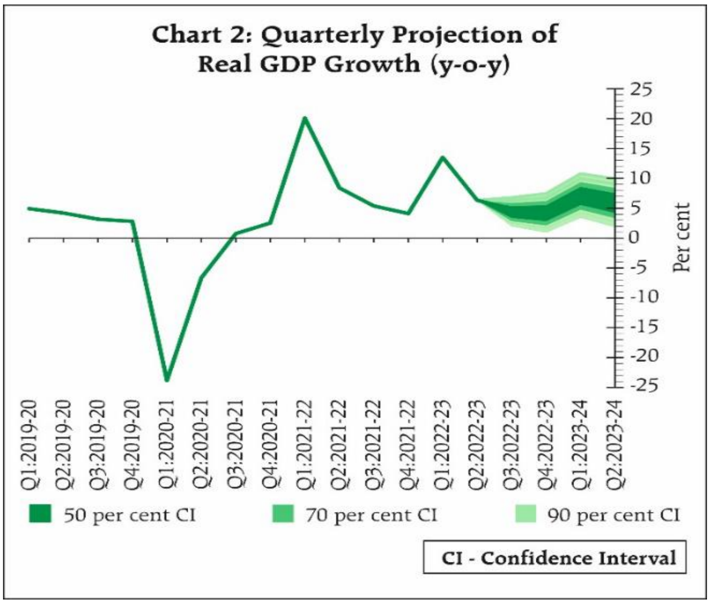
Turning to financial conditions, money markets were flush with abundant liquidity, with short-term interest rates aligned to the floor of the RBI's liquidity adjustment facility (LAF), although they did firm up in the second half of the year as a result of rebalancing of liquidity towards auctions and away from the fixed rate reverse repo, a cessation of large liquidity injections through secondary market asset purchases and the lapsing of some extraordinary measures on due dates. In the debt markets, yields hardened in the second half of the year and spreads widened as market sentiment turned bearish on large issuances by governments (centre and states) and the recurring incidence of global spillovers as monetary policy stances diverged across the world.

The Omicron-led third wave hit India at the end of December 2021. It, however, turned out to be short-lived. The spike in infections with high transmissibility was followed by a steep fall - daily infections peaked on January 20, 2022 with 3.47 lakh new cases and total 20.1 lakh active cases but began to subside thereafter. The mortality rate remained much below that of the second wave. High frequency indicators of economic activity suggest that the impact of third wave on the economy will likely be muted in comparison with the first two waves.

(Source: Reserve Bank of India Annual Report 2021-22 - https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0RBIAR2021226AD1119FF6674A13865C988DF70B4E1A .PDF)

Real gross domestic product (GDP) increased by 6.3 per cent year-on-year (y-o-y) in Q2:2022-23 after an increase of 13.5 per cent in Q1. Aggregate demand conditions have been supported by pent-up spending and discretionary expenditures during the festival season, although their evolution is somewhat uneven across sectors. Urban demand has remained buoyant, and rural demand is recovering. Investment activity is in modest expansion. Merchandise exports contracted in October after an expansion for 19 consecutive months. Growth in non-oil non-gold imports decelerated.

Robust and broad-based credit growth and government's thrust on capital spending and infrastructure should bolster investment activity. According to the RBI's survey, consumer confidence is improving. The economy, however, faces accentuated headwinds from protracted geopolitical tensions, tightening global financial conditions and slowing external demand. Taking all these factors into consideration, the real GDP growth for 2022-23 is projected at 6.8 per cent with Q3 at 4.4 per cent and Q4 at 4.2 per cent, with risks evenly balanced. Real GDP growth is projected at 7.1 per cent for Q1:2023-24 and at 5.9 per cent for Q2.



(Source:https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1420MPCF099880C30FD4CC38BAC999DF8C8B0FF)

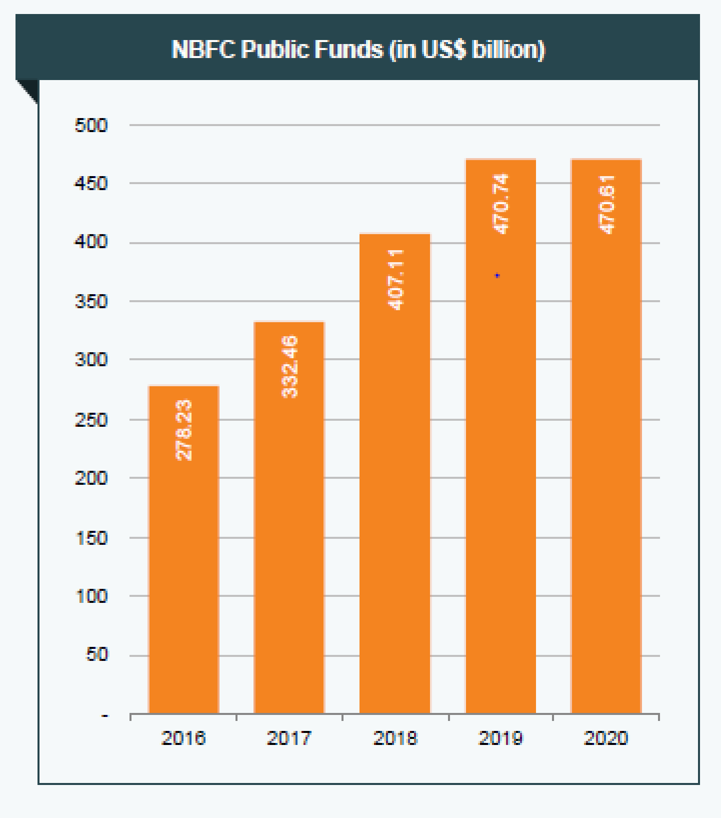
INDIA'S FINANCIAL SERVICES SECTOR

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and RBI have taken various measures to facilitate easy access to finance for MSMEs. These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

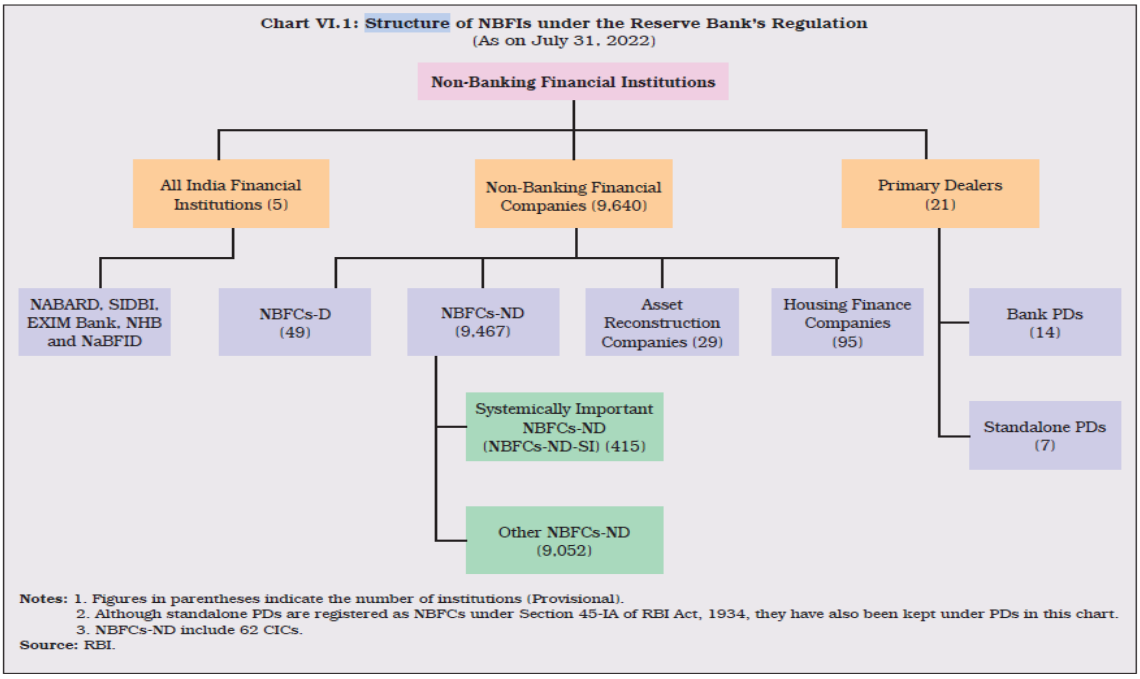
NBFC: GROWING IN PROMINENCE

Non-banking financial companies (NBFCs) are rapidly gaining prominence as intermediaries in the retail finance space. NBFCs finance more than 80% of equipment leasing and hire purchase activities in India. The public funds of NBFCs increased from US$ 278.23 billion in 2016 to US$ 470.74 billion in 2020 at a CAGR of 14.04%. There were 9,425 NBFCs registered with the RBI as of January 22, 2021. In December 2020, the RBI issued a draft circular on declaration of dividends by NBFCs, wherein it proposed that NBFCs should have at least 15% Capital to Risk Weighted Assets Ratio (CRAR) for the last 3 years, including the accounting year for which it proposes to declare a dividend. In July 2021, Rajya Sabha approved the Factoring Regulation (Amendment) Bill in 2020, enabling ~9,000 NBFCs to participate in the factoring market. The bill also gives the central bank the authority to establish guidelines for improved oversight of the US$ 6 billion factoring sector. On September 30, 2021, the RBI communicated that the applicable average base rate to be charged by non-banking financial company - micro finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%. On September 29, 2021, State Bank of India announced that it has signed an agreement with three non-banking finance company-microfinance institutions (NBFC-MFIs) for co-lending to joint liability groups (JLGs).



(Source: https://www.ibef.org/industry/financial-services-india)

OVERVIEW OF THE NON-BANKING FINANCIAL INSTITUTIONS



(Source:https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India)

NBFCs weathered the pandemic supported by various policy initiatives. They built up financial soundness during 2021-22, marked by balance sheet consolidation, improvement in asset quality, augmented capital buffers and profitability. In the second wave of the pandemic during H1: 2021-22, the disruption to economic activity was limited due to adoption of localised and region-specific containment policies and the steady pace of vaccination.

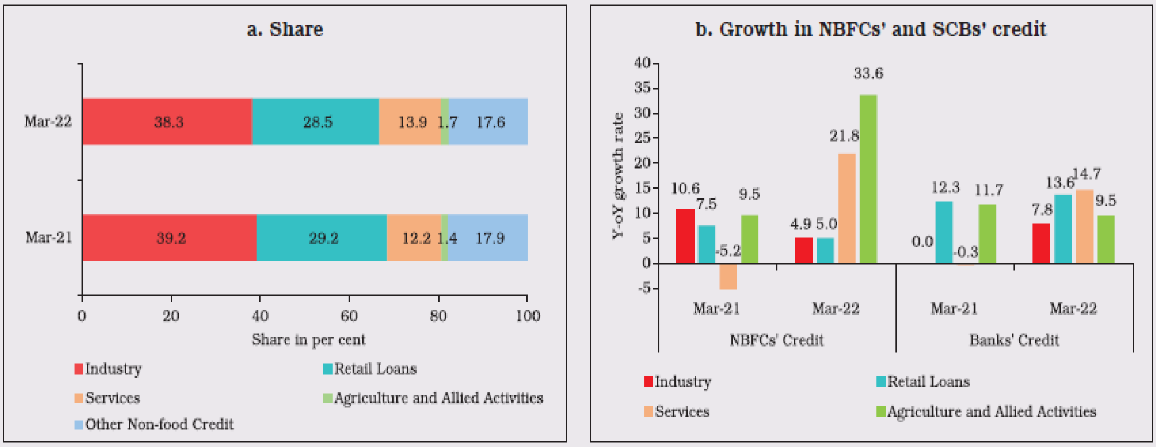
Contact intensive segments and smaller businesses in the NBFC sector were however, hit hard and faced asset quality and liquidity stress. As the impact of the second wave waned and the third wave turned out to be short-lived, the NBFC sector regained momentum, cushioned by pro-active policy measures announced by the RBI and the Government. Housing finance companies (HFCs) remained resilient as property sales picked up, driven by pent up demand, low interest rates, reduction in stamp duties and the shift in labour market conditions with a preference to work from home. All India financial institutions (AIFIs) also realigned their business strategies to contribute to economic recovery, buoyed by the refinance support from the RBI.

(Source:https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India)

SECTORAL CREDIT OF NBFCS

Industry has traditionally remained the largest recipient of credit from the NBFC sector, followed by retail, services and agriculture. In 2021- 22, credit growth to industry and retail sectors was subdued relative to the previous year, while credit to the service sector exhibited double digit growth. During 2021-22, while banks' credit to industry and services sector benefitted from a favourable base effect, it is the retail segment in which banks outperformed NBFCs. Within industry, about 86 per cent of industrial credit goes to infrastructure, which grew at just 1.6 per cent in 2021-22 dragging down the overall credit growth.

Chart VI.6: Distribution of NBFC Credit
(At end-March)

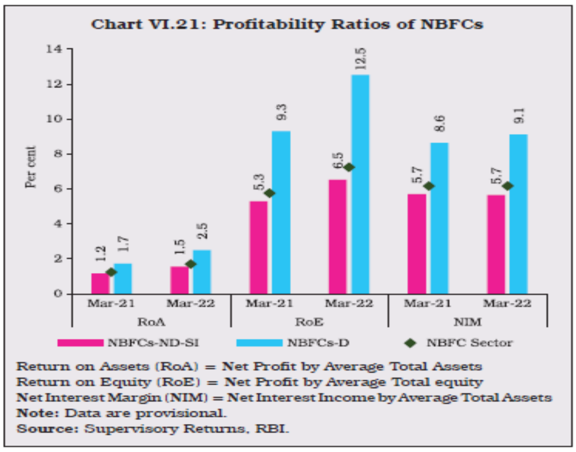


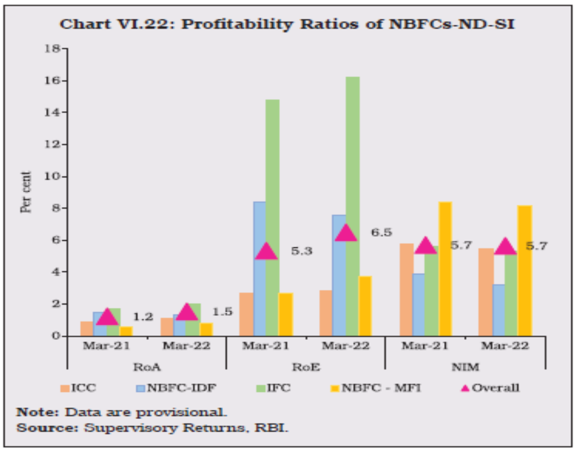
Note: Data are provisional.
Source: Supervisory Returns, RBI.

(Source:https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India)

PROFITABILITY OF NBFC

Return on assets (RoA), return on equity (RoE) and net interest margin (NIM) - increased in 2021-22. NBFCs-NDSI and NBFCs-D experienced bottom line growth at end-March 2022 (Chart VI.21). All profitability indicators showed an improvement in H1:2022- 23 over the corresponding period in the previous year. Among NBFCs-ND-SI, all segments except NBFC-IDF registered an improvement in ROA and ROE at end-March 2022.

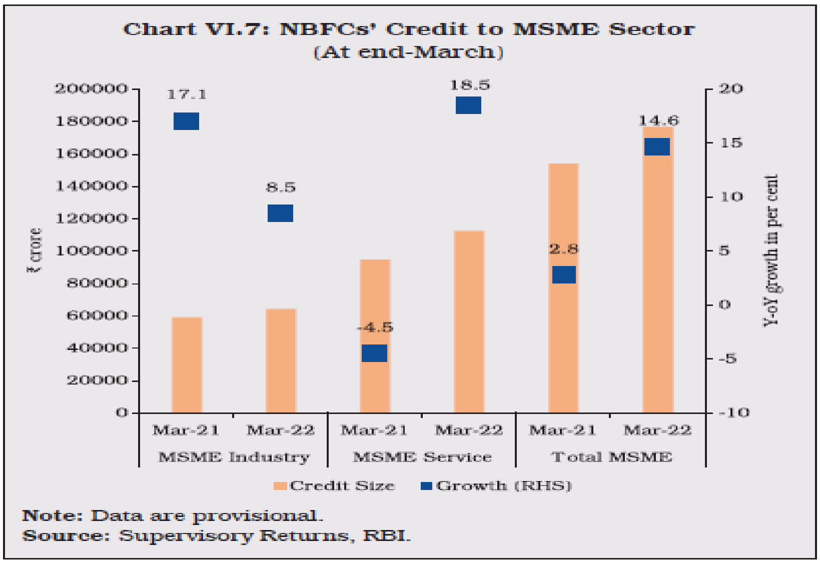




(Source:https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India)

SUPPORT TO MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) BY NBFCs

NBFCs also play a crucial role in bridging the credit needs of MSMEs, primarily those engaged in services. The emergency credit line guarantee scheme (ECLGS) launched by the Government in May 2020 which helped MSMEs to access enhanced credit. The co-lending model introduced by the RBI in November 2020 also improved the flow of credit to the MSME sector. Subsequently, the Union Budget 2022-23 has extended the ECLGS up to March 2023, with the guarantee cover raised by `50,000 crores to a total of ` 5 lakh crores.



(Source:https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India)

CONCLUSION

Though India accounts for less than 1 per cent of the global NBFI assets, the share of NBFI sector in India's GDP has steadily increased over time. Around 45 per cent of the NBFI sector (in terms of asset size) in India comprise entities which engage in credit intermediation involving maturity and liquidity transformation and are, therefore, important from a financial stability standpoint. Based on supervisory data, in quarter-ending December 2021, the consolidated balance sheet of NBFCs grew at a faster pace than the corresponding period in the previous year. The bottom lines of the NBFC sector also improved in Q2 and Q3: 2021-22 with the waning of the second wave of COVID-19. On the other hand, asset quality of the sector deteriorated in Q3:2021-22 which could be partly attributed to NBFCs adapting to the changes in IRACP norms as well as rolling back of regulatory dispensation under Resolution Framework – 2.0 for individuals and small businesses. With strong capital buffers, adequate provisions, and sufficient liquidity on their books, NBFCs are poised for expansion. Nevertheless, going forward, as the economy recovers, NBFCs need to be wary of rising borrowing costs on account of normalisation of monetary policy.

Further, while NBFCs have largely realigned their business models by leveraging digital channels to improve their accessibility and acquisition of new customers, this might prove to be a challenge for smaller NBFCs which may have to ramp up their technological capabilities. NBFCs also need to remain more vigilant about cybercrimes. Another challenge is to build upon strong governance and risk management standards to gain stakeholder confidence.

On the regulatory front, recognising the increasing scale and complexity of NBFCs' operations along with their rising interconnectedness with other entities in the financial system, the RBI has envisioned SBR. Under these regulations, the focus has been shifted from an activity-based regulation to one based on riskiness and scale of operations, following the principle of proportionality. RBI regulatory initiatives such as prompt corrective action and Income Recognition, Asset Classification and. Provisioning norms would further bridge the gap in regulation of NBFCs vis-à-vis banks. These regulations are expected to strengthen the NBFC sector in the times to come.
(Source: https://m.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21206)

OUR BUSINESS

Our Company 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. Our Company was originally incorporated on February 10, 1993 under the provisions of the Companies Act, 1956 by the name *'Chokhani Securities Private Limited'* and was granted a certificate of incorporation bearing registration number 070739. A fresh certificate of incorporation dated July 26, 1994 was issued by the Registrar of Companies, Maharashtra at Bombay, consequent upon conversion of our Company from private limited to public limited. The name of our Company was further changed to UGRO Capital Limited and a fresh certificate of incorporation dated September 26, 2018 was issued by the Registrar of Companies, Maharashtra at Mumbai. On December 31, 2017, Poshika Advisory Services LLP and Shachindra Nath made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Neelam R. Chokhani, Ramakant R. Chokhani HUF and Ramakant R. Chokhani) in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015. Consequently, Ramakant R. Chokhani, Anand R. Chokhani, Neelam R. Chokhani and Ramakant R. Chokhani HUF, the erstwhile Promoters of our Company, were re-classified from the Promoter category to public category during the FY 2018-19 and Poshika Advisory Services LLP was classified as the Promoter of our Company. Post change in management and control of our Company, we shifted our focus to lending business.

Our Company's mission is "To Solve the Unsolved" – India's $ 600+ Bn SME credit availability problem, it aspires to capture 1% market share of the total MSME lending market by 2025. It lends exclusively to MSMEs and caters to all the borrowing needs through its diverse range of product offerings like secured, affordable LAP, micro enterprises loans, machinery loans, unsecured business loans and supply chain financing. It also lends to customers right from the prime segment as well as to the micro enterprises. Additionally, it also does co-lending with FinTech and smaller NBFC partners to expand its reach and lend to the micro enterprises throughout India. While it has maintained a keen focus on the initial prime/near-prime target segment, it has also worked towards addressing a broader demographic as per our efforts to solve India's MSME credit gap.

Our Company is pioneering lending as a service (LaaS) business model in India by successfully harnessing and operationalizing co-lending partnerships with multiples Banks and NBFCs. Currently, we have operationalized 10+ Co-lending partnerships across large public sector banks and NBFCs. Going forward, our Company will further expand its co-lending model to grow its overall AUM profitably.

UGRO Capital Found Philosophy (DataTech Approach)

Our Company was incorporated on the belief that MSME credit gap in India could be solved by use of data and technology. Back in 2018, the management was of the opinion that MSME lending market would gravitate towards being an on-tap consumer lending market and this would be heavily facilitated by the rapid scale of digitalization prevalent in the Indian economy. The management envisioned that the digital wave would democratize data through India stack including OCEN and AAN which would support new age underwriting business models for MSME lending and in turn reduce customer TAT.

Our Company has always endeavoured to leverage the shift towards digital ecosystem to make MSME lending more efficient and to design an underwriting framework by complementing the existing lending infrastructure which is (A) scalable and is (B) templated. This problem statement internally was coined as "To solve the Unsolved" and translated in our mission statement.

Use of Data Analytics

The key to developing such an underwriting framework was in depth understanding of MSME's business models and thus our Company decided to adopt a sectoral approach for the same. It 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. Our Company further narrowed down on selected sub-sectors based on contribution to overall sector credit demand and risk profiling.

The major challenge to build such an underwriting framework was the heterogeneous nature of MSME sector where two entities showcased disjoint trends with respect to their cash flows and repayment behaviour pattern and thus data analytics became of prime importance for our Company.

For very small businesses, we realized that their behaviour was influenced by cash flow availability rather than broad sector trends and thus micro enterprises was considered as nineth sector. These nine sectors together constituted 50+% of SME credit demand and thus was a sizeable opportunity to operate within MSME lending.

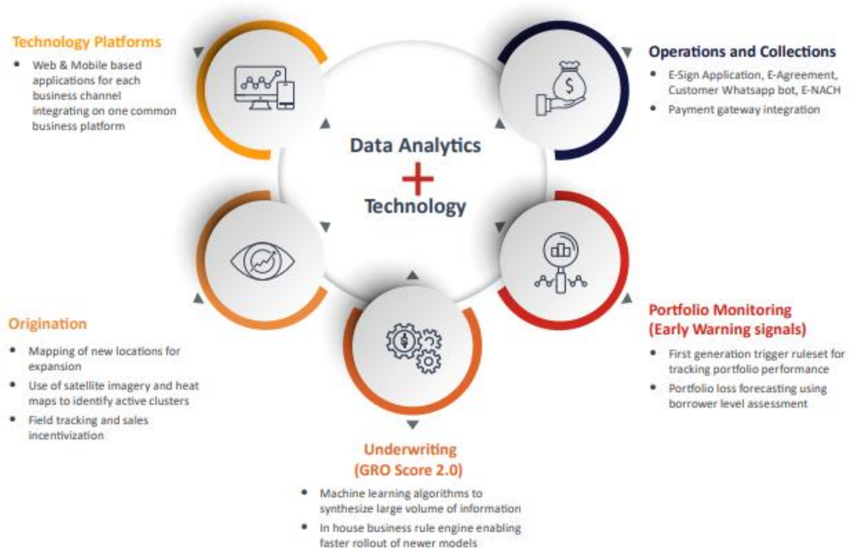
With our sectoral approach back by our data analytics prowess, we could measure homogeneity of cash flows among various chosen subsector and could also observed that the same translated into homogeneity of repayment behaviour. This eventually became the denominator on which our statistical models are built and they have demonstrated far superior results as compared to the traditional touch and feel models.

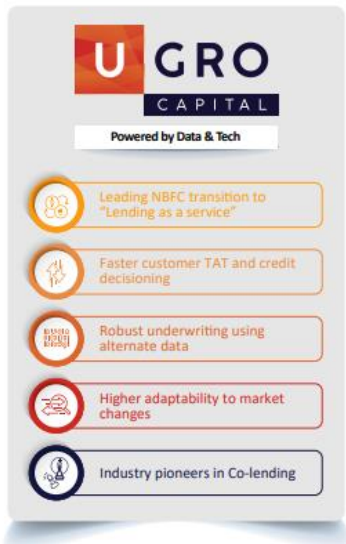
The strength of our data analytics enabled us to incorporate complex codes around financial statements in our statistical models using large data sets from different sources like banking statements, bureau data and GST data.

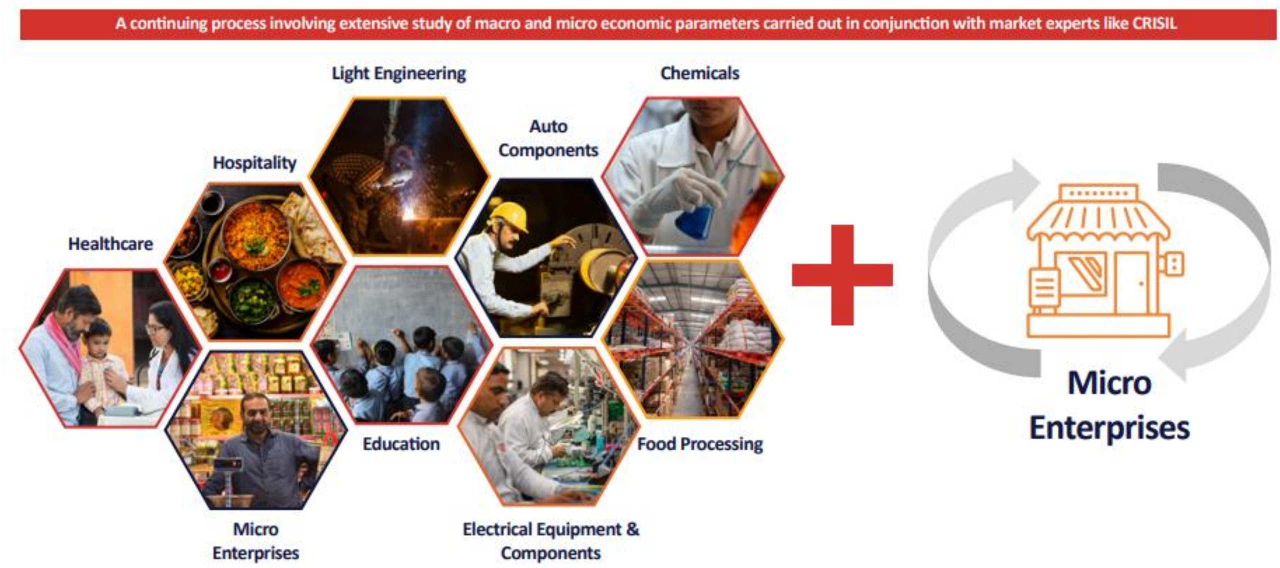
Our Company imbibed data backed approach not only in its underwriting but across all facets of our business. Major business decisions today are based on data analytics. For instance, in order to select locations for opening micro enterprise branches, we carried out state wise, pin code wise analysis on the size of business and portfolio performance and picked the top results of our analysis.

Data analytics has helped us address an age-old bank reconciliation problem faced by NBFCs and, today, we can automatically assign money paid by our customers through RTGS / digital system against respective loan accounts in LMS system.

We have developed analytics-led, early warning systems by capitalizing data across macro (industry level consumption, regulatory/policy changes, social/demographic changes) and micro/customer indicators (credit score movement, defaults in loans with other lenders, customer enquiries/new loans taken) to drive collection efforts.







Use of Technology

In today's time we witness digital transformation aided by India stack which in its complete form would enable new age lenders to underwrite cash flows of MSMEs at the point of origination thereby facilitating dissemination of credit at reduced cost and superior credit assessment of customers.

We have recognized the importance of this digital transformation and has been at the forefront of its adoption. We are one of the first implementers of OCEN in India, and have designed and implemented Government e-Marketplace - Sahay (GeM Sahay enables MSME funding of purchase orders procured through the marketplace).

Our Company's lending related aspects and process is supported by technology which spans across all stages of the customer journey including origination, distribution, credit, analytics, operations and collections. We have (a) 25+ API integrations, (b) state-of-the-art bank, bureau and GST statement analyzers, (c) automated policy approvals, (d) machine learning OCR technology to deliver 60 min in principal approval to the customer, (e) in house BRE Rule Engine, (F) customized sourcing modules, and (g) data lake for 360-degree customer view.

Execution of our data prowess is made possible through our very elegant system architecture. At the core of it, is our BRE catering to end target segment. Our BRE is product agnostic and distribution channel agnostic, it is purely based on behaviour of end customer. All customer data is stored in our data lake which can be used for any kind of machine learning model.

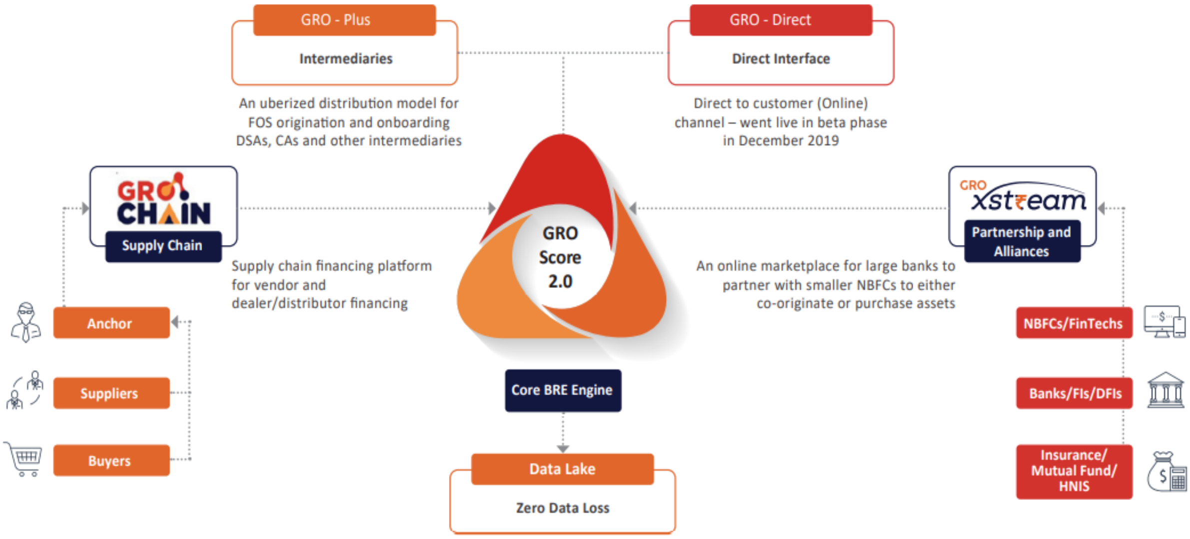
We have developed proprietary technology platform for each distribution channel which are customized to support various business needs.

GRO Plus: Supports our branch-based business and is designed to support customers onboarded in metro cities through intermediaries. It has completely integrated every element of underwriting digitally (using all conventional parameters) and allows intermediary to use our application directly for onboarding, servicing and training.

GRO Chain: Specifically designed for catering to supply chain business and supports real time disbursement. Suppliers can upload invoice on this module which can be in turn approved by the anchor on the module itself, real time disbursement can be made available against the invoices approved by anchors.

GRO Direct: Platform built to allow non-intermediated loan applications from eligible SMEs. We soon plan to launch our GRO X app which would allow SMEs to directly apply for loans through their mobile phones.

GRO Xstream: While it is currently being used as a sourcing module for partnership and alliances channel, however, the same will eventually evolve into a marketplace powered by our BRE connecting asset originators on one hand with liability partners on the other. It currently allows seamless API integrations with the systems of each of the partners and hence allowing the Company to achieve record TATs. It is designed to facilitate a wide range of transaction types between onboarded partners including co-lending, onward lending, direct assignments, portfolio buyout and securitization.



A comprehensive set of modules that will allow for maximal lending outreach within our mandate

Our Differentiated Underwriting Approach

We juxtaposed cash flow-based banking analysis and repayment behaviour of the customer to the sector in which it operates to draw sharper insight about our target segment. This approach enabled us to apply the same basic lending principles with much more data rigor thereby adding to the robustness of decision making. Our Company devised a way in which the homogeneity of cash flows could be measured and observed that the same also translated to homogeneity of repayment behaviour and this become the denominator on which statistical rules could be applied. This framework was labelled as GRO Score.

During Financial Year 2020-2021, GRO Score was upgraded to version 2.0 by adding banking data to the scoring model, GRO Score 2.0 is an output combining two different models i.e. the banking based model with a bureau-based model. It allows for the stratification of the prospective customer pool into ten bands by probability of default while incorporating the effects of geography, sector and customer size. All of the statistical scorecards have demonstrated the ability to remove 80% of ‘bads;’ simply from the removal of the bottom two deciles of prospective customers.

The average default rate across our chosen sectors is approximately 0.85%; eliminating the bottom 20% using our statistical scorecards reduced this to a mere 0.3%. The scorecards were developed through the big data analysis of more than 8 million small business borrower profiles and are re-calibrated at designated intervals to maintain their accuracy. It takes into consideration 25,000+ parameters from banking and bureau records to categorize a particular customer across 5 bands of “A” to “E” with “A” being the least risky and “E” being the riskiest.

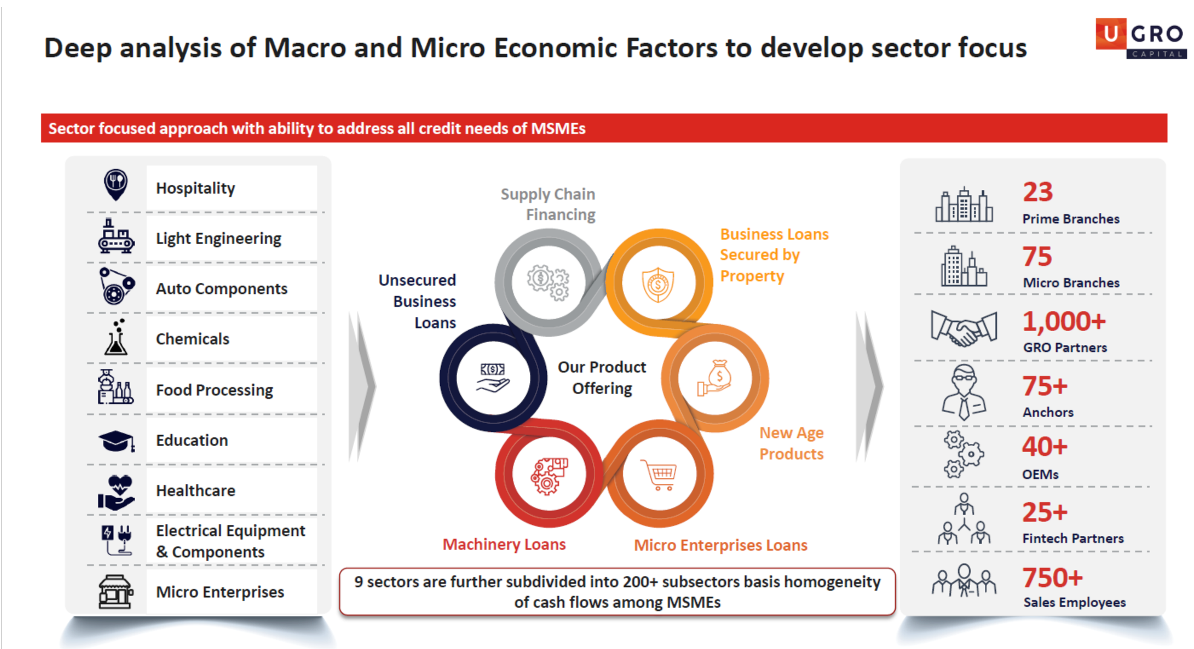
The results of our scoring model have tested positive for both sets of customers i.e. the ones to whom we have lent money and ones to whom we have not. It has also withstood two waves of Covid-19 pandemic, thereby establishing its robustness.

GRO Score reduces dependency on any specific bureau data and provides 10-20% higher approval rates for similar or lesser risk cases. Being an AI / ML based model, as the pool of loans grow and our Company gathers more data about customers, we will be able to seamlessly integrate the same into our systems to improve our credit decisions.

We are one of the few NBFCs to migrate to the data tripod underwriting methodology by using banking, bureau and GST data. We would be adding GST data to GRO Score as a next step through an API integration as it is currently used as an additional input to our GRO Score for underwriting a customer. Today when a customer approaches us, we only seek information relating to GST number, GST statement and his bank statement along with the KYC documents and post that the system takes over and extracts various kinds of parameters, *viz.* such as the borrowing mix, the frequency and magnitude of defaults, history of high-cost debt, obligation as a percentage of turnover, etc. which have all been customized to our kind of target segment and this has been back tested and is administered on a real time basis.

Our Company's underwriting is highly specialized while maintaining standardization of the credit process across their branches. All processes in the underwriting process until in-principle decisioning are fully automated. In addition to the scorecards and the policy statements, the underwriting process also follows the traditional 'touch and feel' based checking processes including legal verification, fraud control unit check, field investigation and valuation, which is done by a combination of internal teams and outsourced agencies to ensure the sanctity of the loan portfolio is maintained.

Our Business Model



Our Company was formed to address each credit need of every MSME and thus it operates across 4 broad distribution channels as follows:

5) Branch Led: Industry leading turnaround times, including 60 minutes for in-principle approval, mean that SMEs get much faster access to credit. We have a network of 98 branches as on December 31, 2022 comprising of 23 prime and 75 micro branches. Sourcing of prime business is done through intermediaries whereas sourcing for micro branches is carried out through feet on street model. Through these branches, our Company caters to the entire spectrum of MSME borrowers.

6) Eco-system Channel: Ecosystem channel leverages our industry-specific ‘Anchor’ partnerships, each of which adds a pool of potential lenders. This is further subdivided into supply chain finance and machinery finance. Supply Chain Financing - Working Capital Financing for Anchors and its ecosystem and Non-anchors through sales and purchase invoice discounting and machinery finance where we offer secured loans to machine buyers with a charge on machines.

7) Partnership & Alliances Channel: Partnered with 26 FinTechs / smaller NBFCs under a co-lending model wherein the loan is originated by partner NBFC and we take a part of the loan exposure on our books.

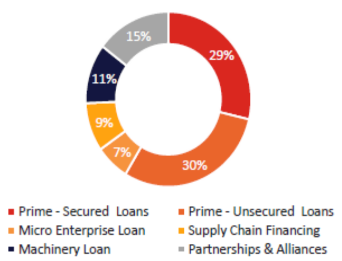
8) Direct Digital Channel: Our proprietary digital lending platform, the digital platform will apply the full suite of UGRO’s technological innovations in order to provide widespread credit access for Indian SMEs – maximizing our impact on financial inclusion. We are in process of launching GRO X application which will provide us with the ability to offer credit on tap.

Our portfolio is well diversified across geography and sectors with no exposure to no single sector exceeding 22% and no single geography exceeding 17%.

Well Diversified and Granular Portfolio

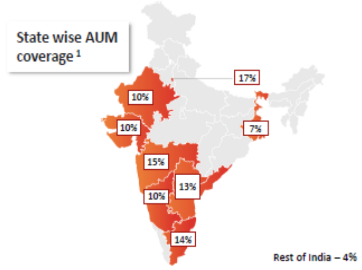
U GRO CAPITAL

Product Mix (AUM)



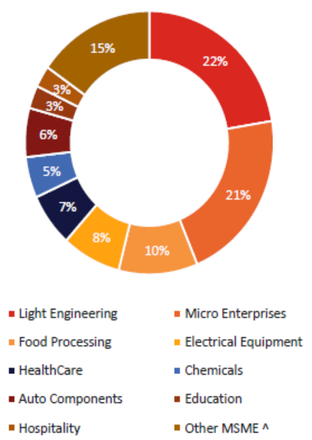
Product category	AUM (Cr)	ROI (%)	Ticket size (Lakh)
Prime - Secured Loans	1,462	13.8%	115
Prime - Unsecured Loans	1,528	19.3%	17
Micro Enterprise Loan	338	22.1%	7
Supply Chain Financing	458	16.0%	84
Machinery Loan	564	13.4%	38
Partnerships & Alliances	746	22.9%	6
Grand Total	5,095	17.4%	19

Portfolio Concentration in key geographical areas



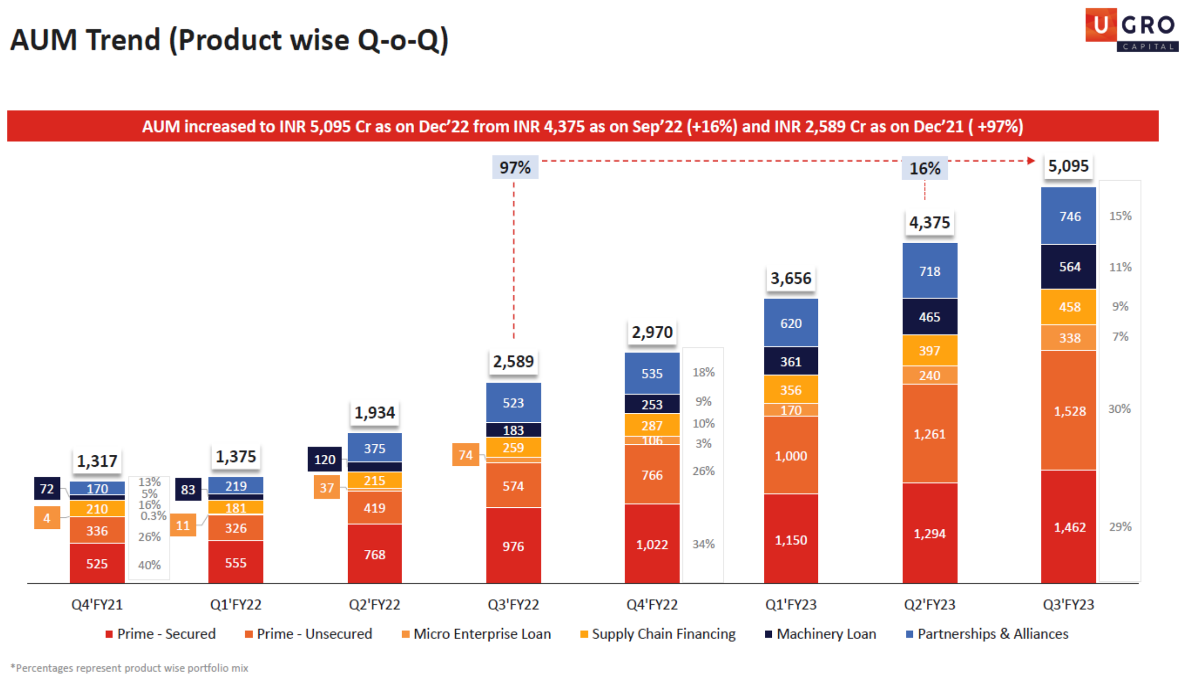
State wise branches	Micro	Prime	Total
Tamil Nadu	19	1	20
Rajasthan	15	2	17
Gujarat	15	1	16
Karnataka	15	1	16
Telangana	10	1	11
Maharashtra		6	6
West Bengal		4	4
Andhra Pradesh		2	2
Others States	1	5	6
Total	75	23	98

Sector Mix*



* Includes Prime – Secured Loans, Prime – Unsecured Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending
[1] Includes Prime – Secured Loans, Prime – Unsecured Loans, Micro Enterprise Loan, Supply Chain Financing, Machinery Loan and Co-lending
^ Includes allied subsectors of our core sectors

As on December 31, 2022, we were operating from 23 prime branches and 75 micro branches with AUM of ₹ 5,09,495.52 lakhs and catering to approximately 38,000 customers. Of the said AUM, approximately 70% is in the form of secured/ quasi-secured lending.



Our AUM has grown from ₹ 2,58,869.58 lakhs as at December 31, 2021 to ₹ 5,09,495.52 lakhs as at December 31, 2022. Across our offered products, our average ticket size stood at ₹ 19 lakhs and our average lending rate stood at 17.4% which is broken down as depicted above for each business segments:

We have been assigned "CRISIL A-/Stable" rating to the bank loans facilities and non-convertible debentures from CRISIL Ratings Limited. The rating reflects our Company's comfortable capitalisation metrics and its diversified and customised product offerings across the MSME segment. These strengths are partially offset by modest earnings due to high operating expenses, and limited track-record of operations.

Further, we have obtained a long-term rating of "IND A/Stable" from India Ratings and Research Private Limited and "ACUITE A" from Acuite Ratings and Research Limited (Outlook: Stable). This rating signifies adequate degree of safety regarding timely servicing of financial obligations and carry low credit risk. Further, we have obtained short term rating of "Acuite A1" from Acuite Ratings and Research Limited for commercial paper and bank loan. This rating signifies very strong degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. We believe that our ratings result in a lower cost of funds for the Company.

Our total borrowings as at December 31, 2022, March 31, 2022 and March 31, 2021 amounted to ₹ 2,88,452.92 lakhs, ₹ 1,80,183.86 lakhs and ₹ 76,569.48 lakhs, respectively. We rely on long-term and medium-term borrowings from banks; amongst others, including issuances of non-convertible debentures. We have a diversified lender base comprising public sector undertakings, private banks, mutual funds and others.

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

(₹ in lakhs)

Particulars	**For Nine Months Period Ended December 31, 2022**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Total Income	46,660.02	31,341.59	15,333.84	10,514.37
Total Expenditure	41,643.32	29,323.81	14,120.93	10,182.58
Profit after tax	2,573.25	1,455.06	2,872.75	1,951.86
Net worth**	96,868.64	96,656.32	95,243.82	92,152.36
Debt to Equity ratio***	2.97	1.86	0.82	0.28
CRAR (%)	21.54	34.37	65.55	88.25
Return on Net worth (%)****	3.55*	1.52	3.07	2.50

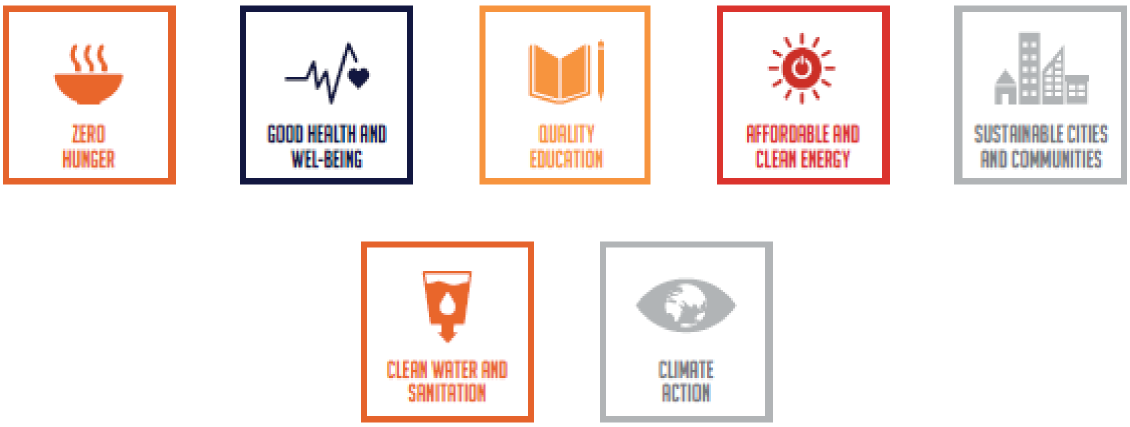
**Annualised*
***Net worth = Equity Share Capital + Other Equity*
****Debt = Debt securities + Borrowings (other than debt securities) and Equity = Equity share capital + Other equity*
*****Return on Net Worth = PAT/Average Networth.*

Our Impact

Our Company has been on the forefront of ESG with a strong resolute towards sustainability. We carried out an industry first vendor impact assessment report by partnering with Sattva, an impact consulting firm in the development sector. The results of this study reaffirmed our strong resolve to promote sustainability and create an impact through our business operations. Our business has impacted thousands of MSMEs which makes us a significant contributor towards fulfilling the above SDGs.

MSMEs operate in sectors that create impact in large sections of the population especially the weaker sections and the sectors which are employment intensive. MSMEs are the engines of growth towards a sustainable society and thus it is of prime importance to bridge the 20-25 trillion of credit gap. Catering to MSME aid directly to address multiple SDGs stated by the United Nations (No Poverty, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reduce Inequalities).

In addition, our sector focused approach makes it possible to put in place an appropriate monitoring framework for end use of funds and enables us to track and quantify various parameters of social impact. We are focused on lending to high impact sectors namely healthcare, education, food processing, electrical equipment and components, light engineering, hospitality, chemicals, auto components and micro enterprises. This sectoral approach of lending directly aligns with multiple SDGs.



Our Strengths

Differentiated Credit Approach

We have adopted a sectoral lending approach to identify homogeneity among the heterogeneous MSME segment. We juxtaposed cash flow-based banking analysis and repayment behaviour of MSMEs to the sector in which we operate to develop our proprietary AI / ML based scoring model GRO Score. GRO Score is built on the tripod of data i.e., banking, bureau and GST to analyze 25,000+ data points and deliver < 60 mins credit decisioning.

Formidable Distribution Strength with ability to cater to every credit need of every MSME

Our Company was formed with the intent to cater to all credit needs of every MSME. It offers multiple products namely secured LAP, affordable LAP, micro enterprises loans, machinery loans, unsecured business loans and supply chain financing to address various credit needs of MSMEs. It operates through four broad distribution channels to service entire MSME segment right from prime customers to micro customers. Its distribution channels are (a) Branch Led Channel – 23 prime branches servicing MSMEs through intermediary channel and 75 micro branches servicing micro customers through feet on street model, (b) Ecosystem Channel – 77 Anchors along with their dealer / distributor network for supply chain financing and 42 OEMs along with their dealer network for machinery moans, (c) Partnerships and Alliances Channel – 26 Fintech partners (D) Direct Distribution Channel (To be launched Soon) – GRO X application for direct sourcing of business.

Robust Technology Framework

UGRO has developed proprietary technology sourcing platforms which are customized for each distribution channel at the heart of which lies its BRE which is product agnostic and distribution channel agnostic and is purely based on behaviour of end customers. All customer data is stored in data lake which can be used for any kind of machine learning model.

Data First Approach

Our Company has imbibed data backed approach not only in our underwriting but across all facets of our business. We identified various others business aspects where data analytics could be leveraged to build in efficiencies and today it is widely used across our organization.

Major business decisions today are based on data analytics. For instance, in order to select locations for opening micro enterprise branches we carried out state wise, pin code wise analysis on the size of business and portfolio performance and picked the top results of our analysis.

Data analytics has helped us address an age-old bank reconciliation problem faced by NBFCs and today were can automatically assign money paid by our customers through RTGS / digital system against respective loan accounts in LMS system.

We have developed analytics-led, early warning systems by capitalizing data across macro (industry level consumption, regulatory/policy changes, social/demographic changes) and micro/customer indicators (Credit score movement, defaults in loans with other lenders, customer enquiries/new loans taken) to drive collection efforts.

Strong Corporate Governance Standards

Creating an institution that is built to last requires strong corporate governance standards. Keeping that in mind, our Company was founded with the philosophy of being institution owned, board controlled and management run. Our Board is majorly independent. The Governance standards are further strengthened by strong policies and processes enshrined in the Articles of Association. We have also opted to be a listed entity from day one, which demands a higher degree of regulatory oversight and transparency. One of the few companies to suo moto separated the functions of Chairman and Managing Director and appointed Non-Executive Chairman in line with the same.

Experienced Leadership Team

Our Company has hired industry leaders that have a proven track record of delivering results and the possess the right acumen necessary in the build out phase of any organization. Setting the right team in place has helped us tide through the crisis effectively. Business operations are independently managed by the professionally managed team.

Large Institutional Capital

One of the key ideas while setting up of our Company was that we should be institutionally owned and professionally governed. Our Company specifically decided to raise a huge institutional equity capital from the start. We have 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 our Company. Raising this capital helped our Company to have adequate capital base to grow in the first few years. Having a large institutional capital is also perceived positively by lenders and our Company has been able to solidify its position in terms of the liability book.

As on December 31, 2022, 67.71% of the paid up share capital of our Company is held by institutions / private equity funds like ADV Partners, New Quest, Samena Capital, PAG, 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 on completion of all documentation requirements by the applicant. With our presence across India we have established a diverse customer base situated across India.

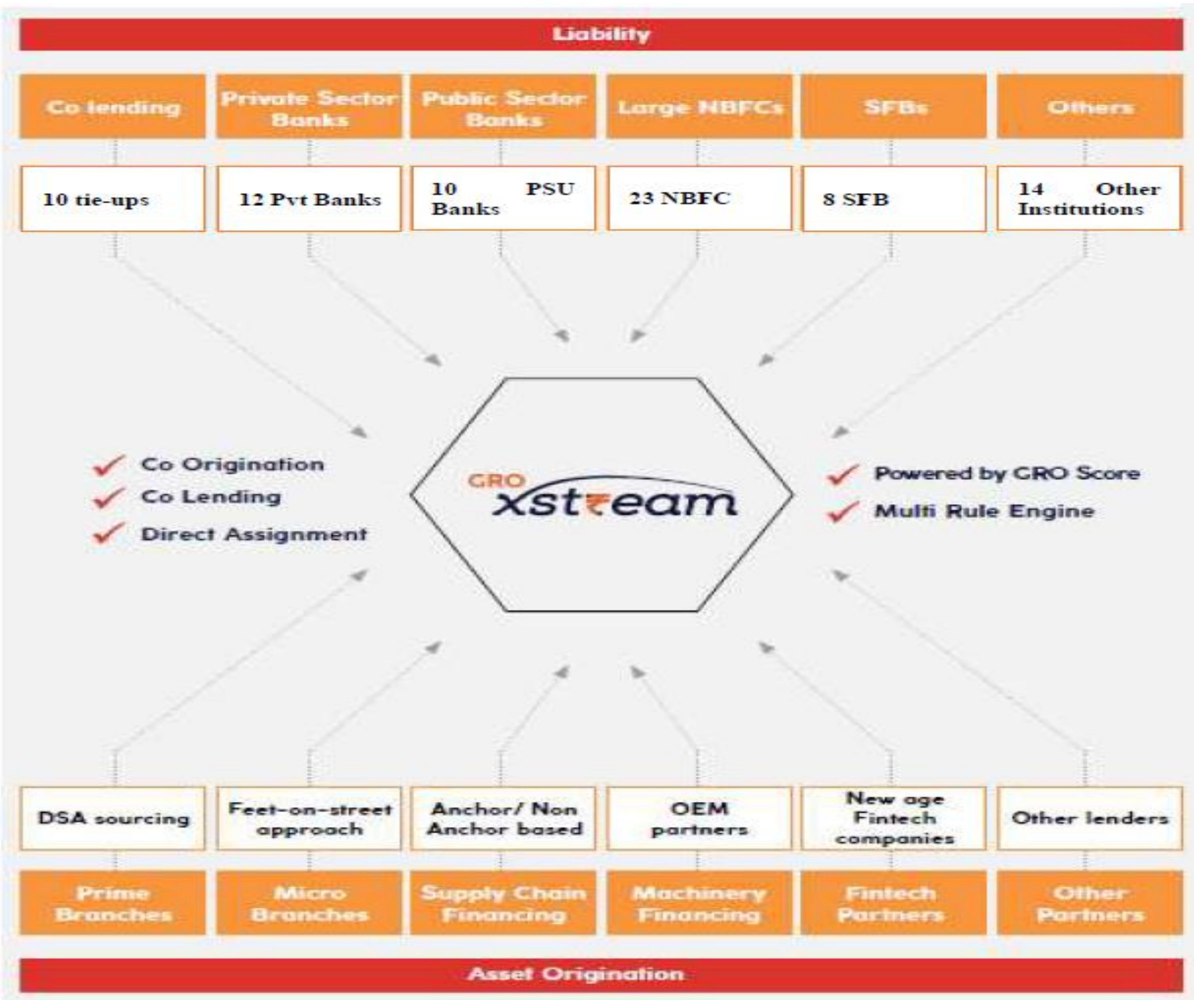
Our Growth Strategies

Lending as a Service (LaaS)

Our Company is pioneering lending as a service (LaaS) business model in India by successfully harnessing and operationalizing co-lending partnerships with multiples Banks and NBFCs. Currently, we have operationalized 10+ Co-lending partnerships across large public sector banks and NBFCs, as a result of the same we have built LaaS AUM of ₹ 1,77,502.50 lakhs as on December 31, 2022 and the proportion of its LaaS AUM in total AUM has increased from 16% as on March 31, 2022 to 35% as on December 31, 2022. Going forward, our Company will further expand its co-lending model to grow its overall AUM profitably.

Operationalizing GRO Xstream Platform to transition the business to LaaS Model

GRO Xstream platform to ultimately connect providers of capital with originators of loans and facilitate multiple liability partnerships in the form of co-lending, co-origination, direct assignment and others. GRO Xstream would be powered by GRO Score and would support multi rule engine basis requirements of various lenders.



Customised, innovative and customer friendly lending

As part of our strategy to focus on our lending business, we intend to customize and introduce new loan products and evaluate other financing opportunities. Our Company also intends to improve our lending processes and distribution channels. We focus on providing a seamless customer experience and differentiated solutions to meet the specific needs of particular customer.

Our Company believes that our customer service initiatives coupled with the use of technology will allow us to maintain our presence in the lending market and secure both new and repeat business in our lending operations.

Diversify our loan book mix and product suite with an exclusive focus on MSME funding

We continue to diversify our loan book by increasing the share of MSME loans with a balance amongst the nine niche sectors identified by us. We believe there is a significant untapped potential in the MSME industry, offering long-term growth opportunities. We believe that due to the impact of COVID-19, the competitive intensity in the MSME financing space is likely to decline with reducing competition from smaller players in the industry. We target to serve consumers and small businesses which we believe are systematically underserved and require differentiated products. We are also looking to build strategic partnerships with other digital lending platforms / large players for our MSME business.

Continue to maintain prudent risk management policies for our assets under management

We believe that the success of our business is dependent on our ability to consistently implement and streamline our risk management policies. As we focus on building a large loan portfolio, we will continue to maintain strict risk management standards to manage credit risks and promote a robust recovery process.

Leverage on technology and digital platforms to improve customer reach and operating efficiency

We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We will continue to update our systems and use latest technology to streamline our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that improvements in technology will also reduce our operational and processing time, thereby improving our efficiency and allowing us to provide better service to our customers.

Leverage our financial strength and improved ratings to increase our competitiveness, diversify our funding mix and reduce our funding costs

Our source of funding as on December 31, 2022 is as under:

Source of funds		Amount (₹ in lakhs)
Loan from Banks / Financial Institutions	:	1,73,271.15
Bank Overdraft	:	924.82
Non-Convertible Debentures	:	80,740.08
Liabilities arising out of securitisation transactions		19,286.04
Commercial Papers	:	14,230.82
Total	:	**2,88,452.92**
	:	
Net worth	:	96,868.64
Debt Equity Ratio	:	2.97

Our Company has a very low debt equity ratio, which gives us a huge opportunity to expand capital base through leveraging also and also to expand the loan portfolio.

Leveraged funding, with timely repayment of the loans, will help us to improve our credit rating which in turn will also help in reduction of the cost of capital of our Company. We intend to continue to make our efforts on reducing the cost of borrowing and boost liquidity that include issuance of non-convertible debentures with a focus on generating higher ROEs.

Our Company has adopted a conservative approach to ALM management and focused on conserving liquidity. Our efforts are reflected in the ALM profile with higher positive gaps. We continue to focus on having multiple and diversified sources of funding in order to support our business functions to grow value investment opportunities.

Business Description

We offer the following tech enabled flexi loan products and solutions to SMEs:

- Secured prime loans;
- Unsecured prime loans;
- Micro loans;
- Machinery loans;
- Supply chain finance;
- Partnerships and alliances.

The following table sets forth the mix of loan disbursed / AUM in the financial year ended March 31, 2022, 2021 and 2020:

(₹ in lakhs)

Products	**AUM as on March 31,**		
	2022	**2021**	**2020**
Prime Secured Loans	1,02,205.02	52,543.82	31,713.70
Prime Unsecured Loans	76,646.17	33,603.95	18,051.24
Micro Enterprise Loans	10,644.54	394.41	-
Machinery Loans	25,246.57	7,145.96	139.74
Supply Chain Financing	28,737.81	21,047.89	18,685.92
Partnership and Alliances	53,500.00	16,948.67	17,501.28
Total	**2,96,980.10**	**1,31,684.70**	**86,091.88**

Our Company's distribution channels are built with the end goal of integrating technology with traditional and new ways of doing business to achieve financial Inclusion. Our distribution channel comprises of the following:

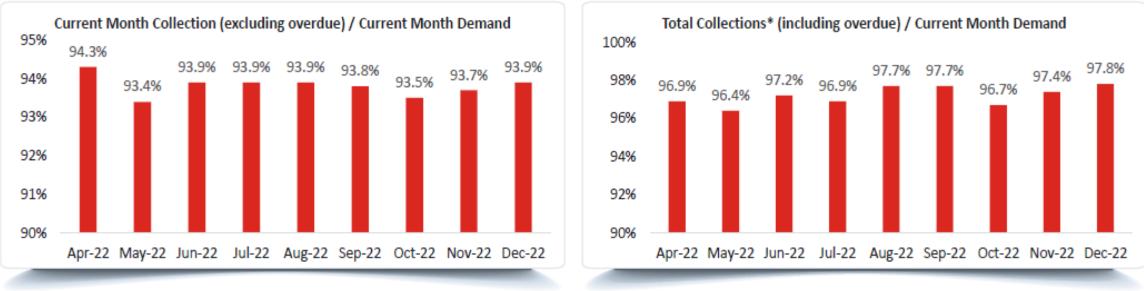
- **Branch-Led Channel**

Restructuring and Portfolio Quality

Currently our Total Restructured AUM stands at 1.5% of total AUM as of December 31, 2022.

Collection Efficiencies, Portfolio provisioning

Current Month and Overall Collection Efficiency remains robust



ECL Data (Dec'22) (In Cr)	Loan Exposure	Loan Exposure (%)
Stage 1	4,901	96.2%
Stage 2	106	2.1%
Stage 3	88	1.7%
Total	5,095	100.0%

Key highlights:
- **GNPA / NNPA as a % of Total AUM stood at 1.7% / 1.1% as of Dec'22**
- **Stage 3 provisioning coverage stood at ~38% (on-book AUM)**
- Total Restructured portfolio stood at 1.5% of Total AUM
- Total provisions as of Dec'22 stood at ~ ₹74.4 Cr (1.5% of Total AUM)

Excluding foreclosures

Risk and Credit Underwriting

Our Company has adopted robust and comprehensive risk management capabilities boosted by sectoral expertise, prowess on data analytics and superior technology infrastructure and powers our journey of accelerated growth with best-in-class governance and asset quality. Will the growing needs of the business, our Company has strengthened the requisite areas across lines of defence, by enhancing the team structures and headcount across analytics, credit, fraud control and collections strategy. Data analytics lies at the heart of credit assessment and has enabled a migration from traditional income document-based assessment to a cashflow-based underwriting using the tripod of credit bureau, banking and GST information. During the year, our Company has implemented its proprietary scoring model – the Gro Score 2.0 which produces a borrower level rating based on credit bureau and bank statement information. We have also implemented a predictive modelling driven Early Warning Signals framework to generate trigger alerts for portfolio stage collections activity.

Along with continued growth, our Company is well placed to comply with RBI's scale-based regulation for NBFCs and has put in place a supervisory risk evaluation and capital adequacy framework with comprehensive coverage of enterprise level risk elements as mentioned below, after taking into account their relative significance and impact in the context of our business model.

- Credit risk – risk of borrower or counterparty failing to meet its obligations in accordance with agreed terms leading to higher credit cost and provisions across multiple stress scenarios;
- Market risk – supervision of the risk of financial loss resulting from movements in market prices;
- Operational risk - risk of loss resulting from inadequate or failed internal processes, people and systems or from external events;
- Liquidity risk - risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost;
- Credit concentration risk – risk of any single exposure or group of exposures with the potential to produce losses large enough (relative to capital, total assets, or overall risk level) to threaten the organization's health or ability to maintain its core operations;
- Interest rate risk in banking book - current or prospective risk to capital and earnings arising from adverse movements in interest rates that affect the banking book positions;
- Securitization risk – risks associated with pools of financial instruments held for brief periods for the purpose of facilitating activities such as trading or securitization;
- Strategic risk – risk borne out of the internal and external events that may make it difficult, or even impossible, for an organization to achieve their objectives and strategic goals;
- Reputation risk –damage that can occur to a business when it fails to meet the expectations of its stakeholders and is thus negatively perceived;

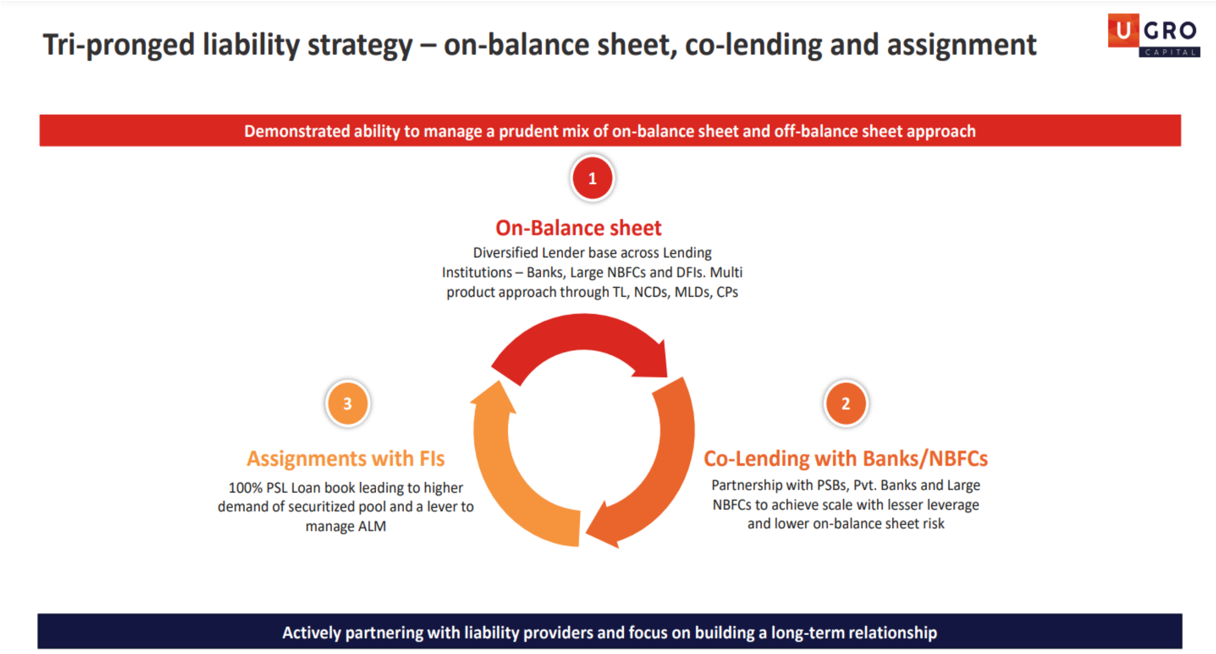
- Model risk - risk that occurs when a financial model is used to measure quantitative information such as a firm's market risks or value transactions, and the model fails or performs inadequately and leads to adverse outcomes for the firm;
- Technology risk - Technology risk arises from the use of computer systems in the day-to-day conduct of the bank's operations, reconciliation of books of accounts, and storage and retrieval of information and reports;
- Legal risk - Legal risk is the risk of financial or reputational loss that can result from lapses in the way law and regulation apply to the business, its relationships, processes, products and services.

Liability Strategy

Our Company follows a 3-pronged approach to liability. These include balance sheet-based borrowings from banks, financial institutions and capital markets, co-origination/co-lending partnerships with banks and financial institutions and loan securitisation to raise funding against our asset pool.

As on December, 2022, we increased our lender base to 67. This is also a testimony to the fact that the larger lending eco-system recognises our ability to churn out a higher quality portfolio. We are in active discussion with several development finance institutions for raising long term capital.

Going forward, we want to eventually bring down our cost of capital and further diversify our source of funds. We want to tap in funds from the development finance institutions for raising long term capital. We have a very strong processes and policies to manage our ALM to enable us to better manage our assets and liability.



Corporate Social Responsibility (CSR)

Guided by our Corporate Social Responsibility (CSR) policy, we will continue to create value for the underprivileged in the country through well-structured programs and interventions. The 4 pillars UGRO is committed to in the areas of education, health nutrition and WASH, women empowerment, and environmental sustainability. We will also participate in case of any national event that would impact people's lives and require our attention from time to time.

In our previous CSR initiative, we collaborated with Smile Foundation which focussed on the education sector which has served as a key driver in providing quality education and relevant vocational training to 100 children. During the period ended December 31, 2022, our Company has spent ₹ 52.50 lakhs whereas required sum to be spent was ₹ 47.25 lakhs. We have also tied up with 'Heal Foundation' to run a mobile Digital Health Clinic. The mobile digital health clinic caters to communities and different societies. This digital clinic has hPod – a fully functional virtual primary health care centre which helps avoid unnecessary hospital visits, real-time health screening and advise from an expert physician right from the kiosk. We continue to sponsor education for the underprivileged on case-to-case basis.

Employees

We place emphasis and focus on recruitment and retention of our employees as personnel is the most valuable asset for a service industry such as ours. As of December 31, 2022, we employed 1,181 employees. We have also implemented an employees stock option plan, in addition to the normal rewards and recognition programmes, and learning and development programmes for our employees.

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. We face competition in the lending business from domestic and international banks as well as other NBFCs, fintech lending platforms and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the markets in which we operate, which would result in greater competition and lower spreads on our loans. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs.

Insurance

We maintain a director's and officers' liability policy covering our directors and officers against claims arising out of legal and regulatory proceedings and monetary demands for damages. We also maintain a group personal accident and business travel accident policy for our employees. These insurance policies are generally valid for a year and are renewed annually.

Intellectual Property

Poshika Financial Ecosystem Private Limited had, vide an assignment deed dated May 13, 2019, transferred the ownership of the logo "U GRO" / "U GRO CAPITAL" to our Company. Subsequently, vide an order dated September 22, 2020, the ownership of the said logo vest with our Company under Class 35 and 36 under the Trade Marks Act, 1999.

Our current logo "U GRO CAPITAL", is registered under Class 35 and 36 under the Trademarks Act, 1999.

Properties

Our registered office is located at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070, Maharashtra, India. In addition to the same, as of December 31, 2022 our network comprises of 23 prime branches and 75 micro branches. Our registered office and branches are located at premises leased or licensed to us.

ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated on February 10, 1993 under the provisions of the Companies Act, 1956 by the name *'Chokhani Securities Private Limited'* and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Bombay bearing registration number 070739. A fresh certificate of incorporation dated July 26, 1994 was issued by Registrar of Companies at Maharashtra, Bombay, consequent upon conversion of our Company from private limited to public limited vide the special resolution passed in the extra ordinary general meeting held on July 4, 1994. The name of our Company was further changed to U GRO Capital Limited and a fresh certificate of incorporation dated September 26, 2018 was issued by Registrar of Companies, Mumbai. Our Company came out with its first public issue of equity shares in 1995. At present, the Equity Shares of our Company are listed at BSE and NSE with effect from April 12, 1995 and August 11, 2021. The Corporate Identification Number of our Company is L67120MH1993PLC070739.

Our Company is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from March 11, 1998 having Registration No. 13.00325. Our Company is currently engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments and Micro Enterprises segments.

On December 31, 2017, Poshika Advisory Services LLP & Shachindra Nath made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Neelam R Chokhani, Ramakant R Chokhani HUF and Ramakant R Chokhani) in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015.

Registered Office:

As on the date of this Placement Document, the registered office of our Company is situated at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India

The table below sets forth details of changes in the registered office of our Company since its incorporation:

Date of Change	Address Changed	
	From	To
12/06/2007*	9-16-D Fort Mansion British Hotel Lane Off B S MG Fort, Mumbai - 400 023	5A-Maker Bhavan No.2, Sir Vithaldas Thakersey Marg, New Marine Lines, Churchgate, Mumbai - 400 020
13/08/2018	5A-Maker Bhavan No.2, Sir Vithaldas Thakersey Marg, New Marine Lines, Churchgate, Mumbai - 400 020	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India

** Records w.r.t. information related to change in registered office prior to this date is not available. Also, see "Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information" on page 54."*

Our Holding Company

As on the date of this Placement Document, our Company does not have any holding company.

Our Subsidiary

As on the date of this Placement Document, our Company does not have any subsidiary company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of the Board is in conformity with Section 149 of the Companies Act and is governed by the Articles of Association of our Company and the SEBI LODR Regulations. The Articles of Association of our Company provide that the number of directors shall not be more than fifteen (15) which would consist of majority of Independent Directors. At present, our Company has eleven (11) Directors on its Board, out of which seven (7) are independent Directors of which one (1) is a woman Director, three (3) are non-executive Directors and one is executive Director. Satyananda Mishra is the Non-Executive Chairman (Independent Director) and Shachindra Nath is Vice Chairman and Managing Director of our Company.

The following table sets forth details regarding our Board as of the date of this Placement Document:

Name, Occupation, Nationality, Term and DIN	Age (years)	Designation	Address
Satyananda Mishra Occupation: Retired Nationality: Indian Term: Appointed for a period of five years with effect from July 05, 2018 DIN: 01807198	74	Non-Executive Chairman (Independent Director)	D-138, Second Floor, Defence Colony, New Delhi - 110 024
Shachindra Nath Occupation: Service Nationality: Indian Term: Appointed for a period of five years with effect from June 22, 2018 DIN: 00510618	51	Vice Chairman & Managing Director	Villa, GV-65, The Palm Springs, Sector - 54, Golf Course Road, Gurgaon - 122 001
Manoj Kumar Sehrawat Occupation: Service Nationality: Indian Term: Appointed on July 05, 2018. Liable to retire by rotation DIN: 02224299	50	Non-executive Director	22 Bayshore Road, #01-08, The Bayshore Singapore – 469990
Amit Gupta Occupation: Service Nationality: Chinese Term: Appointed on July 05, 2018. Liable to retire by rotation DIN: 02282600	46	Non-executive Director	325, River Valley Road, #01-06 Yong An Park, Singapore – 238357

Chetan Kulbhushan Gupta Occupation: Service Nationality: Indian Term: Appointed on November 02, 2018 Liable to retire by rotation DIN: 07704601	42	Non-executive Director	Flat - Gt.3-2404, Emirates Hill, Po Box 126229, Dubai
Abhijit Sen Occupation: Professional Nationality: Indian Term: Appointed for a period of five years with effect from July 05, 2018 DIN: 00002593	72	Independent Director	A 92, Grand Paradi, 572 Dadyseth Hill, August Kranti Marg, Near Kemps Corner, Mumbai - 400 036
Karuppasamy Singam Occupation: Retired Nationality: Indian Term: Appointed for a period of five years with effect from July 05, 2018 DIN: 03632212	69	Independent Director	A-1301, Monarch Ashar Residency, Thane - 400 610, Maharashtra, India
Rajeev Krishnamuralilal Agarwal Occupation: Retired Nationality: Indian Term: Appointed for a period of five years with effect from July 05, 2018 DIN: 07984221	64	Independent Director	30, Punam, Hyderabad Estate, Nepeansea Road, PDP Park, Malbar Hill, Mumbai - 400 006
Hemant Bhargava Occupation: Retired Nationality: Indian Term: Appointed for a period of five years with effect from February 08, 2022 DIN: 01922717	63	Independent Director	C -1709, Satyen Nivaasa, Mangalam Radiance, Near Fern Hotel, Jaipur- 302018
Sekar Karnam Occupation: Service Nationality: Indian Term: Appointed for a period of five years with effect from February 08, 2022	62	Independent Director	House no. 72, Hi Rise KVR Paradise Bachupally Mallmpet, Medchalmalkajgiri, Telangana - 500 090

DIN: 07400094			
Smita Aggrawal Occupation: Service Nationality: Indian Term: Appointed for a period of five year with effect from March 31, 2022 DIN: 01478327	54	Independent Director	Flat No. 201, Raheja Haven, 10th Road, Juhu, JVPD Scheme, Mumbai - 400 049, Maharashtra, India

Brief profiles of our Directors

Satyananda Mishra, aged 74 years, is the Non-Executive Chairman (Independent Director) of our Company. He holds a degree of M.A. in English literature from Utkal University; M.Sc. degree from the London School of Economics on Policy Planning for Developing Countries, Ravenshaw University in Odisha had conferred an honorary D. Litt on him for his contribution to public administration. He has completed a course in leaders in development, Managing Political and Economic Change from Harvard University, John F. Kennedy, School of Government. He is the former Chief Information Commissioner of India and has a diverse and exemplary career of more than forty one years in public service. He was the Managing Director of MP Small Industries Corporation and the Development Commissioner of Small Industries in the Government of India. He held the post of Principal Secretary of both Public Health Engineering and Public Works Department of Madhya Pradesh. His last posting in the Central Government was in the department of Personnel Training, first as Establishment Officer and Secretary to the Appointments Committee of the Cabinet (ACC) and later as the Secretary to the Government in the same department. He served as the Director of Small Industries Development Bank of India until 2018.

Shachindra Nath, aged 51 years, is the Vice Chairman & Managing Director of our Company. He holds a degree in bachelor of law from Banaras Hindu University and is a university rank holder. He also holds a degree of bachelor of commerce (honours) from Banaras Hindu University. In his career spanning three decades, he has been instrumental in building diversified financial services including Insurance, Asset Management, Lending and Capital Market. He began his career as a commercial trainee and spent many years working in the carpet industry. Over the years, he travelled extensively across rural India. Thereafter, he made a transition to the financial service industry. He has diversified financial service experience wherein he has been part of multiple financial services' startups and reached a leadership role. In his previous roles, he has been instrumental in setting up Insurance Companies, Global Asset Management Businesses, Capital Market and Lending Institutions. He intends to build an SME lending business that focuses building a sector focus lending business combining the power of data analytics, technology, and sectoral knowledge. Currently, he is passionate about solving India's SME credit problem and he aspires to build an institution that will provide long-term value to society.

Manoj Kumar Sehrawat, aged 50 years, is the non-executive Director of our Company. He has 26 years of experience in financial services sector across private equity investments, structured finance, distress debt acquisition & resolution, corporate and financial restructurings in India. He was Vice President with JP Morgan's Global Special Opportunities Group and had also worked at Asset Reconstruction Company (India) Limited, where he was responsible for acquisition of Non Performing Loans from Banks & Financial Institutions and evaluation & implementation of recovery strategies for Non Performing Loans acquired. He currently serves as a Partner at ADV Partners. He is a Chartered Accountant from Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from Delhi University.

Amit Gupta, aged 46 years, is the non-executive Director of our Company. He is a Partner at TPG NewQuest and is based in Singapore. He oversees TPG NewQuest's India and Southeast Asia businesses as well as investments in the financial services and power sectors across the Asia Pacific. He has more than 18 years of Industry Experience. He was a Director at Bank of America Merrill Lynch's (BAML) Asia Private Equity Group where he led the India business and oversaw the investments in the energy and financial services sector across the region. He has an PGDM from the Indian Institute of Management (IIM), Bengaluru, and an undergraduate degree in electrical engineering from REC Kurukshetra.

Chetan Kulbhushan Gupta, aged 42 years, is the non-executive Director of our Company. He is the Managing Director at Samena Capital Investments Limited in Dubai, focusing on investments within the Special Situations

Funds. He holds a Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst and Masters in Management (Masters) from University of Mumbai.

Abhijit Sen, aged 72 years is an Independent Director of Ugro Capital Ltd. He retired from Citi India in February 2015 after serving as the Chief Financial Officer - India Subcontinent for almost 18 years. On retirement from Citi, Mr Sen is associated with E&Y from August 3, 2015, as a part-time External Advisor, for their activities in the Banking and Financial Services Sector. He currently serves on several Boards including Kalyani Forge Ltd, Tata Investments Ltd, Manappuram Finance Ltd and Veritas India Pvt Ltd. In the past, he has served on the Board of National Securities Depository Ltd. IDFC First Bank, India First Life Insurance and Trent Ltd. He has a B. Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a PGDM from the Indian Institute of Management, Calcutta.

Karuppasamy Singam, aged 69 years, is the Independent Director of our Company. He is a M. A. in Economics, a Certified Associate (CAIIB); Honorary Fellow of Indian Institute of Banking & Finance and holds a Post Graduate Diploma in Bank Management (PGDBM) from National Institute of Bank Management (NIBM), Pune. He has served as the executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank.

Rajeev Krishnamuralilal Agarwal, aged 64 years, is the Independent Director of our Company. He has nearly three decades of experience in the Indian financial services sector and has worked with some highly reputed organizations such as the Securities and Exchange Board of India, Forward Markets Commission, and Indian Revenue Service. As SEBI Board Member he has handled the policy of important departments dealing with markets in Equity, Bonds, Currency and Commodities, Mutual Funds, Foreign Investors including Pension Funds, International Affairs, Capital Raising, Surveillance & Enforcement. He has wide experience in dealing with global peer regulators and global organization like International Organization of Securities Commission, Financial Stability Board and Pacific Pension Investment Institute, San Francisco and global stock exchanges etc. He has served on the Board of Governor of National Institute of Securities market (NISM) for more than 4 years. Presently he is running an Advisory – advising Indian Corporates / FII and start ups on regulatory issues, corporate governance. He is an alumnus of The Indian Revenue Service (Batch of 1983) and the Indian Institute of Technology, Roorkee with a Bachelors in Technology.

Hemant Bhargava, aged 63 years, is the Independent Director of our Company. He holds a degree in Master's in Economics. He joined LIC as a direct recruit officer in 1981 and retired as its Managing Director in July, 2019. During his long tenure of 38 years, he worked across diverse set of roles both in India and abroad, building multidimensional experience in different capacities, especially in Marketing, Internal Operations and new ventures. He was first chief of LIC International Operations SBU, besides being instrumental in setting up LIC Cards Services Limited. His tenure as Managing Director (and also as Chairman incharge from January to March, 2019) was marked by his creative leadership with new idea enriched by the extensive experience gained in overseeing several functions including Marketing, Finance, Personnel, investments, Alternative Channel etc.

Sekar Karnam, aged 62 years, is the Independent Director of our Company. He holds a degree B.Sc (Ag), CAIIB, Diploma in Mdmt (AIIMA). He is a professional banker with rich experience in all the facets of Indian Banking at a very senior level. He joined as a Probationary Officer with State Bank of India in 1983 and rose to the level of Deputy Managing Director. Selected as Managing Director of Public Sector Bank and has the rare distinction of heading two public Sector Banks during very critical juncture of their history. As the Dy MD of SBI, he contributed during the Board level deliberations of the Nation's Largest Commercial Bank for more than four years. Presently, he is on the Board of Incred Financial Services Limited and National Asset Construction Company Limited.

Smita Aggrawal, aged 54 years, is the Independent Director of our Company. She is listed in "Top 35 Global Women in Fintech Powerlist", 'Top Women in Finance', "Top 30 Fintech Influencers" and "Women Who Venture". Ms. Aggarwal is a fintech investor and a thought leader with expertise in venture capital, financial inclusion, digital banking, micro-insurance and financial regulation. She is Global Investments Advisor for Flourish Ventures, a global fintech focussed fund, and leads investments in innovative fintech start-ups that help advance financial health and inclusion in Asia. She is on the Fintech Advisory Board of New York University and Global Fintech Fest. She is a member of the Board of Directors of IIFL Asset Management Company. She is a guest faculty for "Fintech in Emerging Markets" at the Stern School of Business, New York University.

She has three decades of experience in finance as a banker, lender, regulator and an investor that have enriched her with the domain expertise, unique perspective and empathy for fintech founders. She has held leadership positions with noteworthy names such as Omidyar Network, Fullerton India Credit, Reserve Bank of India and ICICI Bank with a successful track record of building businesses from scratch, introducing new products, and driving growth through innovation. She is a rank-holder chartered accountant and has attended executive programs at Harvard Business School and MIT Sloan School of Management.

Relationship between Directors

None of our Directors are related to each other.

Borrowing powers of the Board of Directors

Pursuant to resolution passed by the Shareholders of our Company at the AGM held on August 12, 2022 and in accordance with provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 and the provisions of the Memorandum of Association and Articles of Association of our Company, Circulars/ Notifications/Directions issued by Reserve Bank of India from time to time, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹ 6,00,000 Lakhs.

Interest of Directors of our Company

Except as stated below and in "*Related Party Transactions*" under the chapter *"Financial Statements"* on page 79, our Directors do not have any other interest in our Company or its business.

All the Directors may be deemed to be interested to the extent of their remuneration, fees and compensation payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses, and the executive director of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, and trustees.

Except as provided in *"Related Party Transactions"* under the chapter *"Financial Statements"* on page 79, none of our Directors are deemed to be interested to the extent of any benefit arising out of contracts, agreements/ arrangements or transactions entered into or to be entered into by our Company with companies in which they are interested as directors or members except in the ordinary course of business.

Except as provided in *"Related Party Transactions"* under the chapter *"Financial Statements"* on page 79, we have not entered into any contract, agreements, arrangements during the preceding two years from the date of this Placement Document in which our Directors are interested directly or indirectly and no payments have been made to them or are proposed to be made to them in respect of these contracts, agreements or arrangements.

There are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. As on the date of this Placement Document, none of our Directors have availed any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

Except for Mr. Shachindra Nath, Vice Chairman and Managing Director of our Company, no other Director has any interest in the promotion of our Company.

Shareholding of the Directors

As of the date of this Placement Document none of the Directors have holding Equity Shares of our Company.

Terms of appointment and remuneration of our executive Director

Shachindra Nath

Shachindra Nath, was appointed as the Managing Director of our Company pursuant to special resolution passed through postal ballot dated May 9, 2018, for a period of five years. Pursuant to the board resolution dated December 31, 2017 and the shareholders resolution passed in the annual general meeting held on September 18, 2019, the annual compensation package/remuneration of Shachindra Nath is ₹ 315.00 Lakhs which includes the basic salary, taxable and non-taxable allowances and benefits, and other payments he may be entitled to receive from the Company and subject to the provisions of the Companies Act, the Board and the Nomination and Remuneration Committee, he is also entitled to performance bonus/variable pay in addition to the annual compensation package.

Remuneration of the Directors

The following table set forth the remuneration including the sitting fees and commission paid, as applicable by our Company to the Vice Chairman and Managing Director of our Company for the nine months period ended on December 31, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020:

(₹ in lakhs)

Name of Director	For the nine months period ended on December 31, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
Shachindra Nath	3,89.04*	2,95.60	2,69.35	319.45

**remuneration includes performance bonus of ₹157.50 Lakhs.*

Remuneration of the non-executive Directors

The non-executive Directors, other than Independent Directors, are not entitled to receive sitting fees.

The Independent Directors are paid remuneration in the form of sitting fees within the limits prescribed under the Companies Act and as decided by the Board of Directors.

The following table sets forth the remuneration including the sitting fees and commission paid by our Company to our present Independent Directors, for the nine months period ended December 31, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020*:*

(₹ in lakhs)

Name of Independent Directors	For the nine months period ended on December 31, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
Karuppasamy Singam	18.00	21.00	19.25	23.00
Abhijit Sen	27.00	40.00	21.88	24.00
Satyananda Mishra	26.00	25.00	16.63	20.00
Rajeev Krishnamuralilal Agarwal	16.00	17.00	21.88	25.00
Smita Aggrawal	18.00	N.A.	N.A.	N.A.
Sekar Karnam	19.00	N.A.	N.A.	N.A.
Hemant Bhargava	10.00	N.A.	N.A.	N.A.

Corporate Governance

Our Board presently consists of eleven Directors. In compliance with the requirements of the SEBI LODR Regulations, our Board consists of one executive Director, three non-executive Directors and seven Independent Directors.

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI LODR Regulations, the Companies Act, and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and the SEBI LODR Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company's executive management provides our Board detailed reports on its performance periodically.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act and the SEBI LODR Regulations. The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee. The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

Name of the Committee	Members of the Committee
Audit Committee	• Abhijit Sen *(Chairperson)* • Satyananda Mishra • Rajeev Krishnamuralilal Agarwal • Amit Gupta • Karuppasamy Singam • Shachindra Nath • Sekar Karnam • Smita Aggarwal • Hemant Bhargava
Nomination and Remuneration Committee	• Hemant Bhargava *(Chairperson)* • Satyananda Mishra • Abhijit Sen • Amit Gupta • Manoj Kumar Sehrawat • Karuppasamy Singam • Smita Aggarwal • Rajeev Krishnamuralilal Agarwal • Sekar Karnam
Stakeholders' Relationship Committee	• Rajeev Krishnamuralilal Agarwal *(Chairperson)* • Karuppasamy Singam • Satyananda Mishra
Risk Management Committee	• Smita Aggarwal *(Chairperson)* • Satyananda Mishra • Abhijit Sen • Karuppasamy Singam • Manoj Kumar Sehrawat • Shachindra Nath • Amit Gupta • Hemant Bhargava • Chetan Kulbhushan Gupta
Corporate Social Responsibility Committee	• Satyananda Mishra *(Chairperson)* • Shachindra Nath • Rajeev Krishnamuralilal Agarwal

Key Managerial Personnel and Senior Managerial Personnel

The Key Managerial Personnel are permanent employees of our Company. In addition to the executive Director, whose details are provided in *"Brief Biographies of our Directors"* above, the details of our other Key Managerial Personnels in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Placement Document are set forth below:

Kishore Kumar Lodha

Kishore Kumar Lodha, is the Chief Financial Officer of our Company and a Chartered Accountant by profession. He brings with him 20+ years of experience and has been associated with organizations like Future

Group and SREI Infrastructure. He joins us from Hinduja Leyland Finance where he worked as the Chief Financial Officer. He has held various offices in the finance domain ranging from IPOs, debt raise, investor relationship, RBI compliances, dealing with rating agencies, managing accounting, direct & indirect taxation.

Namrata Sajnani

Namrata Sajnani, is the Company Secretary and Compliance Officer of our Company. She is a qualified Company Secretary and a merit holder in LLB. She joins us from PHL Fininvest Private Limited where she worked as the Company Secretary. Her previous stints have been with Finova Capital Private Limited and Baid Leasing and Finance Company Limited. She has more than 9 (nine) years of work experience has acquired expertise in Corporate Law, Regulatory Compliance, M&A, Due Diligence, Corporate Governance and Loan documentation.

Senior Managerial Personnel

The Senior Managerial Personnel are permanent employees of our Company. The details of our Senior Managerial Personnel as on the date of this Placement Document are set forth below:

Amit Mande

Amit Mande, is the Chief Revenue Officer of our Company. He has a varied experience of over 22 years in the financial services sector having worked with organizations like Standard Chartered Bank, ABN Amro Bank, Barclays Bank, Capital First, Rattan India Finance, Mswipe Technologies. His last assignment, prior to joining was with Ditya Finance Pvt Ltd as their CEO. He is an alumnus of Jamnalal Bajaj Institute of Management Studies and is also a Mechanical engineer from V.J.T.I., Mumbai.

Anuj Pandey

Anuj Pandey, is the Chief Risk Officer of our Company. He brings 24 years of experience across firms such as Barclays Bank, ABN AMRO Bank, GSK Consumer & Religare Finvest. He holds a bachelor's degree in Engineering (Mechanical) from Thapar University & PGDM from IIM Lucknow. He is a founding team member of U GRO Capital. His passion is to use analytics & technology to create pragmatic risk models that help create new products/programmes, which in turn help simplify the credit access experiences for SME's**.**

Sunil Lotke

Sunil Lotke, is the Chief Legal and Compliance Officer of our Company. He is the primary interface with the regulators. He brings about 20 years of rich experience in the field of Legal, Compliance and Corporate Secretarial with specializations in Financial Services Legislations, Capital Market transactions, Corporate Restructuring, and Securities Regulations. Before joining our Company, he has worked with organizations like Reliance Group, Future Capital Holdings, IIFL Group, InCred Financial Services. He is a member of the Institute of Company Secretaries of India, and a law graduate from Mumbai University.

Nirav Shah

Nirav Shah, is the Chief Strategy Officer & Head of Investor Relations of our Company. As part of his role, he handles multiple strategic initiatives, equity fund raising, stake holder engagement including sell-side/ buy-side clients and FP&A function. Additionally, he is also responsible for developing and managing relationships with DFIs and Impact investors for Equity and Debt. He has 17+ years of Investment Banking experience across firms like Equirus Capital, Centrum, Karvy & HDFC Bank in the past. He is a commerce graduate, has done his Masters in Finance & CFA from ICFAI.

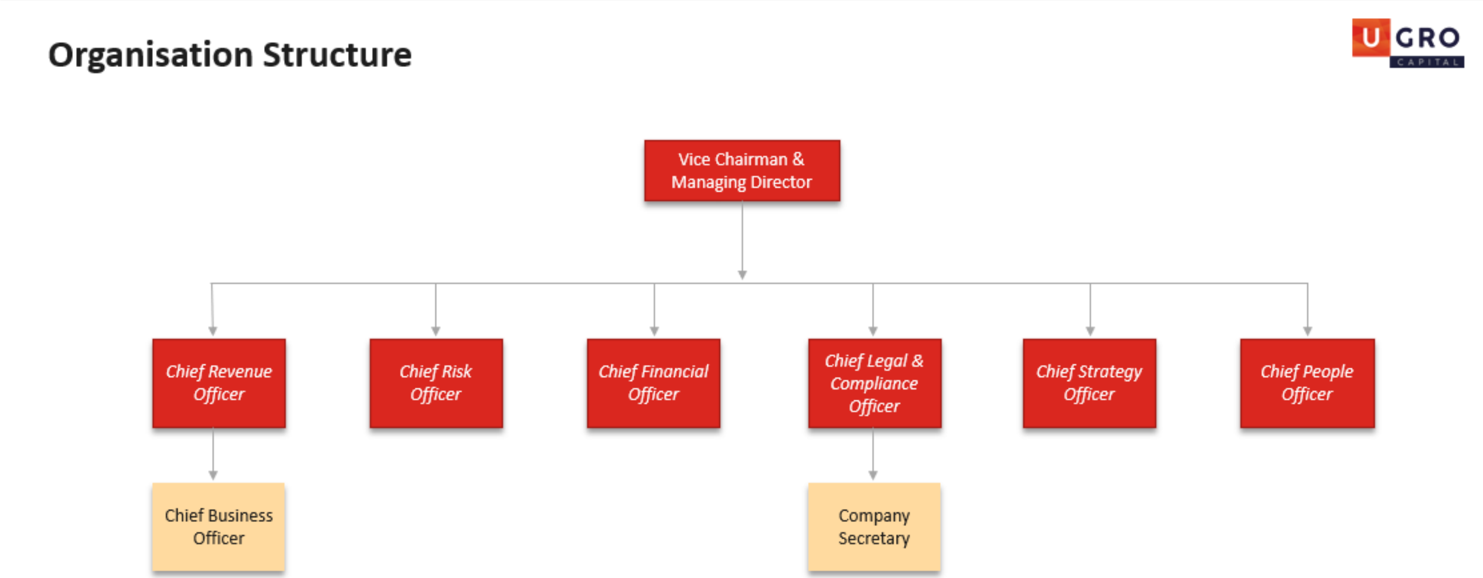
Pia Shome

Pia Shome, is the Chief People Officer of our Company. She is the primary interface between our prospective employees and UGROites. She brings in 19 plus years of broad exposure in human resources, change management, organization transformation and culture building. notably, she worked as the HR Head at SME corner and has previously held leadership positions at IDFC First Bank, RBL, DBS Bank, Barclays and TCS eServe International. She is an HRM MBA graduate from XISS, Ranchi and is an alumnus of INSEAD, Singapore.

Sathiayan J

Sathiayan J, is the Chief Business Officer of our Company. He is a finance and banking professional who brings over two decades of experience in the domains of SME and Business Finance, Retail Liabilities and Assets, Third Party Products Distribution and other financial services at Religare Finvest and ABN Amro. His versatile vision and tenacity to create successful growth plans have led him to propel the U GRO foot-print across India. As a Chief Business Officer, he is responsible for making U GRO come alive to our various partners and customers.

Management Organisation structure



Interest of our Key Managerial Personnel and Senior Managerial Personnel

Except as stated below and in "*Related Party Transactions*" under the chapter *"Financial Statements"* on page 79, our Key Management Personnel and Senior Managerial Personnel do not have any other interest in our Company or its business.

For details of interest of Shachindra Nath, Vice Chairman and Managing Director in our Company, see "*Interest of Directors of our Company"* on page 435.

Our Key Managerial Personnel and Senior Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their relatives or the entities in which they are interested as directors or members, in our Company, if any.

There are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Key Managerial Personnel and Senior Managerial Personnel are interested.

None of the Key Managerial Personnel and Senior Managerial Personnel has taken any loans from our Company. Further, our Company has not availed any loans from the Key Managerial Personnel and Senior Managerial Personnel which are currently outstanding.

Shareholding of the Key Managerial Personnel and Senior Management Team

Except as disclosed below, none of the Key Managerial Personnel and Senior Managerial Personnel hold any Equity Shares in our Company as on the date of this Placement Document:

S. No.	Name of the Senior Managerial Personnel	Designation	Number of Equity Shares
1.	Sunil Lotke	Chief Legal and Compliance Officer	5
2.	Anuj Pandey	Chief Risk Officer	1,186

Other confirmations

Except as otherwise stated in this Placement Document, none of the Directors, our Promoters or any Key Managerial Personnel and Senior Managerial Personnel have any financial or other material interest in the Issue.

Neither our Company, nor any of our Directors or our Promoters have been categorized as a wilful defaulter or the fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

None of the Directors or the companies with which they are or were associated as promoters, directors are debarred from accessing the capital markets under any order or direction passed by the SEBI or any other governmental authority.

Neither our Company, nor our Promoters or the companies with which our Promoters is or has been associated with a promoter or a person in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other governmental authority.

None of our Promoters or Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Promoters, Directors and Key Managerial Personnel and Senior Managerial Personnel do not intend to subscribe to the Issue and will not participate in the Issue.

No Director in our Company is a director, or is otherwise associated in any manner, with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter or the fraudulent borrower list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

Except as disclosed below, as on the date of this Placement Document, there are no outstanding options granted to our Directors and Key Managerial Personnel under the CSL Employee Stock Option Scheme 2017 and UGRO Capital Employee Stock Option Scheme – 2022:

S. No.	Name	Name of the Scheme	Number of options granted but not yet vested	Number of options vested but not yet exercised
1.	Kishore Kumar Lodha, Chief Financial Officer	CSL Employee Stock Option Scheme 2017	3,00,000	Nil
		UGRO Capital Employee Stock Option Scheme – 2022	99,010	Nil

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to us and our employees and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, Company Secretary, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company as of December 31, 2022 is as follows:

(i) Summary statement of the shareholding pattern Specified Securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+ (V)+ (VI)	(VIII) As a % of (A+B+ C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+ C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	1	20,27,709	0	0	20,27,709	2.8738	2,027,709	0	20,27,709	2.8738	0	2.8738	0	0.0000	0	0.0000	20,27,709
(B)	Public	11,837	6,72,93,358	0	0	6,72,93,358	95.3700	6,72,93,358	0	6,72,93,358	95.37	0	95.37	0	0.0000	NA	NA	6,72,44,738
(C)	Non Promoter - Non Public				0				0			0			0.0000	NA	NA	
(C1)	Shares Underlying DRs	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
(C2)	Shares Held By Employee Trust	1	12,38,252	0	0	12,38,252	1.7500	12,38,252	0	12,38,252	1.75	0	1.75	0	0.0000	NA	NA	12,38,252

	Total	11,839	7,05,59,319	0	0	7,05,59,319	100.0000	7,05,59,319	0	7,05,59,319	100.0000	0	100.0000	0	0.0000	0	0.0000	7,05,10,699

(ii) Statement showing shareholding pattern of the Promoter and Promoter Group

S No.	Category & Name of the shareholders	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				Number of equity shares held in dematerialised form
				No of Voting Rights			Total as a % of Total Voting Rights	
				Class eg: X	Class eg: y	Total		
	(I)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(XIV)
1	**Indian**							
(a)	**Individuals / Hindu Undivided Family**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(b)	**Central Government / State Government(s)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(c)	**Financial Institutions / Banks**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(d)	**Any Other (Specify)**	**20,27,709**	**2.8738**	**20,27,709**	**0**	**20,27,709**	**2.8738**	**20,27,709**
	Bodies Corporate	**20,27,709**	**2.8738**	**20,27,709**	**0**	**20,27,709**	**2.8738**	**20,27,709**
	Poshika Advisory Services Llp	20,27,709	2.8738	20,27,709	0	20,27,709	2.8738	20,27,709
	Sub Total (A)(1)	**20,27,709**	**2.8738**	**20,27,709**	**0**	**20,27,709**	**2.8738**	**20,27,709**
2	**Foreign**							
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(b)	**Government**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(c)	**Institutions**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(d)	**Foreign Portfolio Investor**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
(e)	**Any Other (Specify)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
	Sub Total (A)(2)	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)	**20,27,709**	**2.8738**	**20,27,709**	**0**	**20,27,709**	**2.8738**	**20,27,709**

(iii) Statement showing shareholding pattern of the public shareholders

S No.	Category & Name of the shareholders	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				Number of equity shares held in dematerialised form	Sub-categorization of shares		
				No of Voting Rights			Total as a % of Total Voting Rights		Shareholding (No. of shares) under		
				Class eg: X	Class eg: y	Total			Sub-category(i)	Sub-category(ii)	Sub-category(iii)
	(I)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(XIV)	(XV)		
1	**Institutions (Domestic)**										
(a)	**Mutual Fund**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(b)	**Venture Capital Funds**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(c)	**Alternate Investment Funds**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(d)	**Banks**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(e)	**Insurance Companies**	**14,28,600**	**2.0247**	**14,28,600**	**0**	**14,28,600**	**2.0247**	**14,28,600**	**0**	**0**	**0**

	PNB Metlife India Insurance Company Limited	14,28,600	2.0247	14,28,600	0	14,28,600	2.0247	14,28,600			
(f)	**Provident Funds/ Pension Funds**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(G)	**Asset Reconstruction Companies**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(h)	**Sovereign Wealth Funds**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(i)	**NBFCs registered with RBI**	**1,25,000**	**0.1772**	**1,25,000**	**0**	**1,25,000**	**0.1772**	**1,25,000**	**0**	**0**	**0**
(j)	**Other Financial Institutions**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(k)	**Any Other (Specify)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
	Sub Total (B)(1)	**15,53,600**	**2.2018**	**15,53,600**	**0**	**15,53,600**	**2.2018**	**15,53,600**	**0**	**0**	**0**
2	**Institutions (Foreign)**										
(a)	**Foreign Direct Investment**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(b)	**Foreign Venture Capital Investors**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(c)	**Sovereign Wealth Funds**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(d)	**Foreign Portfolio Investors Category I**	**49,12,080**	**6.9616**	**49,12,080**	**0**	**49,12,080**	**6.9616**	**49,12,080**	**0**	**0**	**0**
	Samena Special Situations Mauritius	33,21,500	4.7074	33,21,500	0	33,21,500	4.7074	33,21,500			
(e)	**Foreign Portfolio Investors Category II**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(f)	**Overseas Depositories (holding DRs) (balancing figure)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(g)	**Any Other (Specify)**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
	Sub Total (B)(2)	**49,12,080**	**6.9616**	**49,12,080**	**0**	**49,12,080**	**6.9616**	**49,12,080**	**0**	**0**	**0**
3	**Central Government/ State Government(s)**										
(a)	**Central Government / President of India**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			

(b)	State Government / Governor	0	0.0000	0	0	0	0.0000	0			
(C)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0.0000	0	0	0	0.0000	0			
	Sub Total (B)(3)	0	0.0000	0	0	0	0.0000	0			
4	Non-Institutions	0	0.0000	0	0	0	0.0000	0			
(a)	Associate companies / Subsidiaries	0	0.0000	0	0	0	0.0000	0			
(b)	Directors and their relatives (excluding Independent Directors and nominee Directors)	1,48,076	0.2099	1,48,076	0	148076	0.2099	1,48,076	0	0	0
(C)	Key Managerial Personnel	0	0.0000	0	0	0	0.0000	0			
(D)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0.0000	0	0	0	0.0000	0			
(E)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee','beneficiary', or 'author of the trust''	0	0.0000	0	0	0	0.0000	0			
(f)	Investor Education and Protection Fund (IEPF)	0	0.0000	0	0	0	0.0000	0			
(g)	i. Resident Individual holding nominal share	53,74,328	7.6168	53,74,328	0	53,74,328	7.6168	53,26,508	0	0	0

	capital up to Rs. 2 lakhs.										
(h)	**ii. Resident individual holding nominal share capital in excess of Rs. 2 lakhs.**	**50,37,961**	**7.14**	**50,37,961**	**0**	**50,37,961**	**7.14**	**50,37,961**	**0**	**0**	**0**
	Saurabh Sharma	12,38,252	1.75	12,38,252			1.75	12,38,252	0	0	0
(i)	**Non Resident Indians (NRIs)**	**15,83,194**	**2.2438**	**15,83,194**	**0**	**15,83,194**	**2.2438**	**15,83,194**	**0**	**0**	**0**
	Rishi Ajitsinh Khimji	8,05,084	1.1410	8,05,084	0	8,05,084	1.1410	8,05,084			
(j)	**Foreign Nationals**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0**			
(k)	**Foreign Companies**	**4,23,94,190**	**60.083**	**4,23,94,190**	**0**	**4,23,94,190**	**60.0830**	**4,23,94,190**	**3,61,89,315**	**0**	**0**
	Clearsky Investment Holdings Pte Limited	1,51,16,279	21.4235	1,5116,279	0	1,51,16,279	21.4235	1,51,16,279	1,51,16,279	0	0
	Newquest Asia Investments Iii Limited	1,51,16,279	21.4235	1,51,16,279	0	1,51,16,279	21.4235	1,51,16,279	1,51,16,279	0	0
	Dbz (Cyprus) Limited	62,04,875	8.7938	62,04,875	0	62,04,875	8.7938	62,04,875			
	Samena Fidem Holdings	59,56,757	8.4422	59,56,757	0	59,56,757	8.4422	59,56,757	59,56,757	0	0
(l)	**Bodies Corporate**	**52,04,153**	**7.3756**	**52,04,153**	**0**	**52,04,153**	**7.3756**	**52,03,353**	**0**	**0**	**0**
	Purshottam Investofin Ltd	13,32,049	1.8878	13,32,049	0	13,32,049	1.8878	13,32,049			
(m)	**Any Other (Specify)**	**10,85,776**	**1.5388**	**10,85,776**	**0**	**10,85,776**	**1.5388**	**10,85,776**	**0**	**0**	**0**
	Trusts	**500**	**0.0007**	**500**	**0**	**500**	**0.0007**	**500**	**0**	**0**	**0**
	Body Corp-Ltd Liability Partnership	**5,10,564**	**0.7236**	**5,10,564**	**0**	**5,10,564**	**0.7236**	**5,10,564**	**0**	**0**	**0**
	Hindu Undivided Family	**5,71,787**	**0.8104**	**5,71,787**	**0**	**5,71,787**	**0.8104**	**5,71,787**	**0**	**0**	**0**
	Clearing Member	**2,925**	**0.0041**	**2,925**	**0**	**2,925**	**0.0041**	**2,925**	**0**	**0**	**0**
	Sub Total (B)(4)	**6,08,27,678**	**86.21**	**6,08,27,678**	**0**	**6,08,27,678**	**86.21**	**6,07,79,058**	**3,61,89,315**	**0**	**0**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)+ b(4)	**6,72,93,358**	**95.3713**	**6,72,93,358**	**0**	**6,72,93,358**	**95.3713**	**6,72,44,738**	**3,61,89,315**	**0**	**0**

(iv) Statement showing shareholding pattern of the non-promoter- non-public shareholders

S No.	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+ (V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Custodian/DR Holder		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA	0
2	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021		1	12,38,252	0	0	12,38,252	1.75	12,38,252	0	12,38,252	1.75	0	1.75	0	0.0000	NA	NA	12,38,252
	Total Non-Promoter- Non Public Shareholding		1	12,38,252	0	0	12,38,252	1.75	12,38,252	0	12,38,	1.75	0	1.75	0	0.0000	NA	NA	12,38,252

	(C)= (C)(1)+(C)(2)										**252**								

(v) The following table sets forth the details of disclosure made by the trading members holding 1% or more of the total number of shares of our Company as on December 31, 2022:

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of Equity Shares Held	% of total no. of Equity Shares	Date of reporting by the Trading Member
1.	Nil	Nil	Nil	Nil	Nil

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the BRLM. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on page 467 and 476, respectively. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsel, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs. The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, and rules thereunder through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act our Company, being, a listed company in India may issue eligible securities to Eligible QIBs provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the Company have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date for the QIP;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, equity shares of the same class of such Company, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the Company shall have completed allotments with respect to any earlier offer or invitation made by the Company or shall have withdrawn or abandoned such invitation or offer made by the Company, except as permitted under the Companies Act;

- the Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to limit of 200 persons, Prior to circulating the private placement offer-cum-application (i.e., this Placement Document), the Company shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the Company prior to the invitation to subscribe;

- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued, and allotment shall be made only in dematerialized form to the allottees; and

- the Promoters and Directors of the Company are not Fugitive Economic Offenders.

At least 10% of the equity shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the Company's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated May 24, 2022 and our Shareholders through a special resolution on August 12, 2022 have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price.

The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176 (4) of the SEBI ICDR Regulations.

The "relevant date" mentioned above in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of the Company decides to open the proposed issue and "stock exchange" means any of the recognized stock exchanges in India on which the equity shares of the Company of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The securities must be allotted within 365 days from the date of the shareholders' resolution approving the QIP in one or tranches and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees for each QIP shall not be less than:

• two, where the issue size is less than or equal to ₹ 25,000 lakhs; and

• five, where the issue size is greater than ₹ 25,000 lakhs.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes on page 458*"same group" or "common control", see "Bid Process—Application Form"*

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI LODR Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on May 24, 2022 and our Shareholders in the 29th Annual General Meeting held on August 12, 2022.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid/Issue Opening Date, our Company in consultation with the BRLM shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act and the PAS Rule.

2. The list of QIBs to whom the Application Form is delivered shall be determined by our Company in consultation with the BRLM. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such

person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLM.

4. Bidders will be required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - an undertaking that they will deliver an offshore transaction letter to our Company prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;

   - equity shares held by the Bidder in our Company prior to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and this Placement Document.

   - A representation that it is outside the United States acquiring the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in this Placement Document and in the Application Form.

   ***NOTE*: *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Bidders shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of *“UGRO QIP ESCROW ACCOUNT”* with the Escrow Agent, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity

Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in *"Refunds"* on page 463.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

9. Upon receipt of the duly completed Application Form, whether signed or not, and the Bid Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company shall, in consultation with BRLM determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLM, on behalf of our Company, will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLM.**

10. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the BRLM, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹ 2,500 lakhs;
- provident funds with minimum corpus of ₹ 2,500 lakhs;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and

- systemically important non-banking financial companies

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIS ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e., 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which the Company operates. The existing aggregate investment limit for FPIs in the Company is 100% of the paid-up capital of the Company, on a fully diluted basis.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed CDSL as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 467.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the Company.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Company, the BRLM and any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLM who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document and this Placement Document, the Bidder will be deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations By Investors*" and "*Selling Restrictions*" on pages 3, 7 and 467, respectively:

1. Each Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Bidder confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or members of the Promoter Group or persons related to the Promoter;

3. Each Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Bidder confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. Each Bidder confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLM. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary(ies) or holding company and any other Bidder; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Bidders acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Bidder confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that such Bidder is outside the United States, is acquiring the Equity Shares in an "offshore transaction" under Regulation S and is not an affiliate of the Company or the BRLM or a person acting on behalf of such an affiliate.

    Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and the Consolidated FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLM, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). Additionally, the Application Form will include details of the relevant Escrow Account into which the Bid Amount will have to be deposited. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the BRLM either through electronic form or through physical delivery at the following address:

Name of Book Running Lead Manager	Address	Contact Person	Website and Email ID	Phone (Telephone)
Keynote Financial Services Limited	The Ruby, 9th floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028, Maharashtra, India	Veerendrra Chaurasia	mbd@keynoteindia.net	+91-22-68266000

The BRLM shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms shall be duly completed and Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of *"UGRO QIP ESCROW ACCOUNT"* with the Escrow Agent, in terms of the Escrow Agreement entered among our Company, the BRLM and the Escrow Agent. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bid/ Issue Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in *"UGRO QIP Escrow Account"* only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in *"Issue Procedure – Refunds"* on page 463.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, 'stock exchange' shall mean any of the recognised stock exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders, accorded through special resolution passed in the Annual General Meeting held on August 12, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLM, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board (or a duly constituted committee thereof) decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and shall file the same with the Stock Exchanges.

Build-up of the Book

The Bidders shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLM. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLM.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLM has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLM ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLM, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLM.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI LODR Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue under Form PAS-3 with the RoC within the prescribed timelines under the Companies Act whichever is later.

7. After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as this Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post-Issue shareholding pattern of our Company along with this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLM, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLM in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 458 and 463 respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLM shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement

The BRLM has entered into the Placement Agreement dated April 10, 2023 with our Company, pursuant to which the BRLM has agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Bidder/Eligible QIBs.

The BRLM and their affiliates may engage in transactions with and perform services for our Company or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company or affiliates, for which they would have received compensation and may in the future receive compensation.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. Accordingly, the Equity Shares are being offered and sold by our Company outside the United States, in "offshore transactions", as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see *"Offshore Derivative Instruments"* on page 13.

From time to time, the Book Running Lead Manager, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and their respective affiliates and associates.

Lock-up by Promoter

Our Company acknowledges that each Promoter has undertaken that it will not for a period of 60 (sixty) days from the date of Allotment under the Issue, without the prior written consent of the BRLM, directly or indirectly: (a) directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, or otherwise transfer or dispose of, any Promoter and Promoter Group shares, including but not limited to any options or warrants to purchase any Promoter and Promoter Group shares, or any securities convertible into or exercisable for, or that represent the right to receive, any Promoter and Promoter Group share; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Promoter and Promoter Group shares or any securities convertible into or exercisable or exchangeable for any of the Promoter and Promoter Group shares (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Promoter and Promoter Group shares or such other securities, in cash or otherwise); or (c) deposit any of the Promoter and Promoter Group shares, or any securities convertible into or exercisable or exchangeable for the Promoter and Promoter Group shares or which carry the rights to subscribe for or purchase the Promoter and Promoter Group shares, with any depositary in connection with a depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Promoter and Promoter Group shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above, provided, however, that the foregoing restrictions shall not apply to: (i) any sale, transfer or disposition of any of the Promoter and Promoter Group shares by the undersigned with prior notice to the BRLM to the extent such sale, transfer or disposition is required by Applicable Law; (ii) any bona fide pledge or non-disposal undertaking of any of the Promoter and Promoter Group shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, our Company or transfer of any of the Promoter and Promoter Group shares to any third party pursuant to the invocation of any pledge in relation to the Promoter and Promoter Group shares; and (iii) any inter group transfer made to any entities promoted by the Promoter ("**Promoter Group Entities**"), subject to compliance with applicable laws and subject to observance by the transferee Promoter Group Entities of the foregoing restrictions on transfer of Promoter shares until the expiry of the Lock-up Period.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors"* and *"Representations by Investors"* on pages 3 and 7, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Purchaser Representations and Transfer Restrictions*" on page 476.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Placement Document has not been and will not be registered as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Placement Document, and any offers made under this Placement Document, you represent to the Company and the Book Running Lead Manager that you will not provide this Preliminary Placement Document or communicate any offers made under this Placement Document to, or make any applications or receive any offers for the Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Book Running Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian

Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Placement Document or the performance of the Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for accredited investors as defined by the Central Bank of Bahrain. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares and this Placement Document will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Placement Document or the marketing thereof in the Kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of the Equity Shares.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), but only where the offer will be made to, and received by, the relevant BVI company entirely outside of the British Virgin Islands.

Canada

The Equity Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The Equity Shares may only be offered, sold or distributed, directly or indirectly, in or to or for the benefit of a resident of, the Provinces of British Columbia, Alberta, Ontario or Québec, which is purchasing, or deemed to be purchasing, as a principal that is: (i) an accredited investor, as defined in National Instrument 45-106 Prospectus Exemptions ("NI 45-106") or subsection 73.3(1) of the Securities Act (Ontario), and (ii) a permitted client, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. Any resale of the Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "SIBL"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

People's Republic of China

The Equity Shares may not be offered or sold directly or indirectly in the People's Republic of China (the "**PRC**") (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan). Neither this Placement Document nor any material or information contained or incorporated by reference herein relating to the Equity Shares, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Equity Shares in the PRC. The material or information contained or incorporated by reference herein relating to the Equity Shares does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Equity Shares may only be invested by the PRC investors that are authorised to engage in the purchase of Equity Shares of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from CSRC, the State Administration of Foreign Exchange, the National Development and Reform Commission and/or the Ministry of Commerce, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require the Issuer or the Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

This Placement Document has not been delivered for registration to the registrar of companies in Hong Kong, and its contents have not been reviewed or authorized by any regulatory authority in Hong Kong. Accordingly: (i) the Equity Shares have not been and will not be offered or sold in Hong Kong, by means of any document, other than to persons that are considered "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made thereunder, or in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong and as permitted under the SFO; and (ii) no invitation, advertisement or other document relating to the Equity Shares has been or will be issued (or possessed for the purpose of issue), whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

The contents of this Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Issue. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor", as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (, as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors, as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

This Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Market Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Luxembourg

The Equity Shares offered in this Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Placement Document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Company, is prohibited.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document nor any offering material or information contained herein relating to the offer of the Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell the Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
(ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
(iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Qatar (excluding the Qatar Financial Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the BRLM is not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the BRLM are not, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Issue. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. The Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC.

The Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 3-123-2017 dated December 27, 2017 as amended by resolution number 1-104-2019 dated September 30, 2019, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Book Running Lead Manager has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(b) where no consideration is or will be given for the transfer;
(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or
(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

i) the offer, transfer, sale, renunciation or delivery is to:
   a) persons whose ordinary business is to deal in securities, as principal or agent;
   b) the South African Public Investment Corporation;
   c) persons or entities regulated by the Reserve Bank of South Africa;
   d) authorised financial service providers under South African law;
   e) financial institutions recognised as such under South African law;
   f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
   g) any combination of the person in (a) to (f); or

ii) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "South African Companies Act")) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "SA Relevant Persons"). Any investment or investment activity to which this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Sultanate of Oman

This Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the BRLM or any placement agent acting on its behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the BRLM nor any placement agent acting on its behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the BRLM nor any placement agent acting on its behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman. Nothing contained in this Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the offering, our Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Placement Document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Equity Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the UAE or any other authority in any of the free zones established and operating in the UAE. The Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved the Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in the Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom 206 prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

a. to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Managers for any such offer; or

c. in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 **("FSMA"**) provided that no such offer of the Equity Shares shall require the Issuer or any Book Running Lead Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

Each purchaser of the Equity Shares offered and sold in "offshore transactions" as defined in, and reliance on Regulation S will be deemed to have represented and agreed as follows:

a. the purchaser (i) is, and the person, if any, for whose account it is acquiring such Shares is, outside the United States, and (ii) is acquiring the Shares in an "offshore transaction" as defined in Regulation S;
b. the purchaser has not been offered the Shares by means of any "directed selling efforts" as defined in Regulation S;
c. the purchaser is aware that the Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, and, subject to certain exceptions, may not be offered or sold within the United States; and
d. the purchaser acknowledges that the Company, the Book Running Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 476 and each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*Purchaser Representations and Transfer Restrictions*" on page 476.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

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PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, Bidders are advised to consult legal counsel prior to subscribing for the Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized stock exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see *"Selling Restrictions"* on page 467.

United States Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Each purchaser of the Equity Shares in the United States or who is a U.S. person is deemed to have represented, agreed and acknowledged as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Company and the BRLM harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

  It acknowledges that our Company, the BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchange and has not been prepared or independently verified by our Company or the Book Running Lead Manager or any of its affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the Stock Exchange in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchange Regulation

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of Stock Exchange and clearing corporations in India together with providing for minimum capitalisation requirements for Stock Exchange. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective Stock Exchanges, regulate the recognition of Stock Exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the Stock Exchanges.

The SEBI is empowered to regulate the Indian securities markets, including Stock Exchange and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognized Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI ICDR Regulations and SEBI LODR Regulations. The SCRA empowers the governing body of each recognized stock exchange to, amongst other things, suspend trading of, or withdraw admission to dealings in, a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI LODR Regulations or for any reason, subject to our company receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI LODR Regulations and bye-laws of the Stock Exchange in India, to overrule decisions by the governing body of the Stock Exchange and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum level of public shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed Stock Exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The stock exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The Stock Exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by Stock Exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier Stock Exchange of India. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI LODR Regulations

Public listed companies are required under the SEBI LODR Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI LODR Regulations. In addition, a listed company is subject to, inter alia, continuing disclosure requirements pursuant to the terms of the SEBI LODR Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for promoter, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of ₹10 lakh over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations.

Further, on July 17, 2020, SEBI amended the Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Article of Association, the Companies Act, 2013. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares. Capitalised terms used and not defined herein, shall have the same meaning as ascribed to such words in the Memorandum and Articles of Association

General

The authorized share capital of our Company as of the date of this Placement Document is ₹ 102,00,00,000 (Indian Rupees One Hundred Two Crores only) divided into 8,15,00,000 Equity Shares of ₹ 10 (Indian Rupees Ten only) each and 2,05,00,000 preference shares of ₹ 10 (Indian Rupees Ten only) each and the total issued, subscribed and paid up equity share capital as of the date of this Placement Document is ₹ 705,593,190 divided into 70,559,319 Equity Shares of ₹ 10 each. For further details, please see the section *"Capital Structure"* on page 71.

Dividend

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the shareholders. Unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any fiscal except, among other things, out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act. Further, under the Companies Act, a company is not permitted to declare any dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against the profit of the company for the current year.

The Companies Act states that any dividends that remain unpaid or unclaimed within 30 days from the date of declaration of dividends is to be transferred to a special bank account called the dividend unpaid account within seven days from the date of expiry of the period of 30 days. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India. The Articles authorise our Board of Directors to declare dividends or make any distribution in relation to any Shares or share equivalents of the Company subject to at least three-fourths of the Directors (present and voting at a duly convened Board meeting) has approved to directly or indirectly declare, authorize or pay any dividend or make any distribution in relation to any Shares.

Under the Companies Act, dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant AGM, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

Share capital

The authorised share capital of the Company shall be such amount and be divided into such Equity Shares as may, from time to time, be provided in Clause V of Memorandum of Association with power to increase and reduce the capital of the Company, into several classes and to attach thereto respectively preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as provided by the Company.

Notwithstanding anything to the contrary in this Articles, the Board shall not make decisions or undertake any actions in relation to the issuance of any Shares or other securities having structural or legal or preference over or ranking senior to (or pari passu with) the Shares with respect to any matter, including without limitation, dividend rights, voting rights or liquidation preference, either as a public offering or private sale or issue of any Shares or other securities of the Company, unless at least three-fourths of the Directors (present and voting at a duly convened Board meeting) vote in favour of such matter.

Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the Memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided:

- one certificate for all his shares without payment of any charges; or
- several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

Every certificate shall be signed by 2 (two) directors and 1 (one) authorized signatory of the Company and shall specify the shares to which it relates and the amount paid-up thereon. The common seal shall be affixed in the presence of the persons required to sign the certificate and shall be in such form as the directors may prescribe and approve. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

General Meetings of Shareholders

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. The AGM shall be held in each calendar year within 6 (six) months following the end of the previous Financial Year of the Company. All General Meetings other than the AGM shall be EGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board may convene an EGM when necessary or at the request of Shareholders in accordance with the Companies Act. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the Shareholders. Shorter notice is permitted if consent is received from 95% of the Shareholders entitled to vote at such meeting. Five Shareholders or such other number of Shareholders as required under the Companies Act or applicable law personally present shall constitute quorum for a general meeting.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company. A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013.

Transfer and transmission of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to STT (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered. Pursuant to the SEBI LODR Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository. The Equity Shares shall be freely transferable, subject to applicable laws.

STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors
UGRO Capital Limited
Equinox Business Park,
Tower 3, Fourth Floor,
Off BKC, LBS Road, Kurla,
Mumbai – 400 070,
Maharashtra, India

Sub: Statement of possible special tax benefits available to UGRO Capital Limited and its shareholders, prepared in accordance with Qualified institutions placement of equity shares of face value of ₹ 10 each (“Equity Shares”)(the “Securities”) under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and applicable provisions of the Companies Act, 2013 and the rules framed thereunder, each as amended by UGRO Capital Limited (such qualified institutions placement, the “Issue”)

1. We, M S K A & Associates (“the Firm”), Chartered Accountants, the statutory auditors of UGRO Capital Limited (the “issuer” or the “Company”) hereby confirm the enclosed statement in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 (“Statement”) presently in force in India viz. the Income-tax Act, 1961, (“Act”), the Income-tax Rules, 1962, (“Rules”), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2023-24 relevant to the financial year 2022-23, available to the Company and its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil.

2. This statement of possible special tax benefits is required as per Schedule VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (“SEBI ICDR Regulations”). While the term ‘special tax benefits’ has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

4. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders do not cover any general tax benefits available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The benefits stated in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this Statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

7. We do not express any opinion or provide any assurance whether:
   - The Company and its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/would be met;
   - The revenue authorities/courts will concur with the views expressed herein.

8. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

9. This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in the Preliminary Placement Document and Placement Documents for the Issue of equity shares of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our Statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For **M S K A & Associates**
Chartered Accountants
Firm Registration Number:105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQLK2470

April 10, 2023
Mumbai

ANNEXURE

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO UGRO CAPITAL LIMITED AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 IN INDIA

The statement of tax benefits enumerated below is as per the Income-tax Act, 1961 ('the Act'), as amended by the Finance Act, 2023.

This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity shares. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications in India or outside India arising out of their participation in the issue.

In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident is resident for tax purposes read with the Multi-Lateral Instrument ("MLI"). The MLI, amongst others, includes a "principal purpose test", wherein DTAA benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

No special tax benefits are available to the Company.

II. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. **Lower Corporate Tax Rate under section 115BAA of the Act**

A new section 115BAA was inserted by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act, 2019') w.e.f. AY 2020-21 (FY 2019-20) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives in sub-clause 2(i) of section 115BAA of the Act .

A company opting for taxation under section 115BAA of the Act has to compute its total income:

i. Without any profit or incentive linked deduction under section 10AA, 32(1)(iia), 32AD, 33AB, 33ABA, 35(1)(ii)/(iia)/(iii), 35(2AA)/(2AB), 35CCC, 35CCD, or under Chapter VIA other than section 80JJAA and section 80M; and

ii. without set off of any loss carried forward from any earlier assessment year if such loss is attributable to any of the deductions referred to in sub-clause (i); and

iii. by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ('MAT') under section 115JB of the Act. The CBDT has further issued Circular 29/2019 dated October 2, 2019 clarifying that since the MAT provisions under section 115JB of the Act itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA of the Act, MAT credit would not be available. Corresponding amendment has been inserted under section 115JAA of the Act dealing with MAT credit.

The option for computation of tax under section 115BAA of the Act needs to be exercised on or before the due date of filing the tax return of the previous year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The MAT provisions continue to apply to the Company if above option under section 115BAA of the Act is not exercised and the Company shall be eligible for the MAT rate of 15% (plus applicable surcharge and cess at rate of 4%).

As per section 115JAA(1A) of the Act, credit is allowed in respect of MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. MAT credit shall not be allowed to be carried forward beyond fifteenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

The Company has not yet exercised the above option for lower tax regime under Section 115BAA.

2. **Benefits available while computing Profits and Gains of Business or Profession as well as Total Income**

The income of the Non-Banking Finance Company (NBFC) under the head ‘Profits and Gains of Business or Profession’ is computed in accordance with applicable provisions of the Act read with Income Computation and Disclosure Standards (ICDS) notified under section 145(2) of the Act. Some of the important deductions available specifically to NBFC for computation of income under the head ‘Profits and Gains of Business or Profession’ as well as total income are detailed below:

2.1. **Section 36(1)(vii) of the Act - Allowance of bad debts written off**

Under section 36(1)(vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the Company for the previous year is allowable as deduction. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viia) of the Act.

If the amount subsequently recovered on any such written off debt or part thereof is greater than the difference between the debt or part of debt so written off and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with section 41(4) of the Act in the year in which it is recovered.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at paragraph 1 above.

2.2. **Section 36(1)(viia) of the Act - Allowance of provision for bad & doubtful debts**

In terms of section 36(1)(viia) of the Act, the Company is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the Company of an amount not exceeding 5% of the total income (computed before making any deduction under this clause and Chapter VI-A of the Act).

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

2.3. **Section 43D of the Act - Interest on bad & Doubtful debts**
In terms of section 43D of the Act, interest on certain categories of bad and doubtful debts as specified in Rule 6EB of the Income-tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

2.4. **Section 35D- Amortisation of certain preliminary expenses**

The Company will be entitled to amortise certain preliminary expenditure, specified under section 35D(2) of the Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the business commences.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

2.5. **Section 35DD- Deduction of expenditure in case of amalgamation or demerger**

The Company will be entitled for deduction in respect of expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, for an amount equal to 1/5th of such expenses over 5 successive AYs beginning with the previous year in which the amalgamation or demerger takes place.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

2.6. **Section 32 - Depreciation**

The depreciation rates in respect of Motor Cars, Plant and Machinery and Office Equipment is 15%, Furniture & Fittings and Electrical Equipment is 10%, Intangible assets (excluding goodwill) is 25%, Computers 40%, Buildings (Residential) is 5% and Buildings (Others) is 10%.

The Finance Act 2021 has provided that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill should be allowed in any situation. In a case where goodwill is purchased by the Company, the purchase price of the goodwill will continue to be considered as cost of acquisition for the purpose of computation of capital gain under section 48 of the Act, subject to condition that in case depreciation was claimed by Company in relation to such goodwill prior to AY 2021-22, then the depreciation so obtained by the Company shall be reduced from the amount of the purchased price of the goodwill.

2.7. **Deduction under section 80JJAA of the Act**

The Company, being subjected to tax audit under section 44AB of the Act, is entitled to claim deduction equal to 30% of the additional employee cost incurred in the previous year in the course of its business for three years from the year in which such additional employees are taken on board, subject to fulfilment of other conditions specified therein.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at paragraph 1 above.

2.8. **Deduction under section 80M of the Act**

The Company will be entitled for deduction in respect of income by way of dividends received from any other domestic company or a foreign company or a business trust in computing the total income of Company. However, such deduction shall not exceed the amount of dividend distributed by it on or before the due date. Due date for the purpose of section 80M of the Act means the date one month prior to the date for furnishing the return of income under section 139(1) of the Act.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at paragraph 1 above.

However, as per section 115JB of the Act, the Company shall be required to pay MAT at the rate of 15% (plus applicable surcharge and cess of 4%) on book profits, irrespective of this tax benefit, if it does not opt for the benefit of lower rate of tax under section 115BAA of the Act.

2.9. **Deduction under section 80G of the Act**

The Company is eligible to claim deduction equal to 100% or 50%, as the case may be, of donation made to certain specified entities, if any, under section 80G of the Act while computing the total income of the Company.

The Company shall not be entitled for this deduction if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

2.10. **Carry forward and set-off of Business loss and unabsorbed depreciation**

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income. Balance business loss, if any, can be carried forward and setoff against business profits for subsequent eight years as per the provisions of section 72 of the Act.

Section 72A(1) of the Act provides that the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or allowance for unabsorbed depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly to the amalgamated company, subject to satisfaction of certain conditions.

Accumulated business loss and Unabsorbed depreciation of the demerged company in case of demerger under section 72A(4) of the Act be allowed to be carried forward and set off in the hands of the resulting company.

3. **Income by way of dividend**

The Finance Act, 2020 has omitted section 115-O and section 115BBDA. W.e.f. April 1, 2020, dividend income is taxable in the hands of shareholders at the applicable rates and the Company is not required to pay any DDT.

The recipient shareholder shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the maximum limit of 20% of the dividend income or income from a mutual funds. Further, provisions of section 14A shall no longer apply in relation to dividend income.

The Company may avail benefit under section 80M of the Act as discussed at paragraph 2.8 above.

4. **Income from specified units**

Finance Act, 2020 has amended section 10(35) of the Act. W.e.f. April 1, 2020 income distributed on specified units are taxable in the hands of unit holder at the applicable rate and the specified company or mutual funds are not required to pay any DDT. The recipient unit holder shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the maximum limit of 20% of the dividend income or income from a mutual funds. Further, provisions of section 14A shall no longer apply in relation to such income from specified units.

5. **Income from buy back of shares - Section 10(34A) of the Act**

Income arising to the Company / NBFC, on account of buy back of shares by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act.

In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess of 4%) on distributed income being difference between consideration paid by the company on buy back of shares and the amount received by the company for issue of shares, determined in the manner as may be prescribed.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible.

6. **Taxation of capital gains**

The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

In case securities are held as stock in trade, the income on transfer of securities would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

Where the gains arising on the transfer of securities are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which Securities Transaction Tax ('STT') has been charged, such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

However, no deduction of STT amount will be allowed in computing the income chargeable to tax as capital gains.

Period of holding

Capital assets held as investment may be categorized into short-term capital assets or long-term capital assets based on its period of holding. Consequently, capital gains arising on sale of long-term capital assets is long-term capital gains (LTCG). Capital gains arising on sale of short-term capital assets is short-term capital gains (STCG). Section 2(42A) of the Act provides for period of holding of capital assets for categorising capital assets into short-term capital assets and long-term capital assets.

Capital assets being securities (other than unit) listed in a recognized stock exchange in India or a unit of the Unit Trust of India or a unit of an equity-oriented fund or a zero-coupon bond will be considered long term capital assets if the period of holding is more than 12 months.

Capital asset being shares of a company (other than those listed on a recognised stock exchange) and immovable property being land or building or both will be considered long term capital assets, if the period of holding of such shares, land or building or both is more than 24 months.

Other capital assets (not covered above) will be considered as long-term capital assets, if the period of holding of such capital asset is more than 36 months.

Capital assets which are not long-term capital assets are short-term capital assets.

Computation

Section 48 of the Act provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration, to arrive at the amount of Capital Gains. However, in respect of long-term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

Taxability of long-term capital gains under section 112A of the Act

Long term capital gains (exceeding INR 1,00,000/-) arising to the Company on transfer of equity shares, equity oriented mutual fund units and units of a business trust shall be taxed under section

112A of the Act at a concessional rate of 10% (plus applicable surcharge and cess of 4%), if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified following transactions of acquisition of equity shares as exempt from the condition of payment of STT:

(a) share acquisitions undertaken prior to October 1, 2004
(b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

Separately, section 55(2)(ac) provides that cost of acquisition of the specified capital asset (referred to in the aforesaid section 112A of the Act) acquired prior to 1 February 2018, shall be higher of –

a) Cost of acquisition of asset; and
b) Lower of –
    i. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
    ii. the full value of consideration received or accruing as a result of transfer of the capital asset.

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on 31 January 2018.

Taxability of long-term capital gains not covered under section 112A of the Act (section 112 of the Act)

Long-term capital gains arising to the Company from the transfer of long-term capital asset, not covered under the section 112A of the Act, shall be taxed under section 112 of the Act, at the rate of 20% (plus applicable surcharge and cess of 4%) with indexation benefit i.e. after indexing the cost of acquisition/ improvement.

However, as per the proviso to section 112 of the Act, in case of long-term capital gains resulting on transfer of listed securities other than units (other than those covered under section 112A) and zero-coupon bond, Company can opt for the concessional rate of 10% (plus applicable surcharge and cess of 4%) without indexing benefit.

Taxability of short-term capital gains under section 111A of the Act

Short-term capital gains arising to the Company on transfer of short-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of an eligible business trust will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

Taxability of short-term capital gains not covered under section 111A of the Act

Short-term capital gains arising to the Company not covered by section 111A of the Act shall be chargeable to tax at normal rates.

Set-off of capital loss

As per section 70 read with section 74 of the Act, short-term capital loss suffered during the year is allowed to be set- off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

As per Section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

III. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

No special tax benefits are available to the shareholders of the Company.

IV. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

1. RESIDENT SHAREHOLDERS

Taxation of dividend income and withholding tax

1.1. The Finance Act, 2020 has omitted section 115-O and section 115BBDA. Now, w.e.f. April 1, 2020, dividend income shall be taxable in the hands of shareholders at the normal rate.

Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial judicial person, surcharge would be restricted to 15% for irrespective of the amount of dividend.

The recipient shareholder shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the maximum limit of 20% of the dividend income or income from a mutual funds.

In case of Corporate Shareholder being a domestic company, benefit may be availed under section 80M of the Act as discussed at paragraph 2.8 above.

The Company will be liable to deduct tax at source ('TDS') at the rate of 10% in case of resident shareholders. TDS will have to be deducted at a higher rate in case of non-furnishing of Permanent Account Number ('PAN') and /or non-filers of income-tax return (Refer Section V and VII).

No TDS will be deducted in case of resident individual shareholder if -

(a) Dividend distributed or paid or likely to be distributed or paid does not exceeds or is not likely to exceed INR 5000/- during the financial year, or
(b) A declaration in prescribed Form 15G or 15H (as may be applicable) is verified and submitted in prescribed manner and time by the shareholder.

Taxation of capital gains

1.2. The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

Capital assets held as investment may be categorized into short-term capital assets or long-term capital assets based on its period of holding as mentioned under section 2(42A) of the Act. Capital assets being securities (other than a unit) listed in a recognized stock exchange in India or unit of Unit Trust of India or unit of an equity-oriented fund or a zero-coupon bond held by an assessee for a period of more than 12 months are considered as long-term capital assets. Capital asset being shares of a company (other than those listed on a recognised stock exchange) or immovable property, being land and building or both, will be considered long term capital assets, if the period of holding of such shares is more than 24 months. In the case of other assets, period of holding should exceed 36 months to be considered as long-term capital asset. Capital assets which are not long-term capital assets are short-term capital assets. Consequently, capital gains arising on sale of long-term capital assets is long-term capital gains

(LTCG). Capital gains arising on sale of short-term capital assets is short-term capital gains (STCG)

1.3. As per the provisions of section 48 of the Act, STCG arising on transfer of capital assets is computed by deducting expenses incurred in relation to the transfer i.e. the cost of acquisition and the cost of improvement from the full value of consideration. However, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015), section 48 of the Act, provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

1.4. Long term capital gains (exceeding INR 1,00,000/-) arising to the shareholders of the Company on transfer of shares of the Company shall be taxed under section 112A of the Act at a concessional rate of 10% (plus applicable surcharge and cess of 4%), if STT has been paid on both acquisition and transfer in case of equity shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

As per section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified following transactions of acquisition of equity shares as exempt from the condition of payment of STT:

(a) share acquisitions undertaken prior to October 1, 2004
(b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

1.5. Long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company, not covered under the section 112A of the Act, shall be taxed under section 112 of the Act, at the rate of 20% (plus applicable surcharge and cess of 4%) with indexation benefit i.e. after indexing the cost of acquisition/ improvement or at the concessional rate of 10% (plus applicable surcharge and cess of 4%) without indexing benefit.

1.6. In case of an individual or Hindu Undivided Family (HUF), being a resident, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, such long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be subjected to such tax in accordance with the proviso to section 112A(1) and proviso to section 112(1) of the Act. Further, no deduction under Chapter VI-A would be allowed against LTCG subject to tax under section 112A and section 112 of the Act.

1.7. The cost of acquisition under section 55(2)(ac) of the Act in respect of such shares acquired before 1 February 2018, shall be deemed to be higher of: -

(a) The actual cost of acquisition of such capital asset, and

(b) The lower of:

(i) The fair market value ('FMV') of such capital asset as on 31 January 2018; and

(ii) The full value of consideration received or acquiring as a result of transfer of the capital assets.

Ascertaining FMV

Where shares are listed on recognised stock exchange	Highest price quoted on 31 January 2018
Where shares are listed on recognised stock exchange but not traded on 31 January 2018	Highest price of share (when the said share was traded) on date immediately prevailing before 31 January 2018

There are specific provisions for equity shares which are not listed on 31 January 2018 which have not been reproduced here.

1.8. As per the provisions of section 111A of the Act, short-term capital gains arising to shareholders of the Company on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess of 4%) where such transaction for sale is entered on a recognized stock exchange and is chargeable to STT. If transaction is not subjected to STT, then short-term capital gains shall be chargeable at normal rates.

In case of an individual or HUF, being a resident, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to section 111A(1) of the Act. Further, no deduction under Chapter VI-A would be allowed against STCG subject to tax under section 111A of the Act.

STCG arising in case of transfer of shares, other than those covered under section 111A of the Act, would be calculated under the normal provisions of the Act.

1.9. As per the provisions of section 54F of the Act, any long-term capital gains arising to a shareholder who is an individual or HUF on transfer of shares of the Company, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer in purchase of a new residential house, or three years after the date of transfer for construction of residential house. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the shareholder does not own more than one residential house (other than the new residential house referred above) at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of shares of the Company, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

The deduction available under section 54F of the Act which would be least of following:

- Cost of the new residential house property; or
- Amount of capital gains; or
- INR 10,00,00,000

1.10. Section 54EE of the Income Tax Act exempts long term capital gains on transfer of capital asset if the gains up to Rs. 50,00,000 are invested in "long term specified assets" (i.e., units of notified fund issued before April 1, 2019) within six months from the date of transfer. This exemption is available, subject to the condition that the investment in long term specified assets should be held for 3 years

1.11. As per section 70 read with section 74 of the Act, short-term capital loss computed for the given year is allowed to be set-off against STCG and LTCG computed for the said year. Balance loss, if any, which is not set-off, could be carried forward for eight years for claiming set-off against subsequent years' STCG as well as LTCG. Long-term capital loss computed for a given year is allowed to be set-off only against LTCG. Balance loss, if any, which is not set-off, could be carried forward for eight years for claiming set-off against subsequent year's LTCG.

As per Section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

1.12. In case shares are held as stock in trade, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act. As per section 72 of the Act, business loss (other than loss on speculation business), if any, for a given year can be carried forward and set-off against business profits for eight subsequent years.

1.13. Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

However, no deduction of STT amount will be allowed in computing the income chargeable to tax as capital gains.

1.14. No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

The Finance Act, 2021 introduced section 194Q with effect from 1st July 2021. As per section 194Q of the Act, specified buyers, responsible for making payment to any resident seller for purchase of any 'goods' of the value or aggregate of such value exceeding INR 50,00,000/- in any financial year are required to deduct taxes at the rate of 0.1% of such sum exceeding INR 50,00,000/-. The term 'goods' has not been defined under the Act and as per certain allied laws, there could be an interpretation that securities (which also includes shares of a Company) is covered within the meaning of 'goods'. Based on this view, there may exist a requirement for deducting tax on payments made for purchase of shares from resident shareholders. In view of the same, eligible buyers should evaluate the applicability of section 194Q of the Act independently.

2. NON-RESIDENTS SHAREHOLDERS [OTHER THAN FOREIGN PORTFOLIO INVESTORS ('FPIs')/ FOREIGN INSTITUTIONAL INVESTORS ('FIIs')]

Taxation of dividend income and withholding tax

2.1. Dividend income is taxable in the hands of non-resident shareholders at the normal rates w.e.f. April 1, 2020. The Company shall be responsible for withholding taxes at the rate 20% (plus applicable surcharge and cess of 4%) subject to tax treaty benefits, if any. Taxes will have to be withheld at a higher rate in case of non-residents having permanent establishment in India and who has defaulted in furnishing of income-tax return (Refer Section VI).

Taxation of capital gains

2.2. The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

2.3. Capital assets held as investment may be categorized into short-term capital assets or long-term capital assets based on its period of holding. Capital assets being securities (other than a unit) listed in a recognized stock exchange in India or unit of Unit Trust of India or unit of an equity-oriented fund or a zero-coupon bond held by an assessee for a period of more than 12 months are considered as long-term capital assets. Capital asset being shares of a company (other than those listed on a recognised stock exchange) or immovable property, being land or building or both, will be considered long term capital assets, if the period of holding of such shares is more than 24 months. Capital assets which are not long-term capital assets are short-term capital assets. In the case of other assets, period of holding should exceed 36 months to be considered as long term capital asset. Consequently, capital gains arising on sale of long-term capital assets is long-term capital gains (LTCG). Capital gains arising on sale of short-term capital assets is short-term capital gains (STCG).

2.4. Long term capital gains (exceeding INR 1,00,000/-) arising to the shareholders of the Company on transfer of shares of the Company shall be taxed under section 112A of the Act at a concessional rate of 10% (plus applicable surcharge and cess of 4%), if STT has been paid on both acquisition and transfer in case of equity shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

As per section 112A(4) of the Act read with Notification No. 60/2018 dated 1 October 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

(a) share acquisitions undertaken prior to October 1, 2004
(b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

Further, no deduction under Chapter VI-A would be allowed against LTCG subject to tax under section 112A of the Act.

2.5. Long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company, not covered under the section 112A of the Act, shall be taxed under section 112 of the Act as follows:

(a) Where the equity shares of the Company are acquired in INR, long-term capital gains shall be taxed at the rate of 20% (plus applicable surcharge and cess of 4%) with indexation benefit i.e. after indexing the cost of acquisition/ improvement or at the concessional rate of 10% (plus applicable surcharge and cess of 4%) without indexation benefit.

(b) Where the equity shares of the Company are acquired in convertible foreign exchange, the same taxed at the rate of 10% (plus applicable surcharge and cess of 4%) without indexation benefit on the amount of capital gains computed in a manner provided as under:

In accordance with, and subject to section 48 of the Act read with Rule 115A of the Income Tax Rules, 1962 capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.
Further, no deduction under Chapter VI-A would be allowed against LTCG subject to tax under section 112 of the Act.

2.6. As per the provisions of section 111A of the Act, short-term capital gains arising to shareholders of the Company on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess of 4%) where such transaction for sale is entered on a recognized stock exchange and is chargeable to STT. If transaction is not subjected to STT, then short-term capital gains shall be chargeable at normal rates. Further, no deduction under Chapter VI-A would be allowed against STCG subject to tax under section 111A of the Act.

STCG arising in case of transfer of shares, other than those covered under section 111A of the Act, would be calculated under the normal provisions of the Act.

3. As per the provisions of section 54F of the Act, any long-term capital gains arising to a shareholder

who is an individual or HUF on transfer of shares of the Company, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer in purchase of a new residential house, or three years after the date of transfer for construction of residential house. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the shareholder does not own more than one residential house (other than the new residential house referred above) at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of shares of the Company, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

The deduction available under section 54F of the Act which would be least of following:

- Cost of the new residential house property; or
- Amount of capital gains; or
- INR 10,00,00,000

3.1. Section 54EE of the Act exempts long-term capital gains on transfer of capital asset if the gains up to Rs. 50 Lakhs are invested in "long term specified assets" (i.e., units of notified fund issued before April 1, 2019) within six months from the date of transfer. This exemption is available, subject to the condition that the investment in long term specified assets should be held for 3 years.

3.2. As per section 70 read with section 74 of the Act, short-term capital loss computed for a given year is allowed to be set- off against STCG as well as LTCG of the said year. Balance loss, if any, which is not set-off, could be carried forward for eight years for claiming set-off against subsequent years' STCG as well as LTCG. Long-term capital loss computed for a given the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

As per Section 71 of the Act, short term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

3.3. In case shares are held as stock in trade, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

3.4. Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

However, no deduction of STT amount will be allowed in computing the income chargeable to tax as capital gains.

3.5. As per the provisions of section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws, subject to tax treaty benefits if any.

3. NON-RESIDENT INDIAN SHAREHOLDERS ('NRIs')

3.1. A non-resident Indian has an option to be governed by Chapter XII-A of the Act in respect of dividend income and long-term capital gains arising from shares of the Company acquired or purchased with or subscribed to in convertible foreign exchange. Provisions of Part V shall apply in case of items of income not covered by this Chapter or in case non-resident does not opt to be governed by this Chapter.

3.2. The provisions contained in Chapter XII-A are given in brief as under:

Meaning of NRI

As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.

Taxability

(a) As per section 115E of the Act, investment income (dividend income) from shares acquired or purchased with or subscribed to in convertible foreign exchange shall be taxed at 20%, whereas LTCG on transfer of such shares shall be taxed at 10% without indexation benefit.

(b) As per section 115F of the Act, LTCG arising to a non-resident Indian from transfer of shares acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the shares in any specified asset or in any saving certificates referred to in section 10(4B) of the Act in accordance with and subject to the provisions contained therein.

However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new assets are transferred or converted into money.

Other relaxations

(a) As per section 115G of the Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act in accordance with and subject to the provisions contained therein.

(b) In accordance with and subject to the provisions of section 115-I of the Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the Act.

(c) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.

4. **FPIs and FIIs:**

4.1. As per section 2(14) of the Act, transfer of any securities by FPIs/ FIIs being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be treated as capital assets.

4.2. In accordance with and subject to the provisions of section 115AD of the Act, LTCG on transfer of shares by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess of 4%). In case of LTCG arising on long term capital assets referred to in section 112A of the Act i.e., transfer of listed shares subject to STT, the gains are chargeable to tax at 10% (plus applicable surcharge and cess of 4%) on income exceeding INR 1,00,000. The benefit of cost indexation and foreign currency fluctuations is not available to FIIs/FPIs.

4.3. In accordance with and subject to the provisions of section 115AD of the Act, STCG on transfer of shares by FIIs/FPIs are taxable at 30% (plus applicable surcharge and cess of 4%). However, STCG arising on transfer of listed shares are chargeable to tax at the rate of 15% (plus applicable surcharge and cess of 4%) if such transaction of sale is entered on a recognized stock exchange and is chargeable to STT under section 111A of the Act.

4.4. As per section 196D of the Act,

(a) No deduction of tax at source will be made in respect of income by way of capital gains arising to FIIs/FPIs from the transfer of securities referred in section 115AD of the Act.

(b) Dividend payment shall be subjected to withholding taxes at the rate 20% (plus applicable surcharge and cess of 4%). Earlier benefit of tax rate under treaty was not available on dividend payments to FIIs/FPIs. However, the Finance Act 2021 has included a provision to deduct tax at the rate of 20% or at the rate prescribed in applicable tax treaty, whichever is more beneficial.

4.5. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPIs) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of section 115AD of the Act.

4.6. The non-resident shareholders have the option to be governed by the provisions of the Act or DTAA (read with MLI as mentioned above), whichever are more beneficial, subject to fulfilment of conditions prescribed therein as per section 90(2) of the Act. The above option shall be available to non-residents shareholders subject to provisions of the GAAR.

4.7. Gains arising on transfer of any shares/ securities being invested in accordance with the Foreign Portfolio Investors' regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

5. **MUTUAL FUNDS**

5.1. Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

5.2. As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

6. **VENTURE CAPITAL COMPANIES/ FUNDS**

6.1. In terms of section 10(23FB) of the Act, income of:

(a) Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and

(b) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking,

is exempt from income tax.

6.2. As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

7. **INVESTMENT FUNDS**

7.1. Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head 'profits and gains of business and profession', shall be exempt from tax under section 10(23FBA) of the Act.

7.2. The income (other than income chargeable under the head 'profits and gains of business or profession') would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Investment Fund as per section 115UB(1) of the Act.

7.3. The income chargeable under the head 'profits and gains of business and profession' shall be taxed in the hands of the Investment Fund depending on the legal status (i.e. a company, a limited liability partnership, body corporate or a Trust) of the Fund, at the rate or rates as specified in the Finance Act of the relevant year where Investment Fund is company or a firm and at maximum marginal rates in any other case as per section 115UB(4) of the Act.

7.4. Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year as per section 115UB(6) of the Act.

7.5. Investment Funds have withholding tax obligation under section 194LBB of the Act while making distribution to unit holders at the rate of 10% where the payee is resident and at the rates in force where payee is non-resident.

7.6. Taxation of income of AIF Category III and its investors are governed by the other / normal provisions of the Act including eligible units based in International Financial Services Centre (IFSC).

V. **REQUIREMENT TO FURNISH PERMANENT ACCOUNT NUMBER (PAN) UNDER THE ACT**

1. Section 139A(5A) of the Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

(i) at the rate specified in the relevant provision of the I.T. Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent (20%).

3. As per Rule 37BC of the Income-tax Rules, w.e.f. July 24, 2020, the higher rate under section 206AA of the Act shall not apply to a non-resident, not being a company, or to a foreign company, if the non-

resident deductee furnishes the prescribed details (Tax Residency Certificate (TRC), Tax Identification Number (TIN) etc.). Further, tax rate shall be restricted to 5% instead of 20% where tax is required to be deducted under section 194Q.

4. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration.

5. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (1) above will apply apart from penal consequences.

6. It is mandatory for all PAN-holders (except for those who fall under the exempt category) and who are eligible to obtain an Aadhaar Number, to intimate his Aadhaar to the prescribed authority for the purpose of linking of PAN and Aadhaar on or before a notified date i.e. 30 June 2023 or any other date, as may be notified from time to time. PAN shall become inoperative in accordance of provisions of the Act on expiry of such notified date if PAN holders failed to intimate and link their Aadhaar with PAN.

VI. HIGHER DEDUCTION AND/OR COLLECTION OF TAX FOR NON-FILERS OF RETURN OF INCOME

1. The Finance Act, 2021 has introduced Section 206AB and Section 206CCA of the Act providing for a higher rate for TDS and tax collected at source ('TCS') for the non-filers of an income tax return.

2. The new section 206AB seeks to provide that notwithstanding anything contained in any other provisions of this Act, where tax is required to be deducted at source under the provisions of Chapter XVIIB, other than on certain sum or income or amount, by a person to a 'specified person', the tax shall be deducted at the higher of the following rates

   (i) twice the rate specified in the relevant provision of the Act;
   (ii) twice the rate or rates in force;
   (iii) at the rate of five percent.

3. If the provision of section 206AA is applicable to a specified person, in addition to the provision of the above section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA.

   "Specified person" means a person who has not filed the returns of income for both of the immediately preceding two previous years, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of TDS and TCS in his case is rupees fifty thousand or more in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India and who is not required to furnish the return of income for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf.

4. <u>TDS credit for Income disclosed in Return of Income filed for past years</u>

   Where income is offered to tax in a particular year and tax withholding happens in a subsequent year, then TDS credit would be available in the first year provided an application is made to the ITO within 2 years from the end of the year in which tax is deducted.

VII. TREATY BENEFITS

As per the provisions of section 90(2) of the Act, the provisions of the Act shall apply to the extent they are more beneficial to the non-resident. In respect of non-resident shareholders (including foreign companies and firms), the TDS rate is further subject to any benefits available under the DTAA read with MLI provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI (with respect to the covered tax agreements).

However, the non-resident shareholders will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

VIII. GIFT TAX

There is no gift tax payable at present in India. However, under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(a) where the shares are received without consideration, aggregate Fair Market Value ('FMV') exceeds INR 50,000/- the whole FMV;

(b) where the shares are received for a consideration less than FMV but exceeding INR 50,000, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 provides for the method for determination of the FMV of various properties.

IX. GENERAL ANTI-AVOIDANCE RULES

1. The Government of India has incorporated provisions relating to General Anti-Avoidance Rules (GAAR) with effect from FY 2017-18 (AY 2018-19).

2. Several of the above tax benefits are dependent on the security holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

Notes:

i. *The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2023.*

ii. *Legislation, its judicial interpretations, and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.*

iii. *The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.*

iv. *The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.*

v. *In respect of non-residents, the tax rates and the consequent taxation mentioned above is further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non- resident has fiscal domicile.*

vi. *The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.*

vii. *No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.*

viii. *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*

ix. *This statement does not cover applicability of provisions of Chapter X-A of the Act dealing with General Anti- Avoidance Rules.*

For and on behalf of the Board of Directors of
UGRO Capital Limited

Kishore Lodha
Chief Financial Officer

Place: Mumbai
Date: April 10, 2023

LEGAL PROCEEDINGS

Our Company, Directors and Promoter are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) civil suits (b) criminal complaints, (c) consumer complaints, (d) business operations related litigations. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India. Except as disclosed below, there is no outstanding litigation including, suits, criminal or civil prosecutions and taxation related proceedings against our Company, Directors and Promoters that would have a material adverse effect on our operations or financial position.

For the purposes of above, our Securities Allotment and Transfer Committee has approved the materiality for identification of material litigations ("**Material Threshold**"), for the purpose of this Issue. In terms of materiality policy, any outstanding litigation:

a. involving our Company, in which the aggregate monetary claim by or against our Company exceeds the lower of one percent of the total income or net worth for Fiscal 2022 has been considered material. The total income of our Company for Fiscal 2022 is ₹ 31,341.59 lakhs and net worth for Fiscal 2022 is ₹ 96,656.32 lakhs. Accordingly, all litigation involving monetary amount of claim exceeding ₹ 313.41 lakhs has been considered as material;
b. involving our Company, in which the aggregate monetary claim by or against our Company which are similar in nature, exceeds the lower of ten percent of the total income or net worth for Fiscal 2022 has been considered material. The total income of our Company for Fiscal 2022 is ₹ 31,341.59 lakhs and net worth for Fiscal 2022 is ₹ 96,656.32 lakhs. Accordingly, all litigation which are similar in nature and involving monetary amount of claim exceeding ₹ 3134.15 lakhs has been considered as material;
c. involving our Directors, irrespective of the amount involved in such litigation, has been considered as material; and
d. involving our Promoter, in which the aggregate monetary amount of claim by or against our Promoter exceeds an amount equivalent to one percent of the consolidated income or net worth for the Fiscal 2022 has been considered as material.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, our Promoter shall, unless otherwise decided by our Board of Directors / IBC, not be considered as litigation until such time that our Company, Directors or Promoter, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

Save as disclosed below, there are no:

1. outstanding civil or tax proceedings involving our Company, Directors and Promoter in which the pecuniary amount involved is in excess of the Materiality Threshold.
2. outstanding actions initiated or show-cause notices issued by regulatory authorities such as SEBI or RBI or the Stock Exchanges or MCA, Registrar of Companies or any other such similar authorities, involving our Company, Directors and Promoters.
3. outstanding criminal proceedings filed by or against our Company, Directors and Promoters.
4. defaults in or non-payment of any statutory dues by our Company.
5. litigations or legal actions pending or taken against our Promoter by a Government department or a statutory body during the last three years immediately preceding the year of this Placement Document.
6. inquiries, inspections or investigations initiated or conducted under the Securities laws or Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Placement Document against our Company and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Placement Document for the Company.
7. outstanding litigation involving our Company, Directors, Promoter, or any other person, whose outcome could have material adverse effect on the position of our Company, or which may affect the Issue or an investor's decision to invest in the Issue.
8. pending proceedings initiated against our Company for economic offences.
9. material frauds committed against our Company in the last three years preceding the date of this Placement Document and actions taken by our Company in this regard.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Placement Document.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

I. Involving our Company

- **Against our Company**

A. Criminal Proceedings

1. A first information report bearing number 0287 of 2021 has been lodged with police station Mujesar, Faridabad, Haryana on May 09, 2021, by Pawan Malhotra ("**Complainant**"), manager of Maharani Innovative Paints Private Limited under Sections 120B, 406 and 420 of the Indian Penal Code, 1860 against Hema Engineering Industries Limited ("**Accused No. 1**"), its directors, our Company and Abhijit Ghosh (former chief executive officer of our Company). The matter relates to a supply chain facility provided by our Company vide loan agreement dated November 01, 2019 ("**Facility**") to the Complainant. The Complainant has alleged that the Accused No. 1 and our Company hatched a conspiracy to cheat the Complainant and in pursuance of this conspiracy, induced the Complainant to enter into the Facility. Further, the Complainant has alleged that our Company has adopted coercive means to recover the loan amounting to ₹ 93,83,615 and forced the complainant to pay a sum amounting to ₹ 26,18,835 and will be further requiring the Complainant to pay a sum of ₹ 1,00,92,453. It has also been alleged that the Accused No. 1 owes a sum amounting to ₹ 2,22,33,868 along with interest at the rate of 12 % per annum to the Complainant. The matter is presently pending.

B. Civil Proceedings

1. An application dated July 01, 2021 bearing A.P. number 271 of 2021 ("**Claimant Appeal 1**") has been filed by Bell Finvest (India) Limited ("**Claimant**") before the Hon'ble High Court at Calcutta ("**High Court**"), under Section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**") challenging the award passed on March 15, 2021 for an amount of ₹ 4,46,30,952 plus interest at the rate of 18% p.a. ("**Award**") in favour of our Company ("**Respondent**"). The matter relates to the loan of ₹ 5,00,00,000 ("**Facility**") which was sanctioned by the Respondent to the Claimant pursuant to a term loan agreement dated April 04, 2019 ("**Term Loan Agreement**"). A dispute arose between the Claimant and the Respondent relating to the breach of the Term Loan Agreement on account of default on part of the Claimant in making regular payments of instalments in respect of the Facility within the agreed timelines ("**Dispute**"). In order to resolve the Dispute, Respondent initiated arbitration proceedings and a sole arbitrator ("**Sole Arbitrator**") was appointed. The Sole Arbitrator passed an ex-parte order dated December 26, 2019 awarding an amount of ₹ 4,46,30,952 in favour of the Respondent and passed an injunction in respect of some properties of the Claimant ("**Award 1**"). Thereafter, Claimant filed an appeal bearing APO number 9 of 2020 against the Award 1 before the High Court. The High Court vide its order dated February 14, 2020 set aside the Award 1 on account of being unreasoned and held that the Respondent can initiate fresh arbitration proceedings under Section 17 of the Act. Thereafter, Respondent requested for amendment of claims and both parties filed affidavits in terms Section 17 of the Act. Further, the Sole Arbitrator passed the impugned Award in favour of the Respondent. Thereafter, the Respondent filed an appeal bearing no. A.P. 311 of 2021 challenging the Award before the High Court under Section 9 of the Act praying for interim order in respect of appointment of receiver. The High Court vide its order dated August 09, 2021 ("**Interim Award**") appointed receiver to take possession of the assets. The matters are presently pending.

2. A petition bearing A.P. number 26 of 2022 as been filed A.ES Engineers Private Limited ("**Petitioner**") on January 05, 2022 ("**Arbitration Petition**") before the Hon'ble High Court at New Delhi, under Section 11(6) of the Arbitration and Conciliation Act, 1996 ("**Act**"), against our Company ("**Respondent 1**") and Kiran Udyog Private Limited ("**Respondent 2**", collectively referred to as "**Respondents**"). The matter relates to an alleged dispute between the Petitioner and the Respondent 1 regarding an amount of ₹ 1,97,27,033 as a liability on the Petitioner for payment of the goods supplied to the Respondent 2 pursuant to the Master Service Agreement dated February 20, 2019 executed between the Respondents ("**MSA**"). Our Company extended a facility to the Petitioner under the terms of the Facility Agreement dated August

07, 2020 signed between the Petitioner and our Company ("**Facility Agreement**") for providing financial assistance to the suppliers of Respondent 2. Our Company sent a notice to the Petitioner dated April 20, 2021 claiming the amount as the liability of the Petitioner. Our Company sent the notice dated August 26, 2021 to the Petitioner for initiating arbitration, along with the letter of appointment of a sole arbitrator ("**Sole Arbitrator**"). Our Company, pursuant to the initiation of Arbitration proceedings, moved an application under section 17 of the Act dated August 31, 2021 so as to take possession of the movable/immovable property and goods of the Petitioner. The Petitioner objected the appointment of the Sole Arbitrator as well as invocation of the arbitration under the Facility Agreement, instead of the MSA, which forms as the main agreement for the transaction in question. Pursuant to the objection raised by the Petitioner, the Sole Arbitrator recused himself from the arbitration proceedings vide communication dated September 10, 2021. The present petition has been filed by the Petitioner for the appointment of a three-member arbitral tribunal and reinstate the arbitration proceedings. The matter is presently pending.

- **By our Company**

A. Criminal Proceedings

1. A complaint bearing diary number D-909 dated March 5, 2020 ("**Complaint**") has been filed by our Company ("**Complainant**") against Bell Finvest (India) Limited, Bhupesh Rathod and Chirag Rathod ("**Accused Persons**") with Deputy Commissioner of Police, Economic Offence Wing, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to ₹ 5,00,00,000 in terms of the loan agreement dated April 4, 2019 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint under Section 406, 415, 418, 420, 506 and under Sections 467, 468, 471 along with Section 120B of the Indian Penal Code, 1860. The present Complaint has been transferred to the Economic Offence Wing, Mumbai, Mumbai Police, Maharashtra basis on an application dated November 13, 2020 and subsequently transferred to Kurla Police Station, Mumbai, filed by the Complainant. The matter is presently pending.

2. A first information report bearing number 11191036210425 dated May 7, 2021 ("**FIR**") has been filed by our Company ("**Complainant**") against Akash Domadiya, Ekta Domadiya, Bhanuben Domadiya, Sunil Patel, Hiral Patel, Jagat Shah, Nikhil Gajjar, Dipen Prajapati, Suchitra Patel, Narendra Patel, Harsh Patel, Mayur Bodhar, Vinod Patel, Ritaben Patel and Milan Sutariya ("**Accused Persons**") with Navrangpura Police Station, Navrangpura, Ahmedabad, Gujarat for the alleged offences punishable under Sections 406, 420, 465, 467, 468, 471 and 120B of the Indian Penal Code, 1860. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 4,99,77,412 in terms of the loan agreement dated March 25, 2019 executed between the Complainant and the Accused Persons. Under this arrangement, the Complainant remitted a total amount of ₹ 4,85,00,000 in favour of the Accused Persons. The Complainant has alleged that fake, forged and fabricated invoices were submitted by the Accused Persons to the Complainant and the documents submitted by the Accused Persons for availing this credit facility were inflated, overestimated and falsified for the purpose of obtaining wrongful gain from the Complainant. Aggrieved by the said action of the Accused Persons, the Complainant has filed the present FIR to conduct investigation against the Accused Persons under the relevant sections of the Indian Penal Code, 1860. The matter is presently pending.

3. A complaint No. 2063/2021 bearing ICMS No. 81650022100543, dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Vagbatt Remedies, Kishan Das and Sunita Devi ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 20,35,400 and outstanding amount of ₹ 28,52,770 as on February 25, 2022 in terms of the loan agreement dated October 29, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

4. A complaint No. 2067/2021 dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Vashisht

Pharmaceuticals, Praveen Sharma and Mamta Sharma ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 25,29,500 and outstanding amount of ₹ 23,42,956 as on February 25, 2022 in terms of the loan agreement dated December 31, 2019 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

5. A complaint No. 2066/2021 dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against A.ES Engineers Private Limited, Ashok Kumar Sethi, Amit Sethi, Sarita Sethi, Prithvi Raj Sethi, Sonia Sethi and other known persons ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 2,00,00,000 and outstanding amount of ₹ 1,97,27,033 in terms of the loan agreement dated August 7, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

6. A complaint No. 2064/2021 dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Pearl Alloys Private Limited, Rajesh Behl, Rajat Behl, Aashima Behl and other unknown persons ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 3,00,00,000 and outstanding amount of ₹ 2,95,98,808 in terms of the loan agreement dated August 7, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

7. A complaint No. 2065/2021, dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Vallabh Metals Industries and Vikas Jain ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 1,66,29,707 and outstanding amount of ₹ 1,66,29,707 in terms of the loan agreement dated May 2, 2019 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

8. A complaint No. 5/2022, dated January 2, 2022 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Dhruv Cables and Conductors, Siddharth Jain and Ramesh Chand ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 4,00,00,000 and outstanding amount of ₹ 3,80,08,862 in terms of the loan agreement dated March 30, 2019 and March 20, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

9. A complaint No. CS/42164/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Ankita Trading Company, Banti Kumar shaw and Genty Shaw ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,08,000 and outstanding amount of ₹ 7,12,689 in terms of the loan agreement dated August 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

10. A complaint No. CS/42162/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Bittu Namkeen Co., Abhay Jain and Ruchita Jain ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 2,18,748 and outstanding amount of ₹ 73,112 in terms of the loan agreement dated August 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

11. A complaint No. CS/42072/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against SSH Delicacies Private Limited, Shantanu Sikdar and Samrat Mondal ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 26,64,636 and outstanding amount of ₹ 32,79,095 in terms of the loan agreement dated December 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

12. A complaint No. 11781/2022, dated July 07, 2022 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against SRI Byraveshwara Rice Traders, Erappa Shiva and Bharathi M. ("**Accused Persons**") before the IVth Additional Chief Metropolitan Magistrate, Bangaluru for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 15,35,400 and outstanding amount of ₹ 18,22,397 in terms of the loan agreement dated July 21, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

13. A complaint No. CS/42165/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against S and S Enterprise, Surajit Das and Sourav Das ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 9,73,730 and outstanding amount of ₹ 15,92,422 in terms of the loan agreement dated February 03, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

14. A complaint No. CS/42163/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Kunwar Agro Traders,

Prabhat Kunwar and Sushila Debi ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 15,26,950 and outstanding amount of ₹ 19,33,105 in terms of the loan agreement dated July 26, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

15. A complaint No. CS/42074/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Mahaveer Agency, Abinash Kumar Roy and Ganesh Ray ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹12,22,000 and outstanding amount of ₹ 13,16,900 in terms of the loan agreement dated April 29, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

16. A complaint No. CS/42065/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against OM Casual Dinning Restaurant, Dipankar Sarkar and Jhuma Banik ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹26,85,833 and outstanding amount of ₹ 35,90,326 in terms of the loan agreement dated December 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

17. A complaint No. CS/42068/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Raja Stores, Raj Kumar Gupta and Shalini Gupta ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 13,74,929 and outstanding amount of ₹ 18,26,891 in terms of the loan agreement dated September 09, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

18. A complaint No. C/42335/2022, dated May 19, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Pramod Kumar Agarwal, proprietor of Pecon Engineering Enterprise ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,00,000 and outstanding amount of ₹ 3,16,717 in terms of the loan agreement dated August 30, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

19. A complaint bearing No. CS/84025/22 dated September 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Ankita Trading Company, Banti Kumar Shaw and Genty Shaw ("**Accused Persons**") before the Learned Chief

Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 28,25,952 and outstanding amount of ₹ 38,98,006 in terms of the loan agreement dated July 31, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

20. A complaint bearing No. CS/85144/22 dated September 15, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Aryan Private Limited, Abhijit Ghosh and Protyusha Ghosh ("**Accused Persons**") before Learned Chief Metropolitan Magistrate, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 22,44,968 and outstanding amount of ₹ 31,46,327 in terms of the loan agreement dated June 23, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

21. A complaint bearing No. CS/84540/22 dated September 14, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Canvas Entertainment, Devansh Chakroborty and Sayantani Sen ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,08,000 and ₹ 5,08,000 and ₹ 26,83,443 and outstanding amount of ₹ 48,07,346 in terms of the loan agreement dated October 14, 2020 and July 19, 2021 and June 22, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

22. A complaint bearing No. CS/84535/22 dated September 14, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against J.J.Electrical Corporation Private Limited, Prabhat Kumar Saraff and Kalpana Guha ("**Accused Persons**") before the Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 3,98,004 and ₹ 19,00,047 and outstanding amount of ₹ 30,09,898 in terms of the loan agreement dated September 25, 2020 and July 31, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

23. A complaint bearing No. CS/85158/22 dated September 15, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Paul Agency Private Limited, Ripan Paul and Pinki Rani Dey ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 14,43,072 and outstanding amount of ₹ 20,68,931.8 in terms of the loan agreement dated December 27, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

B. Proceedings under Section 138 of Negotiable Instruments Act, 1881

In addition to the above, our Company has filed 560 complaints under Section 138 of Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued in its favour which are currently, pending at different stages of adjudication before Court of Chief Metropolitan Magistrate at Calcutta. The aggregate amount involved in these matters, to the extent identifiable and determinable on basis of details available, is approximately ₹ 86,40,75,471, excluding interest. The status before the Hon'ble Court is still pending and, therefore, we have considered such cases as pending.

C. Civil Proceedings

- **Notices issued by the Company under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

Our Company has served 74 notices under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 in respect of classifying the outstanding debt as non-performing asset. Currently, the aggregate amount involved these matters is ₹ 72,18,94,649. Our Company has claimed the outstanding amount as stated along with the additional interest, considering such cases as pending.

- **Arbitration Proceedings initiated by our Company**

In addition to the above, our Company has initiated arbitration proceedings for the recovery of certain amounts arising in due course of business. Currently, 1240 such arbitration proceedings are pending at different stages before the Arbitrator. The aggregate amount involved in these matters is approx. ₹ 1,70,45,44,504. We have considered such cases as pending, as in some cases, either the matters are pending before the Arbitrator or our Company is yet to file the execution petition in respect of the Award passed by the Arbitrator.

- **Insolvency Proceedings initiated by our Company**

Further, our Company has also initiated 3 insolvency proceedings against four corporate debtors under Section 7 of the Insolvency and Bankruptcy Code, 2016 before National Company Law Tribunal, Delhi and National Company Law Tribunal, Chandigarh.

D. Notices issued by the Company for recovery of loans

NIL

E. Material Tax proceedings

NIL

F. Regulatory and Statutory proceedings

NIL

II. Involving our Promoter

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. Statutory and Regulatory proceedings

NIL

III. Involving our Directors

Except as disclosed below, there are no other proceedings against our Directors

A. Criminal proceedings

Against Rajeev Krishnamuralilal Agarwal

The Central Bureau of Investigation, Economic Offence Wing, Mumbai has filed an FIR bearing no. RC.0682018E0001 dated March 01, 2018 against our Independent Director, Rajeev Krishnamurarilal Agarwal, in his capacity as the then member of the Forward Markets Commission ("**FMC**") and other officials of FMC (together, the "**Accused**") under Sections 120-B and 420 of the Indian Penal Code, 1860 and Section 13(2) and 13(1)(d) of the Prevention of Corruption Act, 1988 alleging that he along with the other Accused had been involved in providing undue favours to Multi Commodity Exchange of India Limited. However, no charge sheet has been filed in relation to this FIR. This matter is currently pending.

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. **Statutory and Regulatory proceedings**

NIL

IV. Details of any inquiries, inspections or investigations initiated or conducted under the securities laws or Companies Act or any previous companies law in the last three years immediately preceding the year of issue of offer document in the case of company and all of its subsidiaries; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Placement Document for the Company.

NIL

V. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed

NIL

VI. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

Except as disclosed below, there have been no material frauds committed against our Company in the last three years preceding the date of this Placement Document:

a) For FY 2020-21, one fraud instance (pursuant to RBI Master Direction) aggregating to ₹ 500 lacs was detected and reported to RBI; and

b) For FY 2021-22, one fraud instance (pursuant to RBI Master Direction) aggregating to ₹ 400.14 lacs was detected and reported to RBI.

VII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of undisputed statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, our Company has no outstanding defaults in repayment of undisputed statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution.

VIII. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in annual filings of our Company under the Companies Act, 2013 and the rules made thereunder.

IX. Reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

There are no reservations, qualifications, or adverse remarks of our auditors in their respective reports of audited financial statements for last five Fiscals preceding the date of this Placement Document.

OUR STATUTORY AUDITORS

M S K A & Associates, Chartered Accountants, are Statutory Auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the AGM held on September 18, 2020.

The Audited Financial Statements of our Company as of March 31, 2022 and 2021, unaudited limited reviewed financial results for the six months period ended September 30, 2022 and unaudited limited reviewed financial results for the nine months period ended December 31, 2022, included in this Placement Document, have been audited by M S K A & Associates, Chartered Accountants, Independent Auditors, as stated in their reports included in *"Financial Statements"* beginning on page 80, which contain other matters paragraphs that state their reports are based upon reports of other auditors.

The Audited Financial Statements of our Company as of March 31, 2020, included in this Placement Document, have been audited by the Previous Auditors, as stated in their reports included in *"Financial Statements"* beginning on page 286, which contain other matters paragraphs that state their reports are based upon reports of other auditors.

GENERAL INFORMATION

1. Our Company was originally incorporated on February 10, 1993 under the provisions of the Companies Act, 1956 by the name *"Chokhani Securities Private Limited"* and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra bearing registration number 070739. A fresh certificate of incorporation dated July 26, 1994 was issued by Registrar of Companies at Maharashtra, Bombay, consequent upon conversion of our Company from private limited to public limited vide the special resolution passed in the extra ordinary general meeting held on July 4, 1994. The name of our Company was further changed to UGRO Capital Limited and a fresh certificate of incorporation dated September 26, 2018 was issued by RoC. Our Company came out with its first public issue of equity shares in 1995. At present, the Equity Shares of our Company are listed at BSE and NSE with effect from April 12, 1995 and August 11, 2021. The Corporate Identification Number of our Company is L67120MH1993PLC070739.

   Our Company is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from March 11, 1998 having Registration No. 13.00325. Our Company is currently engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments and Micro Enterprises segments.

   On December 31, 2017, Poshika Advisory Services LLP & Shachindra Nath made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Neelam R Chokhani, Ramakant R Chokhani HUF and Ramakant R Chokhani) in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015.

2. Our Registered Office and the Corporate Office is situated at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India.

3. The CIN of our Company is L67120MH1993PLC070739.

4. The authorized share capital of our Company as of the date of this Placement Document is ₹ 102,00,00,000 (Indian Rupees One Hundred Two Crores only) divided into 8,15,00,000 Equity Shares of ₹ 10 (Indian Rupees Ten only) each and 2,05,00,000 preference shares of ₹ 10 (Indian Rupees Ten only) each and the total issued, subscribed and paid up equity share capital as of the date of this Placement Document is ₹ 705,593,190 divided into 70,559,319 Equity Shares of ₹ 10 each.

5. For the main objects of our Company, please refer to the Memorandum of Association. Copies of the Memorandum of Association and Articles of Association will be available for inspection between 11.00 A.M. and 1.00 P.M. on all working days (excluding Saturdays, Sundays and public holidays) at our Registered and Corporate Office during the Bidding Period.

6. The website of our Company is http://www.ugrocapital.com.

7. The Equity Shares of our Company were listed on BSE on April 12, 1995 and on NSE on August 11, 2021.

8. The Issue has been approved by our Board pursuant to its resolution passed on May 24, 2022 and has been approved by our shareholders in the annual general meeting held on August 12, 2022.

9. Our Company has received in principle approvals each dated April 10, 2023 from BSE and NSE, to list the Equity Shares to be issued pursuant to the Issue under Regulation 28(1) of the SEBI LODR Regulations. We shall apply to the Stock Exchanges for the final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue after Allotment of the Equity Shares in the Issue.

10. Except as disclosed in this Placement Document, there has been no material or adverse change in our Company's financial or trading position since December 31, 2022, the last date of Unaudited Interim Financial Results, which has been included in this Placement Document.

11. Our Company has obtained necessary consents, approvals and authorisations required in connection with the Issue.

12. Except as disclosed in this Placement Document, there are no legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue or could have a material adverse effect on the position, business, operations, prospects or reputation of our Company. For further details, see *"Legal Proceedings"* on page 503.

13. The Floor Price is ₹ 149.54 per Equity Share as calculated in accordance with Regulation 176 of Chapter VI of SEBI ICDR Regulations.

14. Our Company and the BRLM accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

15. As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act and the rules made thereunder.

16. Our Company confirms that it is in compliance with the requirement of minimum public shareholding requirements as required in terms of the SEBI LODR Regulations, SCRA and SCRR.

17. Namrata Sajnani is the Company Secretary and Compliance Officer of our Company.

    Her details are as follows:

    Namrata Sajnani
    Company Secretary and Compliance Officer
    Equinox Business Park, Tower 3,
    Fourth Floor, Off BKC, LBS Road,
    Kurla, Mumbai - 400070,
    Maharashtra, India
    Telephone: + 91 22 41821600
    E-mail: namrata.sajnani@ugrocapital.com

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by the Company, in consultation with the BRLM, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company is set forth below.

S No.	Name of the proposed Allottees	Percentage of post-Issue paid up Equity Share capital*
1.	GO Digit General Insurance Limited	2.13%
2.	Chhattisgarh Investments Limited	2.77%
3.	Ativir Alternative Investment Fund	0.43%
4.	SBI General Insurance Company Limited	0.85%
5.	SBI Life Insurance Company Limited	2.90%
	Total	**9.08%**

** Based on beneficiary position as on March 31, 2023.*

Note. The details as set forth in the table above, are subject to Allotment of Equity Shares pursuant to the Issue.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all material approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Name: Shachindra Nath
Designation: Vice Chairman & Managing Director

Date: April 13, 2023
Place: Gurugram

DECLARATION

We, the Board of Directors of the Company certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

Name: Shachindra Nath
Designation: Vice Chairman & Managing Director

Date: April 13, 2023
Place: Gurugram

I am authorized by the Securities Allotment and Transfer Committee, vide its resolution dated April 13, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Name: Shachindra Nath
Designation: Vice Chairman & Managing Director

Date: April 13, 2023
Place: Gurugram

UGRO CAPITAL LIMITED

Registered Office & Corporate Office:
Equinox Business Park, Tower 3, Fourth Floor,
Off BKC, LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India Telephone: +91 22 4182 1600
E mail: cs@ugrocapital.com;
Website: www.ugrocapital.com;

CIN: L67120MH1993PLC070739

Company Secretary and Compliance Officer:
Namrata Sajnani
Company Secretary and Compliance Officer
Equinox Business Park, Tower 3, Fourth Floor,
Off BKC, LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India
Telephone: + 91 22 41821600
E-mail: namrata.sajnani@ugrocapital.com

BOOK RUNNING LEAD MANAGER

Keynote Financial Services Limited
The Ruby, 9th floor, Senapati Bapat Marg,
Dadar (West), Mumbai-400028,
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

M/s. M S K A & Associates, Chartered Accountants
Firm Registration Number: 105047W
Peer Review Certificate Number: 013267
602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar,
Goregaon (East), Mumbai - 400063

LEGAL COUNSEL TO THE ISSUE AS TO INDIAN LAW

SNG & Partners
Advocates & Solicitors
One Bazar Lane, Bengali Market
New Delhi - 110 001, India

SAMPLE APPLICATION FORM

UGRO CAPITAL LIMITED	APPLICATION FORM
Registered Office: Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070 , Maharashtra, India **CIN**: L67120MH1993PLC070739, **Telephone No.**: +91 22 4182 1600; **Email**: cs@ugrocapital.com; **Contact Person**: Ms. Namrata Sajnani, Company Secretary and Compliance Officer; **Website**: www.ugrocapital.com	**Name of the Bidder** **Form. No.** **Date:**

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [•] EQUITY SHARES OF FACE VALUE ₹10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[•] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[•] PER EQUITY SHARE, AGGREGATING UP TO ₹ [•] LAKHS IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT"), READ WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY THE UGRO CAPITAL LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE").

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; are eligible to submit this Application Form ("Eligible QIBs"). In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. Further, foreign venture capital investors, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, are not permitted to participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws of the United States and, unless so registered, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions" as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales made. There will be no public offering of the Equity Shares in the United States. You should note and observe the solicitation and distribution restrictions contained in the sections "*Selling Restrictions*" and *"Purchaser Representations and Transfer Restrictions"* on pages 467 and 476, of this Preliminary Placement Document respectively, in the accompanying preliminary Placement Document dated April 10, 2023 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM

RESPECTIVELY, INCLUDING, THE FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
The UGRO Capital Limited
Equinox Business Park, Tower 3,
Fourth Floor, Off BKC, LBS Road,
Kurla, Mumbai – 400070, Maharashtra, India

Dear Sir,

We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor (**"FPI"**) as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such FPIs, **"Eligible FPIs"**), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and number of Equity Shares Bid for under each such scheme. We undertake that we will submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the applicant is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

STATUS (Insert '✓' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund**
SI-NBFC	Systematically Important Non-Banking Financial Companies	**OTH**	Other ____ (Please Specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

*** Sponsor and Manager should be Indian owned and controlled*

We note that the Board is entitled, in consultation with the BRLM in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Preliminary Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections “Notice to Investors”, “Representations by Investors”, “Issue Procedure”, “Selling Restrictions” and “Transfer Restrictions and Purchaser Representations” sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the bene fit of the Company and the BRLM, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section “ Risk Factors” therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Preliminary Placement Document, this Application Form, the CAN and the terms, condition s and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLM and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Preliminary Placement Document; however, disclosure of such details in relation to us in the Preliminary Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue.

For the purposes of this representation: The expression ‘belong to the same group’ shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and ‘control’ shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Preliminary Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. By submitting this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing the Equity Shares in an offshore transaction in reliance on Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

By submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letter		
NAME OF BIDDER*		
NATIONALITY		
REGISTERED ADDRESS		
CITY AND CODE		
COUNTRY		
MOBILE No.		
Phone No.		Fax No.
EMAIL ID		
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.	
FOR MF	SEBI MF REGISTRATION NO.	
FOR AIFs***	SEBI AIF REGISTRATION NO.	
FOR VCFs***	SEBI AIF REGISTRATION NO.	
FOR SI-NBFC	RBI REGISTRATION DETAILS	
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS	

*Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.

** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.

*** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Preliminary Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLM have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Preliminary Placement Document.

DPOSITORY ACCOUNT DETAILS										
Depository Name	National Securities Depository Limited									Central Depository Services (India) Limited)
Depository Participant Name										
DP-ID	I	N								
Beneficiary Account Number										(16-digit beneficiary A/c. No. to be mentioned above)

PAYMENT DETAILS
REMITTANCE BY WAY OF ELETRONIC FUND TRANSFER
BY 4.00 p.m. (IST), [●], [●]

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	UGRO QIP ESCROW ACCOUNT	**Account Type**	Escrow Account
Name of the Bank	IDFC First Bank Limited	**Address of the Branch of the Bank**	Naman Chambers, C 32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra
Account No.	10302601347	**IFSC**	IDFB0040101
Tel No.	02249850012/19/0610	**E-mail**	Escrow.services@idfcfirstbank.com

The Bid Amount should be transferred pursuant to the Application Form only by way of electronic fund transfers, towards the Escrow Account. Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. All payments must be made in favor of "*UGRO QIP ESCROW ACCOUNT* ". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number	10302601347	**IFSC Code**	IDFB0040101
Bank Name	IDFC First Bank Limited	**Bank Branch Address**	Naman Chambers, C 32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra

NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)
BID AMOUNT (RUPEES)			
(In Figures)		(In Words)	

DETAILS OF CONTACT PERSON	
Name	
Address	
Tel. No.	Fax No.
Email	

OTHER DETAILS	
PAN*	
Date of Application	
Signature of Authorized Signatory (may be signed either physically or digitally)	

ENCLOSURES TO BE SUBMITTED*
▪ Copy of the PAN Card or PAN allotment letter**
▪ FIRC
▪ Copy of the SEBI registration certificate as a Mutual Fund
▪ Copy of the SEBI registration certificate as an Eligible FPI
▪ Copy of the SEBI registration certificate as an AIF
▪ Copy of the SEBI registration certificate as a VCF
▪ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
▪ Copy of notification as a public financial institution
▪ Copy of the IRDAI registration certificate
▪ Certificate true copy of power of attorney
▪ Others, please specify

*A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

**Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Preliminary Placement Document.

Note 2: The Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLM.

Note 3: The duly filed Application Form along with all enclosures shall be submitted to the Book Running Lead Manager either through electronic form at the email mentioned in the PPD or through physical deliver at the address mentioned in PPD.

The Application Form and the PPD sent to you and the Preliminary Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.