ANNUAL REPORT
2020-2021

UGRO CAPITAL

MICRO, SMALL & MEDIUM ENTERPRISE LENDING

CORPORATE INFORMATION

Board of Directors

Mr. Shachindra Nath - *Executive Chairman & Managing Director*
Mr. Abhijit Sen - *Independent Director*
Mr. Amit Gupta - *Non-Executive Director*
Mr. Chetan Gupta - *Non-Executive Director*
Mr. Kanak Kapur - *Non-Executive Director*
Mr. Manoj Kumar Sehrawat - *Non-Executive Director*
Mr. Navin Kumar Mani - *Independent Director*
Mr. Navin Puri - *Independent Director*
Mr. Rajeev Kumar Agarwal - *Independent Director*
Ms. Ranjana Agarwal - *Independent Director*
Mr. S Karuppasamy - *Independent Director*
Mr. Satyananda Mishra - *Independent Director*

Management Team

Mr. Amit Gupta - *Chief Treasury Officer*
Mr. Anuj Pandey - *Chief Risk Officer*
Mr. J. Sathiayan - *Chief Business Officer*
Mr. Nirav B. Shah - *Chief Strategy Officer & Head of Investor Relations*
Ms. Pia Shome - *Chief People Officer*
Mr. Sandeepkumar Zanvar - *Chief Financial and Operations Officer*
Mr. Sunil Lotke - *Chief Officer - Legal, Compliance & Secretarial*

Company Secretary

Mr. Aniket Karandikar

Audit Committee

Mr. Abhijit Sen - *Chairman*
Mr. Amit Gupta
Mr. S Karuppasamy
Mr. Navin Kumar Maini
Mr. Rajeev Kumar Agarwal
Ms. Ranjana Agarwal
Mr. Satyananda Mishra
Mr. Shachindra Nath

Nomination and Remuneration Committee

Ms. Ranjana Agarwal - *Chairperson*
Mr. Abhijit Sen
Mr. Amit Gupta
Mr. Chetan Gupta
Mr. Manoj Kumar Sehrawat
Mr. Navin Kumar Maini
Mr. Navin Puri
Mr. Shachindra Nath

Stakeholders Relationship Committee

Mr. Rajeev Kumar Agarwal - *Chairman*
Mr. Satyananda Mishra
Mr. S Karuppasamy

Corporate Social Responsibility Committee

Mr. Satyananda Mishra - *Chairman*
Mr. Navin Kumar Maini
Ms. Ranjana Agarwal
Mr. Shachindra Nath

Risk Management Committee

Mr. Navin Kumar Maini - *Chairman*
Mr. Navin Puri
Mr. Abhijit Sen
Mr. Amit Gupta
Mr. Chetan Gupta
Mr. S Karuppasamy
Mr. Manoj Kumar Sehrawat
Ms. Ranjana Agarwal
Mr. Satyananda Mishra
Mr. Shachindra Nath

Asset Liability Committee

Mr. Shachindra Nath - Chairman
Mr. Abhijit Sen
Mr. Navin Kumar Maini
Mr. Amit Gupta
Ms. Ranjana Agarwal
Mr. Navin Puri
Mr. Satyananda Mishra
Mr. Chetan Gupta
Mr. Manoj Kumar Sehrawat

Registered Office

Equinox Business Park, Tower 3, 4th Floor,
LBS Road, Kurla (W), Mumbai - 400 070

Registrar and Share Transfer Agents

Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli (W),
Mumbai - 400 083
Tel: +91 22 49186000 | Fax: +91 22 49186060

U GRO CAPITAL

TABLE OF CONTENTS

CORPORATE OVERVIEW

Micro Enterprises....2
Our Foundation....4
U GRO Today....6
Board of Directors....8
Key Management Team....10
Our Business Model....12
Our Focus Sectors....14
Underwriting....17
Distribution Channels....18
Portfolio Composition....20
Chairman's Speech....22
Newsroom....24
A Year of Pride....26

STATUTORY REPORTS

Management Discussion and Analysis..28
Notice....34
Directors' Report....51
Corporate Governance Report....75
Business Responsibility Report....93

FINANCIAL STATEMENTS

Auditor's Report & Its Annexures....101
Balance Sheet....109
Profit & Loss Account....111
Cash Flow Statement....114
Significant Accounting Policy....116
Notes To Accounts....127

Bankers

AU Small Finance Bank
Axis Bank
Bank of Baroda
Bank of India
Barclays Bank Plc
Canara Bank
Central Bank of India
ESAF Small Finance Bank
HDFC Bank
ICICI Bank
IDFC First Bank
Indian Bank
Indusind Bank
Kangra Central Cooperative Bank
Punjab National Bank
RBL Bank
State Bank of India
State Bank of Mauritius
Yes Bank

Statutory Auditors

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

Debenture Trustee

Beacon Trusteeship Limited
4C, Siddhivinayak Chambers, Gandhi Magar,
Opposite MIG Cricket Club, Bandra (East),
Mumbai- 400051
Tel no. 022-26558759

Catalyst Trusteeship Limited
Windsor, 6th floor, Office no.604, CST Road,
Kalina, Santacruz, Mumbai - 400098
Tel no. 022-49220555

ACHIEVING FINANCIAL INCLUSION BY SERVING **MSMEs** THROUGH EFFECTIVE USE OF TECHNOLOGY

U GRO CAPITAL

India's vision of becoming a $5 Trillion economy can be achieved through an inclusive growth & 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 eco-system. The next decade will be about collaboration between FinTechs & 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 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 Cr people are employed by the MSME sector. However, out of the estimated market of $600 Bn only, only $250 Bn is currently served by the formal lending market. A vast majority of these enterprise with lack of access to formal lending belong to the micro enterprise segment. As the micro-enterprises are primarily small, localised business generally owned and operated by individual families, they are very much dependent on their local area for all their needs. As majority of their business transaction go unrecorded, lenders find it difficult to underwrite them. Hence, these Micro Enterprises have to resort to the informal sector for their credit needs where they have to pay exorbitant rates of interest.

Since the start of the pandemic, the gap between the rich and poor has further widened. The rich have grown richer & the poor have grown poorer. Apart from the slowdown & loss of jobs, the reason for this chasm in the fortunes is also attributed to the lack of access of the financial products for the economically underprivileged. The pandemic has accelerated the adoption of technology across the world. With the pandemic pushing everyone to maintain social distancing, a boon in disguise was taking shape for the Indian FinTech eco-system. People who were earlier used to or predominantly preferred cash transactions started moving towards and adopting online transactions. The payments businesses witnessed widespread consumer acquisition last year. Every person with a smartphone is now more open to transacting digitally be it buying groceries or electronics, making utility bill payment, or even banking digitally. The floor is now wide open with endless possibilities when it comes to digital lending as well.

To solve the credit needs of these micro enterprises, the underwriting needs to be looked at differently. Lenders need to rely on alternative sources of data to assess their credit worthiness. These borrowers at times do not have proper records of the business done by them. In the absence of that, it becomes important that lenders develop the flexibility in their underwriting systems & innovate ways to underwrite them.

With a view to foster a greater degree of financial inclusion, U GRO Capital identified Micro Enterprises as an important segment wherein a large number of enterprises still remains outside the purview of formal lending. It opened 25 new branches to cater specifically to the borrowing needs of Micro Enterprises. These branches were opened in Tier III to Tier VI towns with feet on street sales representatives. Furthermore, with decentralised approach to credit underwriting, the company has struck a balance between the top-down oversight & agility required in underwriting micro-enterprises.

At U GRO Capital, technology underpins all initiatives. The firm believes that to achieve scale in any initiative, embracing technology is important. To support its foray into Micro Enterprises & the ongoing business as usual, the company has undertaken several technology-based initiatives. These initiatives are aimed at automating processes of operational nature that require significant manual effort. The company has been in the process of putting in place its in-house technology team. This shall not only make it more agile and customer centric, the company will be able to streamline any process dampeners through effective use of technology.

OUR FOUNDING PHILOSOPHY

Mission: **To solve the unsolved**

Goal: **To capture 1% market share of the total MSME lending market by 2025**

Knowledge

U GRO Capital believes that the problem of small businesses can be solved by building an in-depth expertise around core sectors of MSMEs in India coupled with a data-centric, technology-enabled approach. Keeping this in mind, the company shortlisted 8 sectors after careful filtration of 180+ sectors in an 18-month process involving extensive study of macro and microeconomic parameters carried out alongside market experts like CRISIL. Our eight shortlisted sectors include Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment and Components, Auto Components and Light Engineering. The company added a ninth sector – Micro Enterprises, to our list of sectors in FY2020-21. We believe unlike the larger macro-economic outlook, Micro Enterprises are specifically driven by their location & pocket they're present in. Hence, it can be considered as a sector in itself. The company further narrowed down on selected sub-sectors based on contribution to overall sector credit demand and risk profiling.

Technology

U GRO Capital integrates business intelligence with technology to create granular and insightful loan products for each subsector. Statistical predictive modelling is used to prognosticate the customer's credit behaviour; derived from various financial and non-financial sources to fully quantify the parameters of the ecosystem the customer operates in. Technology underpins every aspect of U GRO's lending process, from API integrations, sectoral statistical scorecards, sub-sectoral expert scorecards, state-of-the-art bank, bureau and GST statement analysers, automated policy approvals, and machine learning OCR technology. The company also unveiled its GRO-Score 2.0 analytical engine that triangulates data from GST, Banking & Bureau to come up with a superior underwriting results. All of this culminates in the delivery of an industry-first 60 minute in-principle decisioning process to the customer based on complex cash flow modelling. However, the technology backed lending process does not disregard traditional methods that have been historically successful in this space. U GRO Capital ensures that all the traditional checks and balances are adhered to, ensuring a high-quality book for posterity.

Governance

Creating an institution that is built to last requires strong corporate governance standards. Keeping that in mind, U GRO was founded with the philosophy of being institution owned, board controlled and management run. U GRO Capital's Board is majorly independent and comprises of financial industry luminaries with expertise from across the array of financial services viz lending, regulations, rating agency etc.. The Governance standards are further strengthened by strong policies and processes enshrined in the Articles of Association. U GRO Capital has also opted to be a listed entity from day one, which demands a higher degree of regulatory oversight and transparency.

Experienced Leadership Team

Great organisations are built on foundations of long-term vision. These can only be realised with an able senior management that works to build the systems and processes with a larger time frame in mind. To that effect, the company hired industry leaders that have a proven track record of delivering results & the possess the right acumen necessary in the build out phase of any organisation. Setting the right team in place has helped the company tide through the crisis effectively.

Large Institutional Capital

One of the key ideas while setting up U GRO was that the company should be institutionally owned and professionally governed. The company specifically decided to raise a huge institutional equity capital right from the start. With this thought process, U GRO Capital closed one of the largest fund-raises for a start-up in India, raising around INR 920 Crores from a diverse and marquee base of investors as it embarked on the stated mission of solving India's MSME credit gap. Raising this capital put the company in a favourable position with enough capital to grow in the first few years. Having a large institutional capital was also perceived positively by lenders & company has been able to solidify its position in terms of the liability book.

U GRO TODAY

AUM
INR 1,317
Crores

INR 2,514
Crores
Cumulative Disbursement

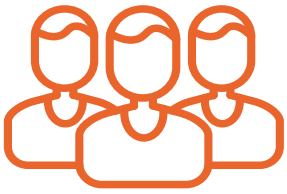
INR 952
Crores
Net Worth

9
Prime Branches

25
Micro Branches

29
Lenders

361
Employees



6,605
Customers

708
GRO Partners

No. of Pin Codes
2,175

73%
Secured Portfolio

BOARD OF DIRECTORS

Shachindra Nath
Executive Chairman & Managing Director

Mr. Shachindra Nath has over two decades of experience building and scaling large financial institutions. He was formerly the Group Chief Executive Officer of Religare, where he successfully led the IPO process and established multiple successful business lines. U GRO Capital marks the start of his entrepreneurial journey, and he aspires to build an institution that will provide long-term value to society. He is a qualified lawyer from Banaras Hindu University.

Abhijit Sen
Independent Director

Mr. Abhijit Sen has spent 18 years at Citibank, where he was previously Chief Financial Officer – Indian Subcontinent. He is currently an External Advisor for the BFSI sector at E&Y. He also serves on several Boards including India's First Life Insurance. He has a B. Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a PGDM from the Indian Institute of Management, Calcutta.

Amit Gupta
Non-Executive Director

Mr. Amit Gupta is the founding Partner of NewQuest Capital Partners and oversees the firm's India and Southeast Asia business as well as investments in the financial services and power sectors 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 Gupta
Non-Executive Director

Mr. Chetan Gupta is a 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.

Kanak Kapur
Non-Executive Director

Mr. Kanak Kapur is a Partner, Managing Director and Portfolio Manager and Portfolio Manager at PAG in the Absolute Returns Group. He started his career in finance at JP Morgan Chase in New York after completing his MBA from NYU Stern School of Business.

Manoj Kumar Sehrawat
Non-Executive Director

Mr. Manoj Sehrawat currently serves as a Partner at ADV Partners. Manoj is a Chartered Accountant from Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from Delhi University.

Navin Kumar Mani
Independent Director

Mr. Navin Kumar Maini is an expert in Development Banking, MSME lending, and General Management and has more than 38 years of work experience across prestigious dispersed organizations including, SIDBI, UCO Bank and IDBI Bank. He is an alumnus of St. Stephens College, Delhi and holds a Degree in Law from Delhi University. He is also a Postgraduate in Management from MDI and IIFT, besides being a Certified Associate of Indian Institute of Banking & Finance.

Navin Puri
Independent Director

Mr. Navin Puri brings with him over three decades of expertise in the Banking and Financial services spanning HDFC Bank and ANZ Grindlays Bank, culminating in a role as HDFC Bank's Country Head of Branch Banking. He has a Master of Business Administrations (TCU), Chartered Accountant (ICAI), Bachelor of Commerce, (St. Xavier's College, Calcutta) and ISC from Mayo College Ajmer.

Rajeev Kumar Agarwal
Independent Director

Mr. Rajeev Agarwal 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. He is an alumnus of The Indian Revenue Service (Batch of 1983) and the Indian Institute of Technology, Roorkee with a Bachelors in Technology.

Ranjana Agarwal
Independent Director

Ms. Ranjana Agarwal is serving as an Independent Director at RBL Bank and KDDL Limited and continues to be an Independent Director of ICRA Limited. Ranjana is a Fellow Member of the Institute of Chartered Accountants of India and holds a Bachelor of Economics (Hons.) degree.

S Karuppasamy
Independent Director

Mr. S Karuppasamy has served as the Executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank. He is a graduate in Economics, a Certified Associate of Indian Institute of Bankers, with a Post Graduate Diploma in Bank Management (NIBM).

Satyananda Mishra
Independent Director

Mr. Satyananda Mishra is the former Chief Information Commissioner of India and has a diverse and exemplary career of more than 40 Years in the Indian Administrative Services. He served as the Director of Small Industries Development Bank of India until 2018 and was the Chairman and Non-Executive Independent Director of the Multi Commodity Exchange of India Limited.

KEY MANAGEMENT TEAM

Amit Gupta
Chief Treasury Officer

Amit is a seasoned Finance professional and brings with him over 18 years of experience across financial services firms such as Shapoorji Pallonji Investments, Axis Bank, BNP Paribas, SCB, HSBC and JLL India. At U GRO Capital, he will help build long term partnerships with Public and Private Sector Banks for co-lending, Capital Market linked borrowings and partnerships with Development Financial Institutions. He holds a B TECH in Computer Science from HBTI, Kanpur and PGDM from IIM Lucknow.

Anuj Pandey
Chief Risk Officer

Anuj is a founding team member who leads the Risk, Product & Analytics functions at U GRO. Anuj brings 22 years of experience across firms such as Barclays Bank, ABN AMRO Bank, GSK Consumer & Religare Finvest. Anuj holds a Bachelor's degree in Engineering (Mechanical) from Thapar University & PGDM from IIM Lucknow.

J. Sathiayan
Chief Business Officer

Sathiayan 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.

Nirav B. Shah
Chief Strategy Officer & Head of Investor Relations

Nirav Shah leads the Strategy and Investor Relations department of U GRO Capital. He looks after our DFI and Capital Market Coverage. He also helps us build relationships with multiple FI segments for Co-lending, FinTech and Market Place partnerships. Nirav has 15+ 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

Chief People Officer

Pia Shome is our Chief People Officer and is the primary interface between our prospective employees and UGROites. She brings in 17 years of broad exposure in Human Resources, Change Management, Organization Transformation and Culture Building. Notably, she worked as the HR Head at SMEcorner 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.

Sandeepkumar Zanvar

Chief Financial and Operations Officer

Sandeep has a profound understanding of all spheres of financial services as he has worked in close partnership with businesses to drive P&L performance and a robust control framework. Before joining U GRO Capital, Sandeep worked with ASK Investment Managers Pvt. Ltd. as their SVP & Group Financial Controller. His previous stints have been in dynamic firms such as Bank of America - Merrill Lynch, NCDEX, and ICICI Bank. Sandeep is a Chartered Accountant and CFA (USA) by qualification.

Sunil Lotke

Chief Officer - Legal, Compliance & Secretarial

Sunil holds 18 years of rich experience in Legal, Compliance and Corporate Secretarial affairs with specializations in Financial Services Legislations, Capital Market transactions, Corporate Restructuring, and Securities Regulations. Prior to U GRO Capital, Sunil had held positions in InCred Financial Services, IIFL Group and StarAgri Finance, among others. Sunil is a member of the Institute of Company Secretaries of India, and a law graduate from Mumbai University.

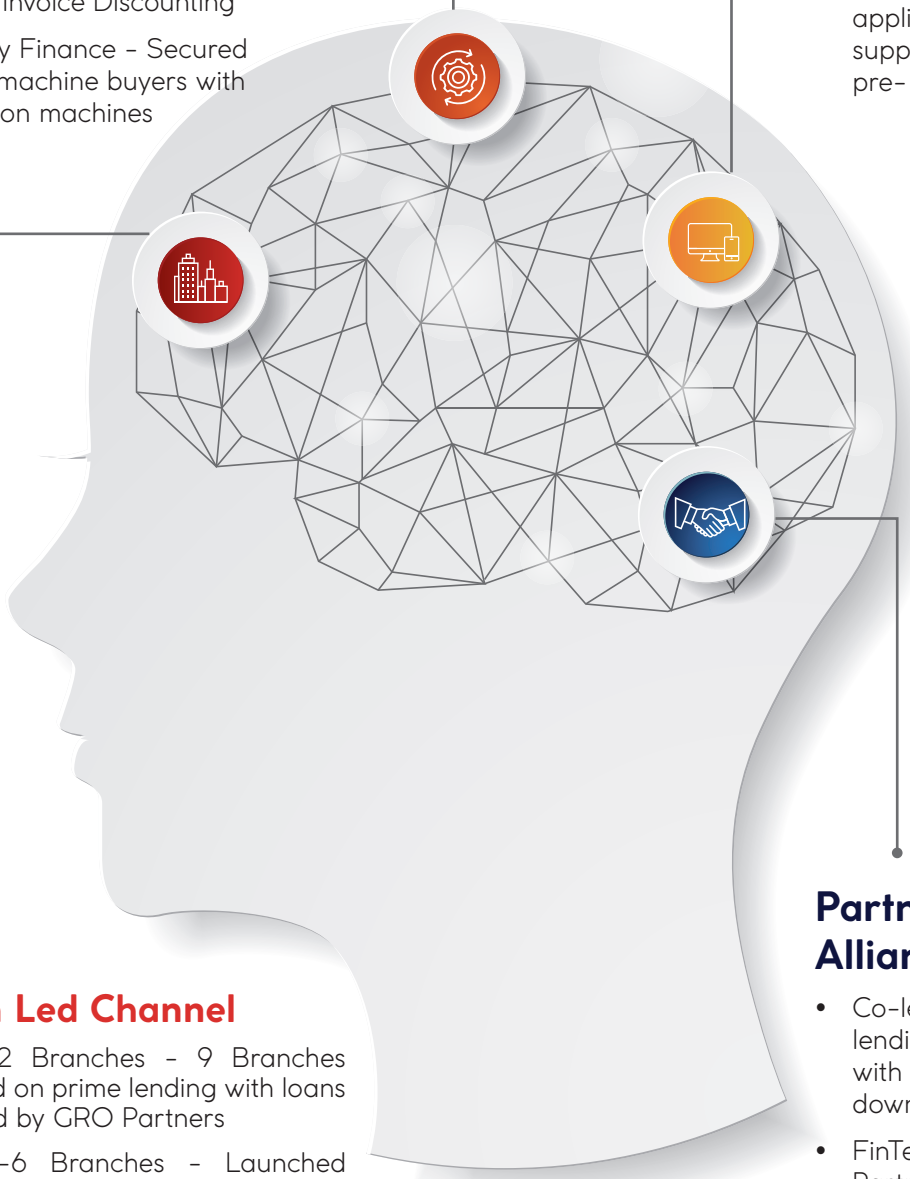
OUR BUSINESS MODEL

Ecosystem Led Channel

- Supply Chain Financing - Working Capital Financing for Anchors and its ecosystem and Non-anchors through Sales & Purchase Invoice Discounting
- Machinery Finance - Secured Loans to machine buyers with a charge on machines

Direct Digital Channel

- Proprietary digital lending platform for direct loan applications, supplemented by pre- qualified leads



Branch Led Channel

- Tier 1-2 Branches - 9 Branches focused on prime lending with loans sourced by GRO Partners
- Tier 3-6 Branches - Launched 25 new branches across 5 states. Focussed on Micro Loans sourced by Feet on Street

Partnerships & Alliances Channel

- Co-lending - Joint lending parnerships with NBFCs on the downstream
- FinTech Parnterships - Partnership with FinTechs to orginate loans. Loans quasi secured with FLDG

Traditional Balance Sheet

- Lending using liability raised from financing partners including leading Public & Private sector Banks and financial institutions

Co-origination

- Partnerships with India's largest and most trusted banks to obtain quasi-liability at an attractive cost of debt
- Value accretive model where U GRO earns fee income and is able to cater to varying risk classes
- Through Co-origination U GRO serves the prime segment of the MSME Customers & is therefore able to cater to the entire spectrum of MSME borrowers across various interest rate buckets

Assignment

- Securitization of portions of the loan portfolio to be purchased by mutual funds, banks and insurance firms
- Selling down allows U GRO to minimize long-term asset- liability mismatches while maximizing liquidity

Specialized Programs with DFIs

- Providing a channel for impact financing to DFIs in key sectors such as healthcare and energy

OUR FOCUS SECTORS

Healthcare

- FY17 Market Size: INR 6.2T, FY22P Estimated Market Size: INR 11.7T -> Projected 14% CAGR
- MSME employees in sector: ~9 million
- Sector growing at 22% CAGR & expected to see sustainable growth of 14-15% over long term
- Significant healthcare shortfall in India (0.7 hospital beds/1000 vs global avg 2.7)
- Demand-Supply gap, inadequate infra will drive private investments
- Increasing lifestyle diseases, rising affordability & awareness provide sustainable growth prospects for new general nursing homes, new clinics for eye & dental and new retail pharmacy operators
- Indian diagnostics expected to see 11-12% CAGR over the medium to long term
- Pathology (58% of total diagnostics market) is highly fragmented and offers high Free Cash Flow and better Return on Investments of 45-50% on limited capex

Education

- FY17 Market Size: INR 7.2T, FY22P Estimated Market Size: INR 15.1T -> Projected 16% CAGR
- MSME employees in sector: ~13 million
- Inadequate education infra in India presents huge capital investment opportunity
- With over 15 crore children in 0-6 years age group, India has the largest population of children in world
- Demand for early education and care have led the Indian education sector on a brisk growth track
- The preschool education industry itself in India is currently valued at more than Rs 150 bn, growing at 23% CAGR
- The unorganized sector, which is made up of local home-grown preschools and constitutes around 70-80% of the market, shows huge growth opportunity
- Secondary school enrollment rate at only 54% & 37% of schools not having toilet facilities

Chemicals

- FY17 Market Size: INR 4.6T, FY22P Estimated Market Size: INR 7.8T -> Projected 11% CAGR
- MSME employees in sector: ~2 million
- India Chemical Industr y grown at ~11% CAGR over the last decade. Per capita consumption in India is 1/10th of the worlds average; presents huge capex opportunity
- Bulk chemicals (~40% of the world's chemical market) expected to grow at ~8% CAGR in next 5 years
- Increasing focus on domestic production of chemicals would entail large investments from private players
- Dyes & Pigments - Highly fragmented industry. India accounts for ~16% of the world production. Demand from textile & associated sectors is the key growth driver
- Agro chemicals industry expected to grow at 8% CAGR till FY25. Increase in awareness level of farmers, improvement in rural income and the pressure for improving productivity are the key drivers

Hospitality

- FY17 Market Size: INR 5.9T, FY22P Estimated Market Size: INR 10.0T -> Projected 11% CAGR
- MSME employees in sector: ~16 million
- India Restaurant industry growing at ~7% led by rising disposable income, nuclear family structure, increasing working population and rapid urbanization and consumerism
- India QSR sector is ~4% of total food service market (vs 20% global avg); presents huge capex opportunity
- Over FY20-25, the QSR market is estimated to be the highest growing sub-segment at 23% CAGR
- Manpower/Security Solutions - India has the lowest per capita spend among most countries. Faster urbanization & inadequate police infra are key growth drivers
- Increasing desire for experiential travel across different segments continues to increase the growing popularity of Boutique Hotels along with Guest Houses in the country

Electrical Equipment and Components

- FY17 Market Size: INR 1.7T, FY22P Estimated Market Size: INR 2.5T -> Projected 8% CAGR
- MSME employees in sector: ~1 million
- Govt's focus on infra expansion to create substantial demand for electrical equipment & components
- Favorable demographics (Urbanization, increase in disposable income level, aspiration for good quality products, nuclear families etc.) would catalyze the growth in mid-to long term horizon
- Govt initiatives - Metering of houses and focus on reducing transmission loss of electricity are creating many opportunities in new geographies for supply of electrical products
- Demand for electrical equipment & components for renewables industry shows huge potential considering the focus on changing India's energy profile to a greener one

Food processing

- FY17 Market Size: INR 9.4T, FY22P Estimated Market Size: INR 16.8T -> Projected 12% CAGR
- MSME employees in sector: ~15 million
- 2025 target of doubling milk processing capacity would entail huge private capex
- Growing consumer preference for branded/value-added milk products and increased awareness of nutrition would continue to drive the demand
- Per capita milk consumption is increasing at 3% CAGR (vs 1% CAGR globally)
- Non-Alcoholic beverage consumption on a steady growth trajectory; Rising young population, improving retail penetration across semi-urban and rural markets shows huge potential in sector
- With long coastline, India is best placed for seafood industry developments; shows huge growth potential

Auto Components

- FY17 Market Size: INR 3.2 T, FY22P Estimated Market Size: INR 5.6 Trillion -> Projected 12% CAGR
- MSME employees in sector: ~2.5 million
- Auto-industry is highly integrated with auto-components sector
- Moving towards a greener future, Auto Industry's focus on clean vehicle initiatives would propel demand for Industrial products
- Funding in the auto components space directly contributes to clean vehicle initiatives – moving India towards a greener future

Light Engineering

- FY17 Market Size: INR 1.4 Trillion, FY22P Estimated Market Size: INR 2.2 Trillion -> Projected 8% CAGR
- SME employees in sector: ~1.5 Million
- Light engineering is a sector that enables other sectors – it is key towards propagating overall Indian industrial growth
- Focus on manufacturing sector would entail huge capital expenditure in Light Engineering sectors
- 'Make in India' driving local manufacturing of engineering products (currently imported from China)
- 100% electrification of Railways to drive demand of engine parts, drive transmissions & other equipment

Micro Enterprises

- FY17 Market Size*: INR 14.2T, FY22P Estimated Market Size: INR 22.6T -> Projected 10% CAGR
- MSME employees in sector: ~110 million
- Microenterprise segment accounts for over ~97% of the MSME total, particularly important in Lower Income States such as Uttar Pradesh, Bihar, Chhattisgarh
- Kirana stores contribute 11% to India's GDP & 8% of total workforce. MSME employees in sector at 110 million. 85% of country's retail trade is unorganized; supported by small traders, retailers & Kirana stores
- In the food and grocery segment, more than 95% of the business is in the hands of traditional retailers.
- Over 100 million households will be added to the high & upper middle classes by 2030; will drive 60% of consumer spending
- Digitalization/modernization makes Kirana stores an irreplaceable part of the consumer's daily life

UNDERWRITING

U GRO Capital's mission is to solve the unsolved. There exists a huge chasm between the overall demand & supply of credit for the MSMEs. Many of these unmet demand for credit from the formal sector can be attributed to the lack of adequate information about the borrower. In the absence of recorded data to assess the customers, many lenders provide loans only against collateral. At U GRO, we have always believed that to solve the problem of credit, we need to continuously evolve our underwriting methodologies.

The year 2020-21 was notable also from the point of view of evolution of our underwriting systems. The company built a proprietary GRO Score 2.0 which combines credit bureau data & banking data and provides superior performance through use of ML Models. A holistic credit score for MSMEs built by combining repayment history and cashflow transaction data; provides improved performance by fitment on own data, extensive feature creation and use of machine learning models. It combines entity, individual and banking data into one model. It reduces dependency on any specific bureau data and provides 10-20% higher approval rates for similar or lesser risk cases.

Furthermore, U GRO's sectoral statistical scorecards have made it possible to maintain a high-quality book by ensuring accuracy and consistency across the lending framework. Our statistical scorecards leverage a wide array of parameters, based on the sector and sub-sector of the customer in question, providing us with an initial indicative figure as to their respective probability of default.

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 (FCU) check, field investigation and valuation. This is done by a combination of internal teams and outsourced agencies to ensure the sanctity of the loan portfolio is maintained.

As our pool of loans grow, we gather more data about our customers and integrate that into our systems to better decision the loans. We believe to create competitive edge in the long run, we need to consistently invest in our data & underwriting capabilities.

DISTRIBUTION CHANNELS

U GRO's Distribution Channels are Built with the End Goal of integrating technology with traditional & new ways of doing business to achieve financial Inclusion

Branch-Led Channel

- Industry leading turnaround times, including 60 minutes for in-principle approval, mean that MSMEs get much faster access to credit - a great boon in turbulent times
- Network of 34 branches comprised of Prime and Micro Branches. Through these branches U GRO caters to the entire spectrum of MSME borrowers

Eco-system Channel

- Our Ecosystem channel leverages our industry-specific 'Anchor' partnerships, each of which adds a pool of potential lendees.
- U GRO achieved end-to-end integration with Government e-Marketplace (GeM) Sahay Portal.
- Launched Machinery Finance product in the FY2020-21. The product got good traction in the market. Our current footprint is spread across the country.

Partnerships & Alliances Channel

- Partnered with over 8 FinTechs / Smaller NBFCs under a co-lending model wherein the loan is originated by Partner NBFC & we take a part of the loan exposure on our books
- These loans are secured by at least 10% First Loss Default Guarantee

Direct Digital Channel

- Our proprietary Digital Lending Platform, which went live in Q3 FY20, will allow for direct credit applications, increasing borrowing ease and further reducing TATs
- The digital platform will apply the full suite of U GRO's technological innovations in order to provide widespread credit access for Indian SMEs – maximizing our impact on financial inclusion

TECHNOLOGY MODULES

Each of the U GRO's channel is powered by a proprietary technology modules

GRO Plus

Designed for branch-led disbursement which has fully integrated every element of underwriting digitally (using all conventional parameters). The platform allows for GRO Partners (DSA network) to obtain in-principle approval within 60 minutes.

GRO Chain

GRO Chain is an end-to-end platform for supply chain financing that will cater to ecosystem anchors, vendor borrowers and dealer/distributor borrowers. The system was fully operationalised in FY2020-21.

GRO Xstream

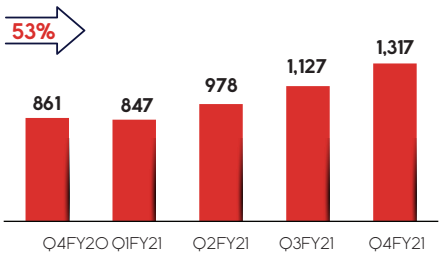
U GRO has developed & continuously innovating a FinTech Platform "GRO XStream", which is an industry-first marketplace for BFSI partners. This allows us to achieve seamless API integrations with the systems of each of the partners & hence allowing us to achieve record TATs. It is designed to facilitate a wide range of transaction types between onboarded BFSIs, including co-lending, onward lending, direct assignments, portfolio buyout and securitization.

GRO Direct

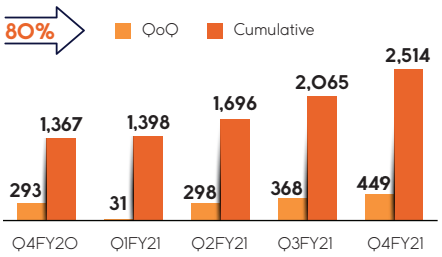
U GRO's Direct Digital channel, a platform built to allow non-intermediated loan applications from eligible SMEs. Launched in December 2019 across two subsectors, the reach of GRO-Direct will be greatly expanded across our focus sectors in 2020.

PORTFOLIO COMPOSITION

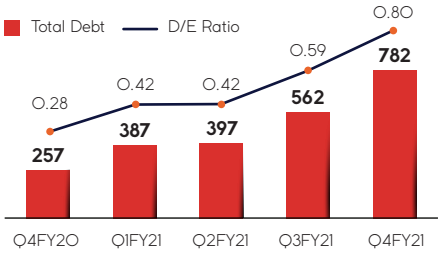
AUM
(INR Crores)



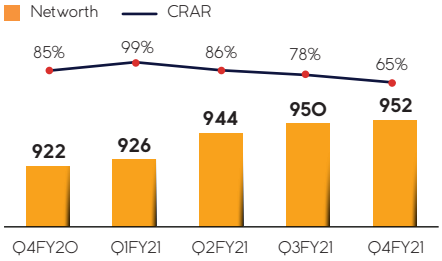
Cumulative Disbursement
(INR Crores)



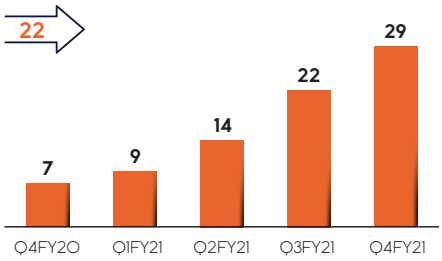
Debt & Leverage Ratio
(INR Crores)



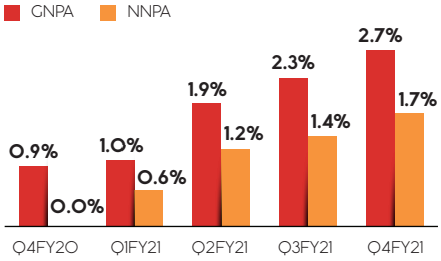
Net Worth & CRAR
(INR Crores)



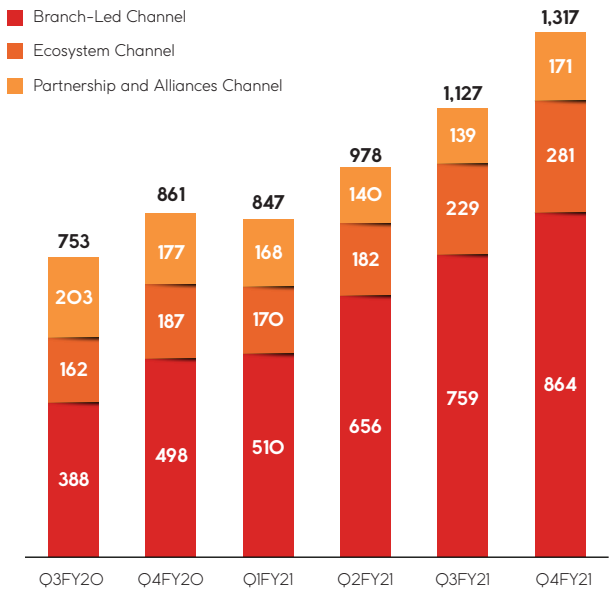
Number of Lenders
(In No.)



GNPA & NNPA
(In %)



AUM Trend Data by Channel
(INR Crores)

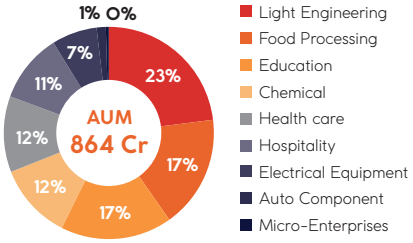


Channel Mix

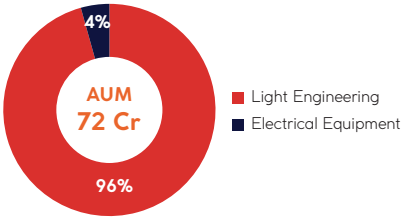
Product category	POS (Cr)	Average ROI (%)	Average Ticket Size (Cr)
Branch Channel	864	15.0%	0.34
Ecosystem Channel	281	13.2%	0.55
Partnerships and Alliances	171	19.5%	0.08
Grand Total	**1,317**	**15.5%**	**0.23**

Portfolio Split

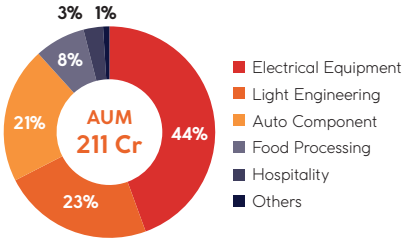
Branch-led Sectoral Mix



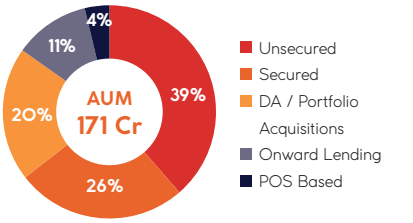
Machinery Finance Sectoral Mix



Supply Chain Finance Sectoral Mix

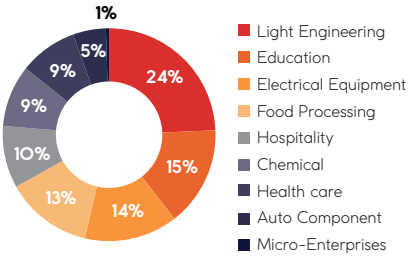


Partnerships & Alliances (Micro Enterprises) Sectoral Mix

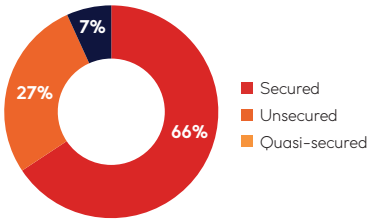


Unsecured, Secured & POS based AUM covered by at least 10% FLDG

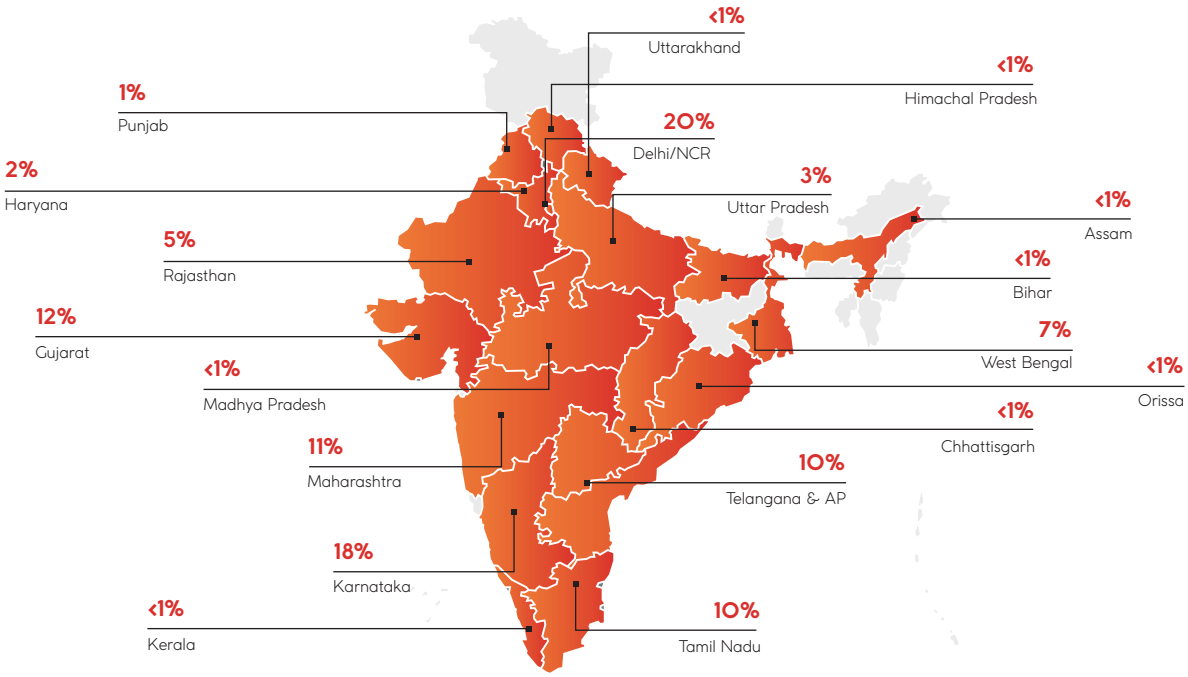
Overall Sectoral Mix



Secured Mix*



Geographical Mix*



Includes Sec, Unsec, Gro micro, SCF and Machinery

CHAIRMAN'S SPEECH

"Research suggests there exists an opportunity to connect with over 5 million registered MSMEs in target states, a large majority of them would be away from the urban center. We have created business assessment frameworks for most dominant business profiles across chosen micro-markets, and rely on our strengths of data and technology to facilitate credit deeper into the ecosystem"

Dear Shareholders,

The last fiscal has been unprecedent in terms of the global economic activity inover 150 odd years. As the pandemic reached its first peak, survival was the overarching theme. As the incidence of the pandemic was reined it with the imposition of the nationwide lockdown, the economy reeled with problems of broken supply chains, reverse labour migration and drying up of liquidity. Revival was led by several active measures taken by government & RBI to stimulate the economy. Revival in our context meant, adaptation and recalibration in our approach at every step which required agility, nimbleness and most importantly an attitude to embrace change. Change for us meant hyper digitization and digitalization. With the measures taken by us, we are well positioned to capture the MSME lending opportunity in the upcoming years.

The overall opportunity in MSME market is approximately $600 Bn. Of this huge market opportunity, only $250 Bn is currently served by the formal lending institutions. That is, almost 60% of the MSME lending opportunity, is currently served by informal sources which charge exorbitant rates of interest. On a closer look, we found that of this 60%, majority of the MSMEs belong to the Micro Enterprise category. These micro enterprises lack proper documentation & record keeping which makes it difficult for the traditional lenders to evaluate their credit worthiness. Our founding belief was to design our platform on tenets that brings these MSMEs into the fold of formal lending.

With a view to achieve financial inclusion, we have set out a target to capture 1% of the MSME lending market in next 5 years. This would translate to an AUM of roughly Rs. 20,000 Cr. To achieve this AUM, U GRO has set-up a four-pronged asset engine. These are Branch-led channel (Prime & Micro Branches), Eco-system Channel (Supply Chain & Machinery Loan Financing), Partnership & Alliances channel (NBFC / FinTech companies) & Direct Digital Channel.

On the asset side, this year we took several new initiatives:

a) Under the branch led channel, we made a strategic pivot with the launch of our micro business. We operationalised 25 new Micro Branches across 5 different states. This takes the total tally of our branches to 34. This particular channel shall be a key lever in realising our 5-year plans.

b) The year also saw the launch of our product lines which enables us to cater to the entire spectrum of the market. This includes the launch of our much-vaunted co-lending product, Pratham, with Bank of Baroda.

c) Under Eco-system channel, we continued the momentum in addition of new anchors in our supply chain channel. Notably, we had a very successful launch of our Machinery Finance product, which not only saw a rapid scale up during the year but also saw a wide footprint across the country within months.

d) Under Partnership & Alliances channel, we grew via both the levers – addition on new partners/ FinTechs and increase in disbursement throughput per partner. Furthermore, our exposure is covered by at least 10% First Loss Default Guarantee provided to us by the partner.

We saw significant traction on the liability side. The strength of our business model was also well recognised by the entire liability market.

a) During the year we increased our lender base from 7 to 29 with addition of lenders from across the entire spectrum of public & private sector Banks, NBFCs, DFIs etc.

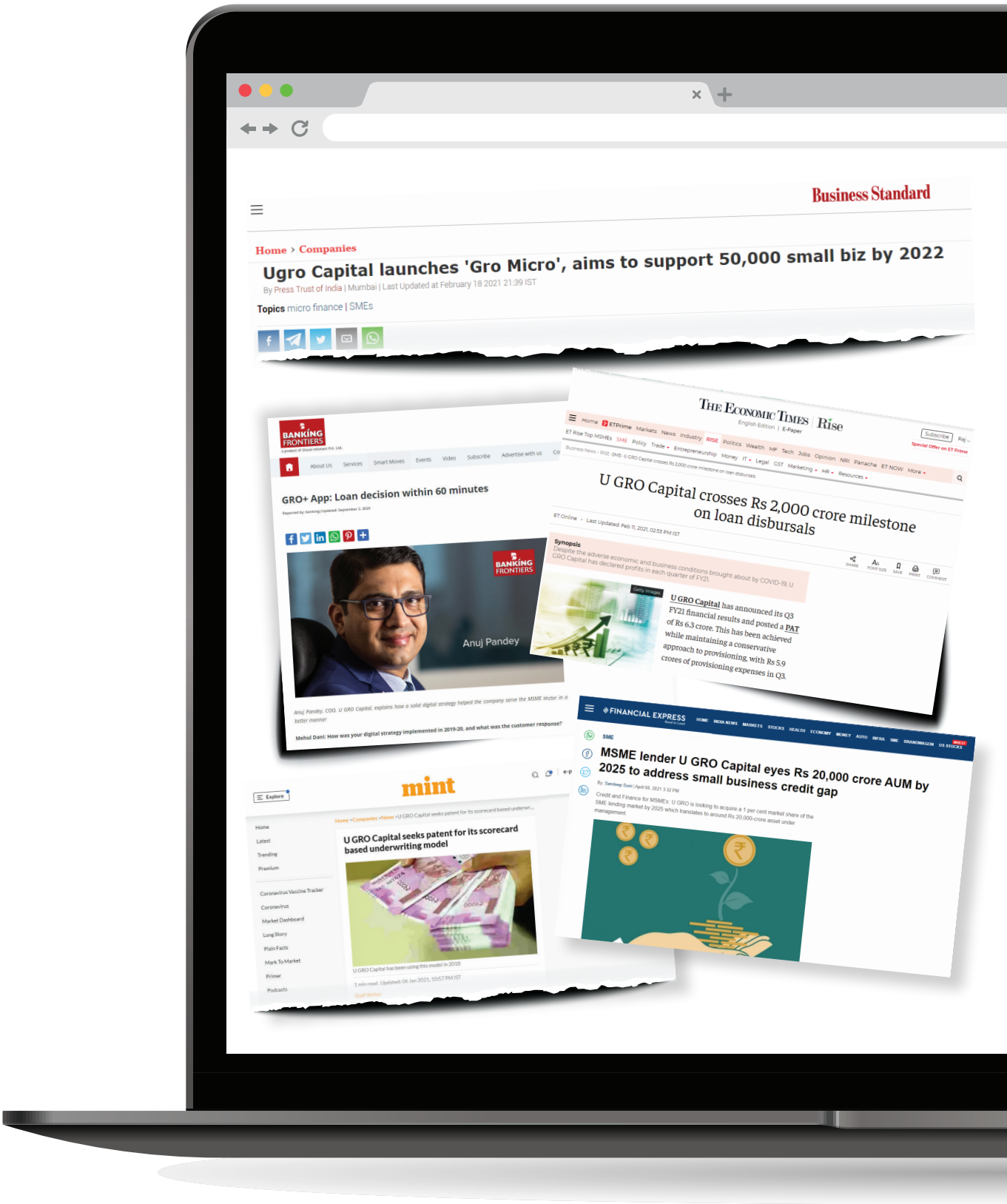
b) Our focus in the current year would be to get long term debt capital from Development Finance Institutions. We have adequate liquidity and liability pipeline to fund our growth ambitions.

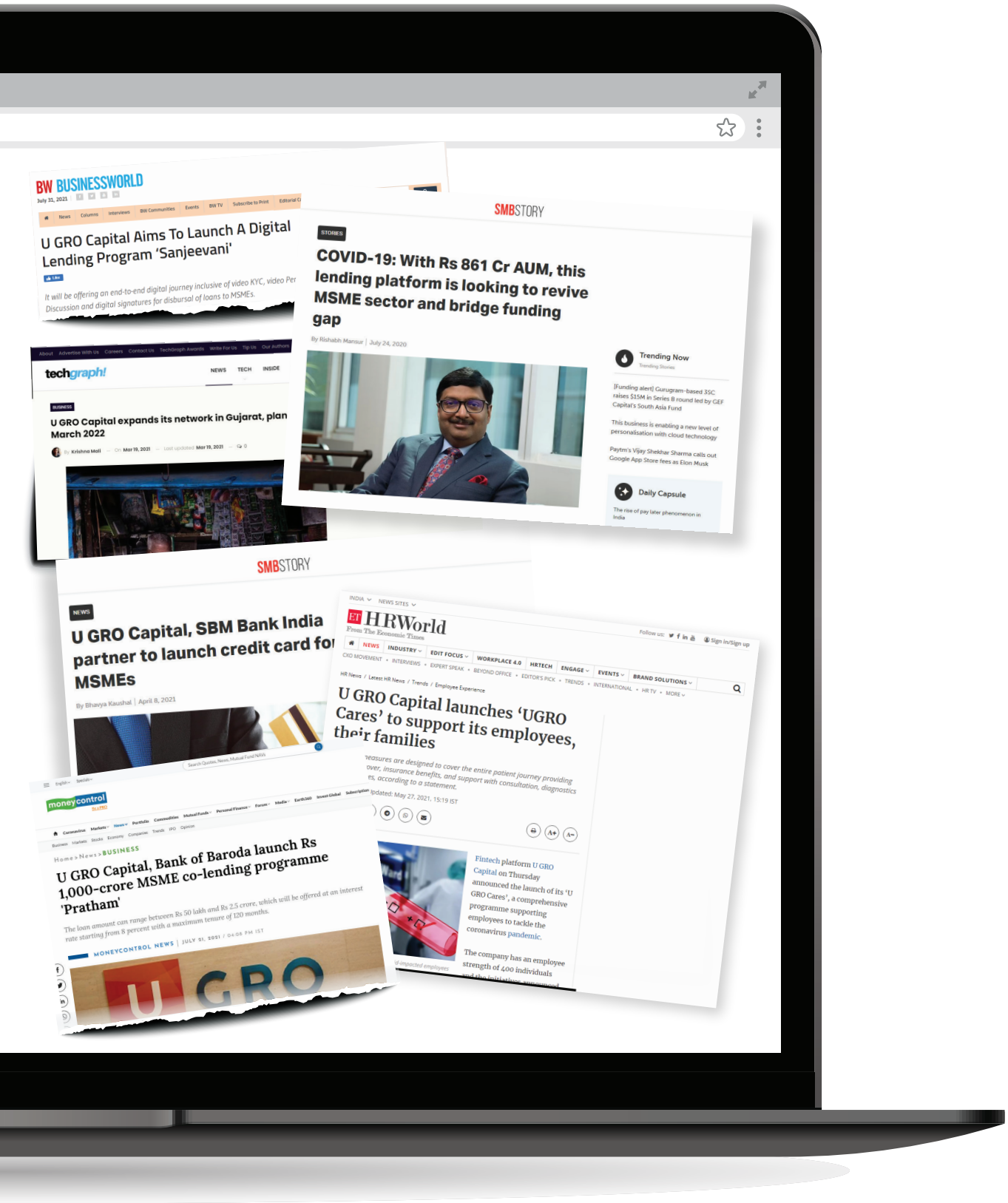
We also utilised the year in upgrading & improving our systems, people and processes during the year. We took several measures to better align the business function to bring operational synergies in them.

- We rationalised our organisation structure by merging risk & analytics functions under Chief Risk Officer, demerged Finance & Treasury functions & combined operations & finance vertical under Chief Finance & Operations Officer.
- During the year, we continued to invest in improving our technological capabilities. And it gives me great pride to announce that U GRO Capital was the first lenders on the Government e-Marketplace (GeM). We have achieved a seamless end-to-end technological integration with the GeM portal which enables us to provide credit decisioning at rapid pace.
- We also made our digital Supply Chain Platform live. With this important milestone, we have achieved a low manual intervention system. This is a breakthrough achievement as it primes our eco-system channel to achieve scale.

While FY2020-21 was a year that posed several challenges with the hostile macro-economic environment, the year helped us to revisit, realign and redefine our strategy and now we have built all the required systems and processes. Inspite of these challenges, I am glad to share that your company has posted a PBT of Rs. 12.12 Cr. I'm confident that U GRO Capital will continue to strive in the coming years and achieve its set goals.

NEWSROOM


Business Standard
Home › Companies
Ugro Capital launches 'Gro Micro', aims to support 50,000 small biz by 2022
By Press Trust of India | Mumbai | Last Updated at February 18 2021 21:39 IST
Topics micro finance | SMEs
BANKING FRONTIERS
GRO+ App: Loan decision within 60 minutes
Anuj Pandey
THE ECONOMIC TIMES | Rise
U GRO Capital crosses Rs 2,000 crore milestone on loan disbursals
Synopsis
U GRO Capital has announced its Q3 FY21 financial results and posted a PAT of Rs 6.3 crore. This has been achieved while maintaining a conservative approach to provisioning, with Rs 5.9 crores of provisioning expenses in Q3.
FINANCIAL EXPRESS
MSME lender U GRO Capital eyes Rs 20,000 crore AUM by 2025 to address small business credit gap
mint
U GRO Capital seeks patent for its scorecard based underwriting model


BW BUSINESSWORLD
U GRO Capital Aims To Launch A Digital Lending Program 'Sanjeevani'
SMBSTORY
STORIES
COVID-19: With Rs 861 Cr AUM, this lending platform is looking to revive MSME sector and bridge funding gap
By Rishabh Mansur | July 24, 2020
Trending Now
Daily Capsule
techgraph!
U GRO Capital expands its network in Gujarat, plan March 2022
SMBSTORY
NEWS
U GRO Capital, SBM Bank India partner to launch credit card for MSMEs
By Bhavya Kaushal | April 8, 2021
ET HRWorld
From The Economic Times
U GRO Capital launches 'UGRO Cares' to support its employees, their families
moneycontrol
U GRO Capital, Bank of Baroda launch Rs 1,000-crore MSME co-lending programme 'Pratham'
MONEYCONTROL NEWS | JULY 21, 2021
U GRO

A YEAR OF PRIDE

Top 5 Digital Lending Companies for MSMEs recognised by ***BW Disrupt***

ET Best BFSI Brand of the Year Award for ***FinTech Category***

Best MSME Lending Company by ***World Leadership Congress & Awards***

Best Use of Data Science in Lending by ***World Leadership Congress & Awards***

Top 5 Fintech MSME Lending Companies recognised by ***IBS Intelligence***

Quick Loan Approval Award by ***National Awards for Excellence in Financial Services Marketing***

Best Lending Tech of the Year Award by ***National Awards for Excellence in Financial Services Marketing***

Best Tech Platform Award by ***The Internet Entrepreneur Awards (Fintech)***

MANAGEMENT DISCUSSION AND ANALYSIS

World Economy

COVID-19 pandemic led to a slowdown in the economic activity across the globe. To curb the increasing infection, several countries-imposed lockdowns to a varying degree. Due to these lockdowns and the subsequent restriction in mobility, business across the world got impacted. The worst hit sectors were the ones that were heavily reliant on the mobility. As per google mobility report, at the peak of lockdown in Apr-20, the retail and recreation mobility fell by almost 80% from its peak in Feb-20. With the onset of 2nd wave, it is still 39% lower in June-21 second week as compared to Feb-20 peak.

According to the World Bank, the Global economy is estimated to have contracted by 3.5% in 2020. Advanced economies such as the US, Japan and European regions are estimated to have contracted by 3.5%, 4.7% and 6.6% respectively during the period. Compared to the advanced economies, the emerging market and developing economies (EMDEs) showcased better resistance and were expected to have contracted by 1.7% during 2020.

Due to interconnected nature of the economy and the cascading impact of reduced mobility, all the allied sectors of the economy got impacted. The fall in consumption pushed several businesses into distress leading to loss in productivity and jobs. Governments and Central Bank across the world came to the rescue with several measures, targeted at reviving the falling consumption.

US Government for instance, introduced social security measures like stimulus checks aimed at supporting households affected due to loss of jobs. These measures were also aimed at boosting consumption and thereby increasing the aggregate demand for goods & services.

Strong policy interventions by central banks to cut interest rates, provide liquidity and ensure availability of credit to businesses have reduced the likelihood of any adverse macro-financial feedback loops. U.S. Federal Reserve, Bank of England (BoE), Bank of Japan (BoJ) and the European Central Bank (ECB) have grown their balance sheets by US$ 5.6 trillion this year alone (till end-November) through quantitative easing and ensured ample supply of liquidity. These measures to increase liquidity have ensured supply of credit in the broader economy and helped revive consumption.

The mass vaccination drive, being undertaken in several developed countries, is proving to be effective in bringing the economic activities back on track. Many of the non-discretionary sectors are showing signs of revival.

Indian Economy

Indian economy also suffered the debilitating impact of the virus. The rapid spread of virus has not only led to a loss of livelihood, productivity but also a loss of over 4 lakh lives. Due to proactive measures taken by the Government and the RBI, the economy showed signs of recovery in the 2nd half of the year.

The Government and the RBI jointly took several bold measures to revive the economy. Under "Aatma Nirbhar Bharat Scheme", Government of India announced a Rs. 20 lac Crore economic revival package. These measures were holistically targeted towards policy reforms, support to MSME sector, providing liquidity to financial institutions to promote lending, migrant labours, agriculture and allied sectors, defence, energy, exports etc. These measures helped ease the credit availability in the market and avert some of the negative economic consequences on the broader economy.

However, due to bloated levels of liquidity globally and in India, the inflation inched up and CPI Inflation near the MPC upper limit of 6% in May-21. The commodity prices also hit multi-year high with metal prices soaring 25% between Jan-21 to May-21 period alone. Crude Oil price also reached its pre-COVID levels.

While the economy shrank, certain sectors like agriculture & allied activities, gas, electricity, water supply and other utility services registered growth. However, sectors like Hospitality, travel & tourism, Logistics, retail trade were hit the hardest. India's trade also got affected with India's import falling by 13.6% and exports falling by 4.7%. There was also a decline in the private consumption and investments.

As per the provisional estimates released by National Statistical Office (NSO), India's GDP in the last quarter shrank by 7.3% in FY2021. After contracting in the first half of the year, the economy showed signs of revival in the 3rd and 4th quarter by growing 0.5% and 1.6% respectively on a YoY basis.

As the economy is on its path to recovery, the fast-rising second wave of COVID-19 seems to have derailed the budding recovery. Certain sectors like transport, aviation and hospitality are expected to see some stress in the near term. However, the onset of mass vaccination drive by Government and a decentralised approach to lockdown is expected to moderate the economic impact of the pandemic. Learnings from the first wave and an adaption in the way of working has built resilience across different sectors. The RBI has projected the FY2022 GDP growth at 9.5% led by expected normal

Management Discussion and Analysis (Contd.)

monsoon and strong rural demand. Moreover, vaccination drive across the country would increase mobility across multiple sectors which would propel the economic growth in this fiscal year.

India's Financial Services Sector

The onset of COVID-19 pandemic meant trouble for the entire spectrum of lending institutions. Due to the imminent pressure on the asset quality, banks became more risk averse and tightened their credit policies. Simultaneously, due to uncertain outlook of the future, the demand for credit also fell. A general risk aversion of banks led to a drying up of liquidity for the NBFCs. RBI took several measures to improve the liquidity situation with TLTRO 1.0, 2.0 and PCG schemes to make credit available for the NBFCs.

Due to these measures to ease liquidity situation, the wholesale credit grew by 3.7% in Sep-20 on Y-o-Y basis. However, the retail credit remained muted with enquiries down by 15-20% (till Dec-20) and approval rates also falling due to tightening of the credit policies. In terms of the MSME loans, while the overall enquiry volumes registered a growth on YoY basis, the balances saw a de-growth of 2.3% as of Sep-20 pointing towards a risk aversion. ECLGS scheme for the MSME sector provided a much-needed impetus to support the sector. Under the scheme, Banks & NBFCs could lend up-to 20% of the outstanding loans to eligible MSMEs. These loans were fully guaranteed by Government of India. With the onset of 2nd wave and inclusion of heavily impacted sectors into the fold of ECLGS, the guidelines were modified suitably to cater to the needy segments of the market.

Non-Banking Financial Companies (NBFCs) credit grew at a tepid pace of 4.4% in FY 2019-20 compared to 22% in FY 2018-19, largely due to isolated credit events in a few large NBFCs, challenges in accessing funds and the overall economic slowdown. These problems further worsened with the COVID-19 pandemic. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of banks for low rated and unrated exposures. On the demand side, it became difficult for NBFCs to find creditworthy projects and borrowers to lend to because of the pandemic induced stress.

RBI took several measures to ameliorate the liquidity constraints faced by NBFCs. One of the key measures was setting up of a Special Purpose Vehicle (SPV) to purchase short-term papers from eligible NBFCs. These securities issued by the SPV were guaranteed by the Government of India and would be purchased by the Reserve Bank. Additionally, the scope of the Government scheme on partial credit guarantee (PCG) was expanded to cover the borrowings of lower-rated NBFCs, HFCs and MFIs. These measures helped NBFCs to extinguish their existing liabilities. A deeper look at the supply side of the NBFC book points towards an increasing proportion of long-term debt from scheduled commercial banks, indicating support through the TLTRO.

To tackle the transitory cash flow issues of the individuals and businesses that got impacted due to the crisis, Reserve Bank of India (RBI) had allowed EMI Moratorium on loan. Under the moratorium 1.0, a blanket deferment of payments was allowed for all borrowers. Thereafter, RBI gave the financial institutions a one-time dispensation to restructure loans that were stressed due to COVID-19 pandemic. The resolution framework allowed Financial Institutions to give borrowers more time to pay back without classifying the loan as an NPA. Further, as the COVID 2nd wave hit and impacted the economy, RBI came up with resolution framework 2.0, which allowed selective restructuring of stressed accounts impacted due to pandemic.

As the economy lingers towards recovery, the role of Banks and NBFCs shall be crucial in providing the much-needed fuel for the economic engine to be set in motion. Good credit underwriting policies combined with ability to embrace technology would be crucial to ensure availability of credit for everyone.

Indian MSME Sector

The MSME sector forms the backbone of the Indian Economy. It is a critical for the economic and social development of the country as it not only fosters entrepreneurship but also generates mass employment. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly to the inclusive industrial development of the country. As per the National Sample Survey (NSS) 73rd round, conducted during the period 2015-16, there were 6.33 Cr unincorporated non-agriculture MSMEs in the country engaged in different economic activities.

COVID-19 Pandemic has disrupted the operations of these MSMEs. Due to their dependence on the cash-economy that is severely hit by the lockdown, the physical non-availability of workers, and restrictions in the availability of raw materials and transport infrastructure a vast majority of MSMEs got pushed to the brink of closure.

Banks and NBFCs also adopted a conservative stance in the initial period of the lockdown towards their exposure to MSMEs. The total outstanding credit to MSMEs declined from INR 18.24 lakh Cr to INR 16.94 lakh Cr between Dec-19 and Jun-20. However, with pro-active measures taken by government including ECLGS, the outstanding credit increased to INR 19.1 lakh Crore by Sep-20.

However, timely intervention by the Government & RBI through launch of ECLGS scheme, brought the much-needed boost and significantly helped in reviving credit infusion to MSMEs. Catalysed by this scheme, after a dip in the April-May 2020, the enquiries revived to 80% of the pre-pandemic level by August 2020. Further, with the guarantee provided by GoI, financial institutions also increased their exposure to MSMEs. These measures have helped in revival of the sector. While the MSMEs are still not out of the woods with the onset of second wave, MSMEs have grown more resilient and have evolved to become better prepared to weather the second wave.

MSME sector is an important cog in the economy wheel and continues to be one of the largest providers of employment. Given its complementary role to large industry as ancillary units, India's larger economic revival and growth shall depend on the sector.

U GRO FY20-21 Business Review

The financial year of 2020-21 has been a remarkable year for us though we faced disruptions caused by COVID-19 Pandemic. The year started with a nation-wide lockdown across the country, due to which, all our branch offices remained shut for the first two months. Being a cloud architected company from the very inception, and with a firm focus on technology and using technology to deliver superior customer and partner satisfaction, we adopted a fully functional work from home culture even before the pandemic started intensifying. During the year, we rationalised several costs across the organisation and re-shuffled the business functions to make the system seamless and more efficient.

We have set a target to capturing 1% of the MSME lending market share by 2025. Inspite of its challenges, 2021 was a remarkable year for us in our journey to inch closer to our target. The year was defining not only in terms of the new product launches but also in terms of deepening our roots in terms of the depth of our distribution network.

Branch-Led Channel:

In our prime Branches, to better cater to the needs of our customers, we launched two of our leading products, Sanjeevani and then Saathi. Sanjeevani was a relatively higher ticket size product launched for the SME customers. Saathi was a secured product launched for Micro Enterprise segment which do not have perfect collateral. Then in Q1 of FY2022, we also operationalised our first co-lending product, Pratham, with Bank of Baroda.

We also made a notable pivot in our Branch Business strategy. U GRO Capital was conceptualised to solve the credit needs of the MSME sector. In our first year of operations, our focus was mainly towards lending to the prime segment of the market primarily SMEs in the tier-1 & tier-2 cities. Having established a foothold in that segment of the market, this year we forayed into the Micro Enterprise Segment. This segment of the market has historically remained isolated from the formal credit market & has depended on the unregulated lending market with high interest rates & unfavourable terms. With our entry, we want to contribute by making credit easily accessible for this segment of the market. Further, our entry into this segment shall also play a critical role in achieving our ROE targets given the higher yield band in this segment.

We started with launch of 25 new Micro Branches across 5 states in Tier III-VI cities and aim to penetrate deeper into this market with opening of 50 new branches in FY2021-22. Our target is to open 225 Micro Branches across different parts of the country over the next five years. Our customized app for Micro business gives flexibility to onboard a MSME customer completely digitally as well.

Eco-system Channel:

In our Supply Chain Financing (SCF), we added around 19 new anchors during the year taking our total count of anchors to 34. With the addition of new anchors, we are well primed to increase our asset. Further we achieved an end-to-end digitalisation of our supply chain channel. Sensing the growth in MSME market, we have undertaken the Supply Chain Financing program at a breakneck pace in the FY 2021.

- We have invested heavily on integration of technology by making the onboarding, disbursement, and re-payment an "end to end" digitalized journey. With the focus to reach out to suppliers, vendors and dealers across PAN India, we've developed inhouse the Gro 2.0 application.

- The Gro 2.0 app facilitates digital onboarding by doing KYC, fetching GSTIN details, bank and financial statements on a real time basis. It has eliminated the need of RMs and business development partners to reach out in person and meet the customer.

- We are also one of the first NBFCs to go live on Government e-Marketplace – Sahay (GeM Sahay) Portal. U GRO is also the host to GeM Sahay Portal. Our USP is to do invoice discounting and disburse the payment on a near real time basis (on-tap financing) which is first of its kind in SCF market.

Under Eco-system Channel, we also launched our Machinery Loan product during the year. We have tied up with several marquee Machinery OEMs to generate leads for the business. This has helped us in rapidly scaling our book and increasing our geographical footprint even in regions where we do not have a physical presence.

Partnership & Alliances Channel:

With the evolving eco-system of FinTechs & new-age NBFCs and lenders, U GRO believes going forward a key lever in our book build out shall be the partnerships that we forge with these NBFCs. During the year, we operationalized partnerships with multiple new partners. This channel is not only a low operating cost channel for us but also comes with a First-loss default guarantee (FLDG) cover. Hence, while the underlying loan may be unsecured, the FLDG cushion available make the proposition interesting and we are able to build a quasi-secured portfolio in this channel.

Management Discussion and Analysis (Contd.)

Risk & Underwriting System

Our firm belief is that risk and underwriting is a process that should constantly evolve. In line with that, we conducted a thorough review of our underwriting engine. We designed a zero data loss architecture to enable deeper adoption of analytics in long run. Given our journey of 2 years into lending, we gathered the minimum critical size of the data to develop critical elements of our new underwriting model. We evolved our underwriting system from Gro Score 1.0 which was repayment behaviour-based scorecard customized for our sectors to Gro Score 2.0 which is repayment and Banking behaviour-based scorecard giving us a much deeper insight on the MSME. Going forward, we shall augment it further with more data sources like GST etc. GRO Score 2.0 has demonstrated a superior performance basis the testing conducted on past data. We believe this rule engine is going to favourably position us in building a quality loan book.

On the technology front, our target is to digitalise processes that can be automated. We aim to make lending more efficient through the use of technology. We have digitalised majority of our systems and processes and took strides on the technology front across all our channels.

Liability Strategy

U GRO follows a 3-pronged approach to liability. These include balance sheet-based borrowings from Banks & other NBFCs, co-origination partnerships with larger Banks and loan securitisation to raise funding against our asset pool.

During the year, we increased our lender base to 29. This is also a testimony to the fact that the larger lending eco-system recognises U GRO's ability to churn out a higher quality portfolio. We are in active discussion with several Development Finance Institutions for raising long term capital. On the co-origination front, we operationalised our partnership with Bank of Baroda and are in active talks with SBI and ICICI to further bolster our presence in the market.

The year also marked a significant progress towards building monetizing our assets and raising funds against it. In a first of its kind, we monetized our ECLGS loan pool and raised funds against it. This raising of funds against ECLGS demonstrated our ability to not only capitalise on the sectoral tailwinds but also monetise those assets to unencumber assets for further lending.

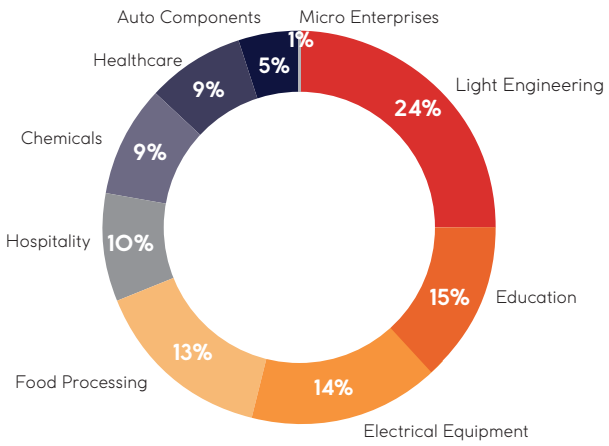
Going forward we want to eventually bring down our cost of capital and further diversify our source of funds. We want to tap in funds from the Development Finance Institutions for raising long term capital. We have a very strong processes and policies to manage our ALM to enable us to better manage our assets and liability.

2020-21 Business review

Despite the several challenges faced during the year, we have managed to activate all of our disbursement channels, made significant technological progress and fostered partnerships that are core to the future growth of the business, while concurrently achieving a sizeable and high quality loan book. During the year, inspite of complete lockdown for the first two months and localised sporadic lockdown, we were able to disburse INR 639 Cr of gross loans.

Channel	Product	Disbursement (in Cr)
Branch Led	Secured Loans	241
	Unsecured Loans	213
Eco-system	Supply Chain Financing (Incremental)	23
	Machinery Loans	72
Partnerships & Alliances	Co-lending, Onward Lending, Direct Assignment	90
Total		639

Our portfolio was well diversified across geography and sectors with no exposure to no single sector exceeding 25%



Our AUM has also risen from INR 861 Cr as at end of FY20 to INR 1,317 Cr as of FY21. Across our offered products, our average ticket size stood at INR 23 Lakhs and our average lending rate stood at 15.5% which is broken down as follows for each business segments:

Channel	Product	AUM (in Cr)	Average Ticket Size (in lacs)	Average Yield
Branch Led	Prime - Secured Loans	524.5	107.0	12.0%
	Prime - Unsecured Loans	336.1	15.4	18.9%
	Micro - Secured Loans	3.0	7.3	21.4%
	Micro - Unsecured Loans	0.9	3.7	26.6%
Eco-system	Supply Chain Financing	210.5	55.5	13.2%
	Machinery Loans	71.5	39.9	13.2%
Partnerships & Alliances	Co-lending, Onward Lending, Direct Assignment	170.6	8.4	19.5%
Total		**1,316.9**	**23.0**	**15.5%**

Restructuring

To cope with aftermath of pandemic we helped a few selected customers (especially in Hospitality, Light engineering & Auto components) with restructuring of their loans in line with RBI's restructuring policies. During the year FY21, on an aggregate level, we restructured 6.0% of our loan book which translates to an aggregate restructuring of 79.5 Cr.

On an aggregate basis, we restructured 166 accounts during the year, of which 86.1% were current accounts. Large part of our restructuring was from the hospitality sector which got impacted the most

Channel	Sector	Restructured	% of Total Restructured	% of AUM restructured
Branch-Led	Auto Components	0.6	0.8%	4.9%
	Chemicals	4.8	6.0%	4.8%
	Education	10.0	12.5%	6.8%
	Electrical Equipment	2.3	2.9%	3.8%
	Food Processing	6.0	7.5%	4.0%
	Healthcare	2.0	2.5%	2.0%
	Hospitality	20.2	25.3%	22.1%
	Light Engineering	11.3	14.2%	5.7%
	MSME	0.1	0.1%	3.2%
Eco-system Channel	Supply Chain Finance - Auto Components*	13.9	17.5%	6.6%
	Machinery - Light Engineering	0.5	0.7%	0.7%
Partnerships & Alliances	Onward Lending	5.0	6.2%	17.0%
	DA &Portfolio Acquisition	2.9	3.6%	5.6%
Total		**79.5**	**100.0%**	**6.0%**

*Restructuring concentrated to two anchors

Outlook

We have demonstrated significant ramp up of our books within 2 years of our operations. FY2021-22 is an important year of us. Our carefully crafted strategy of moving towards the Micro Enterprise segment would not only help us in scaling up our business but shall also help us in increasing our overall profitability.

Management Discussion and Analysis (Contd.)

The company has identified the following numbers as key financial indicators:

Particulars	Current Year ended 31st March, 2021	Previous Year ended 31st March, 2020
Total Income	15,333.84	10,514.37
Total Expenditure	14,120.93	10,182.58
Exceptional Item	-	-
Profit After Tax	2,872.75	1,951.86
Net Worth	952	91,106.35
Debt to Equity Ratio	0.82	0.28
CRAR	65.60%	88.25%

Details of changes in return of Net Worth:

Particulars	Current Year ended 31st March, 2021	Previous Year ended 31st March, 2020
Return on Net Worth	3.06%	2.14%

NOTICE

Notice is hereby given that the 28th (Twenty Eight) Annual General Meeting of the members of UGRO Capital Limited will be held at 11.00 a.m. (IST) on Wednesday, 1st September, 2021 through Video Conferencing/Other Audio Visual means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements of the Company as on 31st March, 2021 along with Directors' Report and Auditors' Report thereon.**

2. **To appoint a Director in place of Mr. Chetan Gupta (DIN: 07704601), who retires by rotation, and being eligible, offers himself for reappointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** Mr. Chetan Gupta (DIN: 07704601), who retires by rotation from the Board of Directors pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, and being eligible, offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company."

SPECIAL BUSINESS:

3. **To approve alteration of Articles of Association of the Company**

To consider and if thought fit, to pass the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and Companies (Incorporation) Rules 2014 and any other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, consent of the Members of the Company be and is hereby accorded, subject to the approval of the Registrar of Companies, Mumbai, if any, to alter the Articles of Association of the Company, as under.

- Existing clause 7.1, 7.2 and 7.3 under the heading "Appointment of Statutory Auditors and Internal Auditors" to be replaced as follows:

"7.1 The Board shall appoint a Statutory Auditor having good reputation, and as per requirements, if any, laid down by the Reserve Bank of India and Ministry of Corporate Affairs, from time to time. Pursuant to approval of the Board, the appointment of the Statutory Auditor will be approved by the shareholders in accordance with provisions of the Companies Act, 2013 and rules made thereunder.

"7.2 In the event Internal audit department needs assistance in conducting and carrying out the internal audit, an external firm will be appointed with appropriate skills and reputation by the Board of Directors to support the internal audit department. Any such appointment shall be in line with the requirements, if any, laid down by the Reserve Bank of India and Ministry of Corporate Affairs, from time to time.

"7.3 The term of the Statutory Auditor and the Internal Auditor shall be as per provisions of Companies Act, 2013 and rules made thereunder, and/or as per the requirements laid down by the Reserve Bank of India, from time to time.

"7.4 The Company shall procure the rotation of the partners of the audit firm appointed as the Statutory Auditor or the Internal Auditor as may be prescribed by Reserve Bank of India or Ministry of Corporate Affairs from time to time.

- Existing Article 12.4.3 under the heading "Meetings of the Audit Committee" to be deleted.

- Existing Article 14.8 under the heading "Meetings of the Board" to be replaced as follows:

"14.8 A Director may attend a Board meeting through video conferencing or other audio visual means in accordance with the provisions under the Act and rules, circulars, notifications, guidelines, clarifications etc. issued thereunder."

- Existing Article 17.3 under the heading "Roles and Responsibility of the Management Team" to be replaced as below:

"17.3 The CFO is responsible for all financial functions of the Company including:

(a) treasury, which includes banking, investment, hedging activity, cash management etc. within the limits defined by the Manual of Authority (once adopted);

(b) financial accounting and reporting;

(c) financial planning and control;

(d) property (i.e. fixed assets of the Company); and

(e) investor relations.

Notice (Contd.)

However, in case the Company appoints a separate designated official(s) to discharge any of the above duties then such official shall be responsible to manage the said function under the directions of the Managing Director."

RESOLVED FURTHER THAT any segregation of duties to discharge the responsibilities mentioned in the said article carried out in the best interest of the Company with concurrence of Board of Directors be and is hereby ratified.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be and are hereby severally authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form with the Registrar of Companies, Mumbai."

4. Authorization for Borrowing Money under Section 180 (1) (c) of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendment(s), modification(s), variation(s) or re- enactment(s) thereof for the time being in force) ("the Act"), the provisions of the Memorandum of Association and Articles of Association of the Company, Circulars/ Notifications/Directions issued by Reserve Bank of India from time to time, the consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) to borrow any sum or sums of money (exclusive of interest), from time to time, on such term and conditions as may be determined, in any form one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions, any entity/entities or authority and authorities whether in India or abroad, and whether by way of cash credit, loans, advances or deposits, bill discounting, issue of debentures through private placement or public offer, commercial papers, long/short term loans, suppliers credit, securitized instruments such as floating rate notes, fixed rate notes, syndicate loans, commercial borrowings, either in rupees and/or in such other foreign currencies as may be permitted by law from time to time and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of Companies assets, licenses and properties, whether immovable or movable and/or any of the undertaking of the Company notwithstanding that monies to be borrowed including monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose so that the total amount upto which the monies may be borrowed by the Company and outstanding at any time shall not exceed the sum of INR 4500 Cores (INR Four Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to approve, finalise, modify, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required or considered necessary by the Board and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, incidental thereto proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowing(s) as aforesaid or in respect of any other related matter in this regard and to delegate all or any of its powers herein conferred to any Committee of Board and/ or director (s) and/or officer(s) of the Company to give effect to this resolution."

5. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under Section 180 (1)(a) of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of section 180(1)(a) and other applicable provisions of the Companies Act, 2013, if any or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the members be and is hereby accorded to the Company to

(a) sell, dispose, mortgage and/ or charge, in addition to the mortgages/charges created/ to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and/ or immovable properties of the Company and/or the interest held by the Company in all or any of the movable or immovable properties, both present and future and/ or the whole or any part of the undertaking(s) of the Company,

together with the power to take over management of the business and concern of the Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) (in foreign currency and/ or rupee currency) and securities (comprising fully/ partly convertible debentures, with or without detachable or non detachable warrants, and/or secured premium notes and/ or floating rate notes/ bonds, and/or non-convertible debentures (including without limitation, market linked debentures and covered bonds) and/or other debt instruments, issued/ to be issued by the Company from time to time, subject to the limits approved under Section 180 (1) (c) of the Companies Act, 2013 from time to time together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium and prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), heads of agreement(s), debenture trust deed(s) or any other agreement/ document, entered into/ to be entered into between the Company and lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said loans , borrowing/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of securities as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and/or trustee(s) from time to time for a sum of money which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding INR 5000 Cores (INR Five Thousand crores only) at any point of time; and

(b) to sell, dispose, transfer any of the movable or immovable properties of the Company in respect of any securitisation transaction, any direct assignment transaction, any covered bond transaction, and/or any covered loan transaction.

RESOLVED FURTHER THAT sale, lease, mortgage/ charge created/to be created and/or all agreements, documents executed, to be executed and all acts done in terms of the above resolution by and within the authority of the Board of Directors be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT any Director of the Company and Company Secretary be and are hereby severally authorized to sign, execute and submit such applications, undertakings, agreements, writings, deeds and other documents and file necessary forms with Ministry of Corporate Affairs and such Authority/s as may be deemed necessary and to delegate all or any of its powers herein conferred to any Committee of Directors and/ or director (s) and/or officer(s) of the Company to give effect to this resolution or expedient to give effect this resolution."

6. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments

To consider and, if thought fit, to pass the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 71 of the Companies Act, 2013 read with relevant rules thereunder and such other applicable provisions and rules, if any, of the Companies Act, 2013 (including any amendment(s), modification(s), variation(s) or re- enactment(s) thereof for the time being in force) and read with relevant Circulars/Notifications issued by the Ministry of Corporate Affairs, from time to time, and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time and subject to such other applicable laws, rules and regulations and circulars/ notifications/ guidelines/ directions including those issued by Reserve Bank of India from time to time, the Memorandum and Articles of Association of Company and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) for making offer(s) or invitation(s), issue and allot, in one or more series/tranches, non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) (including market linked debentures and covered bonds) ("NCDs") on private placement basis, for cash and on such terms and conditions and at such times at par or at such premium/ discount, as may be considered fit and appropriate by the Board to such person or persons, including one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions and individuals as the case may be or such other person/persons as the Board may decide, for the purpose of augmenting resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, meeting long term requirement of funds, general corporate purposes and other purposes as may be decided/agreed from time to time such that total issuance amounts of the NCDs shall not exceed the overall amount of INR 2500 Crores (INR Two Thousand

Notice (Contd.)

Five Hundred Crores only) as may be approved by the members at any point of time, in addition to the limit prescribed under the provision of Section 180 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee of Directors and Officers of the Company be and are hereby severally authorized to do all such acts, deeds and things and deal with such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/undertakings/agreements/papers/ writings, as may be required in this regard."

7. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws

To consider and, if thought fit, to pass the following Resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 including Sections 23, 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Act") and the Rules made there under to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable laws or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR Regulations**") (including any amendment/modifications thereto or re-enactment thereof, for the time being in force), provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended or restated, the Depository Receipt Scheme 2014, the Foreign Exchange Management Act, 1999 ("**FEMA**"), as amended, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, the Registrar of Companies or any other relevant authority from time to time ("**Governmental Authorities**"), to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, the consent, approval and sanction of the Company be and is hereby granted to the Board of Directors (hereinafter referred to as the "**Board**" which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law) to create, offer, issue and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons, as may be permitted), with or without a green shoe option, such number of equity shares of the Company with a face value of INR 10 (Rupees Ten) each ("**Equity Shares**") and/ or Equity Shares through convertible bonds (whether denominated in Indian rupees or foreign currency) and/ or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities and/or securities linked to Equity Shares or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Equity Shares and/ or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a green shoe option, if any), or any combination of securities convertible into or exchangeable for equity shares including without limitation through Global Depository Receipts ("**GDRs**") and/or American Depository Receipts ("**ADRs**") and/ or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/ or partly) and/or Commercial Papers and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity Shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("**FCCBs**") and/ or Foreign Currency Exchangeable Bonds ("**FCEBs**") and/ or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for equity shares at the option of the Company and/ or holder(s) of the security(ies) and/ or securities linked to equity shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad whether rupee denominated or denominated in foreign currency (all of which are hereinafter collectively referred to as "**Securities**") or any combination of Securities, in one or more tranches, in India or in course of international offering(s) in one or more foreign markets, by way of one or more public and/or private offerings, Qualified Institutions Placement ("**Qualified Institutional Placement**" or "**QIP**") and/ or on preferential allotment basis or any combination

thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including qualified institutional buyers ("**QIBs**") in accordance with Chapter VI of the ICDR Regulations, (whether residents and/or non-residents and/ or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds (foreign or Indian) alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors and/or multi-lateral financial institutions, stabilizing agents and/or any other eligible investors, and/or to such investors who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations, guidelines and approvals and whether they be holders of the Equity Shares of the Company or not (collectively called the "**Investors**") as may be decided by the Board in its absolute discretion and permitted under applicable laws and regulations, in consultation with the lead managers, advisors or other intermediaries for an aggregate amount not exceeding INR 500 Crores (INR Five Hundred Crore only) or its equivalent thereof, in one or more currencies, if any, inclusive of such premium as may be fixed on the Securities by offering the Securities, at such price or prices, at a permissible discount (including but not limited to any discount as may be permitted under Chapter VI of ICDR Regulations) or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) or intermediary (ies) appointed and / or to be appointed by the Company (the "**Issue**").

RESOLVED FURTHER THAT in case of any offering of Securities, including without limitation any GDRs / ADRs / FCCBs / FCEBs / other securities convertible into equity shares, the Board to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects, except as may be provided otherwise under the terms of issue/offering and in the offer document and/or offer letter and/or offering circular and /or listing particulars.

RESOLVED FURTHER THAT in case of any issue of Securities made by way of QIP in terms of Chapter VI of the ICDR Regulations, the allotment of the Securities or any combination of Securities as may be decided by the Board shall be completed within 12 months from the date of this Resolution or such other time as may be allowed under the ICDR Regulations from time to time at such a price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of ICDR Regulations. The Company may, in accordance with applicable law, also offer a discount of not more than 5% or such other percentage as permitted under applicable law on price calculated in accordance with the pricing formula provided under ICDR Regulations.

RESOLVED FURTHER THAT in the event the Equity Shares are issued pursuant to the QIP in accordance with Chapter VI of the ICDR Regulations, the "relevant date" for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board (including a committee of the Board) decides to open the proposed Issue and in the event eligible convertible securities (as defined under the ICDR Regulations) are issued pursuant to the QIP, the relevant date for the purpose of pricing of such convertible securities and for the purpose of pricing of the Securities by way of GDRs/ADRs/FCCBs/FCEBs or by way of any other issue(s), shall be either the date of the meeting in which the Board of the Company (including a committee of the Board) decides to open the proposed Issue of such convertible securities or the date on which the holder of such convertible securities become entitled to apply for the Equity Shares or the date as specified under the applicable law or regulation, and as may be decided by the Board in this regard.

RESOLVED FURTHER THAT the Board and other designated officers of the Company be and are hereby severally authorised to make all filings including as regards the requisite listing application/ prospectus/ offer document/registration statement, or any draft(s) thereof, or any amendments or supplements thereof, and of any other relevant documents with the Stock Exchanges (in India or abroad), the RBI, the SEBI, the Registrar of Companies and such other authorities or institutions in India and/or abroad for this purpose and to do all such acts, deeds and things as may be necessary or incidental to give effect to the resolutions above and the Common Seal of the Company be affixed wherever necessary.

RESOLVED FURTHER THAT the Board / committee of directors be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the Issue, all such Equity Shares shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions of the Memorandum and Articles of Association of the Company and the applicable laws and regulations including any rules and regulations of any Stock Exchanges.

Notice (Contd.)

RESOLVED FURTHER THAT the Board / committee of directors be and is hereby authorized to engage, appoint lead manager(s), underwriter(s), guarantor(s), depositories, custodian(s), registrar(s), stabilizing agent(s), trustee(s), banker(s), lawyer(s), advisor(s) and all such professionals or intermediaries or agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangement(s), memorandum(s), arrangement(s), placement agreement(s)/ underwriting agreement(s) / deposit agreement(s) / trust deed(s) / subscription agreement/ payment and conversion agency agreement/ any other agreements or documents, etc., with such agencies and also to seek the listing of such Securities on the Stock Exchange(s))/ International Stock Exchanges and the Equity Shares to be issued on conversion of the Securities as set forth in the aforesaid resolution, if any, on the Stock Exchange(s), authorising any director(s) or any officer(s) of the Company to sign for and on behalf of the Company, the offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s) / document(s) and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s).

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the merchant bankers/ lead managers and/or other advisors as mentioned above, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalize, approve and issue any document(s), including finalization and approval of the preliminary as well as final offer document(s), letter of offer, determining the form and manner of the Issue, including the selection of qualified institutional buyers and/or such Investors to whom the Securities are to be offered, issued and allotted, number of Securities to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, period of conversion or redemption, listing on one or more stock exchanges in India and/or abroad and any other terms and conditions of the issue, including any amendments or modifications to the terms of the Securities and any agreement or document (including without limitation, any amendment or modification, after the issuance of the Securities), the execution of various transaction documents, creation of mortgage/ charge in accordance with the provisions of the Act and any other applicable laws or regulations in respect of any Securities, either on a pari passu basis or otherwise, fixing of record date or book closure and related or incidental matters as the Board in its absolute discretion deems fit and to settle all questions, difficulties or doubts that may arise in relation to the issue, offer or allotment of the Securities, accept any modifications in the proposal and matters related thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board / committee of directors be and is hereby authorized to form a committee and/or delegate all or any of its power to any committee of directors (including any officer(s) of the Company) to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares.

RESOLVED FURTHER THAT for the purpose aforesaid, all the Directors of the Company be and are hereby severally authorized to sign all documents and settle all questions, difficulties, or doubts that may arise in regard to the issue, offer and allotment of the securities and utilization of the issue proceeds as it may in its absolute discretion deem fit."

Registered Office:
Equinox Business Park,
Tower -3, 4th Floor,
LBS Marg, Off BKC Road
Kurla (West),
Mumbai 400070

For & on behalf of the Board of Directors
For UGRO CAPITAL LIMITED
Sd/-
Aniket Karandikar
(Company Secretary)
M. No: ACS 24107
Date: 29th June, 2021

NOTES:

1. A Statement pursuant to Section 102(1) of the Act ("Explanatory Statement") relating to the Special Businesses (Item No. 3 to 7) to be transacted at the Meeting is annexed hereto. The relevant details as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, are also annexed to the notice.

Notice (Contd.)

2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder. On account of the threat posed by COVID-19", MCA has issued circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the COVID -19 pandemic" (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

3. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/ her behalf and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars and SEBI Circular, the AGM will be held through VC/ OAVM and the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Meeting and hence the Proxy Form ,Attendance Slip and route map of the AGM are not annexed to this Notice.

4. Pursuant to Section 113 of the Act representatives of Corporate Members may be appointed for the purpose of voting through remote e-voting or for participation and voting in the Meeting to be conducted through VC/ OAVM.

   Corporate Members intending to attend the Meeting through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF/ JPG Format) if any, authorizing its representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorisation shall be sent to the Company by email through its registered email address, i.e. cs@ugrocapital.com with a copy marked to helpdesk.evoting@cdslindia.com

5. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the Meeting along with the Annual Report for FY 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for FY 2020- 21 will also be available on website of the Company, i.e. www.ugrocapital.com, website of the Stock Exchange i.e. BSE Limited and on the website of the CDSL www.evotingindia.com

6. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 14.

7. Members attending the Meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at cs@ugrocapital.com.

9. Notice is also given under Section 91 of the Act read with Regulation 42 of the Listing Regulations, that the Register of Members and the Share Transfer Book of the Company will remain closed from Thursday, 26th August, 2021 to Wednesday, 1st September, 2021 (both days inclusive).

10. Process for registration of email id for obtaining Annual Report and User ID/password for e-voting are annexed to this Notice.

11. Members are requested to intimate changes, if any, pertaining to their name, postal address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, to their Depository Participants ("DPs") in case the shares are held by them in dematerialized form and to the Registrar and Share Transfer Agents of the Company i.e. Link Intime India Private Limited ("Link Intime") in case the shares are held by them in physical form.

12. In case you have any queries/ complaints or grievances, then please write to us at cs@ugrocapital.com

Notice (Contd.)

Members seeking any information/desirous of asking any questions at the Meeting with regard to the accounts or any matter to be placed at the Meeting are requested to send email to the Company at cs@ugrocapital.com at least 7 days before the Meeting. The same will be replied by the Company suitably

13. Information and other instructions relating to e-voting are as under:

    I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.

    II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.

    III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Wednesday, 25th August 2021. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

    IV. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, 25th August 2021, only shall be entitled to avail the facility of e-voting.

    V. Members who are holding shares in physical form or who have not registered their email address with the Company/Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Wednesday, 25th August 2021; such Member may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or rnt.helpdesk@linkintime.co.in However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.

    VI. The Board of Directors of the Company has appointed Mr. Pankaj Nigam of M/s. Pankaj Nigam & Associates, a Practicing Company Secretary firm, Mumbai as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

    VII. The Scrutinizer, after scrutinizing the votes, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company, i.e. www.ugrocapital.com and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchange.

    VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. 1st September, 2021.

    IX. Information and other instructions relating to e-voting are as under: The remote e-voting facility will be available during the following period:

    Commencement of e-voting: From 9:00 a.m. (IST) on Sunday, 29th August, 2021.

    End of e-voting: Up to 5:00 p.m. (IST) on Tuesday, 31st August, 2021.

    i. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.

    ii. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting through VC / OAVM but shall not be entitled to cast their vote again.

Notice (Contd.)

iii. Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

Notice (Contd.)

Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

iv. If you are a first-time user follow the steps given below:

PAN*	**For Members holding shares in Demat Form and Physical Form**
	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number sent by Company/RTA or contact to Company/RTA.
Dividend Bank Details or Date of Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio Birth number in the Dividend Bank details field as mentioned in instruction (v).

After entering these details appropriately, click on "SUBMIT" tab.

ix. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

i. Click on the Electronic Voting Sequence Number (EVSN) of UGRO CAPITAL LIMITED on which you choose to vote.

ii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

iii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

iv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

v. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

vi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

vii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

viii. Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

ix. Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www. evotingindia.com and register themselves in the Corporate module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on the list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer or Company or Registrar and Transfer Agent at the email address viz pankajnigamcs@gmail.com or cs@ugrocapital.com or rnt.helpdesk@linkintime.co.in and if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

xi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www. evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

xii. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk. evoting@cdslindia.com or call on 022-23058542/43.

Notice (Contd.)

X. Instructions for Shareholders for e-voting during the Meeting are as under:-

i. The procedure for e-voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting.

ii. Only those Shareholders, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the Meeting.

iii. If any Votes are cast by the Shareholders through the e-voting available during the Meeting and if the same Shareholders have not participated in the Meeting through VC/ OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the Shareholders attending the Meeting.

iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the Meeting.

15. Share transfer documents and all correspondence relating thereto, should be addressed to the Link Intime at C 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083 or at their designated email id i.e. rnt.helpdesk@linkintime.co.in.

16. The Company, consequent upon introduction of the Depository System ("DS"), entered into agreements with National Securities Depository Limited ("NSDL") and CDSL. The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialised form through NSDL or CDSL.

17. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.

18. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

19. SEBI has mandated the submission of PAN by every participant of the securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Link Intime.

20. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Transfer Agent as mentioned above or to the Company Secretary, at the Company's registered office.

Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF), Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable rules.

21. As mandated by SEBI, effective April 01, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised mode with a depository. Accordingly, the Members of the Company were requested to open a demat account and submit physical securities to their DPs.

22. As per Regulation 40(7) of the Listing Regulations, read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax PAN Card. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / nominee(s). In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/ HO/MIRSD/ DOS3/CIR/P/2018/139 dated November 06, 2018.

23. Pursuant to Section 72 of the Act, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH- 13, to Link Intime. Further, Members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to Link Intime. These forms will be made available on request.

Notice (Contd.)

24. Information of Director seeking re-appointment at the ensuing Meeting, as required under Regulation 36(3) of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India, is annexed to the notice.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the Meeting through VC/OAVM through the CDSL e-voting system. Shareholders may access the same at https://www.evotingindia.com under Shareholders/Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholders/ Members login where the EVSN of the Company will be displayed.

2. The Members can join the Meeting through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the Meeting through VC/OAVM will be made available to at least 1000 members on first come first served basis.

   However the participation of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are not restricted on first come first served basis.

3. Shareholders are encouraged to join the Meeting through Laptops / iPad for better experience.

4. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

   Members who would like to express their views or ask questions during the Meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at cs@ugrocapital.com up to 27th August 2021 (6:00 p.m. IST). Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

6. The Shareholders who have not registered themselves can put the question on the Question and Answer chat box available on the screen at the time of the Meeting.

7. Members who need technical assistance before or during the Meeting can send an email to helpdesk.evoting@cdslindia.com or call 022-23058542/43.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) by email to rnt.helpdesk@linkintime.co.in

ii. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card) to rnt.helpdesk@linkintime.co.in

Notice (Contd.)

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE LISTING REGULATIONS)

Name of Director	Chetan Gupta
Category of Director	Non-Executive Director
Date of Birth	11/05/1980
Date of Appointment on Board	02/11/2018
Qualifications	Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst And Master's in management (Finance) from the University of Mumbai
Relationship between Directors inter-se	None
Brief Resume & Expertise in specific functional area	Mr. Gupta is a Managing Director of Samena Special Situations Mauritius in Dubai, focusing on investments within the Special Situation Funds. Mr. Gupta is also a member of the Investment Committee of the Special Situations Funds. Prior to joining Samena Special Situations Mauritius Mr. Gupta was an equity research analyst at Tricolour India Funds and previously was part of the General Atlantic Financial Management Leadership Program
Directorships held in other listed Companies	Nil
Memberships/ Chairmanships of committees of other listed Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
No. of shares held in the Company as on 31st March, 2021	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Article: 5 - Reserve Bank of India has issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and laid down parameters for appointment of Auditors consisting of qualification, experience, Number of staff etc. It is therefore necessary to amend the existing the existing provisions of articles 7 of the AoA to bring the provisions in line with RBI guidelines and to offer more flexibility to select the Audit firms.

Article: 14.8 - Ministry of Corporate Affairs vide Notification dated 15th June, 2021 has deleted the Rule 4 of the Companies (Meeting of Board and its Powers Rules, 2012 that had listed agenda items that cannot be transacted through Video Conferencing or any other Audio Visual Mode. Therefore all the agendas can now be transacted through VC.

Accordingly, it is proposed to delete these provisions from AoA of the Company to bring them in line with provision number 14.8 of the Companies Act, 2013 and rules made thereunder.

Article: 17.3 - Keeping in view the business requirements and scale of operations it is decided to have a flexibility for engaging a dedicated senior official(s) to discharge treasury, strategy and investor relationship functions which presently folds under the CFO. In this regard, it is proposed to suitably modify the relevant clause in the Articles of Association of the Company and ratify the segregation if any already done by the Company in consultation with the Board of Directors.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No.3 of the Notice for the approval of Members.

Item No. 4 and 5

Keeping in view the Company's existing and future financial requirements and the business plan, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits upto INR 4500 Crores (Rupees Four Thousand Five Hundred Crores only) over and above paid up capital and Free Reserves of the Company. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

Further, in order to facilitate securing the borrowing(s) made by the Company, it would be necessary to create charge or mortgage on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013, provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the prior approval of members in the General Meeting by way of special resolution.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No.4 and 5 of the Notice for the approval of Members.

Item No. 6

The Members of the Company, at the Annual General Meeting ("AGM") held on 18th September, 2020 passed a Special Resolution authorizing the Board of Directors of the Company to offer or invite subscription for Non-convertible Debentures, in one or more series/ tranches for an amount of up to INR 2000 Crores on a private placement basis. The said resolution was valid and effective for one year.

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Rule 14(1) of the Prospectus and Allotment Rules further prescribes that in case of the issue of non-convertible debentures exceeding the limits prescribed therein, it shall be sufficient to obtain such previous approval only once in a year for all the offers or invitations for such NCDs issued during a period of 1 (one) year from the date of passing of the aforementioned special resolution.

For the purpose of augmenting resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, meeting long term requirement of funds, general corporate purposes and other purposes as may be decided/agreed from time to time, the Company may invite subscription for non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior

Notice (Contd.)

unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) (including market linked debentures and covered bonds) ("NCDs") to be issued by the Company, in one or more series/tranches on private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the board of directors of the Company ("Board", which term shall be deemed to include any Ccommittee constituted by the Board, to exercise its powers, including the powers conferred by this Rresolution) on the basis of various factors including the interest rate/effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule 14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION	Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year. In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/ issue of NCDs (whether secured/ unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures and covered bonds)) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/ issue of NCDs.
KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED	Non-convertible debt securities/ NCDs. The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.
BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE	Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution), in discussions with the relevant investor(s).
NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION	Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments.
AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES	The specific terms of each offer/ issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013.
MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES	The specific terms of each offer/ issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.

Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 2500 Crores (INR Two Thousand Five Hundred Crores only) as may be approved by the members at any point of time, in addition to the limit prescribed under the provision of Section 180 of the Act, in one or more tranches.

Notice (Contd.)

This enabling resolution authorises the Board of Directors of the Company to offer or invite subscription for NCDs, as may be required by the Company, from time to time and as set out herein, for a period of one year from the date of passing this resolution.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for the approval of Members.

Item No. 7

The Special Resolution proposed is an enabling resolution to facilitate and meet the capital requirements for business activities and to utilize the issue proceeds for general corporate purposes including but not limited to pursuing new business opportunities, meeting the issue expenses etc. The resolution contained in the attached Notice pertains to a proposal by the Company to create, offer, issue and allot equity shares, American Depository Receipts and other securities, as stated therein in one or more tranches (referred to as "Securities").

The members may please note that the resolution is only an enabling resolution and the detailed terms and conditions for the offer will be determined in consultation with lead managers, advisors, underwriters and such other authorities and agencies as may be required to be consulted by the Company in due consideration of prevailing market conditions and other relevant factors. As the price of the securities shall be determined at a later stage, exact number of securities to be issued shall also be crystallized later. However, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms of the offer.

As per Section 62 of the Companies Act, 2013, and as per the rules and regulations applicable under the laws, the relevant provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), the approval of existing members is being sought to empower the Board to issue, offer and allot Equity Shares at such price, and if approved at a discount of not more than 5% on the price calculated for the Qualified Institutions Placement or at such other discount as may be permitted under Chapter VI of the ICDR Regulations or premium to market price or prices in such a manner and on such terms and conditions including security, rate of interest, etc. to such person(s) including institutions, incorporated.

The Members' approval to the resolution would have the effect of allowing the Board to offer and allot Securities otherwise than on pro-rata basis to the existing shareholders.

The enabling Special Resolution also seeks to empower the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board has constituted to exercise its powers including the power conferred by this resolution) to undertake a Qualified Institutional Placement as defined by ICDR Regulations. The Board may in their discretion adopt this mechanism, as prescribed under Chapter VI of the ICDR Regulations. The pricing of the Equity Shares to be issued to Qualified Institutional Buyers pursuant to Chapter VI of the ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the ICDR Regulations.

The enabling Special Resolution seeks to give the Board the powers to issue Equity Shares as the Board may deem fit, in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/ or individuals or otherwise as the Board, in its absolute discretion, deems fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law, and other relevant factors.

The Equity Shares so allotted would be listed. The issue / allotment would be subject to the availability of regulatory approvals, if any

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchange under the provisions of the Listing Regulations.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of Members.

Registered Office:
Equinox Business Park,
Tower -3, 4th Floor,
LBS Marg, Off BKC Road
Kurla (West), Mumbai 400070

For & on behalf of the Board of Directors
For UGRO CAPITAL LIMITED
Sd/-
Aniket Karandikar
(Company Secretary)
Membership no: ACS 24107

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 28th Annual Report and the Audited Statement of Accounts of your Company for the financial year ended 31st March 2021.

FINANCIAL HIGHLIGHTS

In compliance with the applicable provisions of the Companies Act, 2013, ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), this Board's Report is prepared based on the standalone financial statements of the Company for the year under review:

(INR in Lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Total Income	15,333.84	10,514.37
Total Expenditure	14,120.93	10,182.58
Profit Before Tax and exceptional items	1,212.91	331.79
Exceptional items	-	-
Profit before tax	1,212.91	331.79
Provision for Tax	(1,659.84)	(1,620.07)
Profit after tax	2,872.75	1,951.86
Other comprehensive income	13.60	0.02
Profit available for appropriation	2,886.35	1,951.88
Appropriations:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	574.55	390.37
Dividend paid	-	-
Dividend Tax thereon	-	-
Transfer to General Reserve	-	-
Share conversion expenses	-	32.31
Balance carried forward to Balance Sheet	2311.80	1529.20

DIVIDEND

Directors have not recommended any Dividend for the Financial Year 2020-21.

Pursuant to Regulation 43A of the SEBI Listing Regulations, the Board of Directors of the Company has adopted a Dividend Policy ('Policy'). The Policy is available on the website of the Company under the 'Investor Relations' section at https://www.ugrocapital.com/sites/default/files/2021-05/Dividend%20Policy.pdf

REVIEW OF OPERATIONS

During the year under review, your Company's total revenue, on a consolidated basis, amounted to INR 153.34 Crores compared to INR 105.14 Crores in the previous year.

Profit before tax was INR 12.12 Crores compared to INR 3.32 Crores for the previous year

Profit after tax stood at INR 28.73 Crores compared to INR 19.52 Crores in the previous year.

Our Loan assets under management (AUM) grew 52.96% y-o-y to INR 1,317 Crores compared to INR 861 Crores in the previous year.

COVID-19 PANDEMIC

The financial year 2020-21 began with ongoing COVID-19 pandemic that led to nationwide lockdown. The lockdown was relaxed in a phased manner depending upon the severity and magnitude of the spread of the pandemic. The cases started declining after reaching peak levels in September 2020. With revival of economic activities due to easing of lockdown, economy rebounded. However, the resurgence of COVID-19 pandemic impacted the nascent economic revival that was taking shape. The most vulnerable category of borrowers are individual borrowers, small businesses and MSMEs. The company specifically lends to MSMEs.

In order to mitigate the stress caused by the Covid-19 pandemic on several sectors across the country, the Government has announced an Emergency Credit Line Guarantee Scheme ("ECLGS"). The ECLGS aims to provide 100 percent guaranteed coverage to the banks, non-banking financial institutions (NBFCs) and other lending institutions in order to enable them to extend emergency credit to business entities that have suffered due to the Covid-19 pandemic and are struggling to meet their working capital requirements. The scheme aimed to provide Rs 3 lakh crore worth of collateral-free, government-guaranteed loans to micro, small and

medium enterprises (MSMEs) across India to mitigate the distress caused by the coronavirus-induced lockdown. Under the ECLGS, the Company has disbursed INR 45.77 Crores as on 31st March 2021.

RBI took several standard and innovative measures to ensure liquidity in the system. RBI permitted lending institutions to provide relief to the borrowers for a period of six months starting from 1st March 2020 to 31st August 2020 from EMI payments and working capital interest payments. It also announced relief measures for MSMEs including new restructuring guidelines to retain loans from banks and NBFCs' to such qualifying MSMEs classified as standard within the regulatory framework. RBI also declared Resolution Framework for COVID-19-related stress through which a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. Reserve Bank of India vide its circular dated 7th April 2021 instructed all lending institutions to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Company has estimated an amount of INR 54.71 lacs and charged the same to Profit and Loss Account for the year ended 31st March 2021 on the basis of the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies.

The Government of India has also taken various steps and provided relaxation to support companies during COVID-19 pandemic. Ministry of Corporate Affairs extended timelines for filing of various returns without any additional fees. SEBI extended timelines for filing of various returns, permitted Companies to hold Board Meetings, Committee Meetings, General Meetings through video conferencing.

The physical and emotional wellbeing of employees continues to be a top priority for U GRO. Accordingly, Company has taken various measures to provide support to its employees. The number of COVID-19 positive employees and their family members are being tracked on a daily basis to provide them support as and when required. Company has also provided specific group insurance policy and home care insurance cover to employees and their families who contracted COVID-19. The Company implemented work from home from 20th March, 2020. All the systems of the Company are cloud enabled and the routine work can be carried out remotely eliminating the need for employees physical presence.

SUBSIDIARY COMPANIES

Your Company has no subsidiaries as on 31st March 2021. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("the Act").

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, along with relevant documents are available on the website of the Company.

RESERVES

The amounts, if any, proposed to be transferred to general reserve, statutory reserve and ESOS reserve are mentioned in financial statements.

CHANGE IN SHARE CAPITAL

During the financial year 2020-21, the Company has not allotted equity shares.

As on 31st March 2021, the issued, subscribed and paid up share capital of your Company stood at INR 70,52,85,500/- comprising of 7,05,28,550 Equity Shares of INR 10/- each.

CORPORATE AGENCY LICENSE

During the year under review, your Company has received Corporate Agency license (Composite) from the Insurance Regulatory and Development Authority of India ("IRDAI"). Under the said license, the Company shall be entitled to tie with life, general and health insurance companies to distribute their insurance products in line with various directions/guidelines issued by IRDAI.

FUND RAISING

During the year under review, your Company has raised funds through diverse methods, in addition to regular borrowings in the form of term loan facilities from Banks/financial institutions your Company has issued Non-Convertible Debentures aggregating to INR 240 Crores on a private placement basis.

Your Company has issued commercial paper aggregating to INR 56 Crore out of which INR 10 Crore worth of commercial paper are listed on BSE Limited.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Directors' Report (Contd.)

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Board of Directors:

The Board of your Company comprised of eminent persons with proven competence and integrity. Besides the experience, strong financial acumen, strategic astuteness, and leadership qualities, they have a significant degree of commitment towards the Company and devote adequate time to the meetings and preparations. In terms of requirement of SEBI Listing Regulations, the Board has identified core skills, expertise, and competencies of the Directors in the context of the Company's businesses for effective functioning, which are detailed in the Corporate Governance Report.

The Company has 13 (Thirteen) Directors on the Board, out of which 7 (Seven) are Independent Directors including one Woman Director as on 31st March 2021. The Board composition is in compliance with the requirements of the Act, SEBI Listing Regulations and RBI Master Directions.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Chetan Gupta (DIN: 07704601)), Non-Executive Director, retires by rotation and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of the shareholders.

Mr. Abhijit Ghosh has resigned from the post of Whole-time Director and Chief Executive Officer with effect from 30th April 2021.

Key Managerial Personnel:

During the year, Mr. Sandeepkumar Zanvar was appointed as the Chief Financial Officer of the Company with effect from 13th November 2020, in place of Mr. Kalpeshkumar Ojha who resigned w.e.f. 12th November 2020.

The details of key managerial personnel of the Company during the year is given below:

Key Managerial Personnel	Designation
Mr. Shachindra Nath	Executive Chairman and Managing Director
Mr. Abhijit Ghosh*	Whole-time Director and Chief Executive Officer
Mr. Kalpeshkumar Ojha**	Chief Financial Officer
Mr. Sandeepkumar Zanvar***	Chief Financial Officer
Mr. Aniket Karandikar	Company Secretary

* resigned w.e.f. 30th April 2021
** resigned w.e.f. 12th November 2020
*** appointed as Chief Financial Officer w.e.f. 13th November 2020

CAPITAL ADEQUACY RATIO:

Your Company's Capital Adequacy Ratio as of 31st March 2021, stood at 65.55% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15% and out of total CRAR the Tier 1 capital stood at 65.15% and Tier II Capital at 0.40%

RBI GUIDELINES

The Company continues to comply with all the applicable regulations prescribed by the Reserve Bank of India ("RBI"), from time to time.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to SEBI Listing Regulations, Management Discussion and Analysis and Corporate Governance Report are part of this Annual Report. The Certificates from M/s. Pankaj Nigam and Associates, Practicing Company Secretaries, regarding compliance of the conditions of Corporate Governance as stipulated by the SEBI Listing Regulations are attached to this report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of SEBI Listing Regulations, read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated 4th November 2015, the 'Business Responsibility Report' (BRR) of the Company for FY 2020-21 is forming part of the Annual Report.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Independent Directors play a pivotal role in upholding corporate governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance. At the time of appointing a new Independent Director, a formal letter of appointment is given to the Director, inter alia, explaining the role, duties and responsibilities of the Director. The Director is also explained in detail the compliances required from him / her under the Act, SEBI Regulations and other relevant regulations. By way of an introduction to the Company, presentations are also made to the newly appointed Independent Director on relevant information like an overview of the Company's businesses, market and business environment, growth and performance, organisational set up, governance and internal control processes. Ongoing familiarisation aims to provide insights into the Company and the business environment to enable all the Independent Directors to be updated on newer challenges, risks and opportunities relevant in the Company's context. Familiarisation programme for the Independent Directors along with the details of familiarisation programmes imparted to Independent Director during and cumulative upto

FY 2020-21 is placed on the Company's website and the same can be accessed at the link : https://www.ugrocapital.com/investors relations.

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

In terms of the provisions of Section 178(3) of the Act and Regulation 19 of the SEBI Listing Regulations, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

- Qualifications - The Board nomination process encourages diversity of thought, experience, knowledge, age, and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.
- Positive Attributes - Apart from the duties of Directors as prescribed in the Act, the Directors are expected to demonstrate high standards of ethical behavior, communication skills, and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.
- Independence - A Director will be considered independent if he/she meets the criteria laid down in Section 149(6) of the Act, the Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, as amended from time to time.

DECLARATION OF INDEPENDENCE

The Company has received the declarations from all the Independent Directors as per the Section 149(7) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations and the Board is satisfied that all the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations. Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs ("MCA") vide its Notification dated October 22, 2019, regarding the requirement relating to enrollment in the Data Bank created by MCA for Independent Directors, had been received from all Independent Directors.

ANNUAL EVALUATION BY THE BOARD OF DIRECTORS

The Board of Directors have carried out annual evaluation of its own performance, performance of the Committees of the Board, Executive Chairman and Managing Director, Whole-time Director & Chief Executive Officer and individual Directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of predefined criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was also evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, fulfilment of roles & responsibilities as per the charter of each Committee and adherence to defined policies and internal procedures etc. The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January 2017. A separate meeting of Independent Directors of the Company was held on 16th February 2021. Performance evaluation of Independent Directors was carried out by the entire Board, excluding the Independent Director who was being evaluated.

CODE OF CONDUCT

U GRO Capital has formulated a Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel.

The confirmation of compliance of the same is obtained from all concerned on an annual basis. All Board Members and Senior Managerial Personnel have given their confirmation of compliance. A declaration duly signed by the Executive Chairman and Managing Director is given under Corporate Governance Report as a separate section in this Annual Report. The Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel is also posted on the website of the Company.

BOARD METINGS HELD DURING THE FINANCIAL YEAR

The Board meets at regular intervals to discuss and decide on the Company's business policy and strategy apart from other Board business. The Board exhibits strong operational oversight with regular presentations in quarterly meetings. The Board / Committee meetings are pre-scheduled well in advance to help them plan their schedule and ensure meaningful participation in the meetings. Only in case of special and urgent business, if the need arises, the Board's or Committee's approval is taken by passing resolutions through circulation or by calling the Board/Committee meetings at short notice, as permitted by law. The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed to enable the Directors to make an informed decision.

The Board of Directors of the Company met 5 (Five) times during the financial year 2020-21. The details of the Board meetings and the attendance of the Directors are given in Corporate Governance Report, which forms part of this Annual Report.

Directors' Report (Contd.)

COMMITTEES OF THE BOARD

As required under the Act, SEBI Listing Regulations and RBI Master Directions, the Company has constituted the following statutory committees: 1) Audit Committee 2) Nomination and Remuneration Committee 3) Stakeholders Relationship Committee 4) Risk Management Committee 5) Corporate Social Responsibility Committee 6) Asset Liability Committee 7) IT Strategy Committee. The Company also have non mandatory committee like Securities Allotment and Transfer Committee, Investment and Borrowing Committee and Compliance Committee. In addition to the above, the Board has formed an Executive Committee to review specific business operational matters and other items that the Board may decide to delegate. Details of all the statutory committees such as terms of reference, composition and meetings held during the year under review are provided in the Report on Corporate Governance, a part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has adopted policies and procedures for the governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations. Statutory Auditors in its report expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of its knowledge and belief:

a) in the preparation of the annual accounts for the financial year ended 31st March 2021 the applicable accounting standards had been followed along with proper explanations relating to material departure;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2021 and of the profit and loss of the Company for that year;

c) proper and sufficient care had been taken for the 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 fraud and other irregularities;

d) the financial statement of the Company had been prepared on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company which are adequate and were operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT 2013

Details of loan, guarantee and investments covered, if any are provided in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the related party transactions during the financial year were at arm's length basis and are in compliance with the applicable provisions of the Act and SEBI Listing Regulations. There were no material significant related party transactions entered into by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict of interest with the Company at large.

All the related party transactions are presented to the Audit Committee and Board for their approval. A statement of all related party transactions is presented before Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The related party transaction policy of the Company as approved by the Board is available on website of the Company.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure-I in Form No. AOC-2 and the same forms part of this report.

PARTICULARS OF EMPLOYEES AND REMUNERATION:

A Information as per Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) The ratio of remuneration of each director to median remuneration of the employees of the Company for the financial year:

Name of Director	Ratio to median remuneration
Shachindra Nath	50.48 : 1
Abhijit Ghosh	25.59 : 1

The ratio to median has increased due to the increase in the number of front line staff in GRO Micro business vertical.

b) The percentage of increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:

Role	% increase in compensation
Executive Chairman & Managing Director	Nil
Whole-time Director & Chief Executive Officer	Nil
Chief Financial Officer	Nil
Company Secretary	Nil

** There was graded reduction in remuneration of Directors and KMPs due to COVID-19 pandemic.*

c) Percentage of increase in the median remuneration of employees during the financial year ended 31st March, 2021: **There was no increment in the last financial year and hence there was no increase in the median remuneration.**

d) Number of permanent employees on the rolls of the Company as on 31st March, 2021: **361 employees**

e) Average percentage increase made in the salaries of employee other than the Managerial Personnel in the financial year was ___% vis a vis an increase of __% in the salaries of Managerial Personnel- **No remuneration increase was done during last year due to COVID-19 Pandemic. In fact there was graded reduction in the remuneration.**

f) Affirmation that the remuneration is as per remuneration policy of the Company: Yes

B. Information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

The statement containing particulars of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available at registered office of the Company. The said statement is open for inspection at the registered office of the Company. Any member interested in obtaining there particulars will be provided with the same, upon receipt of a written request delivered at the registered office of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED AFTER 31ST MARCH, 2021

There are no material changes and commitments affecting the financial position of the Company subsequent to the close of the FY 2020-21 till the date of this report.

CONSERVATION OF ENERGY

A. Conservation of energy-

i.	The steps taken or impact on conservation of energy;	Not Applicable
ii.	The steps taken by the company for utilizing alternate sources of energy;	Not Applicable
iii.	The capital investment on energy conservation equipment's;	Not Applicable

Directors' Report (Contd.)

B. Technology absorption-

i. The efforts made towards technology absorption;	Implemented digital processing of the financials of a prospective customers - all types of financials which can be collected from a customer i.e., balance sheets, P&L statements, GST returns, and bank statements are collected through the system and converted into digital content. Also, in absence of structured financial information, especially in case of Gro-Micro business, system is being designed to capture unstructured information on system by Credit Managers. Built the next generation comprehensive business rules engine for evaluation – where the Gro Score 2.O is computed basis combination of Bureau data and bank statements and eligibility calculations are coded in the platform for a direct evaluation and straight through processing of files is recommended depending on the Gro Score 2.O output. Gro - Xstream - an automated platform for onward and self-initiated co-lending – which is an extension of core underwriting platform - is implemented to get to review the digitized credit underwriting process used for evaluation and further the end-to-end processing till loan disbursal is enabled through the system itself. U GRO was among the first lenders to participate and onboard on GeM Sahay program for seller to PSUs and align technology framework with end-to-end digital processing of such applications. Adoption of latest technologies like Account Aggregator, E-Nach facilities are in pipeline.
ii. The benefits derived like product improvement, cost reduction, product development or import substitution;	Increase in throughput rates and faster TATs are expected due to the adoption of Gro Score 2.O which enables straight through processing of files meeting policy norms and reduced intervention from Credit Managers. Enhanced digitization technology platforms has helped process multiple applications in business loans and supply chain finance business lines quicker and with minimal intervention.
iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Not applicable
a) the details of technology imported;	
b) the year of import;	
c) whether the technology been fully absorbed;	
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
iv. The expenditure incurred on Research and Development.	

C. Foreign exchange earnings and Outgo-

(INR in lakhs)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Other Expenses	0.87	1.30
Exchange earned	-	-

REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the Company comprising of the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance Report which is attached to this Report and is also available on Company's website. Remuneration Policy is enclosed herewith as Annexure II.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the Section 177(9) and 177 (10) of the Act and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI Listing Regulations, the Board of Directors have approved the Policy on Vigil Mechanism / Whistle Blower and the same has been hosted on the website of the Company https://www.ugrocapital.com/investor-relations.

This Policy inter alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company follows a strict zero tolerance sexual harassment at workplace and adopted the policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder for prevention and redressal of complaints of sexual harassment at work place.

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the financial year ended 31st March 2021 is as follows:

Number of complaints filed during the financial year	Nil
Number of complaints disposed during the financial year	Nil
Number of complaints pending at the end of the financial year	Nil

STATUTORY AUDITOR'S AND THEIR REPORT

During the year, M/s Deloitte Haskins & Sells LLP, Chartered Accountant, (Firm Registration No. 117366W/W-100018) resigned as the Statutory Auditor of the Company w.e.f. 12th August 2020.

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) was appointed as Statutory Auditors at the 27th (Twenty Seventh) Annual General Meeting ("AGM") held on 18th September 2020 for a period of five years commencing from the conclusion of the 27th twenty seventh AGM till the conclusion of the 32nd (Thirtieth Second) AGM of the company.

Further, the report of the Statutory Auditors is provided in the financial section of the Annual Report. The observations made in the Auditors' Report are self-explanatory and do not contain any qualification, reservation or adverse remark. Therefore, it does not call for any further comments.

INTERNAL AUDITORS

During the year, M/s Price Waterhouse Coopers, Chartered Accountant, resigned as an Internal Auditor of the Company w.e.f. 12th November 2020 who were engaged to support the internal audit function of the Company.

M/s Deloitte Touche Tohmatsu India LLP, was appointed to assist to Internal Audit function of the Company.

Directors' Report (Contd.)

SECRETARIAL AUDITOR

In terms of Section 204 of the Act and Rules made there under, M/s. Pankaj Nigam and Associates, Company Secretaries, has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor for the financial year 2020-21 is enclosed as Annexure-III to this report.

The report is self-explanatory and does not contain any qualification or adverse remark. Therefore, it does not call for any further comments.

Further, the Company has received certificate of Non-Disqualification of Directors from M/s. Pankaj Nigam and Associates, Company Secretaries. The same is enclosed as Annexure IV to this report.

CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended 31st March 2021.

DETAILS AND STATUS OF ACQUISITION, MERGER, EXPANSION, MODERNIZATION AND DIVERSIFICATION

During the year, your Company has not carried out any acquisition, merger, expansion, modernization and diversification.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the Company's website at https://www.ugrocapital.com/investor-relations.

RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature. The Company has an elaborate risk charter and risk policy. The Audit Committee has additional oversight in the area of financial risks and controls.

EMPLOYEE STOCK OPTIONS DISCLOSURE

During the financial year 2020-21, the Company has granted 8,37,615 stock options to the eligible employees. The Board of Directors hereby confirm that there is no material change in Employee Stock Option Scheme (ESOS) of the Company and the scheme is in compliance with the SEBI (Share Based Employee Benefits), 2014.

Disclosure in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the Companies Act is available on the website of the Company at the following link: www.ugrocapital.com.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company as part of its CSR initiatives has undertaken projects/programs in accordance with the CSR Policy. The details of the CSR activities are given as Annexure 'IV' forming part of this Report. The CSR Policy of the Company is available on the website of the Company at www.ugrocapital.com.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

INVESTOR EDUCATION AND PROTECTION FUND

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

DETAILS OF FRAUD REPORTED BY AUDITORS

No frauds have been reported by auditors under sub-section of section 143 of the Act.

DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

OTHER DISCLOSURES

i. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and.

ii. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable

ACKNOWLEDGMENT

The Directors wish to convey their deep appreciation to all the employees, customers, vendors, investors, and consultants/ advisors of the Company for their sincere and dedicated services as well as their collective contribution to the Company's performance. The Directors thank the Government of India, Governments of various States and regulators in India in India, and concerned Government departments for their cooperation and guidance. The Directors regret the loss of life due to Covid pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

For and on behalf of Board of Directors

sd/-

Shachindra Nath
Executive Chairman and Managing Director
DIN: 00510618

Place: Gurugram
Date: 29th June 2021

Directors' Report (Contd.)

Annexure-I

Form No. AOC- 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr.	Name of the Related Party	Nature of Relationship	Nature of contracts / arrangements / transactions	Amount (in ₹)	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
				NIL			

For and on behalf of Board of Directors

Sd/-

Shachindra Nath
Executive Chairman and Managing Director
DIN: 00510618

Place: Gururgram
Date: 29th June, 2021

Annexure- II

Nomination & Remuneration Policy

Introduction

UGRO Capital Limited (hereinafter referred to as the "Company") recognizes its human resources as a valuable asset and the Nomination and Remuneration Policy (hereinafter referred to as the "Policy") ensures that the best industry practices have been considered while fixing the remuneration of the Board of Directors and other employees of the Company. The Policy ensures that the level of remuneration is sufficient to attract and retain the best talent required by the Company to meet its objectives.

The Policy lays down the criteria for the appointment/ reappointment of the Board of Directors and also ensures that the Board is adequately composed with members of diverse background and a broad range of experience in areas that are relevant for the business of the Company.

The Policy has been formulated pursuant to provisions of Section 178 of the Companies Act, 2013 ("the Act") read with applicable rules and amendments thereto and ensures compliance to all the requirements of Securities and Exchange Board of India ("SEBI") Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and amendments thereto and Corporate Governance Code of the Company. It applies to Directors, Key Managerial Personnel ("KMP"), Senior Management and other employees of the Company.

The Policy has been approved by the Board in the meeting dated 2nd November 2018.

Purpose

The purpose of framing the Policy is to:

a) Identify prospective Directors and recommend to the Board the appointment and removal of Directors, KMPs and Senior Management.

b) Recommend a policy to the Board on remuneration payable to the Directors, KMPs and the Senior Management of the Company.

c) Establish standards of remuneration which shall include fixed and variable components, incentives and bonus. The same shall be developed in line with the applicable regulations and considering the best trends and practices prevailing in the industry.

d) Carry out the evaluation of the performance of every Director and review the terms of remuneration of the Director based on their performance and defined assessment criteria.

e) Formulate the criteria for evaluation of performance of the Independent Directors and determine whether to extend or continue the term of appointment of the Independent Director, in light of the performance evaluation report.

Appointment / Re-appointment of Board of Directors

The Nomination and Remuneration Committee (hereinafter referred to as 'NRC') shall be responsible for ascertaining the criteria for appointment of Directors and ensuring the size of the Board is sufficient for the Company to achieve its objectives.

Appointment criteria and Qualification

a) Identify and ascertain the integrity, reputation, qualification, industry related experience, positive attributes and independence of a person for his / her appointment as a Director / KMP / Senior Management and recommend to the Board their appointment

b) Ensure a transparent process of Board nomination that promotes diversity, knowledge, experience, skills, age, gender, cultural and educational background

c) Appoint Independent Directors, KMPs and other Directors as per the qualifications and disqualifications pursuant to Section 149 (refer Annexure I of the Policy), 164 (refer Annexure II of the Policy) and 203 of the Act (refer Annexure III of the Policy) read along with the rules thereto, Clause 17 of SEBI LODR and the amendments further (refer Annexure IV of the policy) and the Fit and Proper criteria of the Company.

Directors' Report (Contd.)

Criteria for members to be elected to the Nomination and Remuneration Committee

The following criteria shall be followed to appoint members to the Committee. The points mentioned here are a non - exhaustive list and a mix of skills, experience, characteristics and key attributes that can be considered to elect qualified members to the committee:

a) Should possess impeccable reputation for integrity.

b) Should have leadership and management experience especially in related businesses as well as personal networks and external contacts.

c) Should have specialized and detailed knowledge of the industry and deep expertise and insights in sectors / areas that are relevant to the Company.

d) Should be a decision maker and be able to choose the option that will benefit the Company in a greater manner.

e) Should have the ability to contribute to the Company's growth.

f) Should have the ability to represent the Company to the various stakeholders.

g) Should have a strategic perspective and be able to identify opportunities and threats to the Company.

Criteria to ensure the independence of the directors

In line with Section 149 (6) (refer Annexure I of the Policy) of the Companies Act, 2013 and Section 16 of SEBI (LODR) Regulations, 2015, as amended from time to time, an independent director will be a director other than managing director or a whole-time director or a nominee director,-

a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.

b) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity

c) who is not related to promoters or directors in the company, its holding, subsidiary or associate company.

d) who, apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.

e) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during two immediately preceding financial years or during the current financial year.

f) who, neither himself nor any of his relatives-

   I. holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.

   II. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -

   i. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

   ii. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.

III. holds together with his relative's two percent or more of the total voting power of the company; or

i. is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or

ii. is a material supplier, service provider or customer or a lessor or lessee of the Company.

g) who possesses such other qualifications as may be prescribed.

h) who is not less than 21 years of age.

i) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

Size and Composition of Board

i. Ensure the Board of Directors consists of individuals as Directors and has at least three directors at all times. The maximum number of Directors shall not exceed fifteen, unless approved by a Special Resolution.

ii. Recommend to the Board, its set up and composition ensuring an optimum mix of Executive, Non-Executive and Independent Directors, with not less than 50% the Board of Directors comprising of Non-Executive Directors.

iii. Ensure the Board of Directors has at least one Woman Director and at least one Director who has stayed in India for a total period of not less than 182 days in the previous calendar year.

iv. Ensure at least one-third of the Board of Directors are Independent Directors, when the Chairperson of the Company is a Non-Executive Director. If the Company does not have a regular Non-Executive Director as a Chairperson, at least half of the Board of Directors shall comprise of Independent Directors.

v. Nominate candidates who bring diversity of background and opinion, having the ability to devote sufficient time to the affairs of the Company for the appointment on the Board.

vi. Ensure that the Company shall not appoint / re-appoint any person as a Managing Director or a Whole-time Director who has attained the age of seventy years and any person as a Non-Executive Director who has attained the age of seventy-five years The term of the person holding this position may be extended beyond the age of seventy / seventy-five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy / seventy-five years

vii. Advice the Board in setting up, reviewing and reconstitution of various Committees of the Board.

Tenure

The NRC shall ensure all appointments / re-appointments are within the tenure as mentioned below:

A. <u>Managing Director / Whole-time Director</u>

The Managing Director and Whole-time Directors of the Company shall be appointed / re-appointed for a term not exceeding five years at a time. However, no re-appointment shall be made earlier than one year before the expiry of term.

B. <u>Independent Director</u>

Independent Directors shall be appointed for a term of not more than five years, and shall be eligible for re-appointment for a term of another five years subject to the approval of shareholders by way of Special Resolution and disclosure of such appointment in the Board's Report.

Independent Directors shall not hold office for more than two consecutive terms; however, he/she shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Directors' Report (Contd.)

Appointment of Independent Directors

The Nomination and Remuneration Committee shall recommend 1 (one) candidate for each vacancy or anticipated vacancy for the position of an Independent Director on the Board. The Board shall resolve, subject to the procedures required under the Code, whether to approve an appointment pursuant to such recommendation.

Further, an Independent Director who resigns or is removed from the Board shall be replaced by a new Independent Director by the Company at the earliest but not later than the immediate next meeting of the Board or 3 (three) months from the date of such vacancy, whichever is later.

An Independent Director shall not hold office for more than 2 (two) consecutive 5 (five) year terms. However, an Independent Director shall be eligible for appointment after the expiration of 3 (three) years of ceasing to become an Independent Director.

The Independent Directors shall hold at least 1 (one) meeting in a year, without the presence of non-Independent Directors and the Management Team, and all the Independent Directors shall strive to be present at such meeting.

The Independent Directors in the meeting shall, inter-alia:

(a) review the performance of non-Independent Directors and the Board as a whole;

(b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive Directors;

(c) assess the quality, quantity and timeliness of flow of information between the Management Team and the Board that is necessary for the Board to effectively and reasonably perform their duties.

No person shall be appointed or continue as an alternate director for an independent director of the Company.

Appointment of Key Managerial Personnel

It shall be mandatory for the Company to have the following whole-time Key Managerial Personnel: (i) Managing Director; (ii) Company Secretary; (iii) CFO; and (iv) CRO, subject to the provisions of this Code and the approval of the Board.

The Company may appoint a CEO, subject to the provisions of this Code and approval of the Board, who shall also be a Key Managerial Personnel.

The Managing Director, CEO and the CFO shall provide a compliance certificate to the Board on a quarterly basis, certifying that:

(a) They have reviewed financial statements and the cash flow statement for the year/ year till date and that to the best of their knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year/ year till date which are fraudulent, illegal or in violation of the Company's code of conduct;

(c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;

(d) They have indicated to the auditors and the Audit Committee:

  (i) significant changes in internal control over financial reporting during the year/ year till date;

  (ii) significant changes in accounting policies during the year/year till date and that the same have been disclosed in the notes to the financial statements;

  (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and

(iv) instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

The Company shall not appoint or re-appoint any person as its Managing Director, Whole-time Director or CEO for a term exceeding 5 (five) years at a time. Additionally, no re-appointment shall be made earlier than 1 (one) year before the expiry of the term of such Managing Director, Whole-time Director or CEO.

The appointment and replacement of, the terms and conditions for the appointment of, and the remuneration payable to, the Managing Director and CEO shall be subject to approval by the Board and the shareholders at the next General Meeting in accordance with this Code.

The Company Secretary shall act as the secretary to all the Board Committees.

Retirement/ Resignation/ Removal of Director

The NRC shall recommend the Board on retirement, re-appointment, resignation and removal of Directors

Retirement

At least two-thirds of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation. Of the eligible rotational Directors, one-third Directors shall retire at every Annual General Meeting of the Company or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since their last appointment.

Resignation

I. A Director may resign from his / her office, before the expiry of their tenure, by giving a notice in writing to the Board. The NRC and the Board shall take note of the same and also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the Company. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later.

II. The director who has resigned, shall be liable for the offences which occurred during his tenure, even after his resignation.

III. In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:

   i. Detailed reasons for the resignation of independent director as given by the said director shall be disclosed by the Company to the stock exchanges.

   ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.

   iii. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons.

Removal

i. In case a Director of the Company becomes disqualified to hold their office pursuant to the provisions of Section 164 of the Act (refer Annexure II of the Policy), or a Director ceases to be an Independent director as per Section 149(6) of the Act (refer Annexure I of the Policy), it shall be the responsibility of the NRC to advise to the Board on removal of such Director.

ii. The Company shall, by an ordinary resolution remove a director, not being a Director appointed pursuant to Section 163 of the Act (refer Annexure V of the Policy), before the expiry of the period of his / her office after giving a reasonable opportunity of being heard.

iii. The Company shall send a special notice to pass a resolution for removing a director or to appoint somebody in place of the director being removed at the meeting at which he / she is being removed.

iv. An Independent Director who resigns or is removed from the Board of the company shall be replaced by a new Independent Director within a period of not more than 180 days from the date of such resignation or removal. Provided the company fulfils

Directors' Report (Contd.)

the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

Remuneration

The Company strives to adopt the highest standard of Corporate Governance and ensures that its remuneration practices are consistent with the best-recognized practices.

The Board shall approve, as recommended by the NRC, the quantum of Remuneration / Commission / Incentives etc. payable to the Directors and KMPs of the Company.

While formulating the Policy, the NRC has considered the following factors as laid down under Section 178(4) of the Act:

i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

iii. remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Remuneration to Managing Director / Whole-time Directors / KMPs

i. The Remuneration / Commission etc. to be paid to Director / Managing Director / KMP shall be within the limits prescribed under the provisions of Sections 197 (refer Annexure VI of the Policy), Section 198 (refer Annexure VII of the Policy) and Schedule V of the Act (refer Annexure VIII of the Policy), applicable rules made there under and any other enactment in force for the time being. However, the Company may authorize excess payment of remuneration with prior approval from the Shareholders or Central Government, as the case may be.

ii. The overall remuneration paid to the Directors and KMPs of the Company should be adequate to motivate and retain talented and qualified individuals required to meet the goals of the Company.

Remuneration to Non - Executive Directors / Independent Directors

i. The Company shall pay its Independent Directors and Non-Executive Directors Commission and Sitting fees for attending the meetings of the Board and Committees, within the regulatory limits prescribed under the Act.

ii. On the basis of the evaluation of the performance of the Directors including Independent Directors, the NRC shall recommend to the Board all Commission / Remuneration comprising fixed and variable component and other perquisites.

Remuneration to Senior Employees / Other Employees

i. The Remuneration to the senior employees and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

ii. It will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

iii. The NRC shall recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stock option

i. Pursuant to the provisions of the Corporate Governance Code of the Company, the NRC shall formulate a policy for granting of variable and discretionary bonus / incentives to the KMP, Senior Employees and other Employees of the Company. The Managing Director shall be responsible for preparing the first draft of this policy for the review and approval of the NRC.

ii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan. No Independent Director shall be entitled to any Stock Options of the Company.

iii. The Company shall pay a certain percentage of the Annual Cost to Company as a bonus to the employees. This bonus shall be further segregated into Statutory Bonus and Variable Bonus.

iv. The statutory bonus shall be paid to the employees if the Company meets its targets for the year and the same shall be paid in accordance in with The Payments of Bonus Act, 1956 and the amendments thereafter.

v. The variable bonus shall be paid to the employee if the individual targets are met.

vi. Company proposes to reserve a certain percentage equivalent of the overall capital pool for stock options allocation for its select employees.

vii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan.

viii. The variable bonus of the employee shall be in accordance with certain parameters. The parameters of evaluation have been defined as per the 'Bonus/ Variable Pay Policy'.

Board Evaluation

The Company shall, pursuant to the provisions of the Act and SEBI (LODR) Regulations, 2015 carry out an annual evaluation of the performance of:

i. The Board as a whole;

ii. Individual Directors, including Independent Directors, CEO and Chairperson; and

iii. Various Committees of the Board.

The Company shall follow the criteria for evaluation recommended under the 'Board Evaluation Policy'.

Feedback and Action Plan

i. Feedback shall be sought from the Independent Directors on the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, necessary for the Board to effectively perform its duties.

ii. Based on the analysis of the responses received on the performance of Independent and Non-Independent Directors, the Board as a whole, and of the Chairman of the Company, the NRC shall recommend to the Board an Action Plan.

The Action Plan shall include areas of improvement training, development programmes and skill building, as may be required for the members of the Board.

Review of Policy

The Board of Directors reserves its right to review and amend this policy to ascertain its appropriateness as per the needs of the company. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

Directors' Report (Contd.)

Annexure - III

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
U GRO Capital Limited
Equinox Business Park, Tower 3,
Fourth Floor, Off BKC, LBS Road,
Kurla, Mumbai - 400070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UGRO Capital Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **UGRO Capital Limited** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **UGRO Capital Limited** for the financial year ended on 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;

(ii) The Securities Contracts (regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

  (g) SEBI Framework for listing of Commercial Paper

(vi) The Reserve Bank of India Act, 1934.

(vii) All Master Directions, Master Circulars, Notifications, Guidelines issued by the Reserve Bank of India to the extent applicable to Systemically important non-deposit taking non-banking financial company

(viii) Prevention of Money Laundering Act, 2002

During the period under review, provisions of the following Act/Regulations are not applicable to the Company:

a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

I have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by the Institute of Company Secretaries of India related to Board Meetings, General Meetings.

b) The SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Limited. (The Company has complied with the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 and Listing Agreement entered into by the Company with BSE Ltd. during the financial year).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, the compliance by the Company of applicable financial laws, like Direct & Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I have examined the systems and processes of the Company in place to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

I further report that there are proper systems and processes in the company commensurate with the size and operation of the company to monitor ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period apart from the instances mentioned hereunder, there were specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.,

i) The Company has allotted fully rated, listed/unlisted, redeemable, secured, non-convertible debentures on private placement basis.

UDIN: F007343C000335880

For Pankaj Nigam & Associates

sd/-

Pankaj Kumar Nigam

Membership No. FCS-7343

Certificate of Practice No. 7979

Date: 17/05/2021

Place: Ghaziabad

Enc: Annexure

Directors' Report (Contd.)

Annexure A

To,

The Members
U GRO Capital Limited

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the company had followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Pankaj Nigam & Associates

sd/-
Pankaj Kumar Nigam
Membership No. FCS-7343
Certificate of Practice No. 7979

Date: 17/05/2021
Place: Ghaziabad

Annexure - IV

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
U GRO Capital Limited
Equinox Business Park, Tower 3,
Fourth Floor, Off BKC, LBS Road,
Kurla, Mumbai - 400070

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of U GRO Capital Limited having CIN L67120MH1993PLC070739 and having registered office at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Abhijit Sen	00002593	05/07/2018
2	Mr. Navin Kumar Maini	00419921	05/07/2018
3	Mr. Shachindra Nath	00510618	22/06/2018
4	Mr. Satyananda Mishra	01807198	05/07/2018
5	Mr. Manoj Kumar Sehrawat	02224299	05/07/2018
6	Mr. Amit Gupta	02282600	05/07/2018
7*	Mr. Nisheeth Saran	03037307	20/05/2020
8	Mr. Kanak Kamal Kapur	03299278	07/08/2019
9	Mrs. Ranjana Agarwal	03340032	05/07/2018
10	Mr. Karuppasamy Singam	03632212	05/07/2018
11	Mr. Chetan Kulbhushan Gupta	07704601	02/11/2018
12#	Mr. Abhijit Ghosh	07935397	05/07/2018
13	Mr. Rajeev Krishnamuralilal Agarwal	07984221	05/07/2018
14	Mr. Navin Avinashchander Puri	08493643	07/08/2019

*Mr. Nisheeth Saran is an alternate director to Mr. Kanak Kamal Kapur.
Mr. Abhijit Ghosh resigned with effect from 30th April, 2021.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

UDIN: F007343C000410735

For Pankaj Nigam & Associates
Company Secretaries

sd/-
(Pankaj Kumar Nigam)
Membership No. FCS-7343
Certificate of Practice No. 7979

Date: 02/06/2021
Place: Ghaziabad

Directors' Report (Contd.)

Annexure V

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

   The CSR policy has been laid out for the Company to comply with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. We, at UGRO, are committed to spending up to 2% of the average net profits for the preceding three financial years on CSR projects/ programs related to activities specified in Schedule VII to the Companies Act, 2013 or such activities as may be notified from time to time. CSR committee was constituted by the Board of Directors of the Company, at its meeting held on 13th August 2018, to meet the requirements of the Companies Act, 2013.

   The Committee has adopted CSR policy and same is uploaded on the Company's website at www.ugrocapital.com

2. Composition of CSR Committee as on 31st March, 2021

Sr. No.	Name of Director	Designation Nature Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Satyananda Mishra	Chairman, Independent Director	1	1
2	Mr. Navin Kumar Maini	Member, Independent Director	1	1
3	Ms. Ranjana Agarwal	Member, Independent Director	1	1
4	Mr. Shachindra Nath	Member, Executive Chairman and Managing Director	1	1

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company-**

   Composition of the CSR committee shared above and is available on the Company's website on https://www.ugrocapital.com/investor-relations

   CSR Policy-https://www.ugrocapital.com/investor-relations

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).** Not applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Nil

6. **Average net profit of the company as per section 135(5):** INR 928.43 lakhs

7. **a) Two percent of average net profit of the company as per section 135(5):** INR 18.57 lakhs

   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

   c) Amount required to be set off for the financial year, if any: Nil

   d) Total CSR obligation for the financial year (7a+7b-7c): INR 18.57 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
19,05,000	Nil			Nil	

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Skills Training in Healthcare for youth	promoting health care including preventive health care	yes	Maharashtra	Mumbai	14 months	19.05 lakhs	Nil	Nil	No	Smile Foundation	CSR 00001634

(Details of CSR amount spent against other than ongoing projects for the financial year: Nil

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.).	Mode of implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.						Nil			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : INR 18.57 lakhs

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	18.57 Lakhs
(ii)	Total amount spent for the Financial Year	18.57 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Amount spent in the reporting Financial Year (in INR).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in INR)
				Name of the Fund	Amount (in INR).	Date of transfer.	
1.	2019-20	Nil	47,000	SMILE Foundation	47,000	19-03-2021	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in INR).	Amount spent on the project in the reporting Financial Year (in INR).	Cumulative amount spent at the end of reporting Financial Year. (in INR)	Status of the project - Completed /Ongoing.
1.					Nil			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)- Not Applicable

For U GRO Capital Limited

sd/-
Shachindra Nath
Executive Chairman & Managing Director

sd/-
Satyananda Mishra
Chairman of CSR Committee & Independent Director

Date: 29th June, 2021

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has fair, transparent and ethical governance practices, essential for augmenting long term shareholder value and retaining investor trust. This has been possible through continued efforts and commitment to the highest standards of corporate conduct.

The Company has a dynamic, experienced and well-informed Board. The Board along with its Committees, with the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders.

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') to time and RBI Master Directions.

During the year under review, the Board comprised of thirteen directors as amended from time to time. The Chairman of the Company is an Executive Director and the number of Non-Executive Directors and Independent Directors (including a woman Independent Director) is more than two-third of the total number of Directors. Further, more than 50% of the Board consist of Independent Directors.

All Directors possess requisite qualifications and experience in areas like general corporate management, banking, finance, taxation, marketing, law, asset management, investment, strategy, regulatory compliances and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

Detailed profile of the Directors is available on the Company's website at the web-link: https://www.ugrocapital.com/about-us

The Company believes in providing appropriate representations to the large shareholders in the proceedings of the Board and Committees. The Articles of Association of the Company allows each Large Shareholder as defined therein the right to nominate a representative as Non- Executive Director on the Board of the Company.

In view of the same, the Board has representation from Clearsky Investment Holdings Pte Ltd, NewQuest Asia Investments III Limited, DBZ (Cyprus) Limited and Samena Special Situations Mauritius.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment, in compliance with the Act and the SEBI Listing Regulations.

As on 31st March 2021, Mr. Shachindra Nath, Executive Chairman and Managing Director and Mr. Abhijit Ghosh, Whole-time Director and Chief Executive Officer were Executive Directors of your Company. Mr. Abhijit Ghosh resigned from the post of Whole-time Director and Chief Executive Officer w.e.f. 30th April 2021. Mr. Amit Gupta, Mr. Chetan Gupta, Mr. Manoj Kumar Sehrawat and Mr. Kanak Kapur are Non-Executive Non-Independent Directors of your Company and they do not receive any sitting fees or remuneration from the Company. Mr. Abhijit Sen, Mr. Navin Kumar Maini, Mr. Navin Puri, Mr. Satyananda Mishra, Ms. Ranjana Agarwal, Mr. Rajeev Kumar Agarwal and Mr. Karuppasamy Singam are the Independent Directors of your Company. Apart from reimbursement of expenses incurred in the discharge of their duties and sitting fees, none of these Directors had any other pecuniary relationships or transactions with the Company or Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company is inter-se related to each other.

NUMBER OF BOARD MEETINGS

The Board of Directors met five (5) times during the year under review on 20th May 2020, 12th August, 2020, 11th November 2020, 23rd December 2020 and 9th February 2021. The requisite quorum was present during all the meetings. In view of the lockdown situation existing in various parts of country all the meetings were conducted through video conferencing in compliance with regulations issued by Ministry of Corporate Affairs.

The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 (ten) public limited companies. Further, as mandated by Regulation 17A of the SEBI Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than 7 (seven) listed companies or three listed companies if he/ she serves as a Whole-time Director/Managing Director in any listed company. Further, as stipulated in Regulation 26 of the SEBI Listing Regulations, none of the Directors is a member of more than 10 (Ten) Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/ she is a Director. As per the SEBI Listing Regulations, only those

entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies. The details are given in table 1 below.

COMPOSITION OF THE BOARD

During the year under review, the Company's Board comprised of thirteen Directors, with seven Independent Directors, two Executive Directors (including Chairman of the Board), four Non-Executive Non- Independent Directors.

The details about names and categories of Directors, DIN, their attendance at the Board Meetings held during the year, at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in Indian public limited companies, and names of listed entities where they hold Directorship and category of such Directorship are provided below:

Table 1: Composition of Board of Directors as on 31st March 2021

Name of the Directors	Category of Director	DIN	Details of Attendance			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (18.09.2020)	Director-ships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Shachindra Nath (Chairman)	Executive	00510618	5	5	Yes	2	2	1	N.A.	N.A.
Mr. Abhijit Ghosh	Executive	07935397	5	5	Yes	1	1	0	N.A.	N.A.
Mr. Abhijit Sen	Independent	00002593	5	5	Yes	10	9	4	1. Kalyani Forge Limited 2. Ujjivan Financial Service Limited 3. Tata Investment Corporation Limited 4. Manappuram Finance Limited	Independent Director
Mr. Navin Kumar Maini	Independent	00419921	5	5	Yes	3	3	0	Nil	Nil
Mr. Satyananda Mishra	Independent	01807198	5	5	Yes	3	1	0	63 Moons Technologies Ltd	Independent Director
Ms. Ranjana Agarwal	Independent	03340032	5	5	Yes	7	7	1	1. Indo Rama Synthetics (India) Limited 2. KDDL Limited 3. RBL Bank Limited 4. ICRA Limited	Independent Director
Mr. Karuppasamy Singam	Independent	03632212	5	5	Yes	2	2	0	Nil	Nil
Mr. Rajeev Kumar Agarwal	Independent	07984221	5	5	Yes	1	2	1	Nil	Nil
Mr. Navin Puri	Independent	08493643	5	5	Yes	4	1	1	1. Equitas Small Finance Bank Limited	Independent Director
Mr. Amit Gupta	Non-Executive	02282600	5	4	Yes	1	1	0	N.A.	N.A.

Corporate Governance (Contd.)

Name of the Directors	Category of Director	DIN	Details of Attendance			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (18.09.2020)	Director-ships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Chetan Gupta	Non-Executive	07704601	5	5	No	1	0	0	N.A.	N.A.
Mr. Manoj Kumar Sehrawat	Non-Executive	02224299	5	5	Yes	3	1	0	1. Amber Enterprises India Limited	Nominee Director
Mr. Kanak Kapur	Non-Executive	03299278	5	5*	Yes	1	0	0	N.A.	N.A.

Notes:

 # Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act. None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Act.
+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in U GRO.
** include meetings attended by Mr. Nisheeth Saran, Alternate Director to Mr. Kanak Kapur*

CORE SKILLS/ EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS OF THE COMPANY

The core skills / expertise / competencies identified by the Board pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations and available with the Board are as given below:

Sr. No.	Name of Director	Skills / Expertise / Competencies
1	Mr. Shachindra Nath	Financial Service Sector
2	Mr. Abhijit Ghosh	Financial Service Sector
3	Mr. Abhijit Sen	Finance and Corporate Governance
4	Mr. Navin Kumar Maini	Banking and Financial Sector, MSME Sector
5	Mr. Satyananda Mishra	Corporate Governance
6	Ms. Ranjana Agarwal	Law and Finance
7	Mr. Karuppasamy Singam	Regulatory Compliances
8	Mr. Rajeev Kumar Agarwal	Regulatory Compliances
9	Mr. Navin Puri	Banking and Financial Service Sector
10	Mr. Amit Gupta	Finance, corporate governance and strategy
11	Mr. Chetan Gupta	Finance and Investments
12	Mr. Manoj Kumar Sehrawat	Finance and Strategy
13	Mr. Kanak Kapur	Finance and Asset Management

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FROM PRACTISING COMPANY SECRETARY

A certificate issued by Mr. Pankaj Nigam, Practicing Company Secretary of Pankaj Nigam & Associates, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the SEBI Listing Regulations, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as "Annexure A".

CONFIRMATION REGARDING INDEPENDENCE OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the disclosures received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in Section 149 of the Act and the SEBI Listing Regulations and are independent of the Management.

MEETING OF INDEPENDENT DIRECTORS

As stipulated under the Act and the SEBI Listing Regulations, Meeting of Independent Directors was held during the year. This Meeting was conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without presence of the non-independent directors and members of the management.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has undertaken a structured program for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company - its operations, business, industry and environment in which it functions and

the regulatory environment applicable to it. The Company updates the Board members on a continuous basis about performance of the Company, new initiatives/ programs, significant regulatory changes that help them to update their knowledge and also provides an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to the provisions of the Act and Regulation 25(7) of the SEBI Listing Regulations, the Company has during the year conducted familiarisation programs (as part of the Board/ Committee Meetings) for its Directors.

Pursuant to Regulation 46 of the SEBI Listing Regulations, the details of familiarisation programs are available on the website of the Company at the web-link: www.ugrocapital.com

BOARD PROCEDURE

The Company sends detailed agenda setting out the business to be transacted at the meeting(s) to each Director. All the agenda items are supported by detailed notes, supporting documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is hosted on the Board portal to provide web-based solution. In view of the COVID-19 pandemic and its resurgence existing in various parts of country all the meetings held during the financial year 2020-21 were conducted through video conferencing in compliance with circular/ notifications issued by Ministry of Corporate Affairs from time to time.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the management apprises the Board at every meeting about performance of the Company, as well as the current market conditions including the Company's business, key milestone, challenges.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating plan and capital expenditure budgets, investment and exposure limits, compliance report(s) of all laws applicable to the Company, approval and adoption of quarterly/half-yearly/ annual results, risk assessment and minimization procedures, transactions

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

The Company has a well-established framework for the meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a Director:

The success of an organisation in achieving good performance and good governing practices depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors and employees.

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommend the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director:

i. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

ii. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.

iii. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendations of the NRC, the Board evaluates the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors and employees. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC ensures a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

The Nomination and Remuneration Policy is furnished in "Annexure II" to the Board's Report.

Remuneration Policy for Key Managerial Personnel and Employees

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

Corporate Governance (Contd.)

Service Contracts, Notice Period, Severance Fees:

The Company has appointed Mr. Shachindra Nath, Executive Chairman & Managing Director for a period of Five years w.e.f. 22nd June 2018 to 21st June 2023 and his notice period for resignation is six months.

The Company had appointed Mr. Abhijit Ghosh, Whole-time Director and Chief Executive Officer w.e.f. 5th July 2018 to 4th July 2023, and his notice period for resignation is six months. Mr. Abhijit Ghosh resigned from the post of Whole-time Director and Chief Executive Officer w.e.f. 30th April 2021.

Details of Stock Option granted to Executive Directors

Name of Director	No. of Options granted	Grant Price	Grant Date
Mr. Shachindra Nath	Nil	Nil	N.A.
Mr. Abhijit Ghosh	7,24,615	130	13-08-2018

During financial year 2020-21, the Company did not advance loans to any of its Directors.

REMUNERATION PAID TO INDEPENDENT DIRECTORS

The Independent Directors are paid remuneration in the form of sitting fees within the limits prescribed under the Act and decided by the Board of Directors. In view of COVID-19 pandemic, the Independent Directors offered to reduce sitting fees by 12.5% for the financial year 2020-21. The same was approved by the Board of Directors. The details of the sitting fees to the Independent Directors are as follows:

Sr.No.	Name of the Director	Sitting Fees (INR)
1	Mr. Abhijit Sen	21,87,500
2	Mr. Karuppasamy Singam	19,25,000
3	Mr. Navin Kumar Maini	19,25,000
4	Mr. Rajeev Kumar Agarwal	21,87,500
5	Ms. Ranjana Agarwal	19,25,000
6	Mr. Satyananda Mishra	16,62,500
7	Mr. Navin Puri	5,25,000

The Non-Executive Directors (other than Independent Directors) are not entitled to receive sitting fees.

None of the Non-Executive Directors and Independent Directors has any material pecuniary relationship or transactions with the Company, its promoters, its Directors and its senior management. None of the directors are inter-related to each other.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Non-Executive Directors does not hold any equity shares or convertible security in the Company in their individual capacity.

CODE OF CONDUCT

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company ("Code"). The Code have been posted on the Company's website at the web-link: https://www.ugrocapital.com/investor-relations.

The Board has also laid down a Code of Conduct for Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Executive Chairman and Managing Director to this effect is enclosed at the end of this Report.

MD/CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Executive Chairman and Managing Director and Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2021. The said Certificate is attached herewith as has been provided separately and forms part of this Report.

The Whole time Director and CEO, Executive Chairman and Managing Director and the Chief Financial Officer also jointly give quarterly certification on financial results while placing the same before the Board.

COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of the delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

Your Company has 10 (ten) Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, IT Strategy Committee, Securities Allotment & Transfer Committee, Compliance Committee and Investment & Borrowing Committee.

The composition and functioning of these Committees is in compliance with the applicable provisions of the Act, and the SEBI Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee is also in accordance with RBI Master Directions, wherever applicable.

During the year under review, all recommendations received from its Committees were accepted by the Board.

Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

A qualified and independent Audit Committee has been set up by the Board in compliance with the requirements under Regulation 18 of the SEBI Listing Regulations and Section 177 of the Act.

During the year under review, the Audit Committee comprised of six Independent Directors, one Executive Director and one Non-Executive Director and the Committee met four times during the financial year on 20th May 2020, 12th August 2020, 12th November 2020 and 31st January 2020. The gap between two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Abhijit Sen	Chairman of the Committee (Independent Director)	4	4
Mr. Satyananda Mishra	Member (Independent Director)	4	4
Mr. Rajeev Kumar Agarwal	Member (Independent Director)	4	4
Ms. Ranjana Agarwal	Member (Independent Director)	4	4
Mr. Navin Kumar Maini	Member (Independent Director)	4	4
Mr. Karuppasamy Singam	Member (Independent Director)	4	4
Mr. Shachindra Nath	Member (Executive Director)	4	4
Mr. Amit Gupta	Member (Non-Executive Director)	4	3

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(1) of the SEBI Listing Regulations.

The terms of reference of this Committee are wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the SEBI Listing Regulations.

The Committee acts as a link between the Statutory Auditors/ Internal Auditors and the Board of Directors of the Company. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit processes, oversight of the Company's financial reporting process and the disclosure of its financial information and reviewing the same with the management. Further, the Committee also reviews the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval. The Committee also reviews reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters.

The Committee recommends to the Board the appointment and remuneration payable to the Chief Financial Officer, Statutory Auditors and Internal Auditors.

The Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the SEBI Listing Regulations. Generally, all items listed in Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations are covered in its terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review the Report on compliance under the Code of Conduct for Prevention of Insider Trading as adopted by the Company pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Whole-time Director and Chief Executive Officer, Chief Financial Officer, the Statutory Auditors and Internal Auditors, are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Abhijit Sen, Chairman of the Audit Committee was present at the 27th Annual General Meeting of the Company held on 18th September 2020 through video conferencing.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178(1) of the Act and Regulation 19 of the SEBI Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company and also in line with the appropriate legislations, devise policy on Board diversity, determine overall compensation policies of the Company.

Corporate Governance (Contd.)

The terms of reference of the Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the SEBI Listing Regulations.

The scope of the Committee further includes review and recommend to the Board remuneration packages applicable to the Executive Chairman & Managing Director, Whole-time Director and Chief Executive Officer, setting out performance parameters and review of the same. The Committee is also empowered to identify persons who are qualified to become Directors and who may be appointed at a senior management level in accordance with the criteria laid down and recommend to the Board.

The Committee has also formulated the criteria for determining the qualifications, positive attributes and independence of a Director and recommended to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Senior Employees.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee inter alia, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behavior and judgment.

The Chairperson of the Committee is an Independent Director. The Nomination and Remuneration Committee comprised of four Independent Directors, three Non-Executive Directors and one Executive Director:

The Committee met three times during the year under review 20th May 2020, 12th August 2020 and 9th February 2021. All the meetings were well attended by all the Directors.

The composition of the Nomination and Remuneration Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Ms. Ranjana Agarwal	Chairperson of the Committee (Independent Director)	3	3
Mr. Rajeev Kumar Agarwal	Member (Independent Director)	3	3
Mr. Abhijit Sen	Member (Independent Director)	3	3
Mr. Navin Kumar Maini	Member (Independent Director)	3	3
Mr. Shachindra Nath	Member (Executive Director)	3	3
Mr. Amit Gupta	Member (Non-Executive Director)	3	3
Mr. Manojkumar Sehrawat	Member (Non-Executive Director)	3	3
Mr. Chetan Gupta	Member (Non-Executive Director)	3	3

Ms. Ranjana Agarwal, Chairperson of the Committee was present at the 27th Annual General Meeting of the Company held on 18th September 2020 through video conferencing.

c) Stakeholders' Relationship Committee

The constitution, role and terms of reference of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.

The Chairman of the Committee is an Independent Director. During the year, the Stakeholders' Relationship Committee comprised two Independent Directors and one Executive Director:

The Committee met four times during the financial year on 19th May 2020, 10th August 2020, 11th November 2020 and 8th February 2021. All the meetings were well attended by all the Directors .

The composition of the Stakeholders Relationship Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	Chairman of the Committee (Independent Director)	4	4
Mr. Karuppasamy Singam	Member (Independent Director)	4	4
Mr. Abhijit Ghosh	Member (Executive Director)	4	4

Mr. Aniket Karandikar, Company Secretary is the Compliance Officer of the Company.

Mr. Rajeev Kumar Agarwal, Chairman of the Committee was present at the 27th Annual General Meeting of the Company held on 18th September 2020 through video conferencing.

Details of complaints/grievances received from Investors and attended to by the Company during the financial year 2020-21 are given in below Table.

Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1st April 2020	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31st March 2021
1	Equity Shares	0	0	0	0
2	Non-Convertible Debentures	0	0	0	0

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors in accordance with section 135 of the Act, with powers, inter alia, to make donations/contributions to any Charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other not for Profit Agency with minimum three years proven track record or through a Corporate Foundation or other reputed Non-Governmental Organisation of at least two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

The role of this Committee also includes recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act, as also to monitor the CSR Policy from time to time etc.

Our CSR theme is "SIGHT" --- "SIGHT" stands for

School Education, Industry Ready Education Program, Gender Equality and Women Empowerment, Healthcare, Team SOS

To execute these CSR activities, we collaborate with 'SMILE FOUNDATION'. Smile Foundation is an Indian, development organisation directly benefitting over 400,000 children and families through more than 200 welfare projects in Education, Health, Livelihood and Woman empowerment spread across remote villages and slums in 25 states in India.

The CSR Policy of the Company is displayed on the website of the Company at the web-link: https://www.ugrocapital.com/investor-relations#policy-codes.

The Chairman of the Committee is an Independent Director. During the year under review, the CSR Committee comprised of three Independent Directors and one Executive Director.

The Committee held one meeting during the financial year under review. The Committee met on 11th August 2020.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Satyananda Mishra	Chairman of the Committee (Independent Director)	1	1
Ms. Ranjana Agarwal	Member (Independent Director)	1	1
Mr. Navin Kumar Maini	Member (Independent Director)	1	1
Mr. Shachindra Nath	Member (Executive Director)	1	1

e) Asset Liability Committee

The Asset Liability Committee has been constituted by the Board. The Board reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment.

During the year under review, the Committee comprised of five Independent Directors, three Non-Executive Directors and two Executive Directors.

The Committee met four times during the financial year on 20th May 2020, 12th August, 2020, 12th November 2020 and 9th February 2021.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Shachindra Nath	Chairman of the Committee (Executive Director)	4	4
Mr. Navin Kumar Maini	Member (Independent Director)	4	4
Mr. Satyananda Mishra	Member (Independent Director)	4	4
Mr. Abhijit Sen	Member (Independent Director)	4	4
Ms. Ranjana Agarwal	Member (Independent Director)	4	4

Corporate Governance (Contd.)

Mr. Rajeev Kumar Agarwal	Member (Independent Director)	4	4
Mr. Abhijit Ghosh	Member (Executive Director)	4	4
Mr. Manoj Kumar Sehrawat	Member (Non-Executive Director)	4	4
Mr. Amit Gupta	Member (Non-Executive Director)	4	3
Mr. Chetan Gupta	Member (Non-Executive Director)	4	4

f) Risk Management Committee

The constitution of the Risk Management Committee is in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations and Master Directions issued by RBI.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 21 read with Part D of Schedule II of the SEBI Listing Regulations.

The Risk Management Committee has been constituted by the Board to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company.

During the year under review, the Risk Management Committee comprised of five Independent Directors, three Non-Executive Directors and two Executive Directors.

The Committee met four times during the financial year on 20th May 2020, 12th August, 2020, 12th November 2020 and 9th February 2021

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Navin Kumar Maini	Chairman of the Committee (Independent Director)	4	4
Mr. Satyananda Mishra	Member (Independent Director)	4	4
Mr. Abhijit Sen	Member (Independent Director)	4	4
Ms. Ranjana Agarwal	Member (Independent Director)	4	4
Mr. Karuppasamy Singam	Member (Independent Director)	4	4
Mr. Shachindra Nath	Member (Executive Director)	4	4
Mr. Abhijit Ghosh	Member (Executive Director)	4	4
Mr. Manoj Kumar Sehrawat	Member (Non-Executive Director)	4	4
Mr. Amit Gupta	Member (Non-Executive Director)	4	3
Mr. Chetan Gupta	Member (Non-Executive Director)	4	4

g) IT Strategy Committee

The Company has formulated IT Strategy Committee in compliance with the requirements of Reserve Bank of India ("RBI"), Master Circular – Information Technology framework for NBFC sector dated 8th June 2017.

The IT Strategy Committee comprises of Mr. Rajeev Kumar Agarwal, Independent Director (Chairman of the Committee), Mr. Abhijit Ghosh, Whole-time Director and Chief Executive Officer and Chief Technology Officer of the Company.

The scope of the Committee inter alia, includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance.

The Committee met twice during the financial year on 9th July 2020 and 22nd January 2021.

The composition of the Committee and particulars of attendance at the meeting of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	Chairman of the Committee (Independent Director)	2	2
Mr. Abhijit Ghosh	Member (Executive Director)	2	2
Mr. Sunit Vakharia*	Member (Chief Technology Officer)	2	2

*resigned w.e.f. from 23rd April 2021

h) Securities Allotment and Transfer Committee

The Securities Allotment and Transfer Committee has been constituted by the Board to allot securities and approve transfer/transmission of securities of the Company.

During the year under review, the Committee comprised of one Independent Director and two Executive Directors.

The Committee met once during the financial year on 22nd December 2020.

The composition of the Committee and particulars of attendance at the meeting of the Committee held in FY 2020-21 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	Chairman of the Committee (Independent Director)	1	1
Mr. Shachindra Nath	Member (Executive Director)	1	1
Mr. Abhijit Ghosh*	Member (Executive Director)	1	1

* resigned w.e.f. 23rd April 2021

DISCLOSURES

Policy for determining Material Subsidiaries

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the SEBI Listing Regulations. This Policy has been hosted on the website of the Company and can be accessed through the web-link: https://www.ugrocapital.com/investor-relations#policy-codes

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2020-21, there were no materially significant transactions or arrangements entered into between the Company and its promoters, directors or their relatives or the management, etc., that may have potential conflict with the interests of the Company at large. Further, details about related party transactions are presented in the Financial Statements of the Company

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the SEBI Listing Regulations, which specify the manner of entering into Related Party Transactions.

The Policy on Related Party Transactions has been hosted on the website of the Company and can be accessed through the web-link: https://www.ugrocapital.com/investor-relations#policy-codes

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted IND AS from 1st April, 2019 and accordingly, these Financial Statements together with the Financial Statements for the comparative reporting period have been prepared with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder and the other accounting principles generally accepted in India.

Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by BSE or SEBI or RBI or any statutory authority on any matter related to capital markets since the listing of the Company's Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has formulated and adopted the 'Code of Conduct for Prohibition of Insider Trading' in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations").

The Code of Conduct for Prevention of Insider Trading in Securities of U GRO Capital Limited has been formulated to regulate, monitor and ensure reporting of trade by designated persons and their immediate relatives towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit identified designated persons from trading in the Company's securities when in possession of Unpublished Price Sensitive Information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

Corporate Governance (Contd.)

The Company has availed services from service provider for monitoring compliance with the Regulations and internal policy of the Company. In view of this, reporting of trade, prior approvals, violations, if any etc. will now be tracked through the system and based on the PAN of the designed employees/ Directors and their dependent relatives.

Whistle Blower Policy

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the SEBI Listing Regulations is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimization of persons who can use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders are provided access to Chairman of the Audit Committee of the Company or Chairman of the Company to report illegal or unethical behavior, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company and website of the Company. No personnel have been denied access to the Audit Committee. All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: whistleblower@ugrocapital.com.

The Whistle Blower Policy has been hosted on the Company's website at the web-link:https://www.ugrocapital.com/investor-relations#policy-codes.

MEANS OF COMMUNICATION

The Company, from time to time and as may be required, interacts with its shareholders, debenture holders and investors through multiple channels of communication such as announcement of financial results, annual report, media releases, dissemination of information on the website of the Company and BSE, reminders for unpaid/unclaimed dividend. The details of unpaid/unclaimed Dividend are also uploaded on the website at the web-link: https://www.ugrocapital.com/investor-relations#unclaimed-dividend

i. The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Mumbai Lakshadeep (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.

ii. The Company also publishes certain key Notices in Business Standard, Mumbai Lakshadeep.

iii. The Annual Report of the Company, the quarterly/ half-yearly and the annual financial results and official news releases are displayed on the Company's website at https://www. ugrocapital.com

iv. The Company discloses to the BSE, all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited viz. BSE Corporate Compliance and Listing Centre.

v. The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the SEBI Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

vi. The Company has provided a dedicated e-mail address under its Vigil Mechanism, for reporting concerns by all employees, directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.

vii. The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

GENERAL BODY MEETINGS

The details of the last three Annual General Meetings and Special Resolutions passed:

Financial Year	Date and Time	Venue	Business Transacted by Special Resolutions
2019-20	18th September, 2020 Time: 11:00 A.M.	Meeting conducted through VC / OAVM pursuant to the MCA Circular	1) Authorization for Borrowing Money under Section 180 (1) (c) of the Companies Act, 2013 2) Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (1) (a) of the Companies Act, 2013 3) To borrow funds by way of issuance of Non-Convertible Debentures and other instruments 4) To ratify approval of transactions approved by the Board of Directors in a meeting convened through video conferencing 5) To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws
2018-19	18th September, 2019 Time: 11:00 A.M.	Shanbaug Hall, Utkarsha Mandal, Vileparle, Utkarsha Mandal Chowk, Malavia Road, Vileparle (East), Mumbai-400057	1. Authorization for Borrowing Money under Section 180 (1) (c) of the Companies Act, 2013 2. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (1) (a) of the Companies Act, 2013 3. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments 4. To approve the terms of appointment of Mr. Abhijit Ghosh (DIN: 07935397) as Whole-time Director & Chief Executive Officer 5. To approve revision in remuneration of Mr. Shachindra Nath (DIN: 00510618), Executive Chairman & Managing Director 6. To approve alteration of Articles of Association of the Company 7. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores) by way of issuance of securities including Equity Shares, Convertible Preference Shares, Convertible Debentures, Global Depository Receipts, American Depository Receipts etc. by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws
2017-18	3rd July, 2018 Time: 11:00 A.M.	5A Maker Bhavan No. 2, Sir Vithaldas Thackersey Marg, New Marine Lines, Churchgate, Mumbai-400020	1. Appointment of Mr. Abhijit Ghosh as Whole-time Director and Chief Executive Officer 2. Appointment of Ms. Ranjana Agarwal as an Independent Director of the Company. 3. Appointment of Mr. S. Karuppasamy as an Independent Director of the Company. 4. Appointment of Mr. Satyananda Mishra as an Independent Director of the Company. 5. Appointment of Mr. Abhijit Sen as an Independent Director of the Company. 6. Appointment of Mr. Navin Kumar Maini as an Independent Director of the Company. 7. Appointment of Mr. Rajeev Kumar Agarwal as an Independent Director of the Company. 8. Appointment of Mr. Amit Gupta as a Nominee Director (investor nominee) of the Company. 9. Appointment of Mr. Manoj Sehrawat as a Nominee Director (investor nominee) of the Company.

Corporate Governance (Contd.)

No Extraordinary General Meeting of the Shareholders and postal ballot was held during the financial year 2020-21 and No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

Compliance with Non-Mandatory Requirements

Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

OTHER DISCLOSURES

Disclosure in relation to recommendation made by Committees of the Board

During the year under review, all recommendations of the Board Committees have been accepted by the Board.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutional Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32 (7A) of the SEBI Listing Regulations.

Total fees paid to the Statutory Auditors

The details of total fees for all the services paid by the Company to M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors are given below:

Payment to Statutory Auditors (Deloitte Haskins Sells LLP)	1st April to 12th August, 2020
Statutory Audit	16,00,000
Other Services including reimbursement of expenses	7,47,792
Total	**23,47,792**

(INR in lakhs)

Payment to Statutory Auditors (MSKA & Associates)	13th August, 2020 to 31st March 2021
Statutory Audit	0
Other Services including reimbursement of expenses	18,55,000
Total	**18,55,000**

GENERAL SHAREHOLDERS INFORMATION

28th Annual General Meeting

Date : 1st September, 2021

Time : 11:00 a.m.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Book Closure

Book Closure for dividend will be from Thursday, 26th August, 2021 to Wednesday 1st September, 2021, inclusive of both days.

Registered Office and Corporate Office of the Company

Equinox Business Park, Tower 3, 4th Floor, LBS Road, Kurla (West), Mumbai - 400 070

Corporate Identification Number (CIN): L67120MH1993PLC070739

Listing Details

A. Equity Shares

The Company has listed its equity shares on the following Stock Exchange:

Name and Address of the Stock Exchange	Stock Symbol / Scrip Code	ISIN
BSE Limited Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001	511742	INE583D01011

The Company has paid the annual listing fees for the FY 2020-21 to BSE where its equity shares are listed.

B. Non-Convertible Debentures (NCDs)

The Non-Convertible Debentures (NCDs) of the Company comprise of privately placed NCDs. The NCDs are listed on the Debt Segment of BSE Limited, The Company has paid the requisite listing fees in full.

Corporate Governance (Contd.)

Debenture Trustee

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are as under:

Sr. No.	Trustee	Contact Details
1.	Beacon Trusteeship Limited	4C, Siddhivinayak Chambers, Gandhi Nagar, Opposite MIG Cricket Club, Bandra (East), Mumbai - 400051 Tel no. 022-26558759
2	Catalyst Trusteeship Limited	Windsor, 6th floor, Office no.604, CST Road, Kalina, Santacruz, Mumbai - 400098 Tel no. 022-49220555

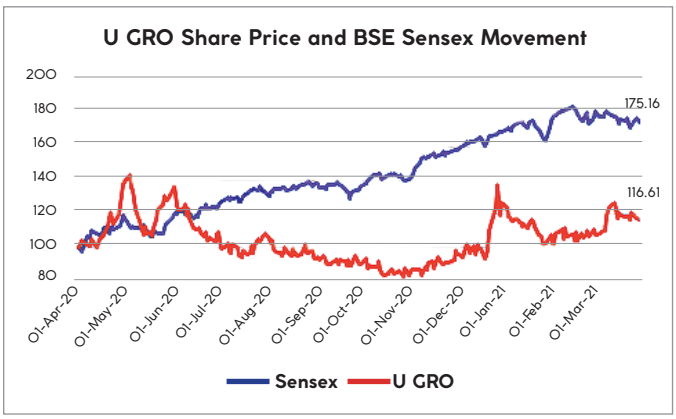
Stock market price information

The equity shares of the Company are listed on BSE Limited

The reported high and low closing prices and volume of equity shares of the Company traded on BSE during each month in the period are set out in the following table: -

Month	High Price	Low Price
April -2020	143.25	98.80
May-2020	155.00	106.35
June-2020	147.50	103.00
July-2020	116.00	97.00
August-2020	114.95	94.00
September-2020	102.00	88.00
October-2020	101.85	70.00
November-2020	108.00	79.05
December-2020	150.00	90.00
January-2021	134.90	104.00
February-2021	119.00	95.00
March-2021	137.00	107.00

Share Price Performance



Distribution of Shareholding:

The distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March 2021 is given below:

A. Shareholding pattern by size as on 31st March 2021:

Sr. No.	Category (shares)	No. of share-holders	No. of shares held	% of shareholding
1	1 to 500	1483	1,68,475	0.23
2	501 to 1000	161	1,26,464	0.17
3	1001 to 2000	74	1,12,950	0.16
4	2001 to 3000	28	70,163	0.09
5	3001 to 4000	7	25,704	0.03
6	4001 to 5000	8	37,503	0.05
7	5001 to 10000	23	2,03,316	0.28
8	10001 to above	87	6,97,83,975	98.94
TOTAL:		**1871**	**7,05,28,550**	**100.00**

B. Shareholding pattern by ownership as on 31st March 2021:

Sr. No.	Name of Shareholders	No. of holders	No. of Equity Shares held	% of Shareholding
1	Indian Promoters	1	20,27,709	2.88
2	Clearing Members	12	4,374	0.01
3	Bodies Corporate	32	26,50,729	3.76
4	Foreign Company	5	5,01,64,713	71.13
5	Hindu Undivided Family	34	3,47,945	0.49
6	Non-Resident Indians	23	24,871	0.04
7	Public	1,758	56,13,838	7.96
8	Foreign Portfolio Investors	3	37,44,131	5.31
9	Alternate Investment Funds	2	45,21,640	6.41
10	Insurance Companies	1	14,28,600	2.03
TOTAL		**1,871**	**7,05,28,550**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31st March 2021, 99.93% percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Corporate Governance (Contd.)

Unclaimed Suspense Accounts

Pursuant to Regulation 34 and Part F of schedule V of SEBI Listing Regulations, details of unclaimed suspense provided by our Registrar and Transfer Agent are given below:

Sr. No.	Description	No. of shareholder	No. of shares
1	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on date of Listing	Nil	Nil
2	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	Nil	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2021	Nil	Nil

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March 2021, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.

Credit Rating

The credit ratings details of the Company as on 31st March 2021 were as follows:

Rating Agency	Type	Rating
Acuite Rating & Research Limited	CP (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank Loans (long term)	ACUITE A/ stable
Acuite Rating & Research Limited	NCDs (also under long term)	ACUITE A / stable
SME190930-Series 1	PTC (long term)	Acuite A - (SO)
SME200130-Series 2	PTC (long term)	Acuite AA - (SO)

Plant Locations

The Company is Non-Banking Financial Company having its Registered Office and Corporate office at Equinox Business Park, 4th Floor, Tower 3, Off BKC, LBS Road, Kurla (West), Mumbai- 400070, having branches at Kolkata, Bangalore, Ahmedabad, Hyderabad, Jaipur, Pune, Chennai, Delhi,Kanchipuram, Thiruvallur, Tambaram, Mangadu, Vellore, Bommsandra, Mahadevpura, Peenya, RR Nagar, Mysore, Baroda, Himmatnagar, Mehsana, Nadiad, Odhav, Karimnagar, Nalgonda, Nizamabad, Suryapet, Warangal, Ajmer, Jagatpura, Jhotwara, Kotputli, Sikar.

However, there are no plants as the Company is not a manufacturing entity.

Registrar and Share Transfer Agent and Share Transfer System

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited. All shares transfers and related operations are conducted by:

Link Intime India Private Limited,
C 101, 247 Park,
L B S Marg, Vikhroli (W),
Mumbai - 400 083
Tel: +91 22 49186000
Fax: +91 22 49186060,
E-mail: www.linkintime.co.in

Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchange is permitted only in dematerialised form.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Link Intime India Private Limited to seek guidance about the dematerialisation procedure. The members may also visit the website of the Depositories viz. (i) National Securities Depository Limited (ii) Central Depository Services (India) Limited.

Secretarial Audit/Reconciliation of Share Capital Audit

M/s Pankaj Nigam & Associates, Company Secretaries has conducted a Secretarial Audit of the Company for the year 2020-21. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the SEBI Listing Regulations, applicable RBI Regulations, Listing Agreements with the Stock Exchange, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations certificates have been issued on a half-yearly basis, by Mr. Pankaj Nigam, Practicing Company Secretary.

M/s Pankaj Nigam & Associates, Company Secretaries carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated 8th February, 2019, the Annual Secretarial Compliance Report for the financial year 2020-21 issued by M/s Pankaj Nigam & Associates, Company Secretaries, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the BSE Limited within 60 days of the end of the financial year.

Address for Correspondence

1. **Equity Shares**

   Shareholders may correspond with the Registrar and Transfer Agents at:

   Link Intime India Private Limited,
   C 101, 247 Park,
   L B S Marg, Vikhroli (W),
   Mumbai - 400 083
   Tel: +91 22 49186000
   Fax: +91 22 49186060,
   E-mail: www.linkintime.co.in

   on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the equity shares of the Company.

   Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode

2. **Non-Convertible Debentures**

   Link Intime India Private Limited also acts as Registrar and Transfer Agents for the Listed Non-Convertible Debentures of the Company.

   Complaints or queries/requests with respect to the Company's privately placed debentures may be directed to Mr. Amit Dabhade, Email Id: debtca@linkintime.co.in ; Tel : +91 22 49186101.

   Debenture holders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

Corporate Governance (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

U GRO Capital Limited
Equinox Business Park, Tower 3,
Fourth Floor, Off BKC, LBS Road,
Kurla, Mumbai - 400070

We have examined the compliance of the conditions of Corporate Governance by Ugro Capital Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 06/07/2021
Place: Ghaziabad

For PANKAJ NIGAM & ASSOCIATES
Company Secretaries

sd/-
(Pankaj Kumar Nigam)
Membership No. FCS-7343
Certificate of Practice No. 7979
UDIN: F007343C000580839

Annexure B

MD & CFO CERTIFICATE

To,
The Board of Directors of U GRO Capital Limited

A. Vie have reviewed financial statements and the cash flow statement for the financial year 2020-21 and that to the best of their knowbleeldiegf:e and

   (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

   (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards. applicable laws and regulations.

B. There are. to the best of our knowledge and belief. no transactions entered into by the Company during the year/ year till date which are fraudulent. illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee. deficiencies in the design or operation of such internal controls. if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;

D. We have indicated to the auditors and the Audit Committee:

   (i) significant changes in internal control over financial reporting during the year/ year till date.

   (ii) significant changes in accounting policies during the year/ year till date and that the same have been disclosed in the notes to the financial statements.

   (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and

   (iv) instances of significant fraud of which we have become aware and the involvement therein, if any. of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

sd/-
Shachindra Nath
Executive Chairman & Managing Director
DIN: 00510618
Date: 29th June 2021

sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Date: 29th June 2021

DECLARATION REGARDING CODE OF CONDUCT OF THE COMPANY

To,
The Members of U GRO Capital Limited

This is to confirm that the Company has adopted code of conduct for the Board of Directors and Senior Management personnel of the Company, which is available at www.ugrocapital.com

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31st March 2021.

Place: Mumbai
Date: 29th June 2021

Sd/-
Shachindra Nath
Executive Chairman and Managing Director
(DIN: 00510618)

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company		
1.	Corporate Identity Number (CIN) of the Company	L67120MH1993PLC070739
2.	Name of the Company	U GRO CAPITAL LIMITED
3.	Registered address	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070
4.	Website	www.ugrocapital.com
5.	Email id	cs@ugrocapital.com
6.	Financial year reported	2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Other financial service activities, except insurance and pension funding activities Activities Code: 649
8.	List Three key products/services of the Company (as in balance sheet)	U GRO Capital is a financial services Company offering financing through varied loan products.
9(i).	Number of international locations	NIL
9(ii).	Number of National locations	U GRO Capital has its Registered and Corporate Office at Mumbai in the state of Maharashtra have pan-India presence through a network of branches.
10.	Markets served by the Company - Local/State/ National/International	U GRO Capital serves its customers in various local/states/ national locations.

Section B: Financial Details of the Company		
1.	Paid up capital (INR)	705,285,500/-
2.	Total turnover (INR)	1,533,383,747/-
3.	Total profit after taxes (INR)	287,275,406/-
4.	CSR spend as percentage of profit after tax (%)	Please refer Annual Report on CSR activities annexed to Directors' Report.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annual Report on CSR activities annexed to Directors' Report.

Section C: Other details		
1.	Company subsidiaries/joint-ventures	NIL
2.	Subsidiaries participating in Company's	NIL
3.	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

Business Responsibility (Contd.)

Section D (1): Business Responsibility Information		
1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	00510618
	Director responsible for implementation of BR policies (Name)	Mr. Shachindra Nath
	Director responsible for implementation of BR policies (Designation)	Executive Chairman and Managing Director
1.b.	BR Head (DIN, if applicable)	NA
	BR Head (Name)	Mr. Anuj Pandey
	BR Head (Designation)	Chief Risk Officer
	BR Head (Telephone number)	+91-22-48918603
	BR Head (email id)	anuj.pandey@ugrocapital.com

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of Compliance (Reply in Y/N)

National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner The principle wise responses are as follows:

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y

Business Responsibility (Contd.)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		The following policies are available on the Company's website ww.ugrocapital.com ● Fair Practice Code ● Grievance Redressal Policy ● Policy for determining Material Subsidiary ● Preservation of Documents and Archive policy ● Nomination and Remuneration Policy ● Whistle Blower Policy ● Code of Conduct of Directors and Senior Management ● Policy on Corporate Social Responsibility ● Code of conduct for Direct Sales Agents (DSA) / Direct Marketing Agents (DMA)/ Recovery Agent ● Policy on Related Party Transactions								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the company have inhouse structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

P1 Sr. No. 3 - The Company has in place Code of Conduct, Whistle blower Policy, Anti Money Laundering Policy, Fraud Monitoring Policy, Fair Practices Code and other policies which are based on guidelines and key indicators prescribed under rules and regulations of RBI/SEBI and as per Companies Act, 2013. Sr. No. 6 - The policies are available on the website of the company i.e: www.ugrocapital.com.

The internal policies and documents are accessible only to employees of the organisation and made available through UGRO Intranet.

P2 The Company complies regulating governing products and services. The company has a Corporate Social Responsibility Policy which is available on the website of the Company i.e. www.ugrocapital.com.

P3 Sr. No. 3- The Company has adopted various employee oriented policies covering areas of employee benefits, insurance benefits, prevention of sexual harassment policy and code of conduct for employees at the workplace as per applicable laws. Sr. No 6- These policies can be accessible online by the employees of the Company only.

P4 Sr. No. 3 and 6- The Company has prescribed processes to achieve the objectives described under this principle. The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. www.ugrocapital.com.

P5 Sr. No. 3- UGRO Capital Limited has put in place code of conduct which focuses on best employment practices. The Code of Conduct is in adherence to the regulatory and business requirements. Sr. No 6- The said code of conduct is made available on the intranet of the Company.

P6 Sr. No. 3 and 6-

We do not fund high risk projects from Environment perspective. Since our customers are MSME customer and we ensure basic compliance to Indian Compliances. We also endeavor to ensure that they meet all environment and social norms during the currency of the loan.

P7 Keeping in view the Company's nature of business i.e. financial services, such policy is not applicable to the Company.

P8 Sr. No. 3 and 6- The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. www.ugrocapital.com

P9 Sr. No. 3: UGRO Capital Limited has Grievance Redressal Policy for its customers which conform to the regulatory guidelines. Sr. No. 6- The policies can be viewed online on www.ugrocapital.com

Business Responsibility (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options).

No	Section D: BR Information - Principle-wise (as per NVGs) explanation	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Not understood the principles. .	-	-	-	-	-	-	-	-	-
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles . . .	-	-	-	-	-	-	-	-	-
3.	Does not have financial or manpower resources available for the task . . .	-	-	-	-	-	-	-	-	-
4.	Planned to be done within next 6 months . . .	-	-	-	-	-	-	-	-	-
5.	Planned to be done within the next 1 year . .	-	-	-	-	-	-	-	-	-
6.	Other reasons. . . . Keeping in view the Companies nature of business i.e. financial services, such policy is not applicable to the Company	-	-	-	-	-	-	✓	-	-

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Reviewed annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report of the Company is a part of the Annual Report for the financial year 2020-21. The same will also be available on the website of the Company i.e. www.ugrocapital.com

Section E: Principle-wise Performance

Principle 1:

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint-Ventures/Suppliers/Contractors/NGOs/ Others?

U GRO Capital Limited conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organisation.

U GRO Capital Limited has put in place a Code of Conduct and Ethics policy that is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the employees are expected to demonstrate to uphold the values of the Company. The Code covers aspects related, but not limited, to ethics, accountability, conflict of interest, bribery and corruption. The Code of Conduct is also applicable to Directors of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The number of complaints received from shareholders in F.Y. 2020-21 was NIL and no complaint was pending as on March 31, 2021.

With respect to employees, the Company has a mechanism provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

Principle 2:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

Secured MSME loan - Company provides loans to Micro Small and Medium Enterprises to achieve their Capital asset creation needs. These loans are for the purpose of revenue generation and further sustenance of business cycle. This helps Micro, Small and Medium Enterprises realize their potential to achieve higher revenues in most efficient ways to achieve higher level of growth. While lending these loans company ensures the legality, enforceability and ownership of assets thereby ensuring adherence to the local laws and regulations.

Unsecured MSME Loan - Company provides loans to Micro Small and Medium Enterprises to help in their working capital management for short to medium term. These loans are typically provided for stocks, business expansion, short term working capital needs of businesses. This product supports customer to keep running the business and provides support to MSME customers which is one of the big contributors to Indian Economy

Business Responsibility (Contd.)

Supply Chain Finance – This is also a working capital loan provided to MSME customers for their need of working capital requirement. The bills raised by these customers are discounted and funds provided to them immediately instead of waiting for completion of credit Period. This enables these small businesses to efficiently run their business setups and adequate supply of credit flow is maintained in the system.

This timely and adequate credit helps MSME customers to sustain their production cycles and keep the economic activity running.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

   i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? N.A.

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Please refer to the response under Principle 6

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   U GRO Capital Limited being a financial services Company does not have any goods and raw material utilisation as part of its products and services. Its major material requirements are related to office infrastructure, administration and IT related equipment and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   U GRO Capital Limited being a financial services Company procures its necessary requirements from local suppliers and vendors. The Company has taken various initiatives for development of local communities. Company procures its necessary requirements from local suppliers and vendors.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

   The Company is not a manufacturing entity. We will be processing electronic waste (whenever generated) through certified electronic waste recycling vendor post backup and deletion of entire company data. Further major electronic devices like desktops and laptops are on rental basis, such devices would be returned to the respective vendor post backup and deletion of entire company data.

Principle 3:

1. **Please indicate the Total number of employees**

   The Company had 361 employees as on 31st March 2021

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis**

   The Company had 55 employees as on 31st March 2021 on contractual basis.

3. **Please indicate the Number of permanent women employees.**

   The Company had 31 women employees as on 31st March 2021.

4. **Please indicate the Number of permanent employees with disabilities**

   U GRO Capital Limited is an equal opportunity employer and this year the aim is to focus on diversity hiring.

5. **Do you have an employee association that is recognized by management?**

   No.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   Not applicable

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the**

last year?

- **Permanent Employees: Nil**
- **Permanent Women Employees: Nil**
- **Casual/Temporary/Contractual Employees: Nil**
- **Employees with Disabilities: Nil**

Following elements fall under the purview of employee safety:

a. Information Security Awareness

Information security awareness and training is undertaken to ensure that there is no data theft or leakage or malicious content which may disrupt the functioning of the organisation.

b. Prevention against Sexual Harassment at Work place

Apart from the presence of Internal Complaint Committee, a session on Prevention of Sexual Harassment is organized for every individual at time of induction itself.

This year we have also done additional refresher sessions for our employees through webinars organised on multiple occasions.

c. Health Safety

We have tied up with DocOnline who conducts webinar, free tele consultation with General physician, Dietician, Gynaecologist and Paediatrician. Yoga sessions were also conducted during the year to ensure mental and physical wellbeing of employees.

d. Safety against indulging in Insider trading activities

The Company has laid down clear policies on Insider trading norms and every employee undertakes a commitment towards not engaging in acts which fall under the purview of insider trading norms. Key organizational policies like KYC and Anti Money Laundering, Prevention of Sexual Harassment, Information Security etc are available to employees throughout the year through digital medium.

Principle 4:

1. **Has the company mapped its internal and external stakeholders?**

   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   Yes.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company under its CSR Policy has its own theme. Our CSR theme is "SIGHT" --- "SIGHT" stands for School Education, Industry Ready Education Program, Gender Equality and Women Empowerment, Healthcare, Team SOS to execute these CSR activities we collaborate with 'SMILE FOUNDATION'. Smile Foundation is an Indian, development organisation directly benefitting over 400,000 children and families through more than 200 welfare projects in Education, Health, Livelihood and Woman empowerment spread across remote villages and slums in 25 states in India.

   For details, please refer Annual Report on CSR Activities annexed to Directors' Report.

Principle 5:

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   U GRO Capital Limited follows the code of conduct which is applicable to all the employees of the Company. In addition, the Company's whistle blower program covers all its internal and external stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Please refer to response to point no. 2 under Principle 1 for details on stakeholder complaints.

Principle 6:

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   As mentioned under responses to Principle 2, given the nature of business of the Company this Principle is not largely relevant.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   We are an environment friendly organisation constantly focused on having solutions which minimize impact on environment. We have chosen to have our IT infrastructure and data storage on cloud which is much more sustainable, consumes less power and generates very little e-waste compared to traditional on-premise hard drives/servers. We have an Environment and Social risk (ESRM) policy in place to ensure effective environmental and social management practices in all our activities, products and services.

Business Responsibility (Contd.)

3. **Does the company identify and assess potential environmental risks?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes, we are making programs for lending to small businesses engaged in energy efficient/renewable energy segments. We have with partnered with Sunvest Capital (NBFC) focused on providing rooftop solar panel financing. https://mercomindia.com/u-gro-capital-sunvest-capital-launch-solar-financing-program-india/

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7:

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   U GRO Capital holds membership or crucial Association like Internet and Mobile Association of India (IAMAI) and Finance Industry Development Council (FIDC).

   As a tech enabled lending platform, both are important. The Internet and Mobile Association of India (IAMAI) which is body whose mandate is to expand and enhance the online and mobile value-added services across all sectors. As members, U GRO Capital is also part of the Fintech Convergence Council (FCC). FCC works closely with the Ministry and regulators like Reserve Bank of India (RBI), Ministry of Finance, Insurance Regulatory and Development Authority, Securities and Exchange Board of India and any similar government departments, bodies or Institution to grow the penetration of financial services.

   Finance Industry Development Council (FIDC) is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India. It is engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and important policy related meetings with RBI, for development of NBFCs in India.

   U GRO Capital also holds a membership and is the flag bearer of Indian lending companies who are solely focused on the Indian MSME sector at the **SME Finance Forum (Managed by IFC - a World Bank Company) - Washington.**

   The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum operates a global membership network of +200 members that brings together financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs. It therefore provides a robust platform to share and to more importantly to learn best-practices from around the world in the sphere of SME financing.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   U GRO Capital in association with our partner iSprit – showcased the power of cashflow based underwriting to the world by putting together a case study on India's Government e-Marketplace portal and their invoice discounting app Sahay. U GRO Capital is one of the first wave lenders on the GeM Sahay Platform to offer Invoice Discounting to the smallest of SMEs from far reaching corners of India.

   Being a young organisation, we have acquired memberships of the above mentioned bodies recently and have therefore not lobbied or advocated with them for advancement or improvement of public good so far. However, given that we are cater to the MSME sector which is one of the most important contributors to India's GDP, we will soon take up causes which have ESG impact and will look forward to the support of these bodies to support our cause for greater good of the country.

Principle 8:

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes–CSR amount of INR 19.05 Lakhs donated by the Company was expended by Smile Foundation for "Mission Education". A communication received from Smile Foundation confirming that the said amount was used for the ongoing "Skills Training in Healthcare for youth" project supported by U GRO Capital.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   In association with a local partner.

3. **Have you done any impact assessment of your initiative?**

   Yes – quarterly tracking is done to check the progress of the activities.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Please refer Annual Report on CSR Activities annexed to Directors' Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   For our CSR activities our CSR partner , Smile Foundation, monitors the progress. They help us in keeping an eye on the fund utilization and the progress made in the program supported by U GRO Capital Limited. For other initiatives we use our marketing team and our business team on the ground to create awareness and to increase penetration . We send out regular mails and informative brochures to all our partners. Our team on the ground trains all partners to ensure maximum possible participation.

Principle 9:

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   No customer complaint/consumer case was pending as on the end of financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

   Since the Company is not a manufacturing entity, the above question is not applicable

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

   No cases have been filed against the Company.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   In the normal course of the Company's services to customers, the customer service teams do ascertain the satisfaction of the customers as per its systems and methodologies as also the management assesses the customer satisfaction level on important/critical areas from time to time. However, no such formal consumer survey/ consumer satisfaction trend has been carried out by the Company.

For U GRO Capital Limited

sd/-
Shachindra Nath
Executive Chairman and Managing Director

INDEPENDENT AUDITOR'S REPORT

To The Members of U GRO 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.

Auditor's Report (Contd.)

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 72O '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.

Auditor's Report (Contd.)

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
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Place: MUMBAI
Date: June 29, 2021

Auditor's Report (Contd.)

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
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Place: MUMBAI
Date: June 29, 2021

Auditor's Report (Contd.)

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.

Auditor's Report (Contd.)

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
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Place: MUMBAI
Date: June 29, 2021

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	**1,27,880.52**	83,238.19
Investments	7	**5,522.75**	7,250.81
Other financial assets	8	**323.11**	8,328.15
		1,65,688.69	**1,14,441.03**
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		**1,75,089.49**	**1,21,246.25**
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**

BALANCE SHEET as at March 31, 2021

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		**1,75,089.49**	**1,21,246.25**
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
Partner
Membership No : 117812

Mumbai
June 29, 2021

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

Sd/-
Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Sd/-
Abhijit Sen
Director and Chairman - Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Sd/-
Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

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		-	-
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**
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

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2021

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
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
Partner
Membership No : 117812

Mumbai
June 29, 2021

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

Sd/-
Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Sd/-
Abhijit Sen
Director and Chairman - Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Sd/-
Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended March 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 ₹ 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**	**77,673.45**	**648.75**	**4,195.39**	**85,099.50**
Balance as at April 1, 2020	**-**	**-**	**-**	**-**	**1,535.92**	**1,046.00**	**77,673.45**	**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**	**77,673.45**	**853.86**	**6,507.19**	**88,190.96**

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
UGRO CAPITAL LIMITED

Sd/-
Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Sd/-
Abhijit Sen
Director and Chairman - Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Sd/-
Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

CASH FLOW STATEMENT for the year endedMarch 31, 2021

(Currency : ₹ in lacs)

Particulars	For 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	1,97,373.62
Purchase of investments	(5,522.75)	(1,92,251.91)
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 STATEMENT for the year endedMarch 31, 2021

Particulars	For year ended March 31, 2021	For Year Ended March 31, 2020
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)
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 UGRO CAPITAL LIMITED

Sd/-
Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Sd/-
Abhijit Sen
Director and Chairman - Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Sd/-
Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENT for the year ended 31st March 2021

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.

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.

(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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

(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	2 years - 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.

(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)).

(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 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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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.

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.

(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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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.

(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.

(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.

(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.

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

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

(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 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 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.

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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
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.

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	1,11,770.33	67,733.73
Loans to employees	11.95	4.23
Total Gross Loans	**1,30,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**1,27,880.52**	**83,238.19**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

Particulars	As at March 31, 2021	As at March 31, 2020
(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	**1,30,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**1,27,880.52**	**83,238.19**
(C)		
Loans in India		
Public sector	-	-
Others	1,30,442.52	84,285.99
Total Gross Loans	**1,30,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total - Net (a)	**1,27,880.52**	**83,238.19**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**1,27,880.52**	**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.

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.

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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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**

11. Property, plant and equipment

Particulars	As at March 31, 2021				As at March 31, 2020			
	IT and Office equip-ments	Lease-hold improve-ments	Furni-ture and fixtures	Total	IT and Office equip-ments	Lease-hold improve-ments	Furni-ture 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	-	**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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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**

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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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**

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.

(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 obn 31 March 2020:

Redeemable within (Payable in monthly installments)	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	**1 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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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**

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	8,15,00,000	8,150.00	8,15,00,000	8,150.00
Preference shares of ₹ 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 ₹ 10 each, fully paid up	7,05,28,550	7,052.86	7,05,28,550	7,052.86
Total	**7,05,28,550**	**7,052.86**	**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, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	7,05,28,550	7,052.86	2,33,31,482	2,333.15
Add: shares issued during the year *	-	-	1,35,65,891	1,356.59
Add : converted during the year :				
From compulsorily convertible preference shares **	-	-	1,38,37,210	1,383.72
From compulsorily convertible debentures**	-	-	1,38,37,210	1,383.72
From compulsorily convertible warrants**	-	-	59,56,757	595.68
Outstanding at the end of the year	**7,05,28,550**	**7,052.86**	**7,05,28,550**	**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	1,51,16,279	21.43%	1,51,16,279	21.43%
Clearsky Investment Holdings Pte Limited	1,51,16,279	21.43%	1,51,16,279	21.43%
DBZ (Cyprus) Limited	1,35,65,891	19.23%	1,35,65,891	19.23%
Samena Fidem Holdings	59,56,757	8.45%	59,56,757	8.45%
PNB Metlife India Insurance Company Limited	14,28,600	2.03%	14,28,600	2.03%
Chhattisgarh Investments Limited	13,20,372	1.87%	13,81,372	1.96%
Samena Special Situations Mauritius	33,21,500	4.71%	33,21,500	4.71%
Indgrowth Capital Fund I	34,43,640	4.88%	34,74,086	4.93%
Poshika Advisory Services LLP	20,27,709	2.88%	30,19,817	4.28%
Abakkus Growth Fund- 1	10,78,000	1.53%	10,91,635	1.55%
Total	**6,23,75,027**	**88.44%**	**6,34,72,216**	**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.

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	77,673.45	77,673.45
Employee stock options scheme outstanding	853.86	648.75
Retained earnings	6,507.19	4,195.39
Total	**88,190.97**	**85,099.51**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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.

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 investments		
- 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**

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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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**

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.

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]	7,05,28,550	6,62,48,148
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.)	7,05,28,550	6,62,48,148
Weighted average number of potential equity shares on account of employee stock options and share warrants	-	18,31,840
Weighted average number of shares outstanding for diluted earning per share [C]	7,05,28,550	6,80,79,988
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.

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

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

(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**

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)

40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

(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**

(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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

(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.

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, 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	**38,01,528**	**₹ 130**	**35,30,759**	**₹ 130**
Add: Granted	5,97,617	₹ 130	2,70,769	₹ 130 - ₹ 180
Less: Exercised	-	-	-	-
Less: Lapsed	11,42,112	-	-	-
Option outstanding at the end of the year	**32,57,033**	**₹ 130 - ₹ 180**	**38,01,528**	**₹ 130 - ₹ 180**
Exercisable at the end of the year	**32,57,033**		**38,01,528**	

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	27,49,223	2,89,229	2,46,154	61,538	1,84,615
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

41. Disclosure relating to employee stock option scheme (Continued)

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.				
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	1,69,230	46,154	15,385	40,000	1,91,924
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

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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	1,15,385	78,000	61,538	20,000	1,00,000
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 ESOP which was issued on August 06, 2019 and January 20, 2020 having an exercise price of ₹ 180 and ₹ 165 respectively. The company has re-issued the same number of ESOPs with the same vesting conditions at an exercise price of ₹ 130.

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	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.

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
Risk-free interest rate	5.05%	4.80%	5.30%	5.32%	5.40%
Expected volatility of share price	51.35%*	51.42%*	51.47%*	51.47%*	51.47%*
Time to maturity (in years)	3.98	3.98	3.98	3.98	3.98
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (₹)	90	98.2	100.3	101.3	101.5

*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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

41. Disclosure relating to employee stock option scheme (Continued)

Particulars	CSL employee stock option scheme 2017 - Grant XII
Risk-free interest rate	5.40%
Expected volatility of share price	51.47%*
Time to maturity (in years)	3.98
Dividend yield	-
The price of equity share as on grant date considered for valuation in (₹)	105.9

*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.

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 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**

42. Leases (entity as a lessee) (Continued)

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.

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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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	1,27,880.52	-	**1,27,880.52**	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	**1,61,674.14**	**4,014.54**	**1,65,688.68**	**1,07,190.21**	**7,250.81**	**1,14,441.02**
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**

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.

45. Financial risk management (Continued)

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 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 1;

(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).

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

45. Financial risk management (Continued)

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 ₹ 295.59 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.

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**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

45. Financial risk management (Continued)

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	**1,25,998.34**	**3,751.00**	**3,044.42**	**-**	**1,32,793.76**
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**

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**

45. Financial risk management (Continued)

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.

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	1,30,442.52	1,61,045.73	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

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

45. Financial risk management (Continued)

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 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	2,019.02	47.41	109.35	408.22	1,381.66	72.38

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	1,12,088.44	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	1,064.58	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.

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 loans 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%**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

45. Financial risk management (Continued)

(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%	3.20%	-	-	-

(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 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.

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.

45. Financial risk management (Continued)

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

45. Financial risk management (Continued)

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.

** The Company had not borrowed much in earlier years as compared to financial year 2020-21 and also in earlier years the Company had deployed funds in fixed deposits of short term nature as compared to financial year 2020-21, hence the ratios are not comparable.

46. Details of all collateral used as security for liabilities

Particulars	Carrying amount of financial assets pledged	
	As at March 31, 2021	As at March 31, 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

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)**

47. Income tax (Continued)

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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

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	-	-	1,31,247.25	1,27,880.52	-	-	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**	**-**	**1,31,928.13**	**1,61,674.15**	**-**	**23,952.04**	**85,074.47**	**1,07,190.21**
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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

48. Fair value of financial instruments : (Continued)

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.

49. Maturity profile of assets and liabilities : (Continued)

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	1,30,442.52	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**	**1,77,651.49**	**55,547.81**	**65,698.44**	**1,21,246.25**

49. Maturity profile of assets and liabilities : (Continued)

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
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**

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

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**	**-**

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

51. Financial assets are transferred but not derecognised in their entirety : (Continued)

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

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 assets ratio (CRAR)

Sr No.	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

Sr No.	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.

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 accounts transferred in earlier years	-	-
5.	Aggregate gain / loss over net book value	-	-

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

d. Disclosures relating to securitization (Continued)

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	1,30,442.52
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	816.85	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.

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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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.

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	CAO733

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 directors	123.38	141.00
Director Sitting Fees non-executive directors		

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 March 31, 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

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	-	-

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

v. Movement of NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		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 provisions	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	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.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

aa. Restructured accounts :

Sr.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others				
	Asset classification		Stan-dard	Sub-stan-dard	Doubt-ful	Loss	Total	Stan-dard	Sub-stan-dard	Doubt-ful	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
			-	-	-	-	-	69.25	-	-	-	69.25

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

ab. Schedule to the balance sheet of a NBFC :

		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		-		-

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

			As at March 31, 2021		As at March 31, 2020	
			Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
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		-		-
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**		**As at March 31, 2021**		**As at March 31, 2020**	
	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	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.					
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.					

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

		As at March 31, 2021		As at March 31, 2020	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
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**		**-**		**-**

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	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	-	-	-	-	-
Total	**Stage 3**	**-**	**-**	**-**	**-**	**-**
	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**	**60.08**
	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**

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
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss						
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**

53. Impact of COVID 19 pandemic

a. 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 ₹ 295.59 lacs towards recoverability of its loans and advances.

Notes forming part of the financial statement for the year ended 31st March 2021 (contd.)

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 ₹ 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 ₹ 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.

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

56c Disclosure on frauds pursuant to RBI Master direction

During the year 2020-21, one fraud instance aggregating to INR 500 Lacs (Previous Year : Nil) was detected and reported to RBI.

57 The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable to current year.

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 UGRO CAPITAL LIMITED

Sd/-
Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Sd/-
Abhijit Sen
Director and Chairman - Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sd/-
Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Sd/-
Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

Registered Office Address: Equinox Business Park, Tower 3, 4th Floor,
LBS Road, Kurla (West), Mumbai - 400070
CIN: L67120MH1993PLC070739
Telephone: +91 22 48918686 | **E-mail:** customercare@ugrocapital.com | **Website:** www.ugrocapital.com