(Please scan this QR code to view the Draft Prospectus)

UGRO Capital Limited

UGRO Capital Limited ("**Company**" or the "**Issuer**") was incorporated as "Chokhani Securities Private Limited" under the Companies Act, 1956 on February 10, 1993 with Registrar of Companies, Maharashtra at Bombay. Our Company was subsequently converted into a public limited company pursuant to the fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Bombay on July 26, 1994. The name of our Company was subsequently changed from "Chokhani Securities Limited" to "UGRO Capital Limited" and a fresh Certificate of Incorporation was issued by Registrar of Companies, Maharashtra at Mumbai **("RoC")** on September 26, 2018. Our Company is also registered with RBI as Systematically Important non-deposit taking Non-Banking Finance Company with registration no. 13.00325 dated October 26, 2018. For further details about our Company, see "*General Information*" and "*History and Certain Other Corporate Matters*" on pages 42 and 130.

Registered and Corporate Office: Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India; **Tel.**: +91 22 4182 1600;
CIN: L67120MH1993PLC070739; **PAN**: AAACC2069E **Website**: www.ugrocapital.com; **Email**: cs@ugrocapital.com;
Company Secretary & Compliance Officer: Satish Chelladurai Kumar, **Tel.**: +91 22 4182 1600; **Email**: cs@ugrocapital.com;
Chief Financial Officer: Mr. Kishore Lodha; **Tel.**: +91 22 4182 1600; **Email**: kishore.lodha@ugrocapital.com

PUBLIC ISSUE BY OUR COMPANY OF UPTO 20,00,000 SECURED, RATED, LISTED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDS") FOR AN AMOUNT UP TO ₹ 10,000 LAKH ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO ₹ 10,000 LAKH ("GREEN SHOE OPTION"), FOR AN AGGREGATE AMOUNT OF UP TO ₹ 20,000 LAKH ("ISSUE SIZE" OR "ISSUE LIMIT") (HEREINAFTER REFERRED TO AS THE "ISSUE") THROUGH THIS DRAFT PROSPECTUS AND THE PROSPECTUS ("ISSUE DOCUMENT"). THE NCDS WILL BE ISSUED ON TERMS AND CONDITIONS AS SET OUT IN THE PROSPECTUS. THIS ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013") AND THE SEBI MASTER CIRCULAR. THIS ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTER

Our Promoter is Poshika Advisory Services LLP; **Tel.**: +91 124 4091777; **Email**: snath@poshika.com. For further details, see "*Our Promoter*" on page 154.

GENERAL RISKS

Investment in non-convertible securities is risky and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under "*Risk Factors*" and "*Material Developments*" on page 16 and 188 respectively of this Draft Prospectus. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or investor's decision to purchase such securities. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), RoC or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated "IND A/Stable" for an amount of ₹ 20,000 lakh by India Ratings & Research Private Limited vide their rating letter dated December 14, 2023. The rating provided by India Ratings & Research Private Limited is valid as on the date of this Draft Prospectus and shall remain valid on date of the Issue and Allotment of NCDs and the listing of the NCDs on Stock Exchanges. Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk. The ratings provided by India Ratings & Research Private Limited may be suspended, withdrawn or revised at any time on the basis of factors such as new information by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given For the rationale, rating letters and press release for these ratings, see "*General Information*" and "*Annexure* A" of this Draft Prospectus, on page 42 and 342.There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus.

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). NSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE vide their letter bearing reference number [●], dated [●] and NSE vide their letter bearing reference number [●], dated [●].

PUBLIC COMMENTS

This Draft Prospectus dated December 29, 2023 has been filed with BSE and NSE (the "**Stock Exchanges**"), pursuant to Regulation 27(2) of the SEBI NCS Regulations and will be open for public comments for a period of seven Working Days (i.e., until 5:00 p.m.) from the date of filing of this Draft Prospectus with the Stock Exchanges. All comments on this Draft Prospectus are to be forwarded to the attention of Satish Chelladurai Kumar, Compliance Officer for the Issue. Comments may be sent through post or email. However, please note that all comments must be received by 5:00 p.m. (Indian Standard Time) on the seventh Working Day from the date on which this Draft Prospectus is hosted on the website of the Stock Exchanges. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the RoC.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to coupon rate, coupon payment frequency, redemption date, redemption amount, please refer to "*Terms of the Issue*" on page 191. For details relating to eligible investors, please refer to "*Issue Structure*" on page 208.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
JM FINANCIAL	LINK Intime
JM Financial Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi Mumbai - 400 025 Maharashtra, India **Tel.:** +91 22 6630 3030 **Fax**: +91 22 6630 3330 **Email:** Ugro.ncd2023@jmfl.com **Investor Grievance Email**: grievance.ibd@jmfl.com **Contact person:** Prachee Dhuri **Website:** www.jmfl.com **SEBI registration number:** INM000010361	**Link Intime India Private Limited** C 101, 247 Park, L B S Marg Vikhroli West, Mumbai - 400 083 **Tel.**: +91 810 811 4949 **Fax**: +91-22-4918 6195 **Email**: ugrocapital.ncd2023@linkintime.co.in **Contact person:** Shanti Gopalkrishnan **Website:** www.linkintime.co.in **SEBI registration number:** INR000004058

Credit Rating Agency	Debenture Trustee**	Statutory Auditor
India Ratings & Research A Fitch Group Company	MITCON CREDENTIA PARTNER WITH TRUSTED CREDENTIALS	**M/s Sharp & Tannan Associates** Chartered Accountants 87, Nariman Bhavan, 227 Nariman Point, Mumbai 400021 **Tel.**: +91 22 61537500; **Email**: mumbai.office@sharpandtannan.com, **Contact Person**: Mr. Tirtharaj Khot
India Ratings & Research Private Limited Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai-400051 **Tel:** +91 22 4000 1700 **Email:** infogrp@indiaratings.co.in **Website:** www.indiaratings.co.in **Contact Person:** Mr. Karan Gupta **SEBI Registration No.:** IN/CRA/002/1999 **CIN:** U67100MH1995FTC140049	**MITCON Credentia Trusteeship Services Limited** **Registered Address**: Kubera Chambers, 1st Floor, Shivajinagar, Pune 411005, Maharashtra, India **Corporate Address**: 1402/03, B-Wing, Dalamal Tower, 14th Floor, Free Press Journal Marg, 211, Nariman Point, Mumbai- 400021, India **Tel.**: +91 22-22828200 **Fax:** +91 22-22024553 **Email**: contact@mitconcredentia.in **Investor Grievance Email**: investorgrievances@mitconcredentia.in **Contact person**: Ms. Vaishali Urkude **Website:** www.mitconcredentia.in **SEBI registration number:** IND000000596	

ISSUE PROGRAMME *

Issue Opens on	As specified in the Prospectus	**Issue Closes on**	As specified in the Prospectus

** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the prospectus, except that the Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from the date of filing the Prospectus with ROC) as may be decided by the Investment and Borrowing Committee, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time). On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please refer to "General Information" on page 42.*

*** MITCON Credentia Trusteeship Services Limited under Regulation 8 of SEBI NCS Regulations has vide its letter dated December 29, 2023 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Prospectus, Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue. A copy of the Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please refer to "Material Contracts and Documents for Inspection" on page 332.*

TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Draft Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Draft Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, the RBI Act and the rules and regulations notified thereunder.

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors", "Industry Overview", "Key Regulations and Policies", "Statement of Possible Tax Benefits", "Provisions of Articles of Association", "Financial Information" and "Other Regulatory and Statutory Disclosures" on pages 42, 16, 95, 295, 71, 311, 158 and 265, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors", "Industry Overview" and "Key Regulations and Policies", on pages 114, 16, 95 and 295, respectively, shall have the meaning ascribed to them hereunder.

General Terms

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

Company related terms:

Term	Description
Articles / Articles of Association / AoA	Articles of association of our Company, as amended.
Asset Liability Committee	Asset Liability Committee as constituted by the Board of Directors of our Company in accordance with applicable laws.
Audit Committee	Audit committee as constituted by the Board of Directors of our Company in accordance with applicable laws.
Audited Financial Statements	Collectively, the audited financial statements of our Company as of and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the audited balance sheet, audited statement of profit and loss (including other comprehensive income), audited statement of changes in equity and the audited statement of cash flow for the years then ended, and notes to the respective financial statements.
Board / Board of Directors	Board of directors of our Company and includes any committee constituted thereof.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Corporate Social Responsibility Committee	Corporate social responsibility committee of Board of Directors of our Company constituted in accordance with applicable laws.

Term	Description
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Satish Chelladurai Kumar.
Compliance Committee	The Compliance Committee of Board of Directors of our Company constituted in accordance with applicable laws.
Director(s)	Director(s) of our Company
CSL Employee Stock Option Scheme 2017	The Employee Stock Option Scheme of our Company approved by board of directors on December 31, 2017 and by the shareholders through postal ballot on May 07, 2018 (Results of which were declared on May 09, 2018) and ratified by the shareholders in Extra-ordinary General Meeting held on September 18, 2018 and amended by the shareholders through postal ballot on May 5, 2022 (Results of which declared on May 6, 2022).
UGRO Capital Employee Stock Option Scheme 2022	The Employee Stock Option Scheme of our Company approved by board of directors on July 22, 2022, and by the shareholders through postal ballot on September 04, 2022.
Equity Shares	Equity shares of our Company
Group Companies	As on the date of this Draft Prospectus, we do not have any identifiable group companies.
Independent Directors(s)	Independent director(s) of our Company, as disclosed under "*Our Management*", on page 133.
Investment and Borrowing Committee / IB Committee	The Investment and Borrowing Committee of Board of Directors of our Company, constituted in accordance with applicable laws.
IT Strategy Committee	The IT Strategy Committee of Board of Directors of our Company, constituted in accordance with applicable laws.
Key Managerial Personnel(s) / KMP(s)	The Key managerial personnel(s) of our Company as disclosed under "*Our Management*", on page 133 and appointed in accordance with Section 203 of the Companies Act, 2013 and defined under regulation 2(1) (sa) of SEBI NCS Regulations and Section 2(51) of the Companies Act, 2013.
Memorandum/ Memorandum of Association/ MoA	Memorandum of association of our Company.
Nomination and Remuneration Committee/ NRC	Nomination and remuneration committee of Board of Directors of our Company, constituted in accordance with applicable laws.
Non-Executive Director(s)	Non-executive director(s) of our Company, as disclosed under "*Our Management*", on page 133.
Previous Statutory Auditors	MSKA & Associates, Chartered Accountants
Promoter	The promoter of our Company namely, Poshika Advisory Services LLP.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 (1) (pp) of the SEBI ICDR Regulations, 2018, as amended.
Registered and Corporate Office	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India
Registrar of Companies / RoC	Registrar of Companies, Maharashtra at Mumbai.
Risk Management Committee	The Risk Management Committee of Board of Directors of our Company, constituted in accordance with applicable laws.
Securities Allotment and Transfer Committee	The Securities Allotment and Transfer Committee of Board of Directors of our Company, constituted in accordance with applicable laws.
Senior Management	Senior Management of our Company in accordance with Regulation 2(1)(iia) of the SEBI NCS Regulations
Shareholders	Equity Shareholders of our Company from time to time.
Statutory Auditor/ Auditor	M/s Sharp & Tannan Associates, Chartered Accountants.
Stakeholders' Relationship Committee	The Stakeholders' Relationship Committee of Board of Directors of our Company, constituted in accordance with applicable laws.
Unaudited Financial Results	Unaudited limited reviewed financial results of our Company as at and for the six months period ended September 30, 2023 prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, as amended and other relevant provisions of the Companies Act, comprising the Statement of Assets and Liabilities as at September 30,

Term	Description
	2023, statement of profit and loss and interim statement of cash flows for the six months period ended September 30, 2023 and notes to the unaudited financial results.

Issue related terms:

Term	Description
Abridged Prospectus	The memorandum containing the salient features of the Prospectus.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allot/ Allotment / Allotted	Unless the context otherwise requires, the issue and allotment of the NCDs pursuant to this Issue to the Allottees.
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are Allotted, either in full or in part in terms of this Issue.
Applicant / Investor / ASBA Applicant	The person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of this Draft Prospectus, Prospectus, Abridged Prospectus and Application Form.
Application/ASBA Application/Application Supported by Blocked Amount/ASBA	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorized an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount or an Application Amount of up to UPI Application Limit will be blocked upon acceptance of UPI Mandate Request by retail investors which will be considered as the application for Allotment in terms of the Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form/ ASBA Form	The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of the Prospectus.
ASBA Account	A bank account maintained by an ASBA Bidder with an SCSB, as specified in the ASBA Form submitted by ASBA Applicants for blocking the Bid Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to UPI Application Limit.
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Banker to the Issue	Collectively Public Issue Account Bank, Refund Bank and Sponsor Bank.
Base Issue Size/ Base Issue	₹ 10,000 lakh.
Basis of Allotment	The basis on which NCDs will be allotted to applicants as described in "*Issue Procedure- Basis of Allotment for NCDs*" on page 248.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Consortium, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
BSE	BSE Limited
Category I Investor - Institutional Investors	• Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorized to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India;

Term	Description
	• Systemically Important Non-Banking Financial Company registered with the RBI or Non-Banking Financial Company registered with the RBI having a total assets of ₹ 500 crore or more as per the last audited financial statements; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI.
Category II Investor - Non-Institutional Investors	• Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorized to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorized to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons.
Category III Investor- High Net-Worth Individual Investors	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lakh across all options of NCDs in this Issue.
Category IV Investor- Retail Individual Investors	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10 lakh across all options of NCDs in this Issue and shall include retail individual investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including Hindu Undivided Families applying through their Karta and does not include NRIs) through UPI Mechanism.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations.
Consortium Agreement	Consortium Agreement to be entered between the Company, Lead Manager and Consortium Member to the Issue.
Consortium Member	As specified in the Prospectus.
Consortium/Members of the Consortium/Members of Syndicate (each individually, a Member of the Consortium)	The Lead Manager and Consortium Member.
Coupon/ Interest Rate	The aggregate rate of interest payable in connection with the NCDs as specified in the Prospectus. For further details, see "*Issue Structure*" on page 208.
Credit Rating Agency	India Ratings & Research Private Limited
Debenture Holder(s) / NCD Holder(s)	The holders of the Secured NCDs pursuant to the Issue whose name appears in the database of the relevant Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.
Debenture Trustee Agreement	Agreement dated December 29, 2023 entered into between our Company and the Debenture Trustee.
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure at least 110% security cover of the outstanding principal amounts of NCDs and all interest due and payable thereon in respect of the NCDs maintained at all times as security until the Final Settlement Date, issued pursuant to the Issue. The contents of the Debenture Trust Deed shall be as prescribed by SEBI or any other applicable statutory/regulatory body from time to time.

Term	Description
Debenture Trustee / Trustee	Trustee for the NCD holders in this case being MITCON Credentia Trusteeship Services Limited
Deemed Date of Allotment	The date on which the Investment and Borrowing Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Investment and Borrowing Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of an Applicant such as his address, email, bank account details, MICR Code, UPI ID (as applicable), category, PAN etc.
Depositories Act	The Depositories Act 1996.
Depository(ies)	National Securities Depository Limited and /or Central Depository Services (India) Limited.
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at http://www.sebi.gov.in/sebi_data/attachdocs/1365051213899.html or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other weblink as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for transfer of funds blocked from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, after finalisation of Basis of Allotment, in terms of the Prospectus and the Public Issue Account and Sponsor Bank Agreement.
Designated Intermediaries	The Members of the Consortium, Sub-Consortium/agents, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue. In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Members of the Consortium, Trading Members and Stock Exchanges where applications have been submitted through the app/web interface as provided in the SEBI Master Circular.
Designated RTA Locations	Such centres of the RTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs eligible to accept ASBA Forms and Application Forms submitted using the UPI Mechanism as a payment option (for a maximum amount of UPI Application Limit) are available on the website of the Stock Exchange at www.bseindia.com and www.nseindia.com.
Designated Stock Exchange	The designated stock exchange for the Issue, being National Stock Exchange of India Limited.
Direct Online Application Mechanism	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility.
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Draft Prospectus	This draft prospectus dated December 29, 2023 to be filed with the Stock Exchanges for receiving public comments and with SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Final Settlement Date	The date on which all secured obligations (including all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the NCD Holders or the debenture trustee under the Transaction Documents in respect of the debentures, including without limitation, the making of payment of any coupon, interest, redemption of principal amounts, the default interest, additional interest, liquidated damages, indemnity payments and all costs, charges, expenses and other amounts payable by the company in respect of the debentures) have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the NCD Holders.

Term	Description
Interest/Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in this Draft Prospectus. Please see the section titled "*Issue Structure*" on page 208.
Issue	Public Issue by our Company of upto 20,00,000 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 Each ("**NCDs**") for an amount Up To ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), for an aggregate amount of up to ₹ 20,000 lakh ("**Issue Size**" or "**Issue Limit**")
Issue Agreement	Agreement dated December 29, 2023 entered into by our Company and the Lead Manager.
Issue Closing Date	As specified in the Prospectus.
Issue Document	This Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Form and supplemental information, if any, read with any notices, corrigenda and addenda thereto.
Issue Opening Date	As specified in the Prospectus.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms.
Lead Manager	JM Financial Limited.
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in connection with the listing of debt securities of our Company.
Market Lot	1 (one) NCD
NCDs / Debentures	Non-convertible debentures of face value of ₹ 1000 each for an amount up to ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), cumulatively aggregating up to 20,00,000 NCDs for an aggregate amount of up to ₹ 20,000 lakh to be issued through this Issue.
NCD Holders/ Debenture Holder	Any debenture holder who holds the NCDs issued pursuant to this Issue and whose name appears on the beneficial owners list provided by the Depositories.
NSE	National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
Prospectus	The Prospectus to be filed with the RoC and submitted with SEBI, NSE and BSE in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Public Issue Account	Account(s) to be opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI mechanism) on the Designated Date.
Public Issue Account and Sponsor Bank Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and Sponsor Bank, and the Lead Manager for the appointment of the Public Issue Account Bank, Refund Bank and Sponsor Bank in accordance with the UPI Mechanism Circular and for collection of the Application Amounts from ASBA Accounts under the UPI mechanism from the Applicants on the terms and conditions thereof and where applicable, refund of the amounts collected from the applicants.
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened and as specified in the Prospectus.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for NCDs issued under the Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In case the Record Date falls on a day when the Stock Exchanges is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges, will be deemed as the Record Date.
Recovery Expense Fund	The recovery expense fund to be created by our Company in the manner as specified by SEBI in circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and as updated on July 6, 2023, as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our

Term	Description
	Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date as specified in the Prospectus.
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in the Prospectus.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made.
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified in the Prospectus.
Register of Debenture Holders	A register of debenture holders maintained by our Company in accordance with the provisions of the Companies Act, 2013.
Registrar Agreement	Agreement dated December 29, 2023 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Registered Brokers or Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 as amended from time to time, and the stock exchange having nationwide terminals, other than the Consortium and eligible to procure Applications from Applicants.
Registrar to the Issue/ RTA/ Share Transfer Agent	Link Intime India Private Limited.
SCSBs / Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI LODR IV Amendment	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021.
Security	As specifically disclosed in "*Issue Structure*" on page 208 of this Draft Prospectus and detailed in the Debenture Trust Deed.
Series / Option	As specified in the Prospectus.
Specified Cities/ Specified Locations	Bidding Centers where the member of the Consortium shall accept ASBA Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time.
Sponsor Bank(s)	A Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹5,00,000 and carry out any other responsibilities in terms of the SEBI Master Circular and as specified in the Prospectus.
Stock Exchanges	BSE and NSE
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Centres named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs as specified in the Prospectus.
Total Equity	Total Equity shall mean Total Equity mentioned herein as per the Audited Financial Statements.
Trading Members	Intermediaries registered with a broker or a sub-broker under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges.

Term	Description
Transaction Registration Slip or TRS	The acknowledgement slips or document issued by any of the Designated Intermediary to an Applicant upon demand as proof of registration of the Application Form.
Transaction Documents/ Issue Documents/ Offer Documents	Shall mean Draft Prospectus, Prospectus read with any notices, corrigenda, addenda thereto, Abridged Prospectus, the Issue Agreement, Registrar Agreement, Consortium Agreement, Debenture Trustee Agreement, Public Issue Account and Sponsor Bank Agreement, Tripartite Agreements, Application Form, the Debenture Trust Deed and Security Documents to be executed between our Company and the Debenture Trustee. For further details see, "*Material Contracts and Documents for Inspection*" on page 332.
Tripartite Agreements	Tripartite Agreement dated March 20, 2019 entered into between our Company, Registrar to the Issue and NSDL and Tripartite Agreement dated March 20, 2019 entered into between our Company, Registrar to the Issue and CDSL for offering demat option to the NCD Holders.
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹5 lakh for issues of debt securities pursuant to SEBI Master Circular or any other investment limit, as applicable and prescribed by SEBI from time to time.
UPI Mandate Request / Mandate Request	A request initiated by the Sponsor Bank on the retail individual investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount (not exceeding UPI Application Limit) and subsequent debit of funds in case of allotment.
UPI Mechanism / UPI	Unified Payments Interface mechanism in accordance with SEBI Master Circular as amended from time to time, to block funds for application value up to UPI Application Limit submitted through intermediaries.
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(lll) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which includes a Person or a company categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as a wilful defaulter.
Working Day	Working day means all days on which commercial banks in Mumbai, are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the NCDs on the Stock Exchanges, working day shall mean all trading days of the Stock Exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

Technical/Industry Related Terms/Abbreviations:

Term	Description
AAN	Account Aggregation Network
AI	Artificial Intelligence
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
ALM	Asset liability management
Anchors	Entities which aides and facilitate our Company financing to vendors/ dealers.
AUM	Assets under management
Average ticket size	Average amount of the loans given in a certain category.
BRE	Business Rule Engine
CAGR	Compounded Annual Growth Rate and is calculated by dividing the value at the end of the period in question by corresponding value at the beginning of that period, and raising the result to the power of one divided by the period length, and subtracting one from the subsequent result.
CareEdge Research	CARE Analytics & Advisory Private Limited
CareEdge Research Report	CARE Analytics & Advisory Private Limited as the agency issuing the industry report titled "Research Report on Financial Services" December, 2023 prepared by CareEdge Research forming part of the Industry Overview chapter.

Term	Description
CIN	Corporate Identification Number
CRAR	Capital to risk (weighted) assets ratio, or capital risk adequacy ratio
CRR	Cash reserve ratio
CSR	Corporate social responsibility
DIN	Director Identification Number
DRR	Debenture redemption reserve
ECB	External Commercial Borrowings
ECGC	Export Credit Guarantee Corporation
EPS	Earnings per share
EGM	Extraordinary general meeting
ESG	Environmental, Social and Governance
FMCG	Fast Moving Consumer Goods
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Income Tax Act	Income Tax Act, 1961, as amended
Income Tax Rules	Income Tax Rules, 1962, as amended
KYC	Know Your Customer
LAP	Loan Against Property
LMS	Loan Management Solution
ML	Machine Learning
MSME	Micro, small and medium enterprises
NBFC	Non-banking financial company registered with the RBI
NBFC-ND-SI	Systemically important non-deposit taking non-banking financial company
NCDs	Non-convertible Debentures
Net NPA	Closing balance of the gross carrying amount – stage 3 – Loans less impairment loss allowance – stage 3 loans
Net Worth	Equivalent to Total Equity, and is the sum of Equity share capital, convertible preference share capital and other equity as contained in our Audited Financial Statements.
NPA	Non-performing asset/ Stage 3 loans
OCEN	Open Credit Enablement Network
OCR	Optical Character Recognition
OEMs	Original Equipment Manufacturer
QIP	Qualified Institutional Placement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended.
SME	Small and medium-sized enterprises
TAT	Turnaround time
Tier I Capital	Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking nonbanking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated

Term	Description
	debt; perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital to the extent the aggregate does not exceed Tier I Capital

Conventional and general terms:

Term	Description
₹/ Rs. / INR/ Rupees	The lawful currency of the Republic of India
AGM	Annual general meeting
AS	Accounting standard
AY	Assessment year
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CGST Act, 2017	The Central Goods and Services Tax Act, 2017, as amended.
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended.
Companies Act	The Companies Act, 1956, or the Companies Act, 2013, as applicable.
Companies Act, 2013	Companies Act, 2013, and rules made thereunder.
Consolidated FDI Policy	The Consolidated FDI policy, issued by the DPIIT and any Modifications thereto or substitutions thereof, issued from time to time.
Consumer Protection Act	Consumer Protection Act, 1986.
COVID-19	Pandemic caused due to the worldwide spread of the novel coronavirus disease.
CRISIL	CRISIL Ratings Limited
ESOP	Employee Stock Option Plan.
FDI	Foreign Direct Investment
FDI Policy	The Government policy, rules and the regulations (including the applicable provisions of the FEMA Non-Debt Rules) issued by the Government of India prevailing on that date in relation to foreign investments in our Company’s sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999
Fiscal / Financial Year / FY	Financial year ending March 31
FIR	First Information Report
GOI	Government of India
HNI	High Net worth Individual
HUF	Hindu undivided family
IFRS	International financial reporting standards
IFSC	Indian financial system code
Ind AS	Indian Accounting Standards
Indian GAAP	Generally accepted accounting principles in India
IRDAI	Insurance Regulatory and Development Authority of India
ISIN	International securities identification number
IST	Indian standard time
IT Act	Income Tax Act, 1961
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
NACH	National automated clearing house
NBFC-ND-SI Directions	Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023, updated as on November 10, 2023.
NEFT	National electronic funds transfer
NSDL	National Securities Depository Limited
PAN	Permanent account number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934

RBI Scale Based Regulation	Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023, updated as on November 10, 2023.
RTA Master Circular	Master Circular for Registrars to an Issue and Share Transfer Agents No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023, as amended.
RTAs	Registrar and share transfer agents
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended.
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI LODR Regulations / SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI NCS Regulations/ Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI Master Circular	Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 issued by SEBI and as updated on July 7, 2023, as amended.
SEBI Master Circular for Debenture Trustees	Circular no. SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 issued by SEBI and updated as on July 6, 2023, as amended.
TDS	Tax deducted at source
USD/US$	United States Dollars
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Prospectus that are not statements of historical fact constitute "forward looking statements". Investors can generally identify forward-looking statements by terminology such as *"aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would"*, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

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

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Industry Overview*" and "*Our Business*" and on pages 16, 95 and 114.

The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

By their nature, certain market risk disclosures are only estimate(s) and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, its Directors, its KMPs and officers, nor any of their respective affiliates or associates or the Lead Manager have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Prospectus to "India" are to the Republic of India and its territories and possessions and all references to the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

Presentation of Financial Information

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Prospectus are to a calendar year and references to a Financial Year / Fiscal / FY / Fiscal Year are to the year ended on March 31 of that calendar year.

Our Company publishes its financial statements in Rupees in lakh. Our Company's financial statements as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and unaudited financial results as at and for the six months period ending September 30, 2023 have been prepared in accordance with Ind AS.

For the purposes of disclosure in this Draft Prospectus, we have presented the Audited Financial Statements for the financial years ended March 31, 2023, and March 31, 2022 and March 31, 2021 prepared in accordance with Ind AS and audited by our Previous Statutory Auditor, MSKA & Associates, Chartered Accountants. The reports on the Audited Financial Statements, as issued by the Previous Statutory Auditors of our Company are included in this Draft Prospectus in *"Financial Information"* on page 158.

Further, the Unaudited Financial Results for the six months period ended September 30, 2023 prepared in accordance with Regulation 52 of SEBI LODR Regulations included in the Draft Prospectus have been subject to limited review by the Current Statutory Auditors of our Company and are not indicative of full year financial results of operations. The said results for the six months period ended September 30, 2023 are not comparable with annual financial information.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, the financial data for the financial years ended on March 31, 2023, March 31, 2022 and March 31, 2021 has been derived from the Audited Financial Statements included in this Draft Prospectus. Additionally, unless stated otherwise or unless the context requires otherwise, the financial data as at and for the quarter and half year ended September 30, 2023 and used in this Draft Prospectus, is derived from the Unaudited Financial Results.

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Audited Financial Statements in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Non-GAAP Financial Measures

Net worth, Financial Assets (excluding cash and cash equivalents) and Investments, Non-Financial Assets (excluding property, plant and equipment and other intangible assets), Financial Liabilities (excluding debt securities, borrowing (other than debt securities and subordinated liabilities) and Total Debt / Total Equity (together, **"Non-GAAP Financial Measures"**), presented in this Draft Prospectus are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Financial measures are not standardised terms, hence a direct comparison of these Non-GAAP Financial Measures between companies may not be possible. Other companies in financial services industry may calculate these Non-GAAP Financial Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Financial Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Currency and Unit of Presentation

In this Draft Prospectus, references to "₹", "Indian Rupees", "INR", "Rs." and "Rupees" are to the legal currency of India, references to "US$", "USD", and "U.S. Dollars" are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of this Draft Prospectus, data will be given in ₹ in lakh. References, if any, to 'million/million/mn' refer to one million, which is equivalent to 'ten lakh' or 'ten lacs', the word 'lakh/lacs/lac' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion/bn./billions' means 'one hundred crore'.

Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained from various industry publications and sources, including the report titled "Research Report on NBFCs" released in India in December, 2023 by CareEdge Research (the "**CareEdge Research Report**"), which have been paid for and commissioned by our Company for an agreed fee. CareEdge Research have been commissioned by our Company for the purposes of confirming our understanding of the industry in which the Company operates, in connection with the Issue. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but accuracy, completeness and underlying assumptions of such third-party sources are not guaranteed. Although the industry and market data used in this Draft Prospectus is reliable, the data used in these sources may have been re-classified by us for the purposes of presentation however, no material data in connection with the Issue has been omitted. Data from these sources may also not be comparable.

Disclaimer of CareEdge Research

This Draft Prospectus contains data and statistics from the CareEdge Research Report, which is subject to the following disclaimer:

"CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing the report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

The said report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in the said report is capable or intended to create any legally binding obligations on the sender or CareEdge Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CareEdge Research is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company - CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of the said report. The subscriber/user assumes the entire risk of any use made of the report or data herein. The said report is for the information of the authorised recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research."

General Risk

Investment in NCDs is risky, and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "*Risk Factors"* on page 16. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

Exchange Rates

The exchange rates for INR (₹) vis-à-vis of USD, as of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, are provided below:

Currency	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.06	82.22	75.81	73.50

Source: https://www.fbil.org.in/#/home and https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

SECTION II: RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, and the information provided in "Our Business" on page 114 and "Financial Information" on page 158, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless stated otherwise, i) the financial data in this section for the Financial Year ending March 31, 2023, 2022 and 2021 has been derived from the Audited Financial statements for Fiscal, 2023, 2022 and 2021, respectively, and ii) the financial data for the period ending September 30, 2023 has been derived from Unaudited Financial Results prepared in accordance with Ind AS.

INTERNAL RISKS

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

   Our business involves lending money to SME and MSMEs sectors which entails comparatively high risk and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. Our customers may default on their obligations to us as a result of various factors, including certain external factors, which may not be within our control such as developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates, changes in regulations, government policies. In addition, our customers may not have formal financial statements supported by tax returns and other documents that would enable us to assess their creditworthiness, and we may not receive updated information regarding any change in the financial condition of our customers, or may receive inaccurate or incomplete information, as a result of any fraudulent misrepresentation by our customers. Additionally, some customers may intentionally default on their repayment obligations. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

   In addition, our customer portfolio consists of MSMEs, who may or may not have easy access to financing from commercial banks or other organized lenders and often have limited credit history. Such borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of unavailability of data or information regarding the KYC records or credit history or any fraudulent misrepresentation on the part of our customers. To the extent we are unable to successfully manage the risks associated with lending to such consumers, it may become difficult for us to recover outstanding loan amounts from such consumers.

   Customer defaults could also adversely affect our levels of NPAs and provisioning of the same, which could in turn adversely affect our operations, cash flows and profitability. Our Gross NPAs as of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 stands at ₹ 13,018.78 lakh, ₹ 9,569.05 lakh, ₹ 5,641.15 lakh and ₹ 3,647.71 lakh, respectively representing 2.85 %, 2.46 %, 2.28 % and 2.72 %, respectively of the book loans and advances and our Net NPAs stands at ₹ 6,792.74 lakh, 4,988.98 lakh, 4,152.32 lakh and 2,297.45 lakh, respectively representing 1.52 %, 1.31 %, 1.70 % and 1.75 % of the book loans and advances.

We have previously faced certain instances of customers defaulting or failing to repay dues in connection with loans or finance provided by us. We have, in certain instances, initiated legal proceedings to recover amounts due from such customers. For further information in relation to litigation, see "*Outstanding Litigations and Defaults*" beginning on page 252.

Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

2. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans or the value of collateral may decrease, which could adversely affect our results of operations, cash flows and financial condition.

Out of our Company's AUM of ₹ 7,59,241.09 lakh as at September 30, 2023, 53.35 % of the aggregate value of our AUM i.e., ₹ 4,05,024.48 lakh is secured by collaterals, 8.82 % of the aggregate value of our AUM i.e., ₹ 66,967.19 lakh is secured by receivables, and ₹ 2,87,249.42 lakh representing 37.83 % of the aggregate value of our AUM is unsecured loans. The value of collaterals is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) growth of other sectors in which we operate, (iv) any change in statutory and / or regulatory requirements, and (v) the credit profile of our customers.

Delays in recovery, bankruptcy and foreclosure proceedings, and delays in obtaining regulatory approvals including arbitral awards for the enforcement of such collaterals may affect the valuation of the collateral. As a result, we may not be able to recover the full value of the collateral for the loans provided by our customers within the expected timeframe or at all.

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

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

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

As of September 30, 2023, our AUM of unsecured loans was ₹ 2,87,249.42 lakh constituting 37.83 % of total AUM of our Company. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

As on September 30, 2023, our Gross NPAs for unsecured loans stands at ₹ 9,865.08 lakh representing 2.16 % of the total book loans and advances and our Net NPAs for unsecured loans stands at ₹ 4,169.12 lakh representing 0.94 % of the total book loans and advances. Because of the unsecured nature, it is essential that such loans are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards, we may experience increasing defaults or higher customer acquisition costs.

Further, our lending products generally do not have any definite end-use restrictions and our customers may utilise such loans for various purposes, which are often incapable of being monitored on a regular basis or at all. Further, since these loans are unsecured, our ability to realize the amounts due to us would be restricted to standard collection processes and/or initiating legal proceedings for recovery, in the event of default by such customers. We cannot assure you that we would be able to recover such amounts in a timely manner, or at all. Any failure on our part to recover the amounts due to us could have an adverse effect on our results of operations and financial condition. Further, upon the occurrence of an event of default, our ability to realise the amounts due would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for us. Moreover, since these loans are uncollateralised, there can be no assurance that we will be able to fully recover the outstanding due, or at all, even in the event of a favourable decision for us. This could adversely affect our operations and profitability.

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

We are engaged in the lending business, primarily dealing in SME and MSME sector. Our results of operations are substantially dependent upon the level of our total income (which includes interest income from financing activities and net gain on derecognition of financial instrument). Interest income from our financing activities is the largest component of our total income and constituted 68.52 % and 67.85 %, of our total income for the Fiscal 2023 and for the six months period ending September 30, 2023, respectively. Net gain on derecognition of financial instrument constituted 22.53 % and 23.02 % for FY 23 and 6M FY 24. As at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our on-book loans and advances were ₹ 4,56,190.59 lakh ₹ 3,89,436.20 lakh, ₹ 2,49,112.74 lakh and ₹ 1,30,442.52 lakh respectively. We borrow and lend funds on both fixed and floating rates. The table below represents our fixed rate and floating rate loan assets and borrowings as of September 30, 2023 and March 31, 2023:

Particulars	**As of September 30, 2023**		**As of March 31, 2023**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Fixed rate	54.63%	39%	57.24%	48%
Floating rate	45.37%	61%	42.76%	52%
Total	100%	100%	100%	100%

Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, deregulation of the financial sector in India, and other macro and micro economic factors, which have historically resulted in changes in interest rates in India. For instance, between January 2022 and September 2023, the RBI has revised the repo rate from 4.00% to 6.50%, which has led to increase in interest rates by lenders. Fluctuations in interest rates may also adversely affect our operations. Also, in a rising interest rate environment there might be decline in the demand of loans from our customers. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than companies that borrow only at fixed interest rates. Our failure to pass on increased interest rates on our borrowings to our customers, including pursuant to the measures taken by us for protection against interest rate volatility or our inability to effectively and efficiently manage interest rate variations, may result in decline of our net interest income, which would decrease our return on assets and could adversely affect our business, prospects, financial condition, results of operations and cash flows.

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

5. Our business operations involve transactions with borrowers with limited access to credit whose risk profile is relatively high risk. Any default from our customers could adversely affect our business, results of operations and financial condition.

A certain portion of our target customers, primarily in micro segment typically have limited access to credit with limited credit history whose profile carries relatively higher risk and customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, however, to the extent that there is limited financial information available for such customer groups and customers who do not have formal financial statements supported by tax returns, bank or credit card statements, statements of previous loan exposures or other related documents, there can be relatively higher delinquency rate for such customer profile. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly.

Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

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

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from several sources including term loans, external commercial borrowings and working capital facilities, proceeds from non-convertible debentures, commercial papers, market linked debentures.

As at six months period ended September 30, 2023 and Financial Years ended 2023, 2022 and 2021, the capital adequacy ratio (Tier I and Tier II) of our Company was 24.84%, 20.23%, 34.37% and 65.55%, respectively. Further, our total borrowing as at September 30, 2023 and as at the Financial Years ended 2023, 2022 and 2021 was ₹3,79,820.66 lakh, ₹3,14,893.45 lakh, ₹ 1,80,183.86 lakh and ₹ 76,569.48 lakh respectively.

As a part of lending as a service business strategy, the Company also down sell and co-lend its loan portfolio for raising of additional funds for meeting its business requirements. We may require additional capital for our business operations from time to time. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI's monetary policies which are applicable to us or unforeseen delays in our operations. To the extent our capital requirements exceed our available resources, we will be required to seek additional debt or equity capital. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements.

Further, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms, at competitive rates and timely manner continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, macro and micro economic conditions, lack of liquidity in the market, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. Our long-term debt is presently rated "Ind A / Stable", "CRISIL A-/ Positive", "Acuite A/ Stable" from India Ratings & Research Private Limited, CRISIL Ratings Limited and Acuité Ratings & Research Limited respectively. Further, our short-term credit rating is presently rated "IND A 1", "CRISIL A1" from India Ratings & Research Private Limited and CRISIL Ratings Limited respectively.

While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition. Our ability to co-lend depends on our portfolio performance of the co-lending book, banks internal policies and parameters, their future strategy and regulatory changes.

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

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

The present management has acquired our Company in the Financial Year 2019 from the erstwhile management and forayed into MSME lending. As a result of our limited operating history under the new management, there is limited historical operating / financial information available to help prospective investors to evaluate our past performance as an entity and such data may not be indicative of future performance. Given we have limited operating history in the loan finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The loan finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

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

8. ***Our inability to meet our obligations, including financial and other covenants under our financing arrangements could adversely affect our business, results of operations and financial condition.***

As at September 30, 2023, the aggregate value of our total outstanding borrowings stands at ₹ 3,79,820.66 lakh. Our ability to meet our obligations under our financing arrangements and repay our outstanding borrowings will also depend on the cash generated by our business, which depends on the timely repayment by our customers. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see "*Disclosures on Existing Financial Indebtedness*" on page 158.

Our financing agreements include several restrictive conditions and covenants restricting certain corporate actions and we are required to take the prior approval of the lenders for taking various actions, including:

- change in promoter directors or in the core management team without prior approval of the lender;
- undertake any merger / acquisition / amalgamation without prior approval of the lender;
- undertake any scheme of expansion / modernization / diversification / renovation (except normal

capex) or sell any fixed assets during any accounting year without prior approval of the lender;

- effect any change to or alter our capital structure without prior approval of the lender; and

- approach capital market for mobilizing additional resources either in the form of debt or equity without prior approval of the lender.

Our failure to meet our obligations under our financing agreements, including inter alia creation of security as per terms agreed, default in payment of interest, default in redemption or repayment, default in payment of penal interest wherever applicable could have an adverse effect on our business, results of operations and financial condition. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see "*Disclosures on Existing Financial Indebtedness*" on page 158.

Our future borrowings may also contain similar or more stringent restrictive provisions. In the event that we fail to meet our financial obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements and we may be immediately required to repay our borrowings, either in whole or in part, together with any related costs. We cannot assure you that, in such an event, we will have sufficient resources to repay the borrowings. Further, we are required to obtain no-objection certificates from certain existing lenders and debenture holders of the Company for the proposed Issue and listing of the NCDs. In case, any of the lender or debenture holder decides to withdraw their consent before the listing of the NCDs, the Company may be considered to have defaulted under the terms of our agreements. The negative covenants as mentioned in this risk factor and in the section "*Disclosures on Existing Financial Indebtedness*" on page 158, and other clause/covenants of a similar nature under the financing arrangements entered into by us with our lenders are in the ordinary course of business and will continue post listing of the NCDs, as is customary for such borrowing arrangements for listed and unlisted companies. Any inability to meet our obligations under such financing arrangements could adversely affect our business, results of operations and financial condition.

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

We are a non - deposit accepting systemically important NBFC classified as NBFC- Middle Layer under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 with asset size of more than ₹ 1,000 crores and therefore we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure, regulatory restrictions, limits and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs.

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.

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

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

RBI guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI vide the RBI Scale Based Regulation provides for the regulatory framework governing NBFCs pertaining to provision for standard assets.

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

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

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

A summary of the outstanding proceedings involving our Company, Directors and Promoter in accordance with requirements under the SEBI NCS Regulations, as disclosed in this Draft Prospectus, to the extent quantifiable, have been set out below:

Name	**Criminal Proceedings**	**Tax Proceedings**	**Statutory or Regulatory Proceedings**	**Disciplinary actions by the SEBI or Stock Exchanges**	**Material Civil Litigations**	**Aggregate amount involved (₹ in lakh)***
Company						
By the Company	1062(1)	Nil	Nil	Nil	1706(2)	40,646.14
Against the Company	3	Nil	Nil	Nil	1	446.31
Directors						
By the Directors	Nil	Nil	1	Nil	Nil	Nil

Against the Directors	1	Nil	Nil	Nil	Nil	Nil
Promoters						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoters	Nil	Nil	Ni	Nil	Nil	Nil

**Amount to the extent quantifiable*
(1) This includes 1037 complaints under Section 138 of Negotiable Instruments Act, 1881, as amended involving an aggregate amount of ₹ 162,12,25,950 (to the extent quantifiable).
(2) This comprises 1702 arbitration proceedings at different stages before arbitrator, involving an aggregate amount of ₹ 2,28,14,06,380.

For further details of the legal proceedings that we are subject to, please refer to "*Outstanding Litigations and Defaults*" on page 252.

12. ***We are subject to regulations in relation to minimum capital adequacy requirements and reserve fund. Our inability to maintain our capital adequacy ratio could adversely affect our business.***

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 currently require NBFCs to comply with a capital to risk (weighted) assets ratio ("**CRAR**") consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's aggregate risk-weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, as applicable. Additionally, our Tier I capital, at any point in time, shall not be less than 10%. For details, see "*Key Regulations and Policies*" on page 295. We are categorized as a 'Middle layer' NBFC under the SBR Framework.

As of September 30, 2023, our CRAR was 24.84 %. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable CRARs. Further, the RBI may increase its minimum CRAR threshold, which may require us to raise additional capital.

Additionally, pursuant to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account before any dividend is declared. Our special reserve under Section 45-IC of the Reserve Bank of India Act, 1934, had a balance of, ₹3,197.01 lakh, ₹2,401.48 lakh and ₹2,110.47 lakh, as of Financial Year 2023, Financial Year 2022, and Financial Year 2021, respectively.

We cannot assure you that we will be able to raise adequate capital in the future on terms favourable to us, or at all, which may adversely affect the growth of our business. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results.

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

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

In its past inspection reports, the issues RBI has commented upon have been mainly operational in nature and include observations such as absence of system of internal rating of borrowers, not conducting stress tests to assess liquidity, deficiencies in loan management system, gaps in adherence to asset liability management policy. Further, RBI has observations on loan management system, outsourcing agreement, absence of software for throwing alerts for transaction inconsistent with KYC risk categorisation and non-filing of suspicious transaction report, failure to undertake failure-cause analysis and staff accountability.

In relation to the observations set out above, our Company has responded to such observations, and the actions and corrective measures to address the above observations, have been taken by our Company in timely manner.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. We cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

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

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systemically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. For an overview of the applicable regulations and the nature of key approvals and licenses to be obtained, see "*Key Regulations and Policies*" on page 295.

Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

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

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

Our Company, are subject to the obligations and reporting requirements under SEBI LODR Regulations, SEBI Insider Trading Regulations and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other Regulations. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company/our Promoters to prosecution and/or penalties. Any non-compliance with the applicable laws, rules and regulations in the future may subject us to regulatory action, including penalties, suspension of trading of Equity Shares or even compulsory delisting of our Equity Shares, which may not only materially and adversely affect our business, prospects and reputation but also the shareholders. Our inability to comply with or any delay in compliance with such rules and regulations may have an adverse effect on our business, results of operations, financial condition and cash flows. In the past, stock exchanges have had levied certain penalties, see "*Outstanding Litigations and Defaults*" on page 252, For details of such listed non-convertible securities, see "*Disclosures on Existing Financial Indebtedness*" on page 158.

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

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

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

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

17. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.

We are exposed to many types of operational risks. Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. We employ security systems, including firewalls and password encryption, designed to minimise the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. Any failure to mitigate such risks may adversely affect our business and results of operations.

We may infrequently engage in cash collections to recover our dues. Such cash transactions may expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Even if such instances of misconduct may not result in any legal liabilities on our part, they could cause serious reputational or financial harm to us. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability.

For details related to our insurance policies, see "*Our Business - Insurance*" on page 129. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We have experienced instances of fraud by our borrowers, in Fiscals 2021, 2022 and 2024. There can be no assurance that such instances will not occur in future. Any failure to mitigate such risks may adversely affect our business and results of operations. For details related to material frauds against the Company, see "*Outstanding Litigations and Defaults*" on page 252. Furthermore, some of the collateral provided for the loans may not be adequately insured and this may expose us to a loss of value of the collateral. As a result, we may not be able to recover the full value of the collateral. Any loss of value of the collateral may have a material adverse effect on our profitability and business operations.

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

We commenced our lending business to MSMEs in the financial year 2019. As on September 30, 2023, we were operating from 23 prime branches and 81 micro branches with an AUM of ₹ 7,59,241.09 lakh and catering to approximately 59000 customers. Our AUM has grown from ₹ 2,96,980.01 lakh as at March 31, 2022 to ₹6,08,070.69 lakh as at March 31, 2023. As of September 30, 2023, our AUM stands at ₹7,59,241.09 lakh. Further, there can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our AUM too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our AUM may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

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

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

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

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

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

There were instances of delayed compliance with certain statutory provisions under the IT Act, for instance, delay in deposit of TDS amount on some transactions during the current financial year including April 2023, May 2023, June 2023 and September 2023. For further information please refer to the chapter “*Outstanding litigation and defaults*” on page 252. Our Company have already regularized the same in June 2023, September 2023, October 2023 and November 2023. There was a delayed compliance with respect to payment of provident fund under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 during May 2021 which has also been regularised in June 17, 2021. Further, while our Company had made a delayed compliance in payment of statutory dues under the ESI Act during July 2021 due to technical issue on the Employees' State Insurance Corporation (“**ESIC**”) portal, however there has been no penalty which has been levied by the ESIC till date. Additionally, our Company had done delayed compliance in payment of professional tax in the State of Gujarat and Telangana which has already been regularized. While our Company have already regularized the aforesaid delays, however, there can be no assurance that the regulator may not initiate proceedings against us or that we will be able to sufficiently defend against any action initiated by regulators in relation to regulatory compliances for all instances and periods. Any adverse order passed or penalty imposed by regulators on us may adversely affect our business and results of operations.

22. System failures or inadequacy and security breaches in computer systems or our inability to adapt to rapid technological changes may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our loan management system, financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations.

We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Further, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. While we believe that we have adequate data protection and security measures required to ensure safety of such processes, however, these processes and the data we maintain are susceptible to the prevalent risks as far as technology is concerned.

Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any such security breaches or compromises of technology systems could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business and reputation. We face the threat of fraud and cyberattacks, such as hacking, phishing, trojans and other threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal company data or customer information. This may cause damage to our reputation and adversely impact our business and financial results. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

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

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated "Ind A / Stable", "CRISIL A-/ Positive", "Acuite A/ Stable" from India Ratings & Research Private Limited, CRISIL Ratings Limited and Acuité Ratings & Research Limited respectively. Further, our short-term credit rating is presently rated "IND A 1", "CRISIL A1" from India Ratings & Research Private Limited and CRISIL Ratings Limited respectively. Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.

The NCDs proposed to be issued under the Issue have been rated "IND A/ Stable (pronounced as IND A / Stable") for an amount of ₹ 2,000 million by India Ratings vide their rating letter dated December 14th 2023 with rating rationale dated September 15, 2023. For rating letter, rationale and press release including the risk and key drivers mentioned therein, please refer to "*Annexure A*" of this Draft Prospectus.

Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position and ability to meet our obligations. As a diversified set of businesses, many of whom are dependent upon our ability to access capital, our liquidity and ongoing profitability are primarily dependent upon our timely access to, and the costs associated with raising capital. Our business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors, including our ability to maintain positive credit ratings. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our existing/ future borrowings which may cause disruptions in the business operations.

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

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

25. ***We depend on the accuracy and completeness of information about customers and counterparties for***

certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.

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

26. Our ability to assess, monitor and manage risks inherent in our business may be different from the standards of some of our counterparts in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, co-lending risk, talent risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details of our strategy on risk management policies, see "*Our Business - Continue to maintain prudent risk management policies for our assets under management*" on page 123. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. The management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Our future success will depend, in part, on our ability to respond to new technological advances and evolving the NBFC standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or evolving market standards.

27. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons. If we are unable to attract and retain talented professionals or the loss of key management personnel may have an adverse impact on our business and future financial performance.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. However, there is significant competition in India for such personnel, which has increased in recent years as a significant number of banks and NBFCs have recently commenced operations. We compete with other similar financial institutions to attract and retain this talent pool. Our success in attracting and retaining such resources depends upon factors such as remuneration paid, range of our product offerings, pre and post-sale support provided, our reputation, our perceived stability, our financial strength, and the strength of the relationships we maintain with our intermediaries, agents and other professionals. If we fail to attract or retain such management team or key personnel, it could have a material adverse effect on our business, and future financial performance.

If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. In addition, we will have to train existing employees to adhere to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

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

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

Particulars	FY 2023	FY 2022	FY 2021
Net cash used in operating activities	(122,042.82)	(1,13,181.67)	(34,712.06)
Net cash generated from/ (used in) investing activities	(8,454.20)	4,137.95	(4,591.73)
Net cash generated from financing activities	127,936.85	1,03,253.11	50,794.70

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, see "*Financial Statements*" on page 337.

29. This Draft Prospectus includes certain unaudited financial results, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.

This Draft Prospectus includes unaudited financial results for the six months period ended September 30, 2023 prepared in accordance with Regulation 52 of SEBI LODR Regulations in respect of which the Current Statutory Auditors have issued their limited review report dated October 26, 2023. As Unaudited Financial Results prepared by our Company in accordance with Regulation 33 and 52 of the SEBI LODR Regulations have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI, and not to an audit, any reliance by prospective investors on such Unaudited Financial Results should, accordingly, be limited. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations and should not place undue reliance on or base their investment decision solely on the financial information included in this Draft Prospectus.

30. ***This Draft Prospectus contains information from third parties including reports prepared by independent third-party research agencies, which we have commissioned and paid for purposes of confirming our understanding of the industry.***

The industry and market information contained in this Draft Prospectus includes information that is derived from the report entitled *Research Report on NBFCs"- December 2023 by CareEdge,* which has been exclusively commissioned and paid for by our Company only for the purposes of confirming our understanding of the industry in connection with the Issue.

The report uses certain methodologies for market sizing and forecasting, and may include numbers relating to us that differ from those we record internally. While we believe such information to be true, we cannot assure you that such information is complete or reliable. Given the scope and extent of the reports, disclosures herein are limited to certain excerpts and the reports have not been reproduced in their entirety in this Draft Prospectus. There are no parts, data or information (which maybe relevant for the Issue) that have been left out or changed in any manner. Accordingly, investors should read the industry-related disclosure in this Draft Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Statements from third parties that involve estimates are subject to change, and actual amounts may differ from those included in this Draft Prospectus. While these industry sources and publications may take care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

31. ***The technology-driven underwriting, risk management and collection processes on which our Company relies, may not be able to effectively identify, monitor or mitigate the risks in our lending operations.***

Our technology-driven underwriting, risk management and collection processes enable our lending operations. If any of these decision-making systems contain programming or other errors, the criteria or parameters used for the analysis of customers credit profiles are inaccurate, the risk management models can become flawed or ineffective or the customer insights developed or received for credit assessment may become incorrect or stale, the credit assessment process related to our loans could be negatively affected, resulting in incorrect approvals, incorrect denials of loans, mispriced loans or biased rejection rates for potential customers. If any of the foregoing were to occur, the performance of our credit assessment will be compromised. As a result, our business, brand, reputation, results of operations and financial condition may be adversely affected.

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

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

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

There are many events, other than the ones covered in the insurance policies specified in "*Our Business – Insurance*" on page 129, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our business, results of operations, financial condition and cash flows could be adversely affected. For details in relation to our insurance coverage, see "*Our Business – Insurance*" on page 129.

33. We have included certain Non-GAAP measures related to our operations and financial performance in this Draft Prospectus. Such Non-GAAP measures may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with the financial or operational information of similar nomenclature computed and represented by other companies.

This Draft Prospectus includes certain non-GAAP measures, including, inter alia, Gross NPA%, Net NPA%, Net Worth, Return on Total Assets, Return on Equity, AUM, Gross Loan Book, Total Debts to total assets, etc, for further details, please see "*Our Business - Key Operational and Financial Parameters*" on page 123 which are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP.

We consider these non-GAAP measures useful in evaluating our business and financial performances. However, these non-GAAP measures are not alternatives to any measure of performance or liquidity or as an indicator of our operating performance or liquidity. They should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. There are no standard methodologies in the industry for computing such measures, and those non-GAAP measures we included in this Draft Prospectus may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure

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

As of September 30, 2023 all of our offices including our Registered and Corporate Office and branches are located in leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

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

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

We have entered into certain transactions with related parties. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended and the SEBI LODR Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details of the related party transaction for the six months period ended September 30, 2023 and each of the Financial Years ended March 31, 2023, 2022 and 2021, as per the requirements under the applicable accounting standards, see Note 43 of Audited Financial Statements for Fiscal 2023, Note 40 of Audited Financial Statements for Fiscal 2022, and Note 38 of Audited Financial Statements of Fiscal 2021, under "*Financial Statements*" beginning on page F-67, F-160 and F-254.

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

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

37. Our erstwhile statutory auditors had highlighted certain matters of emphasis in their audit reports relating to our Audited Financial Statements, which may affect our future financial results

For the Financial Year ended March 31, 2021, our erstwhile statutory auditors have referred to emphasis of matter in their audit report dated June 29, 2021 for Financial Year 2021, as set out below:

Financial Year 2021

"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"

There can be no assurance that any similar emphasis of matters will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

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

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

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

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

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

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

We employ 1492 full-time employees as of September 30, 2023, and lay significant emphasis on our employees' overall welfare. However, there can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees, or that such disputes will not adversely affect our business and results of operations. We depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely impact our operations. Further, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

Further, we are subject to several labour laws and regulations that change periodically, and we cannot assure you that we will continue to be able to comply with such laws and regulations in the future. Any non-compliance by us in the future may adversely affect our business, financial condition and results of operations.

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

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

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

The Government of India has announced the union budget for Fiscal 2023, pursuant to which the Finance Bill 2023 has proposed various amendments. The Finance Bill 2023 has received assent from the President of India on March 31, 2023 and has been enacted as the Finance Act 2023 ("**Finance Act**"). There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, the recent introduction of the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") may lead us to incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

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

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

Our name and trademarks are significant to our business and operations. The use of our brand name or logo by third parties could adversely affect our reputation, which could in turn adversely affect our financial performance. Our current logo “ ”, is registered under Class 35 and 36 under the Trade Marks Act, 1999 in the name of our Company. We have also developed various technology platforms to enhance our quality of our services and operations, such as (i) GRO Plus module; (ii) GRO Chain; (iii) GRO Xstream platform for co-lending and; (iv) GRO X application to deliver embedded financing option to MSMEs. For further details please see, “*Our Business - UGRO Capital Founding Philosophy (DataTech Approach)*” on page 115. For this, we have filed application for registration of GRO X under class 09, 35, 36 and 42 under the Trade Marks Act, 1999. Furthermore, we had made a patent application for invention titled ‘*Method and System for Modelling Credit ScoreCards*’ published on May 13, 2022. For further details in relation to our intellectual property, see “*Our Business- Intellectual Property*” on page 129.

Failure to protect our intellectual property could harm our brand and our reputation, and adversely affect our ability to compete effectively. Further, enforcing or defending our intellectual property rights, including our trademarks could result in the expenditure of significant financial and managerial resources.

42. ***Our business processes a large amount of data, including personal data, and the improper collection, hosting, use or disclosure of data could harm our reputation and have an adverse effect on our business, financial condition, results of operations and cash flows.***

Our business processes a large quantity of personal data (with our users’ consent) and analyses this data to generate user and user group profiles. Our privacy policies concerning the collection, use and disclosure of personal data (and users’ rights thereto) are consented to by our customers and made accessible for their reference at any point in time. We face risks inherent in handling and protecting a large volume of data, especially user data. In particular, we face several challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage, fraudulent behaviour or improper use by our employees;
- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived data sharing (including sharing among our own businesses, with business partners, vendors or regulators), and other factors that may arise from our existing businesses or new businesses and new technology; and
- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects.

The improper collection, use or disclosure of our user data could result in a loss of customers, business, partner financial institutions and other potential participants, loss of confidence or trust, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have an adverse effect on our business, financial condition, results of operations and cash flows. Moreover, we share a limited amount of user data with third-party service providers in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. We also rely on certain third-party service providers in relation to the sourcing of data for potential customers. We do PAN verification with the National Securities Depository Limited (“**NSDL**”), and Aadhaar XML download from the Unique Identification Authority of India, wherever deemed necessary (“**UIDAI**”). During the course of providing such services, customer data may be accessed. If such third-party service providers engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our systems, including by improper disclosure or use of user data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to user complaints and suffer reputational harm, even if the actions or activities are not related to, attributable to or caused by us, or within our control. While no regulatory or legal action has been taken against us in relation to such instances in the past, we cannot assure you that we will not be subject to any regulatory or legal action for such instances in the future.

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

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

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

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

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

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

Risks relating to the Issue and NCDs

46. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, see "*Objects of the Issue*" at page 68. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

47. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited and National Stock Exchange of India Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE and NSE**.**

48. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law.

In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs. The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of the Insolvency and Bankruptcy Code, 2016, as the case maybe. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

49. Repayment is subject to the credit risk of the Company.

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed.

On December 14, 2021, the RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("**PCA Framework Circular**") to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC-NDs, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net NPA Ratio.

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

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

51. ***Changes in interest rate may affect the price of our NCD.***

Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs. All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

52. Security on our NCDs may rank pari passu with our Company's secured indebtedness in the future.

Substantially all of our Company's current assets represented by the receivables are being used to secure our Company's debt. As of September 30, 2023, our Company's secured borrowings was ₹ 3,56,401.95 lakh. While the security on our NCDs is exclusive as of the date of this Draft Prospectus, the terms of the NCDs do not prevent our Company from incurring additional debt subject to maintenance of minimum-security cover.

53. ***There may be no active market for the NCDs on the retail debt market/capital market segment of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected***.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and, (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

54. The rights over the security provided will not be granted directly to holders of the NCDs.

The rights over the security securing the obligations of our Company under the NCDs and the Trust Deed will not be granted directly to the NCD holders, but will be granted only in favour of the Debenture Trustee. As a consequence, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

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

The proceeds of this Issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, see "*Objects of the Issue*" on page 68.

56. The Debentures may not be a suitable investment for all purchasers.

Investment in Debentures involves a significant degree of risk and is intended for sale only to those investors capable of understanding the risks involved in such instruments. Potential investors should ensure that they understand the nature of the Debentures and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Debentures and that they consider the suitability of the Debentures as an investment in the light of their own circumstances and financial condition.

57. The Issuer being a NBFC is not required to maintain a debenture redemption reserve ("DRR").

We are a registered NBFC in terms of the NBFC-ND-SI Directions. Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules, 2014 read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company registered with Reserve Bank of India under section 450IA of the RBI Act, 1934 that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of the NCDs. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

58. *Receipt of Coupon or Principal amount is subject to the Credit risk of the Issuer.*

Investors should be aware that the receipt of any coupon payment and principal amount at maturity is subject to the credit risk of the Issuer. Any stated credit rating of the Issuer reflects the independent opinion of the referenced rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Issuer. Any downgrading of the credit ratings of the Issuer by the rating agency may lower the value of the Debentures.

Potential investors should be aware that receipt of the principal amount, (i.e., the Redemption Amount) and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Issuer. Potential investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

The payment of the principal and coupon on the NCDs is subject to the credit risk of the Issuer whereby the investors may or may not recover all or part of the principal or coupon amount of the funds invested in case of default by the Issuer. NCD Holders assume the risk that the Issuer will not be able to satisfy their obligations under the NCDs and may or may not recover all or part of the principal and/or coupon amount in case of default by the Issuer.

59. There may be a delay in making refund/ unblocking of funds to Applicants.

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue Size, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the BSE and NSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund / unblock such monies, with the interest due and payable thereon (in case of any delays) as prescribed under applicable statutory and/or regulatory provisions.

60. ***The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss. Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 110.00% asset cover for the NCDs, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

EXTERNAL RISKS

Risks relating to India

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

Our summary statements of assets and liabilities as at September 30, 2023 and summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2023 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and in accordance with the SEBI NCS Regulations, the SEBI Circular and the Prospectus Guidance Note.

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

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

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

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

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;

- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

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

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

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

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

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

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

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 virus. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. Any future outbreaks of COVID-19 virus, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region and in turn have a material adverse effect on our business and the trading price of the Equity Shares. Any of the above factors may adversely affect our business, results of operation and financial condition.

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

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

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

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

67. Any volatility in exchange rates may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

Foreign inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. The current account deficit has been attributed largely to the surge in gold and oil imports, however lately it has shrunk considerably as well due to shrinkage in trade deficit. Further, increased volatility in foreign flows may also affect monetary policy decision making.

68. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing for capital expenditures.

SECTION III: INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as "Chokhani Securities Private Limited" under the Companies Act, 1956 on February 10, 1993 with Registrar of Companies, Maharashtra at Bombay. Our Company was subsequently converted into a public limited company pursuant to the fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Bombay on July 26, 1994. The name of our Company was subsequently changed from "Chokhani Securities Limited" to "UGRO Capital Limited" and a fresh Certificate of Incorporation was issued by Registrar of Companies, Maharashtra at Mumbai on September 26, 2018. Our Company is also registered with RBI as Systematically Important non-deposit taking Non-Banking Finance Company with registration no. 13.00325 dated October 26, 2018. For further details about our Company, see "*General Information*" and "*History and Certain Other Corporate Matters*" on pages 42 and 130.

NBFC Registration

Our Company is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from March 11, 1998 and revised pursuant to change of name bearing Registration No. 13.00325 dated October 26, 2018. Our Company is currently engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments and Micro Enterprises segments.

Registered Office

Equinox Business Park,
Tower 3, Fourth Floor, Off BKC,
LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India
Tel No: +91 22 4182 1600
Email: cs@ugrocapital.com
Website: www.ugrocapital.com

Registrar of Companies

Registrar of Companies, Mumbai
100, Everest, Marine Drive
Mumbai - 400 002, Maharashtra, India
Tel. No.: +91 22 2281 2627 / 2202 0295 / 2284 6954
Fax No.: +91 22 2281 1977
E-mail: roc.mumbai@mca.gov.in

Registration Details

Company registration number with RoC	070739
Corporate Identification Number	L67120MH1993PLC070739
NBFC Registration Certificate Number under Section 45 IA of the RBI Act	13.00325
Liability of the members of the Company	Limited by Shares
Legal Entity Identifier Number (LEI)	3358007O1S315QAAY388
PAN	AAACC2069E
GST	27AAACC2069E1ZZ

Chief Financial Officer and Company Secretary

Chief Financial Officer

Mr. Kishore Lodha
Equinox Business Park,
Tower 3, Fourth Floor, Off BKC,
LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India
Tel No: +91 22 41821600
Email: kishore.lodha@ugrocapital.com

Company Secretary and Compliance Officer

Satish Chelladurai Kumar
Equinox Business Park,
Tower 3, Fourth Floor, Off BKC,
LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India
Tel No: +91 22 4182 1600
Email: cs@ugrocapital.com

Lead Manager to the Issue

JM FINANCIAL

JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg, Prabhadevi
Mumbai - 400 025
Maharashtra, India
Tel.: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: Ugro.ncd2023@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
Compliance Officer: Sunny Shah
SEBI Registration No.: INM000010361
CIN: L67120MH1986PLC038784

Debenture Trustee to the Issue

MITCON CREDENTIA
PARTNER WITH TRUSTED CREDENTIALS

MITCON Credentia Trusteeship Services Limited
Registered Address: Kubera Chambers, 1st Floor, Shivajinagar,
Pune 411005, Maharashtra, India
Corporate Address: 1402/03, B-Wing, Dalamal Tower,
14th Floor, Free Press Journal Marg,
211, Nariman Point, Mumbai- 400021, India
Tel.: +91 22-22828200
Fax: +91 22-22024553
Email: contact@mitconcredentia.in
Investor Grievance Email: investorgrievances@mitconcredentia.in
Website: www.mitconcredentia.com
Contact Person: Vaishali Urkude
Compliance Officer: Mr. Yogesh Limbachiya
SEBI Registration No: IND000000596
CIN: U93000PN2018PLC180330

MITCON Credentia Trusteeship Services Limited, pursuant to Regulation 8 of SEBI NCS Regulations, by its letter dated December 29, 2023 has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus, the Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. Please see "*Annexure B*" on page 343 of this Draft Prospectus for the consent letter of the Debenture Trustee.

Except as included in this Draft Prospectus, all the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts, deeds, matters, and things in respect of or relating to the Debenture Holders as the Debenture Trustee may in his absolute direction deem necessary or require to be done in the interest of Debenture Holders and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders / Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deed, please see, "*Issue Procedure*" on page 218 of this Draft Prospectus.

Legal Counsel to the Issue

SNG and Partners
One Bazar Lane, Bengali Market
New Delhi - 110 001, India
Tel.: +91 11 4358 2000

Credit Rating Agency

Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E),
Mumbai-400051
Tel: +91 22 4000 1700
Fax: +91 4000 1701
Email: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Mr. Karan Gupta
Compliance Officer: Arunima Basu
SEBI Registration No.: IN/CRA/002/1999
CIN: U67100MH1995FTC140049

Credit Rating and Rationale

The NCDs proposed to be issued under the Issue have been rated "IND A/Stable" for an amount of ₹ 20,000 lakh by India Ratings & Research Private Limited vide their rating letter dated December 14, 2023. The rating provided by India Ratings & Research Private Limited is valid as on the date of this Draft Prospectus and shall remain valid on date of the Issue and Allotment of NCDs and the listing of the NCDs on Stock Exchanges. Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk. The ratings provided by India Ratings & Research Private Limited may be suspended, withdrawn or revised at any time on the basis of factors such as new information by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. In case of any change in credit ratings till the listing of NCDs, our Company will inform the investors through public notices/ advertisements in all those newspapers in which pre issue advertisement has been given. For the rationale, rating letters and press release for these ratings, see "*Annexure A*" of this Draft Prospectus, on page 342. There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus.

Disclaimer Clause of India Ratings and Research Private Limited

Users of India Ratings and Research Private Limited ("India Ratings") ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. The Rating Agency shall neither construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

Registrar to the Issue

LINK Intime

Link Intime India Private Limited

C-101, 247 Park, L B S Marg,
Vikhroli West,
Mumbai 400 083
Tel.: +91 810 811 4949
Fax: +91-22-4918 6195
Email: ugrocapital.ncd2023@linkintime.co.in
Investor Grievance Email: ugrocapital.ncd2023@linkintime.co.in
Website: www.linkintime.co.in/
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B. N. Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited has vide its letter dated December 20, 2023 given its consent for its appointment as the Registrar to the Issue and for its name to be included in the Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, transfers etc.

Applicants or prospective investors may contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of Allotment Advice, credit of allotted NCDs in beneficiary accounts, refund amounts, interest on the Application Amounts, non-receipt of debenture certificates (where NCDs have been re-materialised) etc., as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Options of NCDs applied for, amount paid on application, Depository Participant ("**DP**") name and client identification number and the collection centre of the Members of the consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the Member of the Consortium and the relevant Designated Branch of the SCSB concerned in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, Option applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the relevant Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members of the Stock Exchanges may be addressed directly to the relevant Stock Exchange, with a copy to the Registrar to the Issue.

Statutory Auditor

Name of the Auditor	Address	Date of Appointment
M/s Sharp & Tannan Associates **Tel.**: +91 22 6153 7500 **Email**: mumbai.office@sharpandtannan.com **Contact Person**: Mr. Tirtharaj Khot **Firm Registration No.**: 109983W **Peer Review Certificate No.**: 014153	87, Nariman Bhavan, 227 Nariman Point, Mumbai 400021	August 08, 2023

Sharp & Tannan Associates, Chartered Accountants, has been the Statutory Auditors of our Company since August 08, 2023.

Change in Statutory Auditors for preceding three financial years and current financial year as on date of this Draft Prospectus:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of resignation if applicable
Sharp & Tannan Associates	87, Nariman Bhavan, 227 Nariman Point, Mumbai (Bombay) 400021	08.08.2023	N/A	N/A
MSKA & Associates	Floor 3, Enterprise Centre, Nehru Road Near Domestic Airport, Vile Parle (E) Mumbai - 400099	12.08.2020	08.08.2023	-

Consortium Member(s) to the Issue

As specified in the Prospectus.

Banker to the Issue

Public Issue Account Bank, Refund Bank and Sponsor Bank

As specified in the Prospectus.

Underwriting

The Issue is not underwritten.

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Recovery Expense Fund

The recovery expense fund to be created by our Company in the manner as specified by SEBI in circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and as updated on July 6, 2023, as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned links.

In relation to Applications submitted to a member of the Consortium, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Member of the Consortium at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) or any such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Members of the Consortium or the Trading Members of the Stock Exchange only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Members of the Syndicate or the Trading Members of the Stock Exchange is provided on (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45) or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchange only in the Specified Cities, see http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers / Designated RTAs /Designated CDPs

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and Master Circular No. SEBI/HO/MIRSD/POD-1/CIR/2023/70 dated May 17, 2023 and the ASBA Circular, applicants can submit ASBA Forms in the Issue using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.

The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 for Registered Brokers and http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 for RTAs and CDPs, as updated from time to time and of the website of NSE at https://www.nseindia.com/nse-clearing/transfer-agent.

In relation to Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers is available on the website of the SEBI at www.sebi.gov.in and updated from time to time.

For further details, see "*Issue Procedure*" on page 218.

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

Minimum subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹ 7,500 lakh, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as maybe specified by SEBI. In the event there is a delay by our Company in unblocking the Application Amount within the prescribed time limit, our Company shall be liable to repay the money, with interest at the rate of 15 % per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds, please see "*Objects of the Issue*" on page 68 of this Draft Prospectus.

Issue Schedule

Issue opens on	As specified in the Prospectus.
Issue closes on*	As specified in the Prospectus.
Pay in date	Application Date. The entire Application Amount is payable on Application.
Deemed date of allotment	The date on which the Investment and Borrowing Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Investment and Borrowing Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

*Note: * This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the prospectus, except that the Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from the date of filing the Prospectus with ROC) as may be decided by the Investment and Borrowing Committee, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time). On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

Application Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Consortium or the Trading Members of the Stock Exchanges, as the case maybe, at the centres mentioned in Application Form through the ASBA mode, (ii) directly by the Designated Branches of the SCSBs or (iii) by the centres of the Consortium, sub-brokers or the Trading Members of the Stock Exchanges, as the case maybe, only at the selected cities. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange platform would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that, within each category of investors the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchanges in accordance with the SEBI Master Circular, except on the day of oversubscription, if any, where the Allotment will be proportionate.

Responsibilities of the Lead Manager:

The following table sets forth responsibility of various activities for the Lead Manager:

S. No.	Activities
1.	Due diligence of Company's operations/ management/ business plans/ legal etc. • Drafting of the offering document. • Coordination with Stock Exchanges for in-principle approval.
2.	Structuring of various issuance options with relative components and formalities etc.
3.	Co-ordination with auditors for auditor deliverables and co-ordination with lawyers for legal opinion.
4.	Drafting and approval of statutory advertisement.
5.	Appointment of other intermediaries i.e., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank, Refund Bank and Sponsor Bank.
6.	Coordination with the printer for designing and finalization of Issue Documents, Application Form including memorandum containing salient features of the Issue Documents.
7.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 4 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.
8.	Preparation of road show presentation, FAQs.
9.	Marketing strategy which will cover, inter alia: • Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Issue Documents, posters, banners, etc. • Finalize collection centers; • Coordinate with Registrar for collection of Application Forms by ASBA banks; • Finalization of list and allocation of institutional investors for one on one meetings.
10.	Domestic institutions/banks/mutual funds marketing strategy: • Finalize the list and division of investors for one on one meetings, institutional allocation
11.	Non-institutional marketing strategy which will cover, inter alia: • Finalize media, marketing and public relation strategy and publicity budget; • Finalize centers for holding conferences for brokers, etc.
12.	Coordination with the Stock Exchanges for use of the bidding software
13.	Coordination for security creation by way of execution of Debenture Trust Deed
14.	Post-issue activities including: • Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and • Allotment resolution
15.	• Drafting and finalization of post issue stationery items like, allotment and refund advice, etc.; • Coordination for generation of ISINs; • Corporate action for dematerialized credit /delivery of securities; • Coordinating approval for listing and trading of securities; and Redressal of investor grievances in relation to post issue activities.

CAPITAL STRUCTURE

Details of share capital

The following table lays down details of our authorised, issued, subscribed and paid-up share capital and securities premium account as on September 30, 2023:

(In ₹, except for share data)

Particulars	Amount in (₹)
AUTHORISED SHARE CAPITAL	
10,45,00,000 Equity Shares of face value of ₹ 10 each	104,50,00,000
2,05,00,000 preference shares of face value of ₹ 10 each	20,50,00,000
TOTAL	**125,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
9,24,98,482 Equity Shares of face value of ₹ 10 each	92,49,84,820
Nil preference shares of face value of ₹ 10 each	Nil
TOTAL	**92,49,84,820**
Securities Premium Account^	**1064,27,62,066.90**

Note: There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.

^Includes securities premium received on account of issuance of equity share capital and preference share capital of our Company net-off applicable Ind AS adjustments as of September 30, 2023.

1. Changes in capital structure of our company as at September 30, 2023 and for the preceding three financial years:

S. No.	Date of Change (Annual General Meeting/ Extraordinary General Meeting)	Particulars
1.	May 11, 2023 (Postal Ballot)	Increase the authorized Share Capital of the Company, from the existing ₹ 102,00,00,000 divided into 8,15,00,000 Equity Shares of ₹ 10 each and 2,05,00,000 preference shares of ₹ 10 each to ₹ 125,00,00,000 divided into 10,45,00,000 Equity Shares of ₹ 10 each and 2,05,00,000 preference shares of ₹ 10 each.

**Apart from the particulars mentioned herein, there has been no change in the authorised share capital of our Company for the last three financial years and as at September 30, 2023.*

2. Equity Share capital history of our Company for the preceding three financial years and current financial year as on December 26, 2023:

The history of the paid-up Equity Share capital of our Company for the preceding three financial years and current financial year is set forth below:

Equity Shares having a face value of ₹ 10 each

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, Other than Cash, etc.) (₹)	Nature of Allotment	Cumulative		
						Number of Equity Shares	Equity Share Capital (in ₹)	Equity Shares Premium (in ₹)
Opening Balance as on April 1, 2020						**7,05,28,550**	**70,52,85,500**	**7,76,73,44,826**
January 06, 2022	30,769	10	130	Cash	Allotment pursuant to ESOP 2017 (1)	7,05,59,319	70,55,93,190	7,77,10,37,106
April 13, 2023	66,11,325	10	152	Cash	Allotment pursuant to Qualified Institutional Placement	7,71,70,644	77,17,06,440	8,70,98,45,256
May 17, 2023	1,52,38,095	10	157.50	Cash	Allotment pursuant to Preferential Allotment	9,24,08,739	92,40,87,390	10,95,74,64,306
May 26, 2023	24,615	10	130	Cash	Allotment pursuant to ESOP 2017 (2)	9,24,33,354	92,43,33,540	10,96,04,18,106
August 03, 2023	60,000	10	130	Cash	Allotment pursuant to ESOP 2017 (3)	9,24,93,354	92,49,33,540	10,96,76,18,106
September 22, 2023	5,128	10	130	Cash	Allotment pursuant to ESOP 2017 (4)	9,24,98,482	92,49,84,820	10,96,82,33,466
November 23, 023	6,700	10	173.85	Cash	Allotment pursuant to ESOP 2017(5)	9,25,48,532	92,54,85,320	10,97,45,58,051
	3,350	10	137.40	Cash				
	20,000	10	130	Cash				
	20,000	10	130	Cash				

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, Other than Cash, etc.) (₹)	Nature of Allotment	Cumulative		
						Number of Equity Shares	Equity Share Capital (in ₹)	Equity Shares Premium (in ₹)
December 22, 2023	51,307	10	130	Cash	Allotment pursuant to ESOP 2017[(6)]	9,25,99,839	92,59,98,390	10,98,07,14,891
Closing Balance as on December 26, 2023#						9,25,99,839	92,59,98,390	10,98,07,14,891

(1) Allotment of 30,769 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
(2) Allotment of 24,615 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
(3) Allotment of 60,000 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
(4) Allotment of 5,128 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
(5) Allotment of 50,050 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
(6) Allotment of 51,307 equity shares under the 'CSL Employee Stock Option Scheme 2017' of the Company.
 # The closing balance as on December 26, 2023 is not adjusted with share issue expense and other adjustments.

5. **Shareholding pattern of our Company as on the last quarter end:**

The table below presents the shareholding pattern of our Company as on September 30, 2023.

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total no. shares held (VII)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of (A+B+C)							
								Class e.g.: Equity Shares	Class e.g.: Y	Total				Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**				**(X)**	**(XI)**	**(XII)**		**(XIII)**		**(XIV)**
(A)	Promoter & Promoter Group	2	2074009	0	0	2074009	2.24	2074009	0	2074009	2.24	0	2.24	0	0	0	0	2074009
(B)	Public	19674	89186221	0	0	89186221	96.42	89186221	0	89186221	96.42	0	96.42	15238095	17.09	NA	NA	89141501
(C)	Non-Promote	1	1238252	0	0	1238252	NA	1238252	0	1238252.00	1.34	0	NA	0	0	NA	NA	1238252

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total no. shares held (VII)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of (A+B+C)							
								Class e.g.: Equity Shares	Class e.g.: Y	Total				Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
	r – Non-Public																	
(C1)	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C2)	Shares Held by Employee Trust	1	1238252	0	0	1238252	1.34	1238252	0	1238252	1.34	0	1.34	0	0	NA	NA	1238252
	Total	**19677**	**92498482**	**0**	**0**	**92498482**	**100**	**92498482**	**0**	**92498482**	**100**	**0**	**100**	**15238095**	**16.4738**	**0**	**0**	**92453762**

6. Statement showing shareholding pattern of the Promoter and Promoter Group:

	Category & Name of the shareholders	Entity Type	PAN	No. of shareholders	No. of fully paid-up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
										No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
										Class eg: X	Class eg: y	Total								
	(I)		(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+ (V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Indian**																			
(a)	Individuals / Hindu Undivided Family			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	Central Government / State Government(s)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions / Banks			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(d)	**Any Other (Specify)**			2	2074009	0	0	2074009	2.24	2074009	0	2074009	2.24	0	2.24	0	0	0	0	2074009
	Persons Acting In Concert			1	46300	0	0	46300	0.05	46300	0	46300	0.05	0	0.05	0	0	0	0	46300
	Shachindra Nath	Promoter Group	ABOPN3798F	1	46300	0	0	46300	0.05	46300	0	46300	0.05	0	0.05	0	0	0	0	46300
	Bodies Corporate			1	2027709	0	0	2027709	2.19	2027709	0	2027709	2.19	0	2.19	0	0	0	0	2027709
	Poshika Advisory Services LLP	Promoter	AAVFP0398R	1	2027709	0	0	2027709	2.19	2027709	0	2027709	2.19	0	2.19	0	0	0	0	2027709
	Sub Total (A)(1)			2	2074009	0	0	2074009	2.24	2074009	0	2074009	2.24	0	2.24	0	0	0	0	2074009
2	**Foreign**																			
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	**Government**			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	**Institutions**			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	**Foreign Portfolio Investor**			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	**Any Other (Specify)**			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (A)(2)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Shareholding Of Promoter And Promoter Group			2	2074009	0	0	2074009	2.24	2074009	0	2074009	2.24	0	2.24	0	0	0	0	2074009

	(A)= (A)(1)+(A)(2)																			

7. Statement showing shareholding pattern of public Shareholders:

Sr. No.	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	Sub-categorization of shares		
									No. of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)		Shareholding(No. of shares) under		
									Class eg: X	Class eg: y	Total									Sub-category (i)	Sub-category(ii)	Sub-category(iii)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	(XV)		
1	Institutions (Domestic)																					

(a)	**Mutual Fund**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(b)	**Venture Capital Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(c)	**Alternate Investment Funds**		4	1021932	0	0	1021932	1.10	1021932	0	1021932	1.10	0	1.10	0	0	NA	NA	1021932	0	0	0
(d)	**Banks**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(e)	**Insurance Companies**		4	4360483	0	0	4360483	4.71	4360483	0	4360483	4.71	0	4.71	0	0	NA	NA	4360483	0	0	0
	SBI Life Insurance Co. Ltd	AAFCS2530P	1	1737400	0	0	1737400	1.88	1737400	0	1737400	1.88	0	1.88	0	0	NA	NA	1737400			
	Go Digit General Insurance Limited	AACCO4128Q	1	1532692	0	0	1532692	1.66	1532692	0	1532692	1.66	0	1.66	0	0	NA	NA	1532692			
(f)	**Provident Funds/ Pension Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(G)	**Asset Reconstruction Companies**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(h)	**Sovereign Wealth Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(i)	**NBFCs registered with RBI**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(j)	**Other Financial Institutions**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(k)	**Any Other (Specify)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			

	Sub Total (B)(1)		8	5382415	0	0	5382415	5.82	5382415	0	5382415	5.82	0	5.82	0	0	NA	NA	5382415	0	0	0
2	**Institutions (Foreign)**																					
(a)	**Foreign Direct Investment**		1	15238095	0	0	15238095	16.47	15238095	0	15238095	16.47	0	16.47	15238095	100	NA	NA	15238095	0	0	0
	Danish Sustainable Development Goals Investment Fund K S	AAPFD8521L	1	15238095	0	0	15238095	16.47	15238095	0	15238095	16.47	0	16.47	15238095	100	NA	NA	15238095	15238095		
(b)	**Foreign Venture Capital Investors**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(c)	**Sovereign Wealth Funds**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(d)	**Foreign Portfolio Investors Category I**		22	1754305	0	0	1754305	1.90	1754305	0	1754305	1.90	0	1.90	0	0	NA	NA	1754305	0	0	0
(e)	**Foreign Portfolio Investors Category II**		3	763879	0	0	763879	0.83	763879	0	763879	0.83	0	0.83	0	0	NA	NA	763879	0	0	0
(f)	**Overseas Depositories(holding DRs) (balancing figure)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(g)	**Any Other (Specify)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
	Sub Total (B)(2)		26	17756279	0	0	17756279	19.20	17756279	0	17756279	19.20	0	19.20	15238095	85.82	NA	NA	17756279	15238095	0	0
3	**Central Government/ State Government(s)**																					
(a)	**Central Government / President of India**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			

(b)	**State Government / Governor**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(C)	**Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
	Sub Total (B)(3)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
4	**Non-Institutions**			0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(a)	**Associate companies / Subsidiaries**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(b)	**Directors and their relatives (excluding Independent Directors and nominee Directors)**		1	148076	0	0	148076	0.16	148076	0	148076	0.16	0	0.16	0	0	NA	NA	148076	0	0	0
(C)	**Key Managerial Personnel**		1	5	0	0	5	0	5	0	5	0	0	0	0	0	NA	NA	5	0	0	0
(D)	**Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(E)	**Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust''**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(f)	**Investor Education and Protection Fund (IEPF)**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			

(g)	**i. Resident Individual holding nominal share capital up to Rs. 2 lakh.**		18472	8397870	0	0	8397870	9.08	8397870	0	8397870	9.08	0	9.08	0	0	NA	NA	8353950	0	0	0
(h)	**ii. Resident individual holding nominal share capital in excess of Rs. 2 lakh.**		110	11098324	0	0	11098324	12.00	11098324	0	11098324	12.00	0	12.00	0	0	NA	NA	11098324	0	0	0
	Suresh Kumar Agarwal	AAGFR0822H		1500000	0	0	1500000	1.62	1500000	0	1500000	1.62	0	1.62	0	0	NA	NA	1500000			
(i)	**Non Resident Indians (NRIs)**		483	2069764	0	0	2069764	2.24	2069764	0	2069764	2.24	0	2.24	0	0	NA	NA	2069764	0	0	0
(j)	**Foreign Nationals**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0			
(k)	**Foreign Companies**		3	36189315	0	0	36189315	39.12	36189315	0	36189315	39.12	0	39.12	0	0	NA	NA	36189315	36189315	0	0
	Clearsky Investment Holdings Pte Limited	AAHCC3694C	1	15116279	0	0	15116279	16.34	15116279	0	15116279	16.34	0	16.34	0	0	NA	NA	15116279	15116279	0	0
	Newquest Asia Investments III Limited	AAFCN5269G	1	15116279	0	0	15116279	16.34	15116279	0	15116279	16.34	0	16.34	0	0	NA	NA	15116279	15116279	0	0
	Samena Fidem Holdings	ABACS5075P	1	5956757	0	0	5956757	6.44	5956757	0	5956757	6.44	0	6.44	0	0	NA	NA	5956757	5956757	0	0
(l)	**Bodies Corporate**		180	6596219	0	0	6596219	7.13	6596219	0	6596219	7.13	0	7.13	0	0	NA	NA	6595419	0	0	0
	Suryavanshi Commotrade Private Limited	AADCS6807R	1	1445936	0	0	1445936	1.56	1445936	0	1445936	1.56	0	1.56	0	0	NA	NA	1445936			
(m)	**Any Other (Specify)**		390	1547954	0	0	1547954	1.67	1547954	0	1547954	1.67	0	1.67	0	0	NA	NA	1547954	0	0	0
	Trusts		2	170200	0	0	170200	0.18	170200	0	170200	0.18	0	0.18	0	0	NA	NA	170200	0	0	0

	Body Corp-Ltd Liability Partnership		16	651600	0	0	651600	0.70	651600	0	651600	0.70	0	0.70	0	0	NA	NA	651600	0	0	0
	Hindu Undivided Family		371	726086	0	0	726086	0.78	726086	0	726086	0.78	0	0.78	0	0	NA	NA	726086	0	0	0
	Clearing Member		1	68	0	0	68	0.00	68	0	68	0.00	0	0.00	0	0	NA	NA	68	0	0	0
	Sub Total (B)(4)		19640	66047527	0	0	66047527	71.40	66047527	0	66047527	71.40	0	71.40	0	0	NA	NA	66002807	36189315	0	0
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)+B(4)		19674	89186221	0	0	89186221	96.42	89186221	0	89186221	96.42	0	96.42	15238095	17.09	NA	NA	89141501	51427410	0	0

8. Statement showing shareholding pattern of non-Promoter – non-public Shareholders:

Sr. No,	**Category & Name of the shareholders**	**PAN**	**No. of shareholders**	**No. of fully paid-up equity shares held**	**Partly paid-up equity shares held**	**No. of shares underlying Depository Receipts**	**Total nos. shares held**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)**	**Number of Voting Rights held in each class of securities**				**No. of Shares Underlying Outstanding convertible securities (including Warrants)**	**Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)**	**Number of Locked in shares**		**Number of Shares pledged or otherwise encumbered**		**Number of equity shares held in dematerialised form**
									No. of Voting Rights			**Total as a % of (A+B+C)**			**No. (a)**	**As a % of total Shares held(b)**	**No. (a)**	**As a % of total Shares held(b)**	
									Class eg: X	**Class eg: y**	**Total**								
	(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII) = (IV)+(V)+(VI)**	**(VIII) As a % of (A+B+C2)**	**(IX)**				**(X)**	**(XI)= (VII)+(X) As a % of**	**(XII)**		**(XIII)**		**(XIV)**

														(A+B+C2)					
(C)(1)	**Custodian /DR Holder**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C)(2)	**Employee Benefit Trust / Employee Welfare Trust under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021**		1	1238252	0	0	1238252	1.34	1238252	0	1238252	1.34	0	1.34	0	0	NA	NA	1238252
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		1	1238252	0	0	1238252	1.34	1238252	0	1238252	1.34	0	1.34	0	0	NA	NA	1238252

9. List of top ten holders of Equity Shares as on September 30, 2023:

S. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Danish Sustainable Development Goals Investment Fund K S	1,52,38,095	1,52,38,095	16.47
2.	Clearsky Investment Holdings Pte Limited	1,51,16,279	1,51,16,279	16.34
3.	NewQuest Asia Investments III Limited	1,51,16,279	1,51,16,279	16.34
4.	Samena Fidem Holdings	59,56,757	59,56,757	6.44
5.	Poshika Advisory Services LLP	20,27,709	20,27,709	2.19
6.	SBI Life Insurance Co. Limited	17,37,400	17,37,400	1.88
7.	Go Digit General Insurance Limited	15,32,692	15,32,692	1.66
8.	Suresh Kumar Agarwal	15,00,000	15,00,000	1.62
9.	Suryavanshi Commotrade Private Limited	14,45,936	14,45,936	1.56
10.	Employee Benefit Trust	12,38,252	12,38,252	1.34
TOTAL		6,09,09,399	6,09,09,399	65.85

10. List of top ten holders of non-convertible securities as on September 30, 2023 (on cumulative basis):

S. No.	Name	Category of holder	Face value of holding (in INR lakh)	% of Total Non-Convertible Securities outstanding
1	UTI International Wealth Creator 4	Institution	10,700.00	13.93
2	Vivriti Alpha Debt Fund	Institution	6,900.00	8.98
3	S K Finance Limited	Corporate	5,000.00	6.51
4	GMO-Z.Com Payment Gateway India Credit Fund	Foreign Portfolio Investor	2,800.00	3.65
5	The Kangra Central Co-Op Bank Ltd	Cooperative Bank	2,500.00	3.25
6	Northern Arc Capital Limited	Corporate	2,500.00	3.25
7	Vivriti Short Term Bond Fund	Institution	2,336.68	3.04
8	Ajanta Pharma Limited	Corporate	1,500.00	1.95
9	Vivriti Emerging Corporate Bond Fund	Institution	600.00	0.78
10	Capri Global Holdings Private Limited	Corporate	550.00	0.72
TOTAL		-	35,386.68	46.06

11. Shareholding of the Promoter and Promoter Group in our Company as on September 30, 2023:

S. No.	Name of the Promoter / Promoter Group	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares
1.	Poshika Advisory Services LLP (Promoter)	20,27,709	20,27,709	2.19
2.	Shachindra Nath (Promoter Group)	46,300	46,300	0.05
	TOTAL	20,74,009	20,74,009	2.24

12. Details of the Directors' shareholding in our Company, as on September 30, 2023:

Except as disclosed below**,** none of the Directors hold any Equity Shares, qualification shares or any outstanding options in our Company as on September 30, 2023:

S. No.	Name of the Director	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares on fully diluted basis
1.	Shachindra Nath	46,300	46,300	0.05
	TOTAL	46,300	46,300	0.05

13. Statement of the aggregate number of securities of our Company and our Subsidiaries purchased or sold by Promoter Group, our Directors and the directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Except as disclosed below, none of our Promoter Group, Directors and the Directors of our Promoters and/or their relatives have purchased or sold any securities of our Company, within six months immediately preceding the date of filing this Draft Prospectus:

Our Promoter Group member, Mr. Shachindra Nath acquired 46,300 equity shares of face value ₹ 10 each on August 09, 2023.

14. (a) Statement of capitalization (Debt to Equity Ratio) of our Company –

(in ₹ lakh)

Particulars	Pre-issue as at September 30, 2023	Post-issue (as adjusted for the issue)*
Debt		
Debt Securities*	1,03,644.88	1,23,644.88
Borrowings (other than debt securities)	2,76,175.78	2,76,175.78
Total Debt (i)	3,79,820.66	3,99,820.66
Equity		
Equity Share Capital	9,126.03	9,126.03
Other Equity	1,27,977.12	1,27,977.12
Total Equity (ii)	1,37,103.15	1,37,103.15
Debt/Equity (iii= (i) / (ii))	2.77	2.92

** The debt-equity ratio post Issue in indicative on account of the assumed inflow of ₹ 20,000 lakh from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

15. Details of shareholding of our Promoters in our Company's Subsidiaries.

As on the date of this Draft Prospectus, our Company has no subsidiary.

16. Debt securities issued at a premium or a discount.

Except as set out in "*Disclosures on Existing Financial Indebtedness*" on page 158 of this Draft Prospectus, our Company does not have any existing debt securities issued at a premium or discount.

17. Details of any acquisition or amalgamation with any entity in the preceding one year.

Our Company has not made any acquisition or amalgamation with any entity in the preceding one year prior to the date of this Draft Prospectus.

18. Details of any reorganization or reconstruction in the preceding one year.

Our Company has not made any reorganisation or reconstruction in the preceding one year prior to the date of this Draft Prospectus.

19. **Details of shareholding of Directors in subsidiaries, associates and joint ventures as of the date of this Draft Prospectus.**

As on the date of this Draft Prospectus, our Company has no subsidiary, associates and joint ventures.

20. **Details of change in the promoter holding in our Company during the preceding financial year beyond the threshold prescribed by the RBI from time to time.**

There has been no change in the promoter holding in our Company during the preceding financial year beyond 26%.

21. None of the Equity Shares held by the Promoter and Promoter Group in our Company are pledged or encumbered otherwise by our Promoters and Promoter Group.

22. **Employee Stock Option Plans.**

As on September 30, 2023, our Company has two Employee Stock Option Plans which are:

(i) **'CSL Employee Stock Option Scheme 2017':** The said scheme was approved by board of directors on December 31, 2017 and by the shareholders through postal ballot on May 07, 2018 (Results of which were declared on May 09, 2018) and ratified by the shareholders in Extra-ordinary General Meeting held on September 18, 2018 and amended by the shareholders through postal ballot on May 5, 2022 (Results of which declared on May 6, 2022). The number of options outstanding under 'CSL Employee Stock Option Scheme 2017' as on September 30, 2023 is 2,169,076.

(ii) **'Ugro Capital Employee Stock Option Scheme – 2022':** The said scheme was approved by board of directors on July 22, 2022, and by the shareholders through postal ballot on September 04, 2022. The number of options outstanding under the 'Ugro Capital Employee Stock Option Scheme – 2022' as on September 30, 2023 is 1,039,825.

OBJECTS OF THE ISSUE

Issue proceeds

Our Company has filed this Draft Prospectus for a public issue of 20,00,000, secured, rated, listed, redeemable non-convertible debentures of face value of ₹ 1,000 each ("**NCDs**") for an amount up to ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), for an aggregate amount of up to ₹ 20,000 lakh ("**Issue Size**" or "**Issue Limit**").

The Issue is being made pursuant to the provisions of the SEBI NCS Regulations and the Companies Act and the rules made there under. Our Company proposes to utilize the proceeds raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**") towards funding the objects listed under this section.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (in ₹ lakh)
Gross proceeds of the Issue	As specified in Prospectus
Less: Issue related expenses*	As specified in Prospectus
Net Proceeds	As specified in Prospectus

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of Allottees, market conditions and other relevant factors.*

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue (collectively, referred to herein as the "**Objects**") and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Issue	Percentage of Amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending and financing business of the Company in the ordinary course of business (including for repayment / refinance of existing debts of the Company)*	At least 75%
2.	General corporate purposes**	Not exceeding 25%
Total		100%

** Our Company shall not utilise the proceeds of this Issue towards payment of prepayment penalty, if any.*

*** The Net Proceeds will be first utilised towards the Objects mentioned above. The balance is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Issue related expenses

The expenses of this Issue include, among others, fees for the Lead Manager and selling commission to the Lead Manager/Consortium Member, printing and distribution expenses, legal fees, advertisement expenses, fees payable to RTA, Debenture Trustee, SCSBs' commission / fees, listing fees, commission and fees payable to the intermediaries as provided for in the SEBI Master Circular, and any other expense directly related to Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue is as follows*:

Particulars	Amount (₹ in lakh)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Lead manager(s) fees	[●]	[●]	[●]
Underwriting commission	[●]	[●]	[●]
Brokerage, selling commission and upload fees	[●]	[●]	[●]
Fees payable to the registrars to the issue	[●]	[●]	[●]
Fees payable to the legal Advisors	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the regulators including stock exchanges	[●]	[●]	[●]
Expenses incurred on printing and distribution of issue stationary	[●]	[●]	[●]
Any other fees, commission or payments under whatever nomenclature	[●]	[●]	[●]
Grand Total	[●]	[●]	[●]

**Assuming the Issue is fully subscribed. The estimated expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors*

Purpose for which there is a requirement of funds

As stated in this section.

Funding plan

Our Company confirms that for the purpose of this Issue, funding plan will not be applicable.

Summary of the project appraisal report

Our Company confirms that for the purpose of this Issue, summary of the project appraisal report will not be applicable.

Schedule of implementation of the project

Not applicable.

Interim use of proceeds

Our Board of Directors, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board or a committee thereof. Such investment would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board and Audit Committee shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2024, our Company will disclose in our financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon receipt of minimum subscription, i.e. 75% of base issue size relating to the Issue, the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges. Our Company, within forty-five days from the end of every quarter or such other period as per applicable law, submit to the stock exchanges, a statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Other Confirmation

The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter except in the usual course of business.

No part of the proceeds from this Issue will be utilized for buying, trading or otherwise dealing in equity shares of any other listed company.

Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Our Company confirms that it will not use the proceeds from the Issue or any part of the proceeds, directly or indirectly, for the purchase of any business or in the purchase of an interest in any business and by reason of that purchase or anything done in consequence thereof, or in connection therewith our Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect)for which advances have been paid to third parties or acquisition of securities of any other body corporate.

Our Company confirms that it will not use the proceeds of the Issue in the purchase of any interest in any business by reason of which, or anything to be done in consequence thereof, or in connection therewith, the Company shall become entitled to an interest in either the capital or profits and losses or both, in such business exceeding 50% thereof.

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the Promoter Group or Group Companies.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

General Corporate Purposes

Our Company intends to deploy up to 25% of the amount raised and allotted in the Issue for general corporate purposes, including but not restricted to routine capital expenditure, renovations, strategic initiatives, meeting any expenditure in relation to our Company as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by our Board of Directors or duly authorized committee thereof.

Variation in terms of contract or objects

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Benefit or interest accruing to Promoters or Directors out of the objects of the Issue

There is no benefit or interest accruing to the Promoter or Directors from the Objects of the Issue.

STATEMENT OF POSSIBLE TAX BENEFITS

Date: December 29, 2023

To,

The Board of Directors
UGRO Capital Limited
Equinox Business Park,
Tower 3, Fourth Floor,
Off BKC, LBS Road,
Kurla, Mumbai,
Maharashtra – 400070

JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai
Maharashtra – 400 025

(Hereinafter referred to as the "**Lead Manager**", in relation to the Issue)

Dear Sirs,

Re: Proposed public issue by UGRO Capital Limited ("Company" / "Issuer") of rated, secured, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each ("NCDs") for an amount up to ₹ 10,000 lakh ("Base Issue Size") with an option to retain over subscription up to ₹10,000 lakh ("Green Shoe Option"), aggregating to ₹ 20,000 lakh ("Issue").

1. We, Sanjay Rane & Associates LLP, Chartered Accountants, (Firm Registration Number: 121089W/W100878), have been requested by the Company to provide this report, issued in accordance with the terms of our engagement letter dated 11th December, 2023 in context of the Issue in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**") and applicable provisions of the Companies Act, by the Company.

2. The accompanying 'Statement of Possible Tax Benefits available to Debenture Holders', attached herewith (the "**Statement**"), prepared by the Company, initialed by us for identification purpose, proposed to be included in the Draft Prospectus and Prospectus (the "**Offer Documents**") of the Company, states the possible tax benefits available to the Company and its Debenture Holders, as per the provisions of the direct and indirect tax laws, including the Income-tax Act, 1961, read with Income tax Rules, 1962 including amendments made by Finance Act, 2023, other relevant circulars and notifications, as applicable for the financial year 2023-24, Customs Act, 1962 and Foreign Trade Policy 2023 as applicable for the financial year 2023-24 relevant to the assessment year 2024-25, presently in force in India as on the signing date as well as any tax benefit ("**Relevant Tax Laws**"). These possible tax benefits are dependent on its debenture holders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961. Hence, the ability of its debenture holders to derive these possible tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly its debenture holders may or may not choose to fulfill.

Management's Responsibility:

3. The preparation of this Statement is the responsibility of the management of the Company. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The management is also responsible for ensuring compliance with the requirements of SEBI NCS Regulations, and other applicable rules and regulations, for the purpose of furnishing this Statement and for providing all relevant information to the Lead Manager and Stock Exchanges.

Auditor's Responsibility:

5. Pursuant to the SEBI NCS Regulations, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the current position of possible tax benefits available to the debenture holders of the Company, under the Relevant Tax Laws as at the date of our certificate.

6. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Offer Documents.

7. We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (**Guidance Note**) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information. Several of the benefits mentioned in the Statement are dependent on the debenture holders of the Company fulfilling the conditions prescribed under the relevant provisions of the Relevant Tax Laws. Hence, the ability of the debenture holders of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the Statement are not exhaustive.

9. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

10. Further, we give no assurance that the tax authorities/courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

11. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible tax benefits available as of the date of this certificate, to the debenture holders of the Company, under the Relevant Tax Laws.

12. Considering the matters referred to in paragraph 3 above, we are unable to express any opinion or provide any assurance as to whether: (i) The debenture holders of the Company will continue to obtain the benefits as per the Statement in future; or (ii) The conditions prescribed for availing the benefits as per the Statement have been/ would be met with.

Restriction on Use

13. This certificate has been issued solely at the request of the Company's management for use in connection with the Issue and may accordingly be relied upon by the Lead Manager, intermediaries and legal counsel appointed for the Issue. This certificate may be furnished as required to the Securities and Exchange Board of India, Stock Exchanges and Registrar of Companies, Mumbai or any other regulatory authorities as required and shared with and relied on as necessary by the advisors and intermediaries duly appointed in this regard. We further consent to the aforementioned details being included for the records to be maintained by the Lead Manager in connection with the Issue and in accordance with applicable laws. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

14. We confirm that we will immediately inform the Issuer and Lead Manager to the Issue of any change, additions or deletions in respect of the matters covered in this certificate, informed to us by the management of the Company or if we become aware of the same till the date when the NCDs commence trading on the National Stock Exchange of India Limited and BSE Limited ("**Stock Exchanges**"). In the absence of any such communication from us, until

commencement of trading of the NCDs on Stock Exchanges, you may assume that there is no change, which has come to our notice, in respect to the matters covered in this certificate.

15. Any capitalized term that has not been defined shall have the meaning attributed to it in the Offer Documents.

Sd/-
For Sanjay Rane & Associates LLP
Chartered Accountants
Firm Registration No: 121089W/W100878

CA. Abhijeet Deshmukh
Partner
Membership No: 129145

Date: December 29, 2023
Place: Mumbai
UDIN: 23129145BGQKVD9252

ANNEXURE I

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS OF UGRO CAPITAL LIMITED

The information provided below sets out the possible tax benefits available to the Debenture Holders of secured, rated, listed, redeemable non-convertible debentures ("NCDs") of UGRO Capital Limited in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposing of the NCDs under the current tax laws presently in force in India. Several of these benefits are dependent on the Debenture Holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives a subscriber faces, may or may not choose to fulfill.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Subscribers are advised to consult their own tax consultant with respect to the tax implications of an investment in the NCDs, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may havea different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor advising the investor to invest money based on this Statement.

THE SUBSCRIBERS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING THE NCDs IN YOUR PARTICULAR SITUATION.

POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS UNDER THE INCOME TAX ACT, 1961, ("the IT ACT") PRESENTLY IN FORCE IN INDIA ON ACQUISITION OF THE NCDs.

1. The basis of charge of Indian income-tax would depend upon the residential status of the debenture holder during a tax year. The Indian tax year runs from April 1 until March 31.

2. If the debenture holder is an Indian tax resident, he is liable to income-tax in India on his worldwide income, subjectto certain tax exemptions, which are provided under the IT Act.

3. A debenture holder, who is treated as a non-resident for Indian income-tax purposes, is generally subject to tax in India only on his India-sourced income (i.e., income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. Since the NCDs would be issued by an Indian company, any income in respect of the NCDs and/or gains arising to the non-resident debenture holder on transfer would generally be regarded as India- sourced income and would accordingly be taxable in India under the IT Act.

4. In case of non-resident debenture holders, the tax rates and the consequent taxation, mentioned in this part shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA" or "tax treaty"), if any, between India and the country of residence of the non-resident, subject to satisfying the relevant conditions including but not limited to:

   - conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument ("MLI") as ratified by India with the respective country of which the said debenture holder is a tax resident;
   - non-applicability of General Anti-Avoidance Rule ("GAAR"); and
   - providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

5. All references to NCDs hereinafter refer to secured, rated, listed, redeemable, non-convertible debentures issued by the Company, unless statedotherwise.

6. **Determination of head of income for the purpose of taxability**

   The returns received by the investors from the NCDs in the form of interest and/or gains or loss on transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains from business or profession ("PGBP");
- Income from capital gains ("CG"); and
- Income from other sources ("IFOS")

If the NCDs are held as 'Stock-in-trade', interest income as well as gain or loss on its transfer will be taxable under the head PGBP, whereas, if the NCD are held as 'Investments', then the interest income will be taxable under the head IFOS and any gain or loss on its transfer will be assessed to tax under the head CG.

For determining the appropriate head of income (as mentioned above) vis-à-vis the interest income or gains earned on/from the NCD, it will be pertinent to analyse whether the NCDs are held as 'Investments' i.e., capital asset or as 'Stock-in- trade'. The conclusion can vary based on the facts of each investor's case (taking into account factors such as the volume of purchases and sales, ratio between purchases and sales, the period of holding, whether the intention is to earna profit from sale or to earn interest etc.).

The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016 that incomearising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "CapitalGains" unless the Assessee itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

Further, as per section 2(14) of the IT Act, 'capital asset' includes, *inter alia*, securities held by a Foreign Institutional Investor ("FII") now known as Foreign Portfolio Investor which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992 ("SEBI"). Accordingly, such securities, held by an FII, will be characterized as 'capital asset' and classification as 'Stock-in- trade' shall not apply.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

7. Taxation of Interest and Gain/Loss on transfer of NCDs

A. RESIDENT DEBENTURE HOLDERS:

1. In respect of Interest on NCDs

Interest on NCDs received by the NCD holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act (Refer Note 1 below). Interest will be assessed to income tax on an accrual basis or receipt basis depending on the method of accounting regularly employed by the debenture holder under section 145 of theIT Act.

1.1. **Taxable under the head PGBP**

As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regarded tobe in the nature of 'Stock-in-trade' and, accordingly, the interest on NCDs should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

1.1 **Taxable under the head IFOS**

Where the NCDs are held as investments by the debenture holders, then the interest income would be taxable under the head IFOS.

Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a bankeror any other person for the purpose of realizing dividend or interest on securities on behalf of the Assessee. Further,under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capitalexpenditure) laid out or expended wholly and exclusively for the purpose of making or earning the income.

Debentures received as gift without consideration or inadequate consideration

As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

2. In respect of Withholding taxes

2.1 Interest on NCDs received by its holder would be subject to deduction of tax at source ("TDS") at the rate of 10% at the time of credit or payment, whichever is earlier as per the provisions of section 193 of the IT Act.

2.2 Prior to Finance Act 2023, section 193 provided for no TDS in case of any interest payable on any security issued by a company, where such security was in dematerialized form and listed on a recognized stock exchange in India. However, the said relaxation has been omitted by Finance Act 2023 with effect from April 1, 2023. Accordingly, TDS at the rate of 10% would now be deductible on listed NCDs.

2.3 Section 193 further provides for non-deduction of tax at source in certain cases. Section 193 *inter* alia provides for no TDS where the aggregate amount of interest paid or likely to be paid during the financial year to an individual or HUF, being a resident, does not exceed ₹5,000 and such interest is paid by an account payee cheque.

2.4 No deduction of tax is required in case of resident individuals or resident Hindu Undivided Family ("HUF") if self- declaration in Form no. 15G/15H is furnished as per section 197A(1A)/(1C).

2.5 Further, as per section 196, no deduction of tax shall be made by any person from any sums payable to –

(i) the Government, or

(ii) the Reserve Bank of India, or

(iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income, or

(iv) a Mutual Fund specified under clause (23D) of section 10

2.6 Further, section 197A(1E) provides no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.

2.7 Section 206AA provides for a higher withholding rate in case of any person, who being entitled to receive any sum/ income on which TDS is deductible under Chapter XVIIB (deductee), fails to furnish his Permanent Account Number to the person responsible for deducting such TDS. The withholding tax rates in case of such person shall be higher of the following:

(i) at the rate specified in the relevant provision of the IT Act; or

(ii) at the rate or rates in force; or

(iii) at the rate of 20%.

2.8 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

(i) at twice the rate specified in the relevant provision of the IT Act; or

(ii) at twice the rate or rates in force; or

(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall bededucted at higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3. **In respect of Capital Gains arising from transfer of NCDs**

3.1 As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

3.2 As per section 2(29AA) read with section. 2(42A) of the IT Act, a capital asset shall be treated as a long-term capital asset ("LTCA"), if the same is held for more than 36 months immediately preceding the date of its transfer. However, in case of a listed security, the same shall be treated as a LTCA, if it is held for more than12 months immediately preceding the date of its transfer.

3.3 As per section 112 of the IT Act, Long Term Capital Gain ("LTCG") arising on transfer of the NCDs would besubject to tax at the rate of 20% (plus applicable surcharge and education cess). However, the amount of such tax shall be limited to 10% (plus applicable surcharge and education cess) without indexation, in case of listed NCDs.

3.4 As per the third proviso to section 48 of the IT Act, the benefit of indexation on the cost of acquisition of a LTCA under second proviso of section 48 of the IT Act, is not available in case of bonds and debenture, exceptcapital indexed bonds and sovereign gold bonds.

3.5 Short Term Capital Gains ("STCG") arising from transfer of the NCDs would be taxable as per the normal slab rates (Plus, applicable surcharge and education cess), subject to applicability of concessional tax regime.

3.6 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

3.7 Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the NCD holder, being an Individual or Hindu Undivided Family, on transfer of the NCDs would beexempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

However, the said exemption shall not be available, if the debenture holder:

(i) Owns more than one residential house, other than the new asset, on the date of transfer of the NCDs; or
(ii) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer ofthe NCDs; or
(iii) Constructs any residential house, other than the new asset, within a period of 3 years after the

date of transferof the NCDs; and

(iv) The income from such residential house, other than the one residential house owned on the date of transfer ofthe NCDs is chargeable under the head 'Income from house property'.

Where the cost of new asset exceeds Rs. 10 crores, the amount exceeding Rs. 10 crores shall not be taken into account for the purpose of section 54F (1). That is to say, the maximum deduction permissible under section 54F is restricted to Rs. 10 crores.

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, theamount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

3.8 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

3.9 A new section 50AA has been inserted by Finance Act 2023 for computation of capital gains in case of inter alia Market Linked Debentures ("MLDs") so as to tax the income from the same as short term capital gains irrespective of their period of holding. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

4. **In respect of Business Income arising from transfer of NCDs**

4.1 As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regardedto be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

4.2 In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e.net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

4.3 In terms of section 36(1)(xv) of the IT Act, the STT paid by the investor in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of incomechargeable under the head PGBP, if the income arising from taxable securities' transaction is included in such income.

5. **In respect of Set off and carry forward of the losses**

5.1 As per section 70 of the IT Act, Short Term Capital Loss ("STCL") computed for the given year is allowed to beset off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

5.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5.3 As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set off against business income from another source. Further, as per section 71 of theIT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

6. In case, where total income of any individual, HUF, Association of Person ("AOP") (except in case of an AOP having only companies as its members), Body of Individuals ("BOI"), Artificial Juridical Person ("AJP") includes any income *inter alia* by way of capital gains under sections 111A, 112 and 112A, the rate of surcharge on the amount of income- tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	Income other than Capital gains covered u/s111A, 112 and 112A	Capital gains covered u/s111A, 112 and 112A
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakh but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

#In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the highest rate of surcharge rate shall be 37%

B. NON-RESIDENT DEBENTURE HOLDERS OTHER THAN FOREIGN INSTITUTIONAL INVESTOR ("FII"):

1. In respect of Interest on NCDs

Interest on NCDs received by the NCD holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act. Interest will be assessed to income tax on accrual basis or receipt basis depending on the method of accounting regularly employed by the debenture holder under section 145 of the IT Act.

1.1 Taxable under the head PGBP

As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the interest on NCDs should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

1.2 Taxable under the head IFOS

Where the NCDs are held as investments by the debenture holders, then the interest income would be taxable under the head IFOS.

Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a bankeror any other person for the purpose of realizing dividend or interest on securities on behalf of the Assessee. Further, under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning theincome.

Debentures received as gift without consideration or inadequate consideration As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

2. In respect of Withholding taxes

2.1 Interest on the NCDs received by its holder would be subject to withholding tax at source at the time of credit or payment, whichever is earlier as per the provisions of section 195 of the IT Act. The applicable income-tax rate for deduction of tax at source has been provided in Part II of First Schedule to Finance Act, 2023.

2.2 However, no/lower income-tax shall be deductible if the holder of the NCDs obtains a certificate under sections 195(3) or 197(1) from the Assessing Officer for no deduction of tax at source or lower deduction at source and that certificate is furnished to the Company before the prescribed date of closure of books of account of the Companyfor payment of debenture interest.

2.3 The Company would be under an obligation to deduct tax at source under section 195 at applicable rates in force.In the absence of PAN of the debenture holder, tax would be deductible at higher of, the applicable rate or 20% as per section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-residentdebenture holder provides to the payer the following details as listed in Rule 37BC:

a) name, e-mail id, contact number;
b) address in the country or specified territory outside India of which the debenture holder is a resident;
c) Tax Residency Certificate and Form 10F filed electronically;
d) Tax Identification Number/ Unique Identification Number of the debenture holder.

2.4 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India; or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in theOfficial Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit forfurnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deductedat source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

a) at twice the rate specified in the relevant provision of the IT Act; or
b) at twice the rate or rates in force; or
c) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deductedat higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3. In respect of Capital Gains from transfer of NCDs

3.1 As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as ‘Investments’ in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

3.2 As per section 2(29AA) read with section 2(42A) of the IT Act, a capital asset shall be treated as a long-term capital asset (LTCA), if the same is held for more than 36 months immediately preceding the date of its transfer. However, in case of a listed security, the same shall be treated as a LTCA, if it is held for more than 12 months immediatelypreceding the date of its transfer.

3.3 Under the first proviso to Section 48 of the IT Act, in case of a non-resident investor, while computing the capital gains arising from transfer of the NCDs acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. The capital gains/loss in such a case is computed by converting the cost of acquisition, sale consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized for the purchase of the NCDs.

3.4 As per section 112 of the IT Act, Long Term Capital Gain (LTCG) arising on transfer of the NCDs would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, the amount of such tax shall, be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the debenture holder if the NCDs are listed.

3.5 As per the third proviso to section 48 of the IT Act, the benefit of indexation on the cost of acquisition of a LTCA under second proviso of section 48 of the IT Act, is not available in case of bonds and debenture, except capital indexed bonds and sovereign gold bonds.

3.6 Short Term Capital Gains (STCG) arising from transfer of the NCDs would be taxable as per the slab rates provided under Finance Act, 2023 (plus applicable surcharge and education cess), subject to applicability of concessional tax regime.

3.7 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

3.8 Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising inthe hands of the debenture holder, being an Individual or Hindu Undivided Family, on transfer of the debentureswould be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India (new asset).

However, the said exemption shall not be available, if the debenture holder:

a) Owns more than one residential house, other than the new asset, on the date of transfer of the NCDs; or

b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer ofthe NCDs; or

c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the NCDs; and

d) The income from such residential house, other than the one residential house owned on the date of transfer of the NCDs is chargeable under the head 'Income from house property'.

Where the cost of new asset exceeds Rs. 10 crores, the amount exceeding Rs. 10 crores shall not be taken into account for the purpose of section 54F (1). That is to say, the maximum deduction permissible under section 54F is restricted to Rs. 10 crores.

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year inwhich such residential house is transferred.

3.9 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

3.10 A new section 50AA has been inserted by Finance Act 2023 for computation of capital gains in case of inter *alia* Market Linked Debentures (MLDs) so as to tax the income from the same as short term capital gains irrespective of their period of holding. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

4. **In respect of Business Income from transfer of NCDs**

4.1 As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regardedto be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e.net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

In terms of section 36(1)(xv) of the IT Act, the STT paid by the investor in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of incomechargeable under the head PGBP, if the income arising from taxable securities transaction is included in such income.

5. **In respect of Set off and carry forward of Losses**

5.1 As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

5.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5.3 As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set off against business income from another source. Further, as per section 71 of theIT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

5.4 Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

6. Where the NCDs have been subscribed in convertible foreign exchange, Non-Resident Indians ("NRI"), i.e., an individual being a citizen of India or person of Indian origin who is not a resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

(i) Under section 115E of the IT Act, interest on NCDs shall be taxable in the hands of NRI at the rate of 20% (plus applicable surcharge and health & education cess) and the LTCG arising to the NRI shall be taxable at the rateof 10 % (plus applicable surcharge and health & education cess). While computing the LTCG, the benefit of indexation of cost would not be available.

(ii) Under section 115F of the IT Act, LTCG arising to an NRI from the transfer of the debentures subscribed to in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets or in any saving certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or saving certificate are transferred or converted into money within three years from the date of their acquisition.

(iii) Under section 115G of the IT Act, it shall not be necessary for an NRI to furnish his return of income under section139(1) of the IT Act if his total income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted thereon as per the provisions of Chapter XVII-B of the IT Act.

(iv) In accordance with the provisions of Section 115H of the IT Act, where an NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A of the IT Act shallcontinue to apply to him in relation to such investment income derived from the specified assets (which includes debentures issued by an Indian company which is not a private company) for that year and subsequent assessment years until such assets are transferred or converted into money.

(v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.

7. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the Assessee does not have aPermanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the Assessee is not required to seek registration under any law for the time being in force, relating to companies.

Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, dividend, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the IT Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit and loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to thebook profit for the purpose of computation of MAT.

8. In case, where total income of any individual, HUF, AOP (except in case of an AOP having only companies as its members), BOI, Artificial Juridical Person includes any income *inter alia* by way of capital gains under sections 111A,112 and 112A, the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	**Income other than Capital gains covered u/s111A, 112 and 112A**	**Capital gains covered u/s111A, 112 and 112A**
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakh but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

 # In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable.

9. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (*viz.* beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming tax treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, along with Form No. 10F as prescribed under section 90(5) of the IT Act. Further, vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically. Also, vide Circular dated December 12, 2022 read with Circular Dated March 28, 2023,CBDT has relaxed the requirement of electronic filing of Form 10F till September 30, 2023 in case of non- resident taxpayers who are not having PAN and are not required to obtain PAN as per relevant provisions of IT Act read with Income-tax rules, 1962.

C. NON-RESIDENT DEBENTURE HOLDERS – FIIs:

1. <u>In respect of Interest on NCDs</u>

1.1 Section 115AD (1) provides for taxation of income of *inter alia* FIIs/FPIs from securities or capital gains arising from their transfer. The rate of income-tax prescribed for income in respect of securities *inter alia* debentures is 20% (plus applicable surcharge and education cess).

1.2 The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act. FII/FPI debenture holders may avail tax treaty benefit (if any), subject to satisfaction of certain conditions.

2. <u>In respect of Capital Gains from transfer of NCDs</u>

2.1 As per section 2(29AA) read with section 2(42A) of the IT Act, a capital asset shall be treated as a long-term capital asset (LTCA), if the same is held for more than 36 months immediately preceding the date of its transfer. However,in case of a listed security, the same shall be treated as a LTCA, if it is held for more than 12 months immediately preceding the date of its transfer.

2.2 Capital gains taxable under section 115AD would be computed without giving effect to the first and second provisoto section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not be allowed while computing the Capital Gains. The rate of income-tax prescribed under the said section on capital gains income is as under:

(i) Short Term Capital Gains (other than gains covered under section 111A) – 30%
(ii) Long Term Capital Gains – 10%

2.3 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 115AD of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

2.4 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

2.5 A new section 50AA has been inserted by Finance Act 2023 for computation of capital gains in case of *inter alia* Market Linked Debentures (MLDs) so as to tax the income from the same as short term capital gains irrespective of their period of holding. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

3. <u>In respect of Withholding taxes</u>

3.1 Interest on NCDs received by its holder would be subject to withholding tax at source at the time of credit or payment, whichever is earlier as per the provisions of section 196D of the IT Act. The applicable income-tax rate would be 20% (plus applicable surcharge and education cess) as provided under section 196D of the IT Act, subject to treaty benefit entitlement.

3.2 In the absence of PAN of the debenture holder, tax would be deductible at higher of, the applicable rate or 20% asper section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-resident debenture holder provides to the payer the following details as listed in Rule 37BC:

(i) name, e-mail id, contact number;
(ii) address in the country or specified territory outside India of which the debenture holder is a resident;
(iii) Tax Residency Certificate and form 10F to be filed electronically
(iv) Tax Identification Number/ Unique Identification Number of the debenture holder.

3.3 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income forthe assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

(i) at twice the rate specified in the relevant provision of the IT Act; or
(ii) at twice the rate or rates in force; or
(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3.4 As per section 196D (2) of the IT Act, tax is not required to be deducted at source from any income, by way of Capital Gains arising to a FII from the transfer of securities referred to in section 115AD of the IT Act.

4. <u>In respect of Set off and carry forward of losses</u>

4.1 As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carriedforward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

4.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessmentyears for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country withwhich India has entered into a DTAA under section 90/90A of the IT Act and the Assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement andthe Assessee is not required to seek registration under any law for the time being in force, relating to companies.

Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, dividend, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the Income-tax Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit and loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

6. In case, where total income of any individual, AOP (except in case of an AOP having only companies as its members), BOI, Artificial Juridical Person includes any income *inter alia* by way of capital gains referred under section 115AD(1)(b), the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	Income other than Capital gains referredu/s 115AD(1)(b)	Capital gains covered referred u/s 115AD(1)(b)
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹50 lakh but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

 # In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable. In case of FIIs/FPIs, the applicability of section 115BAC needs to be evaluated.

7. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (*viz.* beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, along with Form No. 10F as prescribed under section 90(5) of the IT Act. Further, vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically. Also, vide Circular dated December 12,2022 read with Circular dated March 28, 2023, CBDT has relaxed the requirement of electronicc filing of Form 10F till September 30, 2023 in case of non-resident taxpayers who are not having PAN and are not required to obtain PAN as per relevant provisions of IT Act read with Income-tax rules, 1962.

D. ***Category III Alternative Investment Fund located in International Financial Services Centre & Investment Division of an Offshore Banking Unit:***

1. W.e.f. FY 2020-21, the provisions of section 115AD are extended to a 'specified fund' defined under clause (e) of the Explanation to clause (4D) of section 10. 'Specified fund' is defined to mean a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, –

(i) which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012 made under the SEBI Act, 1992 or regulated under the IFSC (Fund Management) Regulations, 2022 made under the IFSCAuthority Act, 2019;

(ii) which is located in any International Financial Services Centre; and

(iii) of which all the units are held by non-residents other than unit held by a sponsor or manager;

Finance Act, 2021 has w.e.f. FY 2021-22 further amended the definition of specified fund to also mean an investment division of an offshore banking unit, which has been—

(i) granted a certificate of registration as a Category I FPI under the SEBI (FPI), Regulations, 2019 made under the SEBI Act, 1992 which has commenced its operations on or before the 31st day of March, 2024; and
(ii) fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed.

2. The rate of income-tax prescribed under section 115AD(1) on various streams of income is as under:

(iii) Income in respect of securities inter alia debentures – 10%
(iv) Short Term Capital Gains covered under section 111A – 15%
(v) Other Short Term Capital Gains – 30%
(vi) Long Term Capital Gains – 10%

The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act.

3. The Finance Act, 2021 has further inserted a new sub-section (1B) w.e.f. FY 2021-22 which states that notwithstanding anything contained in section 115AD(1), in case of investment division of an offshore banking unit, the provisions of this section shall apply to the extent of income that is attributable to the investment division of such banking units.

The provisions of section 115AD shall apply only to the extent of income that is attributable to units held by non- resident (not being a permanent establishment of a non-resident in India) calculated in the prescribed manner. Further, as per section 115JEE, the provisions of Alternate Minimum Tax shall not apply to such specified funds.

4. Section 196D(1A) provides for deduction of tax on any income in respect of securities referred to in section 115AD(1)(a) at the rate of 10% (plus applicable surcharge and education cess). Provided that no deduction shall bemade in respect of an income exempt under section 10(4D). In the absence of PAN, TDS rate would be increased to 20% as per section 206AA.

E. ***Investment*** Funds – Category I or Category II Alternative Investment Fund ("AIF"):

1. Under section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" would be exempt from income tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012 or regulated underthe IFSC (Fund Management) Regulations, 2022 made under the IFSC Authority Act, 2019**.**

As per section 115UB(1) of the IT Act, any income accruing/arising/received by a person from his investment in Investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

2. In case, the Fund incurs any losses, only the business losses would be eligible to be carried forward and set-off by the Fund at the Fund level. The prescribed conditions laid down under the IT Act for carry forward and set off of losses should be applicable to the Fund in this regard.

3. Losses other than business loss shall be allowed to be carried forward and set-off by the Unit holders while computing the total tax liability, provided that the units of the Fund are held for a period of more than 12 months. Further, suchloss cannot be carried forward at Fund level even if the loss is not passed onto the Investors on account of non - fulfilment of condition of holding the units for at least 12 months. The eligible period for carry forward of losses woulddepend on the nature of loss.

4. **Section 115UB of the IT Act further provides that:**

   (i) Income paid or credited by Fund shall be deemed to be of the same nature and in the same proportion in the hands of the Investors as it had been received by or had accrued or arisen to Fund.

   (ii) Income accruing or arising to, or received by, Fund, during a particular financial year, if not paid or credited to the Investors shall be deemed to be credited to the account of the Investors on the last day of the financial year in the same proportion in which such Investors would have been entitled to receive the income, had it been paid in the same financial year.

5. As per section 10(23FBB) read with section 115UB of the IT Act, any business income, accruing or arising to or received by Investors of the Fund, shall be exempt in the hands of the Investors and taxed in the hands of the Fund at the rates specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

   Income received by Fund which is exempt in its hand under section 10(23FBA) would not be subjected to any withholding tax by virtue of section 197A(1F) read with Notification No.51/2015/SO1703(E) dated June 25, 2015.

6. Further, as per section 194LBB of the IT Act, where any income, other than that proportion of income which is of the same nature as income referred to in section 10(23FBB) of the IT Act, is payable to a unit holder in respect of units of an Investment Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon:

   (i) at the rate of 10% where the payee is a resident; and

   (ii) at the rates in force where the payee is a non-resident.

F. ***Mutual Funds***:

Under section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorized by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

G. Documents required in cases of lower/ non-deduction of TDS due to exemption available

Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest;

b. When the resident Debenture Holder with Permanent Account Number (‘PAN’) (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL; and

d. In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Please find below the class of resident investors and respective documents that would be required for granting TDS exemption, unless specified otherwise hereinabove:

Class of Investors	**Relevant Section which grants TDS exemption**	**Documents to be taken on record from Investors**
Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax atsource under section 193 ofthe IT Act,	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company. However, in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the casemay be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (iii) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
Non-residents- (Other than FIIs/FPIs)	For Non-deduction or lower deduction of tax at source u/s 195 of the IT Act	A certificate under section 197 of the IT Act from the Indian Assessing Officer for nil / lower deduction of tax at source by making an application in the prescribed form (i.e. Form No.13.)
Life insurance Corporation of India	Clause vi of Proviso to Section 193	a. Copy of Registration certificate
a. General Insurance Corporationof India, b. companies formed under section 16(1) of General Insurance Business Act, 1972 and c. any company in which GIC hasfull beneficial interest (100% d. shareholding)	Clause vii of Proviso to Section 193	a. Copy of Registration certificate Copy of shareholding pattern
Any Insurer (like SBI Life Insurance, Max Life Insurance etc.)	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA

Mutual Funds	Section 196(iv) read withSection 10(23D)	Copy of Registration certificate issued by SEBI / RBIand notification issued by Central Government
Government, RBI and corporationestablished under Central / State Act whose income is exempt from tax	Section 196(i),(ii) and (iii)	In case of Corporation, Declaration that their income isexempt from tax with applicable provisions
Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds, Employees' State Insurance Fund etc.	Section 10(25) and 10(25A)and CBDT Circular - 18/2017	Copy of Registration and Recognition certificate issuedby relevant statutory authorities and income-tax authorities and Declaration from the funds that their income is exempt u/s 10(25) and 10(25A)
New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017	Relevant Registration certificate issued to NPS Trustunder section Indian Trusts Act, 1882
Other entities like Local authority,Regimental Funds, IRDA etc.	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on theirincome
Alternative Investment Funds (Category I and II)	Section 197A(1F)	Copy of Registration certificate issued by SEBI

Note 1 – Tax rates

Resident Individuals and Hindu Undivided Families:

The FA, 2023 has amended section 115BAC of the IT Act by, inter alia, inserting sub-section (1A) thereto to provide that the tax regime provided under section 115BAC of the IT Act shall be the default tax regime applicable in case of an individual, HUF, AOP (other than a co-operative society), body of individual or artificial juridical, beginning with the financial year 2023-24, except where the assessee specifically opts to be governed by the erstwhile regime.

In such cases, the following shall be the rate of tax applicable:

Slab	Tax Rate
Total income up to INR 3,00,000	Nil
More than INR 3,00,000 but up to INR 6,00,000	5 per cent of excess over INR 3,00,000
More than INR 6,00,000 but up to INR 9,00,000	10 per cent of excess over INR 6,00,000 + INR 15,000
More than INR 9,00,000 but up to INR 12,00,000	15 per cent of excess over INR 9,00,000 + INR 45,000
More than INR 12,00,000 but up to INR 15,00,000	20 per cent of excess over INR 12,00,000 + INR 90,000
More than INR 15,00,000	30 per cent of excess over INR 15,00,000 + INR 1,50,000

In computing the income-tax under the new regime, certain deductions like standard deduction available to salaried taxpayers, etc., shall be allowed. However, most of the deductions/exemptions such as section 80C, 80D, etc. would need to be foregone.

A resident individual (whose total income does not exceed Rs 7,00,000) whose income is chargeable to tax under sub- section (1A) of section 115BAC can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 25,000, whichever is less. Further, where the total income exceeds Rs 7,00,000, the assessee shall be entitled for deduction of an amount equal to the amount by which the income-tax payable on the total income exceeds the amount by which the total income exceeds Rs 7,00,000.

Where the assessee as stated above, specifically opts to be governed by the erstwhile regime, the income earned by assessee should be liable to tax as per the applicable slab rates (plus applicable surcharge and health and education cess) based on the taxable income of such assessee. The slab rates applicable to such investors (other than resident individuals aged 60 years or more) are as follows:

Income	Tax Rate*
Up to INR 2,50,000#	NIL
Exceeding INR 2,50,000 up to INR 5,00,000@	5 per cent of the amount by which the total income exceeds INR 2,50,000
Exceeding INR 5,00,000 up to INR 10,00,000	20 per cent of the amount by which the total income exceeds INR 5,00,000 plus INR 12,500$
Exceeding INR 10,00,000	30 per cent of the amount by which the total income exceeds INR 10,00,000 plus INR 112,500$

@*A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.*

**plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).* # *for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.*

$*Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs*

10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.

Partnership Firms & LLP’s:

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education *cess* of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies:

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2020-21 (For AY 2023-24) and in FY 2021-22 (For AY 2024-25)	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessees (other than firm, co-operative societies and FIIs):

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) exceeds Rs 2 crore	15 per cent on total tax The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act.
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 2 crore	25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act. The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act as well.

***Note**: The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

As per the FA, 2023, the maximum surcharge rate in case of capital gains chargeable to tax under section 112 of the IT Act, in case of an assessee being an individual, HUF, AOP (not being a co-operative society), BOI or artificial juridical person is also capped to 15%.

FIIs (Non – corporate):

Particulars	**Rate of Surcharge**
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	15 per cent on total tax

Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

Note: The FA, 2023 has capped the highest surcharge rate to 25 per cent.

For assesses other than those covered above:

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co-operative societies	Nil where total income does not exceed Rs 1 crore
	From FY 2022-23 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	From FY 2022-23 12 per cent where total income exceeds Rs 10 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where total income does not exceed Rs 1 crore
	7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where total income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of total income)
Foreign Companies (including corporate FIIs)	Nil where total income does not exceed Rs 1 crore
	2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where total income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of NCD.
- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.
- The above statement of possible tax benefits is as per the current direct tax laws (read along with the amendments made by the FA, 2023) relevant for the AY 2024-25 corresponding to the FY 2023-24.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the NCD of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

NOTES FORMING PART OF STATEMENT OF TAX BENEFITS

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or

listing of all potential tax consequences of the purchase, ownership and disposal of debenture/bonds.

2. The above statement covers only certain relevant benefits under the IT Act and does not cover benefits under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2024-2025 (Financial year 2023-24) and taking into account the amendments made by the Finance Act, 2023. This statement is intended only to provide general information to Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each debenture Holder is advised to consult his/her/its own tax advisor with respect to specific consequences of his/her/its holding in the debentures of the Company.

4. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to Chapter X and Chapter XA of the IT Act.

5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.

7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE ISSUER AND INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

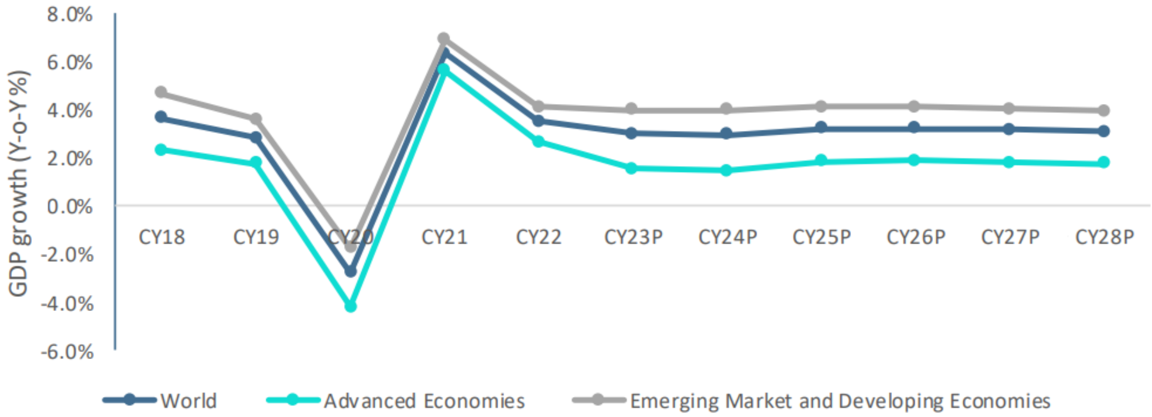
*The information contained in this section is derived from the industry report titled "Research Report on NBFCs" December, 2023 (the "**CareEdge Report**") which has been commissioned and paid for by us for agreed fees exclusively in connection with the Issue and exclusively prepared and issued by CARE Analytics and Advisory Private Limited ("**CareEdge Research**"). The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Neither we nor any of our subsidiaries, Directors and Lead Manager are related parties of CareEdge Research. There are no parts, data or information (which may be relevant for the Issue) that have been left out or changed in any manner.*

1. ECONOMIC OUTLOOK

1.1 GLOBAL ECONOMY

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in October 2023, the global economic growth for CY22 stood at 3.5% on a year-on-year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY23 is projected to slow down further to 3.0% and 2.9% in CY24, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain tightened. For the next 4 years, the IMF projects world economic growth in the range of 3.0%-3.2% on a y-o-y basis.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection;
Source: IMF – World Economic Outlook, October 2023

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GPD (Y-O-Y Change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3

China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3
United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P – Projected; Source: IMF- World Economic Outlook Database (October 2023)

Advanced Economies Group

The major advanced economies registered GDP growth of 2.6% in CY22, down from 5.6% in CY21, which is further projected to decline to 1.5% in CY23. This forecast of low growth reflects increased central bank interest rates to fight inflation and the impact of the Russia-Ukraine war. About 90% of advanced economies are projected to witness decline GDP growth in CY23 compared to CY22. In addition, this is further expected to decline to 1.4% in CY24.

One of the major countries from this group is the **United States.** The United States registered GDP growth of 2.1% in CY22 compared to 5.9% in CY21. Whereas, growth for CY23 and CY24 is projected at 2.1% and 1.5%, respectively. Among advanced economies group, private consumption has been stronger in the United States than in the euro area. The business investments have also been robust in the second quarter, in addition, the general government fiscal stance of United States is expected to be expansionary in CY23. However, the unemployment rate is expected to rise coupled with declining wages and savings. With this, the GDP growth is expected to soften in near term.

Further, the **Euro Area** registered GDP growth of 3.3% in CY22 compared to 5.6% in CY21. For CY23 and CY24, the growth is projected at 0.7% and 1.2%, respectively. There is divergence in GDP growth across the euro area. Wherein, Germany is expected to witnesses slight contraction in growth due to weak interest rate sensitive sector and slow trading demand. On the other hand, the GDP growth for France has been revised upwards on account of growing industrial production and external demand.

Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.1% in CY22, compared to 6.9% in CY21. This growth is further projected at 4.0% in CY23 and CY24. About 90% of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower.

Further, in **China**, growth is expected to pick up to 5.0% with the full reopening in CY23 and subsequently moderate in CY24 to 4.2%. The property market crisis and lower investment are key factors leading to this moderation. Whereas, **India** is projected to remain strong at 6.3% for both CY23 and CY24 backed by resilient domestic demands despite external headwinds.

The **Indonesian** economy is expected to register growth of 5% both in CY23 and CY24 with a strong recovery in domestic demands, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, **Saudi Arabia** was the fastest-growing economy in this peer set with 8.7% growth. The growth is accredited to robust oil production, non-oil private investments encompassing wholesale and retail trade, construction and transport, and surging private consumption. Saudi Arabia is expected to grow at 0.8% and 4.0% in CY23 and CY24, respectively. On the other hand, **Brazil** is expected to project growth of 3.1% in CY23 driven by buoyant agriculture and resilient services in the first half of CY23.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the Nominal GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.4 trillion by CY27. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6% in the period of CY24-CY28, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7% share in the global economy, with China [~18%] on the top followed by the United States [~15%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

1.2 INDIAN ECONOMIC OUTLOOK

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 9.1% in FY22 and stood at ~Rs. 149 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers. In Q1FY23, India recorded 13.1% y-o-y growth in real GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.2% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, real GDP for full-year FY23 was valued at ~Rs. 160 trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum was maintained in the Q2FY24 with GDP growth at 7.6%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. On the supply side, a significant improvement in manufacturing and construction activities supported growth. Overall, the economy expanded by 7.7% in H1FY24 compared to 5.3% in H2FY23.

GDP Growth Outlook

- Driven by resilience in urban demand and the front loading of the government's capital expenditure, the H1FY24 witnessed a strong growth. While festive cheer will support urban demand in Q3FY24, the outlook for rural demand revival remains clouded amid monsoon deficiency and likely hit to the agricultural production.

- The recent announcements of various relief measures such as LPG price reduction and extension of Pradhan Mantri Garib Kalyan Anna Yojna (PMGKAY) are expected to provide some cushion and so far, investment demand has remained robust. However, there could be some moderation in H2FY24 as both the government and private sector may restrain their capital spending ahead of the general elections. Despite some expected moderation in the H2FY24, India's overall GDP growth for FY24 is expected to remain on a firm footing.

- Strong credit growth, resilient financial markets, and the government's continual push for capital spending and infrastructure are likely to create a compatible environment for investments.

- External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential.

Taking all these factors into consideration, in December 2023, the RBI in its bi-monthly monetary policy meeting forecasted a real GDP growth of 7.0% y-o-y for FY24.

Table 2: RBI'S GDP Growth Outlook (Y-o-Y %)

FY 24P (complete year)	Q3FY24P	Q4FY24P	Q1FY25P	Q2FY25P	Q3FY25P
7.0	6.5	6.0	6.7%	6.5%	6.4%

Note: P – Projected; Source: Reserve Bank of India

1.2.2 Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

- The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

- The **agriculture sector** was holding growth momentum till FY18. In FY19, the acreage for the rabi crop was marginally lower than the previous year which affected the agricultural performance. Whereas FY20 witnessed growth on account of improved production. During the pandemic-impacted period of FY21, the agriculture sector was largely insulated as timely and proactive exemptions from COVID-induced lockdowns to the sector facilitated uninterrupted harvesting of rabi crops and sowing of kharif crops. However, supply chain disruptions impacted the flow of agricultural goods leading to high food inflation and adverse initial impact on some major agricultural exports. However, performance remained steady in FY22.

Further, in Q1FY23 and Q2FY23, the agriculture sector recorded a growth of 2.4% and 2.5%, respectively, on a y-o-y basis. Due to uneven rains in the financial year, the production of some major Kharif crops, such as rice and pulses, was adversely impacted thereby impacting the agriculture sector's output. In Q3FY23 and Q4FY23, the sector recorded a growth of 4.7% and 5.5%, respectively, on a y-o-y basis.

Overall, the agriculture sector performed well despite weather-related disruptions, such as uneven monsoon and unseasonal rainfall, impacting yields of some major crops and clocked a growth of 4% y-o-y in FY23, garnering ~Rs. 22 trillion. In Q1FY24, this sector expanded at a slower pace of 3.5% compared to a quarter ago. This further stumbled to 1.2% in Q2FY24. Overall, H1FY24 registered a 2.4% growth with weakest monsoon experience caused by El Nino conditions.

Going forward, rising bank credit to the sector and increased exports will be the drivers for the agriculture sector. However, a deficient rainfall may impact the reservoir level weighing on prospects of rabi sowing.

- The **industrial sector** witnessed a CAGR of 6.3% for the period FY16 to FY19. From March 2020 onwards, the nationwide lockdown due to the pandemic significantly impacted industrial activities. In FY20 and FY21, this sector felt turbulence due to the pandemic and recorded a decline of 1.4% and 0.9%, respectively, on a y-o-y basis. With the opening up of the economy and resumption of industrial activities, it registered 11.6% y-o-y growth in FY22, albeit on a lower base.

The industrial output in Q1FY23 jumped 9.4% on a y-o-y basis. However, in the subsequent quarter, the sector witnessed a sharp contraction of 0.5% due to lower output across the mining, manufacturing, and construction sectors.

This was mainly because of the poor performance of the manufacturing sector, which was marred by high input costs. In Q3FY23, the sector grew modestly by 2.3% y-o-y. The growth picked up in Q4FY23 to 6.3% y-o-y owing to a rebound in manufacturing activities and healthy growth in the construction sector. Overall, the industrial sector is estimated to be valued at ~Rs. 45 trillion registering 4.4% growth in FY23.

The industrial sector grew by 5.5% in Q1FY24, while Q2FY24 growth was up by 13.2% owing to positive business optimism and strong growth in new orders supported manufacturing output. The industrial growth was mainly supported by sustained momentum in the manufacturing and construction sectors. Within manufacturing (as captured by IIP numbers), industries such as pharma, non-metallic mineral products, rubber, plastic, metals, etc., witnessed higher production growth during the quarter. The construction sector (13% growth in Q2FY24) benefited from poor rainfall during August and September and higher implementation of infrastructure projects. This was reflected in robust cement and steel production and power demand in Q2FY24. Overall, H1FY24 picked up by 9.3% with manufacturing and construction activities witnessing significant acceleration.

Forthcoming, despite the consumer market thriving in festive season in the second half of this fiscal, RBI monetary tightening could potentially curb credit growth and discretionary spending among urban households. Also, lagging rural consumption and election related capex hurdles in early 2024 is likely to pose slowdown in industrial segment, while this segment is signaling overall resurgence.

- The **services sector** recorded a CAGR of 7.1% for the period FY16 to FY20, which was led by trade, hotels, transport, communication, and services related to broadcasting, finance, real estate, and professional services. This sector was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.

In Q1FY23 and Q2FY23, this sector registered a y-o-y growth of 16.3% and 9.4%, respectively, on a lower base and supported by a revival in contact-intensive industries. Further, the services sector continued to witness buoyant demand and recorded a growth of 6.1% y-o-y in Q3FY23. Supported by robust discretionary demands, Q4FY23 registered 6.9% growth largely driven by the trade, hotel, and transportation industries. Overall, benefitting from the pent-up demand, the service sector was valued at ~Rs. 80 trillion and registered growth of 9.5% y-o-y in FY23.

Whereas in Q1FY24, the services sector growth jumped to 10.3%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. The service sector growth in Q2FY24 moderated to 5.8% partly due to the normalization of base effect and some possible dilution in discretionary demand. Considering these factors, service sector marked 8% growth in H1FY24.

With this performance, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector.

Per capita GDP, Per Capita GNI and Per Capita PFCE

India has a population of about 1.4 billion with a young demographic profile. The advantages associated with this demographic dividend are better economic growth, rapid industrialization and urbanization.

Gross Domestic Product (GDP) per capita is a measure of a country's economic output per person. FY21 witnessed significant de-growth due to the pandemic. However, in FY22 the economy paved its way towards recovery and the per capita GDP grew by 8.0%. This growth was moderated to 6.1% due to the correction of base effect in FY23. The per capita Gross national income (GNI) also increased by 7.3% in FY22 and 6.2% in FY23. The per capita private final consumption expenditure (PFCE), which represents consumer spending, increased by 10.2% in FY22 and 6.4% in FY23.

1.2.3 Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY15). In FY23, the ratio of investment (GFCE) to GDP climbed up to its highest in the last decade at 34%, as per the advanced estimate released by the Ministry of Statistics and Programme Implementation (MOSPI).

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

1.2.4 Industrial Growth

Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher by 2.0% when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway, it was still at very nascent stages.

During FY23, the industrial output recorded a growth of 5.1% y-o-y supported by a favorable base and a rebound in economic activities. The period April 2023 – September 2023, industrial output grew by 6.0% compared to the 7.1% growth in the corresponding period last year. So far in the current fiscal, while the infrastructure-related sectors have been doing well, slowing global growth and downside risks to rural demand have posed a challenge for industrial activity. Though the continued moderation in inflationary pressure offers some comfort, pain points in the form of elevated prices of select food items continue to persist.

1.2.5 Consumer Price Index

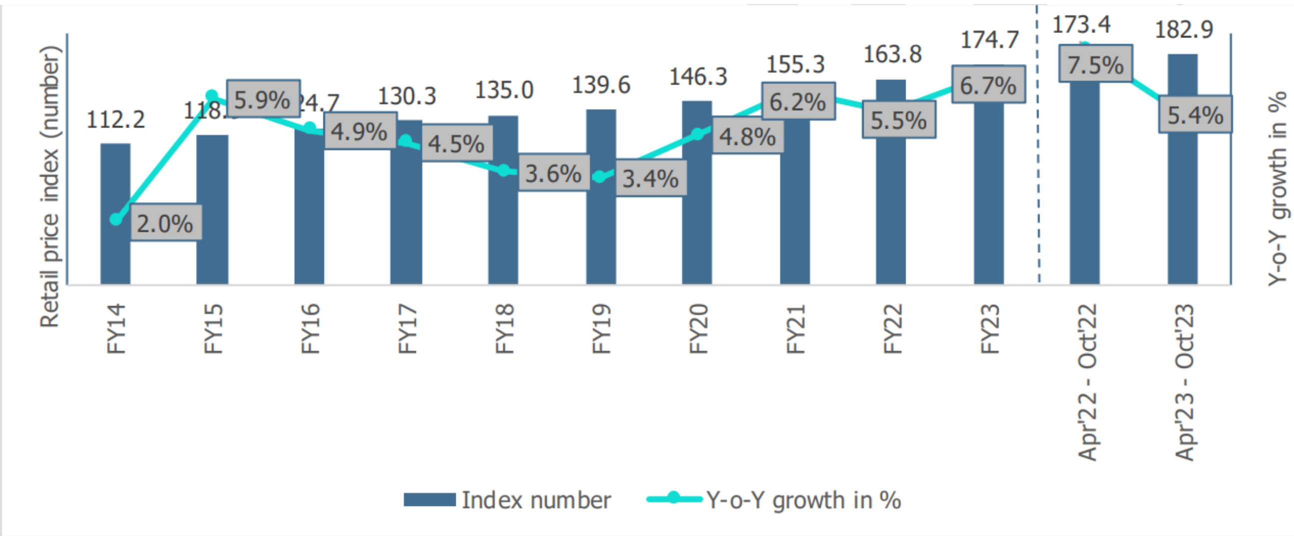
India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In the current fiscal FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached the RBI's target range for the first time since February 2023 at 7.4% largely due to increased food inflation. This marked the highest reading observed since the peak in April 2022 at 7.8%. The notable surge in vegetable prices and elevated inflation in other food categories such as cereals, pulses, spices, and milk have driven this increase. Further, the contribution of food and beverage to the overall inflation had risen significantly to 65%, surpassing their weight in the CPI basket. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%.

Overall, the declining trend in the headline as well as core inflation is comforting in the current fiscal. However, it remains to be seen if it sustains, given the weak prospects for the Kharif harvest and the expected hit to Rabi sowing amid lower reservoir levels in major agricultural states.

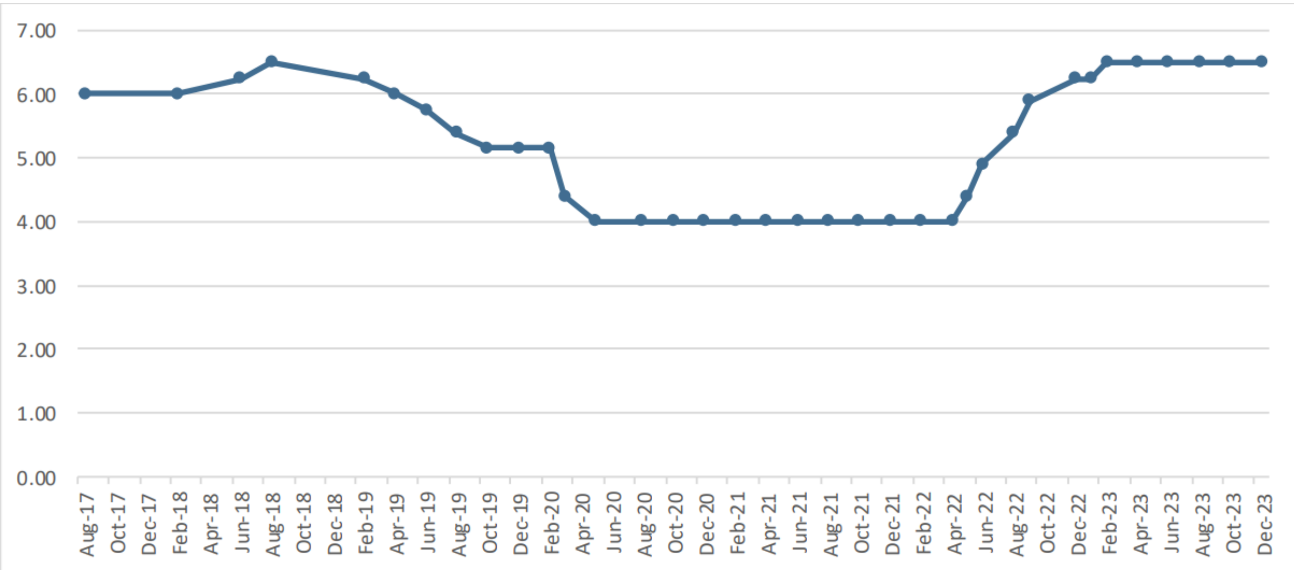
Chart 2: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)



Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. The RBI has increased the repo rates with the rise in inflation in the past year from 4% in April 2022 to 6.5% in January 2023.

Chart 3: RBI historical Repo Rate



Source: RBI

However, with the inflation easing over the last few months, RBI has kept the repo rate unchanged at 6.5% in the last five meetings of the Monetary Policy Committee. At the bi-monthly meeting held in December 2023, RBI projected inflation at 5.4% for FY24 with inflation during Q3FY24 at 5.6%, Q4FY24 at 5.2% Q1FY25 at 5.2%, Q2FY24 at 6.5% and Q3FY24 at 6.4%.

In a meeting held in December 2023, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. With domestic economic activities gaining traction, RBI has shifted gears to prioritize controlling inflation. While RBI has paused on the policy rate front, it has also strongly reiterated its commitment to bringing down inflation close to its medium-term target of 4%. Given the uncertain global environment and lingering risks to inflation, the Central Bank has kept the window open for further monetary policy tightening in the future, if required.

1.2.6 Overview on Population Growth and Urbanization

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India’s population in 2022 surpassed 1.42 billion slightly higher than China’s population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1982, which has reduced to 47% in 2022. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a ‘demographic dividend’. India is home to a fifth of the world’s youth demographic and this population advantage will play a critical role in economic growth.

Urbanization

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

1.2.7 Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of real GDP growth compared to other emerging economies. It is expected to grow at 6.3% in CY24 compared to the world real GDP growth projection of 3%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, and improving business confidence.

Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in FY23. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

Further, as per the Indian Meteorological Department (IMD), the rainfall witnessed a deficit until September 2023. A drop in yield due to irregular monsoons and a lower acreage can lead to a demand-supply mismatch, further increasing the inflationary pressures on the food basket. Moreover, the consumption demand is expected to pick up in Q3FY24 due to the festive season. Going forward, the rising domestic demand will be driven by the rural economy’s performance and continual growth in urban consumption. However, high domestic inflation and global headwinds pose a downside risk to domestic demand.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 10 lakh crores for FY24. The private sector’s intent to invest is also showing improvement as per the data announced on new project investments. However, volatile commodity prices and economic uncertainties emanating from global turbulence may slow down the improvement in private CapEx and investment cycle.

2. NON-BANKING FINANCIAL COMPANIES (NBFCs)

2.1 Introduction to NBFCs

The Indian banking industry is classified into scheduled and non-scheduled banks. Banks included in the Second Schedule to the Reserve Bank of India Act, 1934 are called scheduled banks. These banks are further classified into scheduled commercial banks (“**SCBs**”) and scheduled co-operative banks.

Scheduled commercial banks (“**SCBs**”) are banks permitted to conduct the banking business, which entails collecting deposits, sanctioning loans, and offering other banking services. SCBs are further divided into Public Sector Banks (“**PSBs**”), Private Banks (“**PVBs**”), Foreign Banks, and Regional Rural Banks (“**RRBs**”).

Apart from SCBs, there are non-banking financial companies (“**NBFCs**”) that play an important role in the Indian financial system by complementing and competing with banks and promoting efficiency & diversity in financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality & profitability, and regulatory architecture.

Further, according to the Reserve Bank of India (RBI), NBFCs can be classified on the basis of:

a) asset/liability structures

b) systemic importance

c) activities undertaken

In In terms of liability structures, NBFCs are subdivided into deposit-taking NBFCs ("**NBFCs-D**"), which accept and hold public deposits, and non-deposit-taking NBFCs ("**NBFCs-ND**"), which source their funding from markets and banks. Among NBFCs-ND, those with an asset size of Rs. 500 crores or more are classified as non-deposit-taking systemically important NBFCs ("**NBFCs- ND-SI**"). As of July 31, 2022, there were 49 NBFCs-D and 415 NBFCs-ND-SI, according to the Reserve Bank of India (RBI).

Since NBFCs cater to niche areas, they are also categorised on the basis of the activities they undertake. Up until February 21, 2019, NBFCs were divided into 12 categories. Thereafter, these categories were harmonized by the Reserve Bank of India (RBI) in order to provide NBFCs with greater operational flexibility. As a result, asset finance companies ("**AFCs**"), loan companies, ("**LCs**") and investment companies ("**ICs**") were merged into a new category called Investment and Credit Companies ("**NBFC-ICC**"). Additionally, account aggregators have been added as a category of NBFCs. At present, there are 12 categories of NBFCs in the activity-based classification.

In October 2021, RBI decided to classify NBFCs based on size and risk perception using Scale Based Approach. The filtering process includes segregating NBFCs into four categories namely NBFC Base Layer (BL), NBFC Middle Layer (ML), NBFC Upper Layer (UL), and NBFC Top Layer (TL).

Classification of NBFCs

Source: RBI, CareEdge Research

NBFC BL	NBFCs with asset size of not more than Rs. 1000 crores, Type 1 NBFC, Peer to Peer (P2P), Account Aggregator (AA), and Non-Operative Financial Holding Company (NOFHC)
NBFC ML	NBFC-ND that are systematically important (SI) having an asset size of less than Rs. 1000 crores and also NBFC-HFCs, IFCs, IDFs, CICs, and Standalone Primary Dealers irrespective of their asset size
NBFC UL	Top NBFCs filtered based on their size & leverage, inter-connectedness, complexity, and superior inputs (including group structure, liability mix, and segment penetration).
NBFC TL	Top Layer will remain empty unless RBI takes a view of specific NBFCs in the Upper Layer

Additionally, Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), and NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) can be classified under any layer of the regulatory structure depending on the parameters of the scale-based regulatory framework. Whereas government-owned NBFCs can only be classified under the base layer or middle layer.

Further, as per RBI's notification of October 11, 2022, titled "Multiple NBFCs in a Group: Classification in Middle Layer," NBFCs that are part of a Common Group or are floated by a common set of promoters are required to be viewed on a consolidated basis. For the consolidation of assets of the NBFCs in a Group, the total assets of all the NBFCs in a Group shall be consolidated to determine the threshold for their classification in the Middle Layer.

Recognition of NBFCs in the Upper Layer:

NBFC categorization is based on an annual review. The paper recognizes two parameters, quantitative and qualitative-

- The quantitative parameters will have 70% weightage.
- The qualitative parameters will have 30% weightage.

The table below represents quantitative and qualitative parameters as proposed:

Parameter	Sub-Parameter	Sub Weight	Weights
Quantitative Parameters (70%)			
Size & Leverage	Size: Total exposure (on and off-balance sheet) Leverage: Total Debt to Total Equity	**+15**	
Interconnectedness	i) Intra-Financial System Assets: – Lending to FIs – Securities of other FIs – Mark to market REPO – OTC derivatives ii) Intra-Financial System Liabilities: – Borrowings from FIs – Marketable Securities issued by the finance company to FI – Mark to market OTC derivative with FIs iii) Securities outstanding (issued by NBFC)		
Complexity	i) Notional amount of OTC derivatives – CCP centrally – Bilateral OTC ii) Trading and available-for-sale securities		
Qualitative Parameters/Supervisory inputs (30%)			
Nature and Type of Liabilities	– Degree of reliance on short-term funding – Liquid asset ratios – Callable debts – Asset-backed funding Vs. Other funding – Asset liability duration and Gap analysis – Borrowing split (secured debt, CCPS, CPs, unsecured debt)		
Group Structure	– Total number of entities – Total number of layers – Total intra-group exposure		
Segment Penetration	Importance of NBFC as a source of credit in a specific segment or area.		

Source: RBI, CareEdge Research

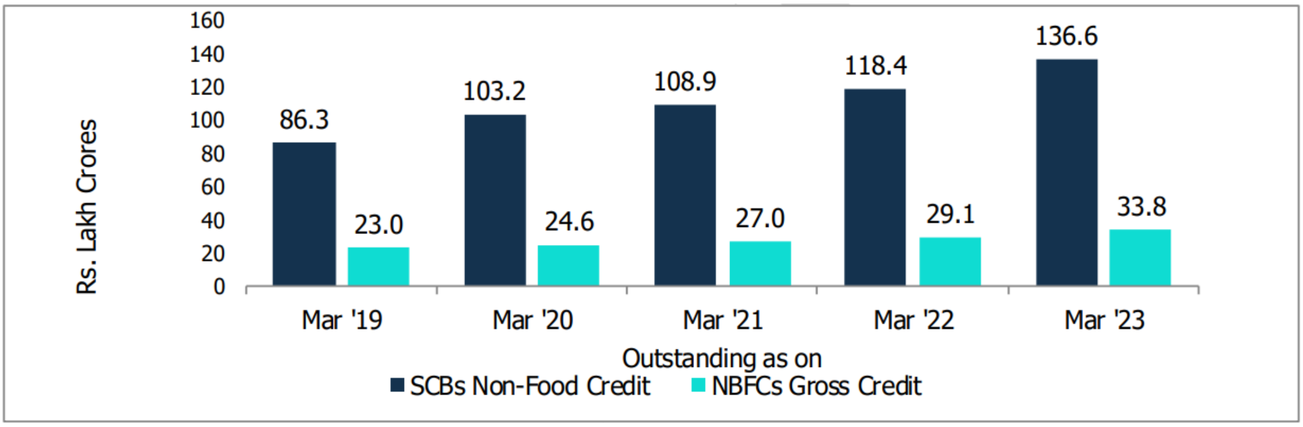
Further, as per RBI's notification of June 06, 2022, titled "Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer," NBFCs classified as NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25%
Housing Loans extended at teaser rates	2%, which will decrease to 0.4% after a year from the date on which the rates are reset at higher rates (if the accounts remain 'standard')
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75%
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1%
Restructured Advances	As stipulated in the applicable prudential norms for restructuring advances
All other loans and advances not included above, including loans to Medium Enterprises	0.4%

2.2 Credit Growth of SCBs and NBFCs

Credit disbursed by SCBs and NBFCs is broadly classified into two parts – food and non-food credit. Food credit accounts for a fraction of the total credit disbursed. Non-food credit makes up close to 99% of total credit extended by SCBs and NBFCs. The movement in overall credit growth, therefore, hinges on the movement in non-food credit growth.

Chart 4: SCBs' and NBFCs' Credit Deployed



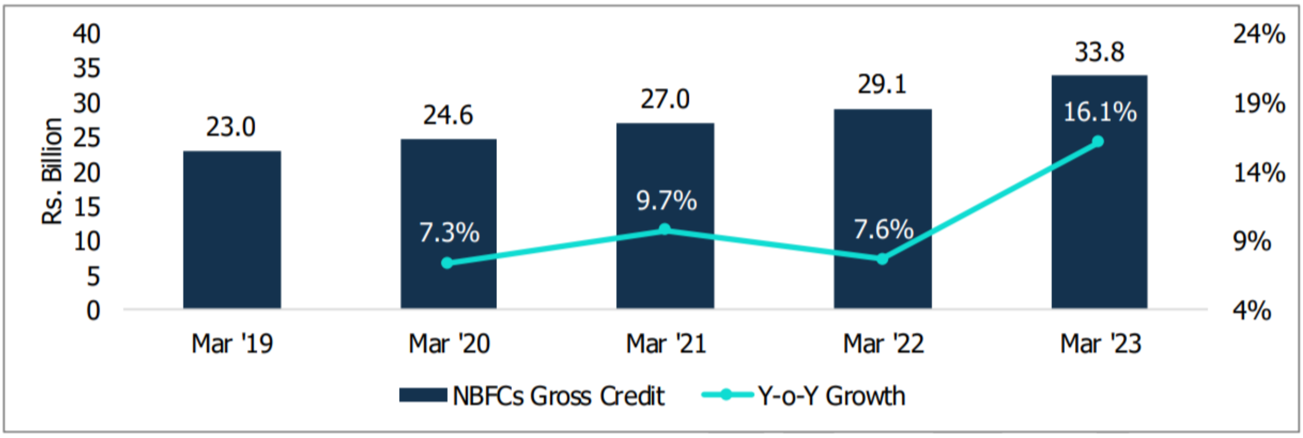
Source: CMIE, RBI, CareEdge Research, Data are provisional

As of Mar '23, scheduled commercial banks ("**SCBs**") saw an uptick in credit growth driven by a lower base of the last year, unsecured personal loans, housing loans, auto loans, and higher demand from non-banking financial companies ("**NBFCs**"). Also, due to high demand for working capital loans due to elevated inflation and lack of capital in select industries and depreciation of the Indian Rupee (INR). Accordingly, the credit growth of SCBs continued in double-digits with credit growth outpacing deposit growth.

Further, a default in debt repayments by a large NBFC in India in 2018 led to heightened investor focus on the health of the broader NBFC sector and their liquidity sources. This led to some tightening in liquidity available to certain NBFCs. As a result, it became more difficult for certain NBFCs to access debt and raise equity capital.

NBFCs recorded a similar trajectory in their credit growth over the past three years. NBFCs' credit grew by around 7.6% y-o-y as of Mar '22, the growth improved significantly at 16.1% y-o-y as of Mar '23. CareEdge Research analyses that the growth was on account of a significant ramp-up in economic activities, the need for retail credit, and increased commodity prices amid inflationary pressures, which raised the demand for working capital loans.

Chart 5: Gross Credit deployed by NBFCs



Note: Data are provisional

As of Mar '23, the credit growth rate has seen an uptick of 16.1% y-o-y and reached Rs. 33.7 lakh crores. The upward growth trajectory of NBFCs credit is indicating its importance in India's Financial System. This growth is mainly attributed to the increasing demand for retail credit and the rising demand for working capital loans amid increased commodity prices.

As of Mar '23, retail credit was around 30% of NBFCs' gross credit deployed and SCBs' gross credit deployed. Banks and NBFCs shifted their efforts towards retail lending due to the increased demand for retail credit. Moreover, the shifting borrowing behaviour in consumers for better living standards and their willingness to borrow personal loans to fulfil those needs, has boosted the demand for retail loans.

2.3 Growth Drivers

Last-Mile Financing and Unbanked Population

NBFCs have a strong presence in unorganized and under-served areas where banks may not have a strong foothold. This is attributed to the absence of the necessary infrastructure of banks in these areas and an aversion on the part of banks to disburse loans to smaller companies. At the same time, the ease of internet access and affordable data packs have contributed to increased expenditure. As a result, the demand for retail credit from these areas has increased the potential consumer base of NBFCs.

Growing Focus on the Informal Customer Base

Traditional banks may not be keen on lending to retail borrowers from semi-urban and rural areas. Or to small companies with weaker credit scores and a lack of documentation. However, in terms of volume, the number of potential customers in this category is higher.

Accordingly, NBFCs have created a niche segment adopting customized credit assessment methods based on cash flow assessment and field verification. This gives NBFCs an opportunity to extend credit to the financially weaker set of customers. A growing customer base in the informal customer segment opens up avenues for NBFCs' growth.

Technological Integration and Facilitating Co-Lending Arrangements

NBFCs deploy technological solutions to develop innovative products and lower operational costs. Since NBFCs are fairly new in the financial landscape as compared to most banks, they are more agile and better positioned to leverage technology to enhance their reach while increasing efficiency.

Further, NBFCs partner with various alternative financiers and commercial banks, which enables them to diversify their income avenues and reach their targeted customer base through different channels.

Shifting Buying Behaviour

Over the years, there has been a significant change in the perception of consumers towards borrowing. With the need to improve lifestyle, more and more people, especially the younger population are moving toward borrowing to attain a certain standard of living.

Rising Demand from Retail Customers

As per the Reserve Bank of India (RBI) data, retail borrowers accounted for around 30% of total credit disbursed by NBFCs, as of FY23 ended Mar '23. Also, the retail segment, a significant component of the customer base of NBFCs, projected a consistent growth in credit demand throughout the pandemic.

Going forward, CareEdge Research projects that the demand for consumer durables and the consumption of services, home loans, and gold loans are likely to support the growth in retail demand, and consequently, aid in the new business of NBFCs.

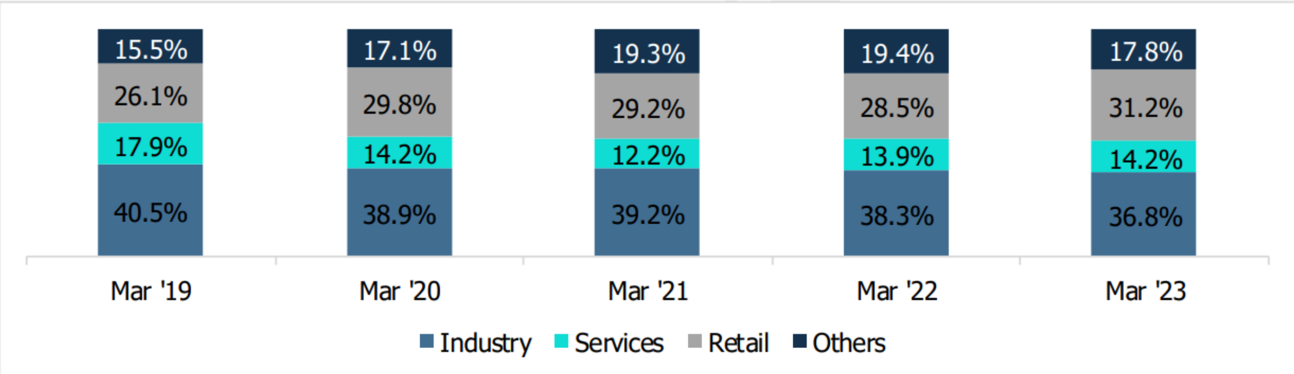
Increased Demand from MSME and Agriculture

Favourable government policies aimed at boosting agriculture, small-scale industries, and consumption are likely to act as long-term growth catalysts in improving demand for MSME and agricultural credit. The "Make in India" and "Start-up India" initiatives, for example, are likely to support industrial activities and contribute to the demand for credit from NBFCs.

As of September 18, 2023, around 1,92,10,432 micro, small and medium enterprises (MSMEs) have registered on the Udyam portal. Of these, 1,85,86,232 are micro-enterprises, 5,70,695 are small enterprises, and 53,505 are medium enterprises. In addition, as of September 18, 2023, micro and small enterprises represent 99.7% of the total registered MSMEs. However, the coverage of the formal banking system in MSMEs still remains low, which provides a major opportunity for NBFCs to expand their reach.

2.4 Distribution Between Segments

Chart 6: Sectoral Distribution of NBFCs' Credit



Source: RBI, CareEdge Research

Note: Industry includes credit to micro, small, medium and large enterprises;

Retail loans are personal loans for housing loans, consumer durables, auto loans, and other personal loans;

Services include credit towards commercial real-estate, retail trade and other such loans

Others include credit deployed towards agriculture and allied activities and other non-food credit

The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. NBFCs have increased the amount of credit deployed to the industry sector on account of improved demand for credit for working capital loans due to surging commodity prices. As of Mar '23, industry credit contributed Rs. 12.4 lakh crores, which is around 36.8% of NBFCs' gross credit deployed, as per the Reserve Bank of India (RBI).

While NBFCs' credit to the industry sector is growing, their credit to the services sector has declined marginally mainly due to a decline in credit to the commercial real estate sector, transport operators, and other services. As of Mar '23, according to the Reserve Bank of India (RBI) data, credit deployed to the service sector has hovered around Rs. 4.8 lakh crores, which is around 14.2% of NBFC's gross credit deployed.

Further, over the last couple of years, NBFCs have shifted their focus to retail lending in order to grow their business. Retail loans comprise housing loans, vehicle loans, loans against gold, consumer durables loans, and other such personal loans. Additionally, retail lending has shown tremendous growth in credit compared to industry and services sectors.

Further, retail loans have lower delinquencies compared to MSME/corporate lending, which is also a major factor for the shift. As of Mar '23, the credit deployed to retail loans by NBFCs has increased to more than a third of their gross credit deployed, which stood at Rs. 33.8 lakh crores for NBFCs.

2.5 Outlook

CareEdge Research estimates that NBFCs projected decent growth in FY23 within the range of 9%-13% y-o-y. Similarly, FY24 is likely to bode well for NBFCs largely supported by retail loans, attributed to steady demand, increased middleclass spending, and continued improvement in economic growth. In FY24, NBFCs' gross credit deployed is expected to grow in the range of 11%-13% y-o-y, supplemented by improved asset quality and an upward demand for credit from the retail industry. Additionally, the expectant growth is attributed to an increased focus on extending credit to customers belonging to segments where the penetration of bank credit is low, segments with ease of access to the internet, and investments made in technology infrastructure in recent years.

Further, CareEdge Research projects that NBFCs' shift toward retail financing, comprising vehicle loans, consumer durable loans, advances against golds, real estate loans, and other such individual loans, is likely to continue, contributing to their healthy growth in the near term. In addition, the microfinance and personal loan segments of retail financing are likely to see traction and significantly contribute to NBFCs' growth, accredited to steady demand.

Moreover, the thriving vehicle segment is expected to witness growth, supplemented by the automotive industry. In the near term, the growth is likely to be supported by enhanced operating conditions, new model launches, and sustained demand for vehicles, further supported by improved availability of semiconductors.

On the other hand, NBFCs' credit growth may face hindrances due to global slowdown, inflation, and amendments in the regulatory framework. Besides, NBFCs are expected to witness a further uptick in their cost of funds as the Reserve Bank of India (RBI) continues to be watchful of inflationary pressures. At the same time, improved asset quality will support earnings, thereby easing the cost of funds.

3. MSME FINANCE

3.1 Introduction

The micro, small and medium enterprises ("**MSME**") sector is a vibrant and dynamic sector with crucial linkages to employment. It is considered the growth engine of the Indian economy, with a significant contribution to the GDP, exports, and employment generation. It considerably contributes to the country's economic and social development by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital costs, next to agriculture. Also, MSMEs complement large industries as ancillary units. Therefore, the sector is an important contributor to the inclusive industrial development of the country.

MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet the demands of domestic as well as global markets.

In accordance with the provision of the Micro, Small & Medium Enterprises Development ("**MSMED**") Act, 2006, MSMEs are classified as follows:

Enterprise Category	Investment in Plant & Machinery or Equipment	Annual Turnover
Micro Enterprises	Does not exceed 1 crore	Does not exceed Rs. 5 crores
Small Enterprises	More than Rs. 1 crore but does not exceed Rs. 10 crores	More than Rs. 5 crores but does not exceed Rs. 50 crores
Medium Enterprises	More than Rs. 10 crores but does not exceed Rs. 50 crores	More than Rs. 5 crores but does not exceed Rs. 250 crores

3.2 Number of MSMEs registered in Udyam Portal in India

Category	Number of MSMEs
Micro	1,85,86,232
Small	5,70,695
Medium	53,505
Total	**1,92,10,432**

Source: Udyam portal (includes Udyam Assist Platform (UAP) registrations), Data as of 18th Sep 2023

As per the Udyam portal, more than 1.9 crore MSMEs are registered under the Udyam portal. Of this, around 97% of enterprises are micro category, around 3% of the enterprises fall under the small category, and the remaining are medium enterprises.

As per the National Sample Survey (NSS) 73rd round, conducted by the National Sample Survey Office, the Ministry of Statistics and Programme Implementation, during 2015-16, there were 63,388 thousand unincorporated non-agriculture MSMEs in the country engaged in different economic activities (manufacturing, electricity, trade, and other services). Of this, the micro-enterprises sector with 63,052 thousand accounts for more than 99% of the total estimated number of MSMEs. The small enterprise sector with around 331 thousand makes up 0.52% of the total estimated number of MSMEs and the medium enterprise sector with around 5 lakh, i.e., around 0.01% of total estimated MSMEs, respectively.

3.3 Distribution of Enterprises Category Wise

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.1	0.8	0	324.9	51
Urban	306.4	2.5	0	309	49
Total	630.5	3.3	0.1	633.9	100

Source: MSME Annual Report 2022-23, CareEdge Research

MSME sector has created about 11.10 crore jobs in the country as per National Sample Survey 73rd Round (2015-16). (Source MSME Annual Report 2022-23)

3.4 State-Wise Distribution of Estimated MSMEs

State/UT	NSS 73rd Round*	
	Number (in crores)	Share (in %)
Uttar Pradesh	0.9	14%
West Bengal	0.89	14%
Tamil Nadu	0.49	8%
Maharashtra	0.48	8%
Karnataka	0.38	6%
Bihar	0.34	5%

Andhra Pradesh**	0.34	5%
Gujarat	0.33	5%
Rajasthan	0.27	4%
Madhya Pradesh	0.27	4%
Total of above Ten States	4.69	74%
Other State/UTs	1.65	26%
All	6.34	100%

Source: MSME Annual Report 2022-23, CareEdge Research

Note: **Including Telangana in Fourth All India Census of MSME

3.5 Credit Growth in MSME Lending

India witnessed a sharp jump in MSME lending in FY21 and this increase has been supported by the Atmanirbhar Bharat scheme of the Emergency Credit Line Guarantee Scheme (ECLGS), which provided a 100% credit guarantee to lenders. The scheme, announced by the government in May 2020, helped the firms to get access to more credit.

Table 3: SCBs and NBFCs Credit Exposure to MSMEs

(Figure in crores)

Source: RBI, CareEdge Research

Outstanding as on	NBFCs			SCBs		
	Micro and small enterprises	Medium Enterprises	Total	Micro and small enterprises	Medium Enterprises	Total
Mar-19	37,360	16,020	53,380	3,75,508	1,06,392	4,81,900
Mar-20	36,441	14,077	50,518	3,92,265	1,05,095	4,97,360
Mar-21	44,235	14,910	59,145	4,33,192	1,38,599	5,71,791
Mar-22	46,967	17,186	64,153	5,32,179	2,13,996	7,46,175
Sep-22	49,966	15,103	65,069	5,72,958	2,25,083	7,98,041
Mar-23				5,98,390	2,56,023	8,54,413

Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

NBFCs mainly deploy credit to MSMEs belonging to the services and agricultural sectors. In comparison, bank credit to MSMEs witnessed consistent growth. Bank credit deployed to MSMEs witnessed an improvement in FY21 and strengthened further in FY22 due to the resurgence in demand from MSMEs and the support from the Central Government in terms of credit guarantee.

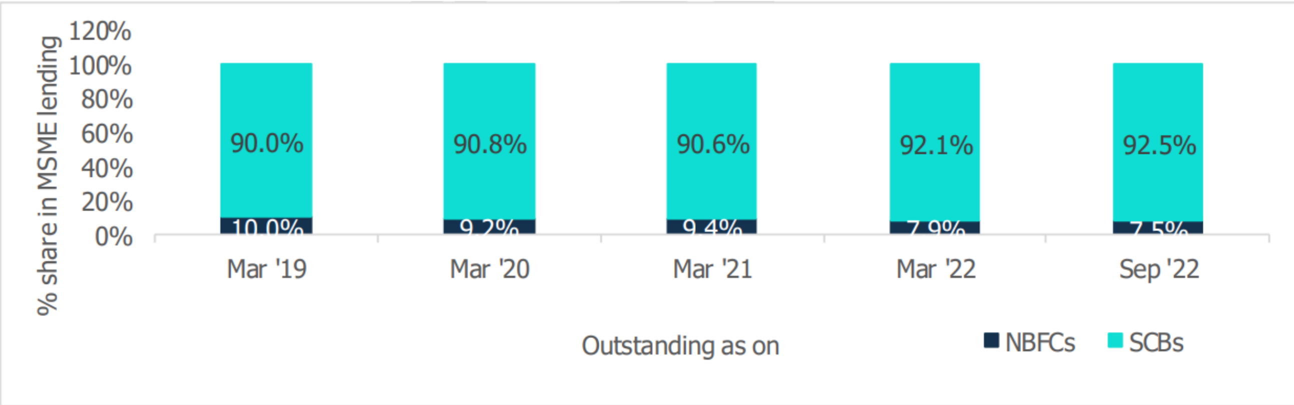
Also, the ECLGS scheme launched in May '20 after the pandemic in Mar '20 revived credit offtake by MSMEs. The scheme was introduced to help mitigate the economic distress faced by MSMEs by providing them additional funding in the form of a fully guaranteed emergency credit line. Accordingly, the credit extended toward MSMEs increased significantly during the pandemic, since the government encouraged banks to aid MSMEs to buffer the effects of the pandemic.

Similarly, as micro and small enterprises became more vulnerable, the credit towards them increased significantly during FY21. On the other hand, medium enterprises were able to buffer the effects of a pandemic to a certain extent. Although the credit towards medium enterprises increased over the previous financial year, the growth was moderate compared to growth in credit extended to micro and small enterprises. This increased the credit growth of MSMEs significantly in FY22. Moreover, the extension of ECLGS up to Mar '23, with the guarantee cover raised by Rs 50,000 crores to a total of 5 lakh crores contributed to the credit growth of MSMEs. As of Mar '23, the total bank credit outstanding to MSMEs crossed at Rs 8.5 lakh crores.

3.6 Share of Banks & Non-Banks in MSME Lending

The MSME sector is underpenetrated by NBFCs. There is a huge unmet credit demand in the sector, primarily due to the lack of documentation and credit history required to access financing from formal banking channels. Also, there is a significant gap between the original credit requirement and the actual credit exposure of formal channels to MSMEs, offering opportunities for MSME lending.

Chart 7: Share of Banks & NBFCs in MSME lending



Source: RBI, CareEdge

Research Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

3.7 NPA Rates in MSME Segment

MSMEs have poor financial muscle and were severely impacted by COVID-19. Since most MSMEs operate in the manufacturing sector, the nationwide lockdown, impacting both production and demand, caused more stress to MSMEs. Additionally, MSMEs likely witnessed delayed payments on orders serviced. Also, the inability to adopt digitization or accommodate higher costs due to social distancing protocols and limited workforce impaired MSMEs' operations. Besides, many went out of business and some struggled to tide over the crisis with cash flow issues which translated into a strain on their ability to repay banks.

Table 4: Bank-wise SMA distribution of MSME Portfolio

Period Ended	Public sector banks + Private sector banks				
	0 days past due	SMA-0	SMA-1	SMA-2	GNPA
Mar-21	74.00%	7.30%	5.70%	2.20%	10.80%
Jun-21	72.40%	8.60%	3.80%	3.40%	11.90%
Sep-21	76.30%	6.60%	2.60%	3.10%	11.30%
Dec-21	75.40%	8.80%	3.10%	2.30%	10.40%
Mar-22	79.70%	6.40%	3.50%	1.10%	9.30%

Source: RBI, CareEdge Research

MSMEs seeking loans from banks also struggled to meet their obligations due to uncertainty and the second wave of COVID-19. As per data published by the Reserve Bank of India (RBI), GNPAs from the MSME segment witnessed a spike for the pandemic year of FY21 and rose further to 18.8% toward the end of June '21, which coincided with the second wave of COVID-19.

However, GNPAs seemed to decline at the start of September '21 as operations returned back to normalcy. GNPAs have further improved and declined to 9.3% in FY22. CareEdge Research estimates GNPA levels to ease gradually over the next financial year.

3.8 Government Policies

The Government of India has designed various policies for the growth of MSMEs in the country.

- Revamp of the credit guarantee scheme for MSMEs w.e.f April 2023 through fund infusion of Rs 9,000 crore in the corpus. This will facilitate additional collateral-free guaranteed credit of Rs 2 lakh crore and reduce the cost of the credit by 1%.
- Announcement on introducing an Entity DigiLocker for MSMEs in order to store and share documents securely in an online mode.
- Under Vivad se Vishwas l, 95% of the forfeited amount relating to bid or performance security is to be returned by the government in case of failure by MSMEs to execute contracts during COVID-19.
- PM Vishwakarma Kaushal Samman (PM VIKAS) for traditional artisans to integrate them with the MSME value chain and assist them in improving the quality, scale, and reach of their products.

3.9 Recent Developments in the Sector

- The government has revised the definition of micro, small and medium enterprises (MSMEs). The government will now accord MSME status to retailers and wholesale traders. The decision will benefit 2.5 crores of retail and wholesale traders in the country. This is a positive move to provide easier access to credit and loans to millions of retailers and wholesalers to modernise and expand their businesses. It will also aid in boosting the informal retail sector's contribution toward GDP and overall economic growth.
- In April 2021, the Non-Banking Finance Companies (NBFCs) requested the Reserve Bank of India to extend the onetime restructuring scheme of MSME advances till March 31, 2022, as these players were unable to revive their businesses.
- In March 2021, the Ministry of MSME, through the Development Commissioner (DC-MSME) implemented the Technology Centre Systems Program (TCSP) to establish 15 new Technology Centres (TC). The centres assisted the industry predominantly MSMEs in general engineering, automotive, fragrance & flavour, and ESDM sectors.
- In March 2021, the Finance Ministry allowed private retirement funds to invest up to 5% in Category I & II AIFs regulated by SEBI. This will help widen the fundraising options for MSMEs and expand the domestic pool of capital.
- Category 1 AIFs consist of infrastructure, venture capital, angel, and social venture funds. Category II AIFs cover funds where at least 51% of the size can be invested in infrastructure, SMEs, venture capital or social welfare entities.
- In March 2021, the MSME support and development organisation, National Small Industries Corporation Limited (NSIC) announced that they will assist MSMEs working with the Agricultural and Processed Food Products Export Development Authority (APEDA) across multiple areas.
- The relationship will also support the promotion of green and sustainable manufacturing technologies for MSME clusters, enabling units to switch to sustainable and green production processes and products.
- In February 2021, Walmart's Vriddhi programme was extended to Uttar Pradesh, with the launch of an e-institute to facilitate small businesses in granting access to skills and competencies across the online and offline platforms such as Flipkart's marketplace and Walmart's global supply chain. The company stated that this new e-institute will benefit 50,000 MSMEs across the country to expand domestically and globally.
- In February 2021, the Indian Bank signed a memorandum of understanding (MOU) with the Society for Innovation and Development (SID), a project of the Indian Institute of Science, to provide exclusive credit to start-ups and MSMEs.
- In February 2021, the Small Industries Development Bank of India (SIDBI), a financial institution dedicated to the promotion, financing, and development of micro, small, and medium enterprises (MSMEs), signed an agreement with the government of Andhra Pradesh to help expand the state's MSME ecosystem.

- Udyam Registration: In 2020, the Ministry classified MSMEs based on investment in plant and machinery/equipment and turnover of MSMEs as composite criteria for classification. Initially, the process was filed by Udyog Aadhaar Memorandum which is now replaced by 'Udyam' registration on a portal developed by this Ministry.

- Exemption from requirement of having GSTIN: The Ministry has exempted the requirement of having GSTIN as per the provisions of the Central Goods and Services Tax Act, 2017, which will lead to an increase in the registration on the Udyam Registration portal.

- Also, the government has included Retail and Wholesale Trade as MSMEs from 2nd July 2021 and are allowed to be registered on Udyam Registration Portal. The Government has also included Street Vendors as Retail Trades as MSMEs from 2nd August 2021.

3.10 Conclusion

The Micro, Small and Medium Enterprises (MSME) sector is the driving force of the Indian economy. It has major potential to spread industrialization across the economy. However, the sector faces a number of challenges, such as limited access to finance, inadequate availability of skilled labour, and insufficient infrastructure. Additionally, the rising interest rates by the Reserve Bank of India (RBI) to regulate inflation has become a hindrance to the sector's growth.

This has further led to increased borrowing costs for MSMEs, rendering the situation difficult to access credit. This is also expected to impact the cash flows and profitability of MSMEs. Nevertheless, despite such challenges, the micro, small and medium enterprises (MSME) sector's growth potential remains high.

MSMEs are small in terms of scale of operations and business size. They employ a large number of people, making the sector a key contributor to India's economic development. The sheer number of workforce engaged further enables government support and benefits. Apart from government initiatives, the improved use of digital solutions adopted during COVID-19 (such as easy payments and marketing through digital platforms) and the increased demand for finished products have strengthened the MSMEs, leading to the recovery of their business.

Furthermore, the extension of the Emergency Credit Line Guarantee Scheme (ECLGS), assisting MSMEs in availing credit required to ensure recovery, until March 31, 2023, has helped in the recovery and growth of the MSMEs sector. In August 2022, the cabinet approved the enhancement in the limit of ECLGS to Rs.5 lakh crore from Rs. 4.5 lakh crore. This increased limit is expected to have provided relief to businesses to meet their operational expenses in hospitality and related sectors.

Moreover, the revamp of the credit guarantee scheme for MSMEs from April 2023 with Rs 9,000 crore of infusion in the corpus is likely to facilitate additional collateral-free guaranteed credit of Rs 2 lakh crore and reduce the borrowing cost by 1%. Such initiatives are expected to stimulate credit outreach to MSMEs, provide last-mile financial inclusion, and promote job creation in the sector.

Accordingly, the MSME sector is expected to help India achieve its goal of becoming a USD 5 lakh crore economy by 2025. At the same time, MSMEs have to generate employment opportunities, improve performance, transform their business operations, carry out technology-based production, and invest in research and development activities to achieve this goal. Additionally, MSMEs are expected to contribute more than 40% of India's nominal gross domestic product (GDP) by the financial year 2025 for which it will require immense support from the government, institutions, and banks.

OUR BUSINESS

Unless otherwise indicated or unless the context otherwise requires or in respect of certain operational data, the financial information for the Fiscal 2023, 2022 and 2021 included herein is derived from our Audited Financial Statements as included in this Draft Prospectus and for six months period ending September 30, 2023 has been derived from the Unaudited Financial Results. You should read the following discussion in conjunction with our Audited Financial Statements and Unaudited Financial Results, as applicable. We publish our financial statements in Indian Rupees. Our Financial Year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Financial Year are for the 12 months ended March 31 of that year.

Some of the information contained in the following discussion, including information with respect to our strengths and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 12 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 22 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

In this section, unless the context otherwise requires, references to "we", "us", "our", "the Company" or "our Company" refer to UGRO Capital Limited.

This Draft Prospectus contains certain Non-GAAP Financial Measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry. You should consult your own advisors and evaluate such information in the context of the Unaudited Financial Results and the Audited Financial Statements. For details pertaining to the same, please refer to the risk factor titled "Risk Factor - We have included certain Non-GAAP measures related to our operations and financial performance in this Draft Prospectus. Such Non-GAAP measures may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with the financial or operational information of similar nomenclature computed and represented by other companies" on page 31.

The industry-related information contained in this section is derived from the Care Edge Research Report, which has been exclusively commissioned and paid for by our Company only for the purposes of confirming our understanding of the industry in connection with the Issue. We officially engaged Care Analytics & Advisory Private Limited, in connection with the Care Edge Research Report pursuant to an engagement letter dated September 15, 2023. For further details and risks in relation to the Care Edge Research Report, see "Risk Factor- This Draft Prospectus contains information from third parties including reports prepared by independent third-party research agencies, which we have commissioned and paid for purposes of confirming our understanding of the industry" on page 30.

Overview

Our Company is a non-deposit taking systemically important NBFC registered with the RBI and the equity shares of our Company are listed on NSE and BSE. We have been categorized as an 'Middle Layer' NBFC under the scale based regulatory framework for NBFCs introduced by the RBI, with effect from September 30, 2022 and updated vide Scale Based Regulation. We are currently engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments and Micro Enterprises segments. We offer the following loan products and solutions to MSME through our technology platforms:

- Prime Secured Loans;
- Prime Unsecured Loans;
- Micro Enterprise Loans;
- Machinery Loans;
- Supply Chain Finance;
- Partnerships and Alliances.

Our Company's mission is "*To Solve the Unsolved*". Our Company has a dedicated programme for secured and unsecured loans aimed at MSMEs and has partnered with large OEMs to provide an end-to-end solution. We also lend to customers in the prime segment to the micro enterprises. While we have maintained a keen focus on the initial prime/near-prime target segment, we have also worked towards addressing a broader demographic as per our efforts to solve India's MSME credit gap.

We serve a diverse set of customers. Presently, our branches are divided into two segments i.e., prime branch having base in metro, tier 1 and tier 2 cities with customer turnover of ₹ 1 crore to 15 crore and micro branch having base in tier 3 to 6 cities having customer turnover of less than ₹ 1 crore. Of the said AUM, approximately 73% is in the form of secured/ quasi-secured lending.

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

(₹ in lakh)

Particulars	For six months period ended September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Total AUM	7,59,241.09	6,08,070.69	2,96,980.01	1,31,687.51
Total Disbursement	4,54,266.12	7,19,967.14	3,13,800.00	1,14,699.94
Total Income	47,198.00	68,376.28	31,341.59	15,333.84
Total Expenditure	39,553.82	59,993.44	29,323.81	14,120.93
Profit after tax	5,412.86	3,977.64	1,455.06	2,872.75
Net worth**	1,37,103.15	98,404.31	96,656.32	95,243.82
Debt to Equity ratio***	2.77	3.20	1.86	0.80
CRAR (%)	24.84%	20.23%	34.37%	65.55%
Gross Stage 3 Assets (%)	2.85%	2.46%	2.28%	2.72%
Net Stage 3 Assets (%)	1.52%	1.31%	1.70%	1.75%
Return on Net worth (%)****	9.19%*	4.08%	1.52%	3.06%

**Annualised*
***Net worth = Equity Share Capital + Other Equity*
****Debt = Debt securities + Borrowings (other than debt securities) and Equity = Equity share capital + Other equity*
*****Return on Net Worth = PAT/Average Net worth.*

Our AUM has grown from ₹ 1,31,687.51 lakh as at March 31, 2021 and ₹ 2,96,980.01 as at March 31, 2022 to ₹ 6,08,070.69 as at March 31, 2023. As of September 30, 2023, our AUM is at ₹ 7,59,241.09 lakh. Across our offered products, as on September 30, 2023, our average ticket size stood at ₹ 16.29 lakh and our average lending rate stood at 16.2%.

Our Total Income has grown from ₹ 15,333.84 lakh for the year ended March 31, 2021 and ₹ 31,341.59 lakh for the year ended March 31, 2022 to ₹ 68,376.28 lakh for the year ended March 31, 2023. For the half year ended September 30, 2023, our Total Income is at ₹ 47,198.00 lakh.

We have been assigned "CRISIL A-/ Positive" rating to the bank loans facilities and non-convertible debentures from CRISIL Ratings Limited. The rating reflects the Company's comfortable capitalisation metrics and its diversified and customised product offerings across the MSME segment. These strengths are partially offset by uncertain earnings due to high operating expenses, and limited track-record of operations.

Further, we have obtained a long-term rating of "IND A/ Stable" from India Ratings and Research Private Limited. This rating signifies adequate degree of safety regarding timely servicing of financial obligations and carry low credit risk. Further, we have obtained short term rating of "CRISIL A1" from CRISIL Ratings and "IND A1" from India Ratings and Research Private Limited for commercial paper and bank loan. This rating signifies very strong degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. We believe that our ratings result in reducing cost of funds for the Company.

Our total borrowings as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 amounted to ₹ 3,79,820.66 lakh, ₹ 3,14,893.45 lakh, ₹ 1,80,183.86 lakh and ₹ 76,569.48 lakh respectively. We rely on long-term and medium-term borrowings from banks; amongst others, including issuances of non-convertible debentures. We have a diversified lender base comprising public sector undertakings, private banks, mutual funds and others.

UGRO Capital Founding Philosophy (DataTech Approach)

Back in 2018, post the change in management and control of our Company, the new management was of the opinion that MSME lending market would gravitate towards being an on-tap consumer lending market and this would be heavily facilitated by the rapid scale of digitalization prevalent in the Indian economy. The management planned that the digital wave would standardise the data through India stack framework including the OCEN and AAN applications which would support new age digital lending business models for MSMEs and in turn reduce customer turn around time.

Our Company has attempted to leverage the shift towards digital ecosystem to make MSME lending more efficient and to design an underwriting framework by complementing the existing lending infrastructure which is (a) scalable and (b) templated. This problem statement internally was coined as *"To solve the Unsolved"* and translated in our mission statement.

Our Company's focus on data analytics and strong technology architecture allows for customized sourcing platforms for each sourcing channel. We have developed various technology platforms to enhance our quality of our services and operations, such as (i) GRO Plus module which has improved intermediated sourcing, (ii) GRO Chain, a supply chain financing platform with automated end to end approval and flow of invoices, (iii) GRO Xstream platform for co-lending, an upstream and downstream integration with fintechs and liability providers and (iv) GRO X application to deliver embedded financing option to MSMEs.

Our Company's underwriting model GRO Score 3.0 has helped in growth of our business and the Company has collaborated with 13 co-lending partners, over 60 lenders, 45 fintechs, 65 Anchors, 50 OEMs and 500 GRO partners to provide databacked customized finance solutions to over 59,000 MSMEs across India.

Our Differentiated Underwriting Approach

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

During Financial Year 2023, the credit scoring model was upgraded to GRO Score 3.0. The credit scoring model GRO Score 3.0 a statistical framework using AI / ML driven statistical model to risk rank customers is revolutionizing the MSME credit by providing on-tap financing like consumer financing in India.

GRO Score reduces dependency on any specific bureau data and provides higher approval rates for similar or lesser risk cases. Being an AI / ML based model, as the pool of loans grow and our Company gathers more data about customers, we will be able to seamlessly integrate the same into our systems to improve our credit decisions.

The scorecards were developed through the big data analysis of small business borrower profiles and are re-calibrated at designated intervals to maintain their accuracy. It takes into consideration 25,000+ parameters from banking and bureau records to categorize a particular customer across 5 bands of "A" to "E" with "A" being the least risky and "E" being the riskiest.

The results of our scoring model have tested positive for both sets of customers i.e. the ones to whom we have lent money and ones to whom we have not. It has also withstood two waves of Covid-19 pandemic, thereby establishing its robustness. As at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 our Gross NPA amounted to ₹ 13,018.78 lakh, ₹ 9,569.05 lakh, ₹ 5,641.15 lakh and ₹ 3,647.71 lakh respectively constituting 2.85%, 2.46%, 2.28% and 2.72% of our loan book.

We have adopted the data tripod underwriting methodology. We have developed our credit scoring model, GRO Score which used the data of GST, banking and bureau and our underwriters use our sector and sub sector based templated underwriting scorecard. Today when a customer approaches us, we only seek information relating to GST number, GST statement, and his bank statement along with the KYC documents and post that the system takes over and extracts various kinds of parameters, viz. such as the borrowing mix, the frequency and magnitude of defaults, history of high-cost debt, obligation as a percentage of turnover, etc. which have all been customized to our kind of target segment and this has been back tested and is administered on a real time basis.

Our Company's underwriting is specialized while maintaining standardization of the credit process across its branches. All processes in the underwriting process until in-principle decisioning are fully automated. In addition to the scorecards and the policy statements, the underwriting process also follows the traditional 'touch and feel' based checking processes including legal verification, fraud control unit check, field investigation and valuation, which is done by a combination of internal teams and outsourced agencies to ensure the sanctity of the loan portfolio is maintained.

Use of Technology

In today's time we witness digital transformation aided by India Stack, which in its complete form intends to enable new age lenders to underwrite cash flows of MSMEs at the point of origination thereby facilitating dissemination of credit at reduced cost and superior credit assessment of customers.

We are one of the first implementors of OCEN in India, and have designed & implemented Government e-Marketplace - Sahay (GeM Sahay enables MSME funding of purchase orders procured through the marketplace).

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

Our BRE software is product agnostic and distribution channel agnostic, it is purely based on behavior of end customer. All customer data is stored in our data lake which can be used for any kind of machine learning model.

We have developed proprietary technology platform for each distribution channel which are customized to support various business needs, such as:

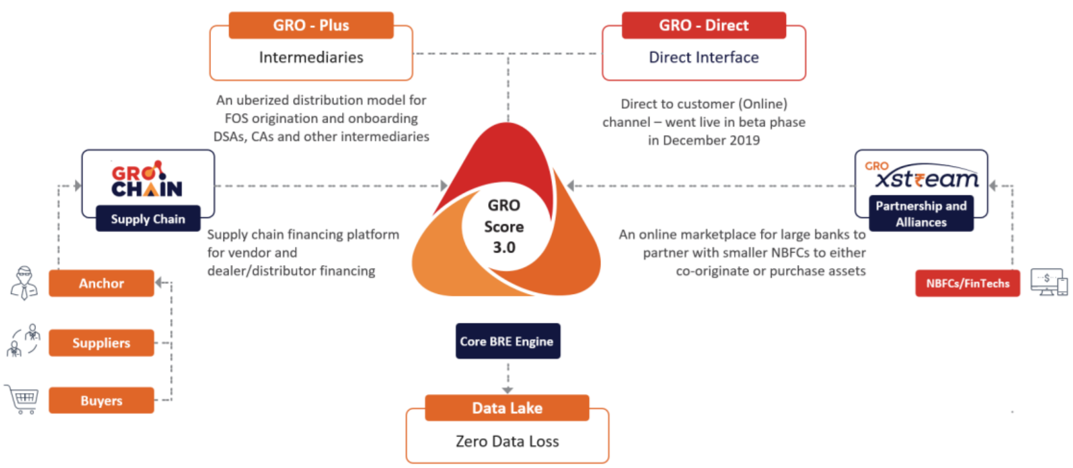
GRO Plus: Supports our branch-based business and is designed to support customers onboarded in metro cities through intermediaries. It has completely integrated every element of underwriting digitally (using all conventional parameters) and allows intermediary to use our application directly for onboarding,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

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

GRO Direct: Platform built to allow non-intermediated loan applications from eligible SMEs. We have also launched our GRO X app which allows SMEs to directly apply for loans through their mobile phones.

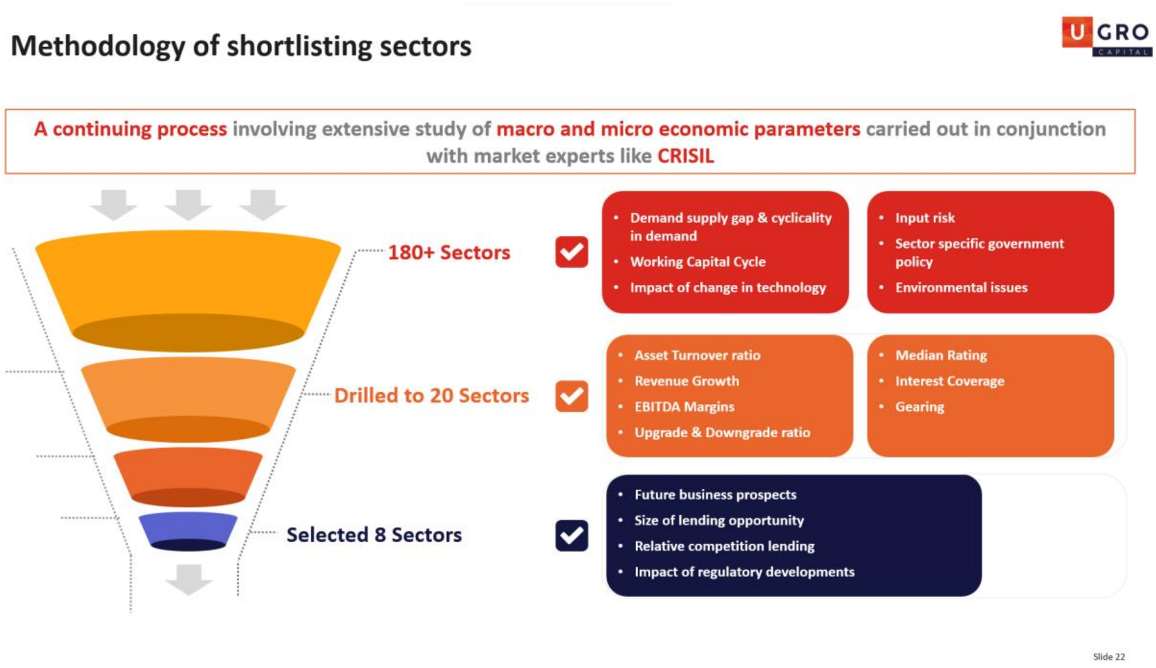
GRO Xstream: While it is currently being used as a sourcing module for partnership and alliances channel however, the same will eventually evolve into a marketplace powered by our BRE connecting asset originators on one hand with liability partners on the other. It currently allows seamless API integrations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

We have a system architecture to fully support our SME lending. Please see the following:



Our Business Model

Deep analysis of Macro and Micro Economic Factors to develop sector focus



Business Description

We offer the following loan products and solutions to SMEs through our technology platforms:

➢ **Prime Secured Loans**

- Business Loans (DSA led sourcing), 23 pan India branches.
- Prime MSME customers (Prime / Reported cash flows, Prime Repayment behaviour).
- Secured business loans against prime / standard residential or commercial properties.
- Typically catering to MSMEs in Tier I – III cities.

➢ **Prime Unsecured Loans**

- Business Loans (DSA led sourcing), 23 pan India branches.
- Prime MSME customers (Prime / Reported cash flows, Prime Repayment behaviour).
- Typically catering to MSMEs in Tier I – III cities.

➢ **Micro Enterprise Loans**

- Majorly Secured business loans (residential / commercial properties) to micro enterprises having very small businesses.
- Direct sourcing, 80+ branches across 7 states.

➢ **Machinery loan Financing**

- Productive asset financing for standard machineries, sourcing through 50+ OEMs networks, machinery can be easily repossessed and sold in a readily available secondary market.

➢ **Supply Chain Financing**

- Dealer and Vendor financing through 65+ Anchor partners with soft commitments from anchor partners

Product Profile

As on September 30, 2023, a brief overview of our product profile is as under:

Products	**Prime Secured Loans**	**Prime Unsecured Loans**	**Micro Enterprise Loans**	**Supply Chain Financing**	**Machinery Financing**	**Partnership & Alliances**
AUM (Rs. In lakh)	2,16,446.38	2,38,010.55	63,561.10	66,967.19	89,310.22	84,945.64
AUM (% of total AUM)	29%	31%	8%	9%	12%	11%
Yield (%)	13.8%	19.6%	20.9%	13.3%	13.4%	14.8%
Average Ticket Size (in lakh)	70	16	8	49	37	5
Average Tenor (No. of years)	11	3	8	4	0.25	4
Collateral	Prime Property[1]	Not Applicable	Standard Property[2]	Prime Receivables	Prime Machinery[3]	FLDG from partner
Cashflow Underwriting	GST, Banking & Liquid Assessment	GST, Banking & Liquid Assessment	Liquid Income assessment	GST& Banking	GST& Banking	Banking & Liquid Assessment
Targeted customer turnover	INR 1-15 Cr	INR 1-15 Cr	Less than INR 1 Cr	INR 1-10 Cr	INR 1-10 Cr	Less than INR 50 L

1. Prime Property: These properties are located in metros and tier-one cities. These are technically perfect in nature. Owners of these properties may have multiple collaterals to offer that are also legally perfect in nature.

2. Standard Property: These properties are in tier 3 cities and beyond. Single collateral is available.

3. Prime Machinery: These are located in metros and tier-one/tier-two cities. These are machinery that can used across various industries and are not industry-specific. These are standard types of machinery like injection moulding, lathe machinery, etc

The following table sets forth the mix of AUM as on September 30, 2023 and as on March 31, 2023, 2022 and 2021:

(₹ in lakh)

Products	**AUM (₹ in lakh), as on September 30, 2023**	**AUM (₹ in lakh), as on March 31,**		
		2023	**2022**	**2021**
Prime Secured Loans	2,16,446.38	1,72,704.94	1,02,205.02	52,543.82
Prime Unsecured Loans	2,38,010.55	1,89,878.60	76,646.17	33,606.37
Micro Enterprise Loans	63,561.10	47,173.67	10,644.54	394.41
Machinery Loans	89,310.22	70,114.13	25,246.57	7,145.96
Supply Chain Finance	66,967.19	56,694.39	28,737.81	21,047.89
Partnership and Alliances	84,945.64	71,504.97	53,500.00	16,949.07
Total	**7,59,241.09**	**6,08,070.69**	**2,96,980.10**	**1,31,687.51**

Loan Origination:

Our Company operates across 4 broad channels to originate loans which are as follows:

1) Branch Channel: We provide quick in-principle approval for SMEs to get much faster access to credit. We have a network of 104 branches as on September 30, 2023 comprising of 23 prime and 81 micro branches. Sourcing of prime business is done through intermediaries whereas sourcing for micro branches is carried out through feet on street model. Through these branches our Company caters to the entire spectrum of MSME borrowers.

2) Eco-system Channel: Ecosystem channel leverages our industry-specific 'Anchor' partnerships, each of which adds a pool of potential lenders. This is further subdivided into supply chain finance & machinery finance. In supply chain financing – we provide working capital financing for anchors and its ecosystem and non-anchors through sales & purchase invoice discounting. In machinery finance, we offer secured loans to machine buyers with a charge on machines.

3) Partnership & Alliances Channel: We are partnered with over 45 finTechs / Smaller NBFCs under a co-lending model wherein the loan is originated by partner NBFC and we take a part of the loan exposure on our books.

4) Direct Digital Channel: Our proprietary digital lending platform, the digital platform applies the full suite of U GRO's technological innovations in order to expand our credit access for Indian SMEs- maximizing our impact on financial inclusion. We have launched GRO X application which provide us with the ability to offer credit on tap.

Our portfolio is well diversified across geographies and sectors with exposure to no single sector exceeding 23 % and no single geography exceeding 17 %.

Our Strengths

Technologically advanced operating model and Credit Approach

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. We have adopted a sectoral lending approach to identify homogeneity among the heterogeneous MSME segment. We juxtaposed cash flow-based banking analysis and repayment behavior of MSMEs to the sector in which they operate to develop our proprietary AI / ML based scoring model GRO Score. GRO score is built on the tripod of data i.e., banking, bureau and GST to analyze 25,000+ data points and deliver < 60 mins credit decisioning.

Diversified borrowing profile and Effective asset-liability management

Over the years, we have developed a diversified funding profile, maintained long-term relationships with our lenders and established a track record of timely servicing our debt obligations. As an NBFC-ND-SI, we have access to diverse sources of liquidity, such as term loans from banks, financial institutions and non-banking financial companies, and proceeds from the issuance of NCDs to meet our funding requirements. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. As on September 30, 2023, our borrowings from Banks, Capital market instruments, Development Finance Institutions, NBFC and FIIs constituted 43%, 21%, 14%, 11% and 11%, respectively.

Further, our source of funding as on September 30, 2023 is as under:

Source of funds		Amount (₹ in lakh)	%
Loan from Banks / Financial Institutions	:	2,36,663.52	62.3%
Bank Overdraft	:	889.53	0.2%
Non-Convertible Debentures	:	79,101.86	20.8%
Commercial Papers	:	14,998.87	3.9%
Liabilities arising out of securitization transactions	:	9,544.15	2.5%
External Commercial borrowings	:	38,622.73	10.2%
Total	:	**3,79,820.66**	**100%**
	:		
Net worth	:	1,37,103.15	
Debt Equity Ratio	:	2.77	

Formidable Distribution Strength with focus on customised solution

Our Company offers multiple products namely secured LAP, affordable LAP, micro enterprises loans, machinery loans, unsecured business loans and supply chain financing to address various credit needs of MSMEs. It operates through four broad distribution channels to service entire MSME segment right from prime customers to micro customers. Its distribution channels are (a) Branch Led Channel (b) Ecosystem Channel (c) Partnerships and Alliances Channel (d) Direct Digital Channel. As of September 30, 2023 we have 104 branches across 15 states and union territories in India. We have leveraged our branch network along with our technology driven approach and partnerships to strategically design product offerings basis the customer segment, market and ease of accessibility. We believe that our wide network of branches combined with our customised lending products and a technology driven approach enables an increased ease of access to credit for our customers

Robust Technology Framework

UGRO has developed proprietary technology sourcing platforms which are customized for each distribution channel at the heart of which lies its BRE which is product agnostic and distribution channel agnostic and is purely based on behavior of end customers. All customer data is stored in data lake which can be used for any kind of machine learning model.

Data First Approach

Our Company has imbibed data backed approach not only in our underwriting but across all facets of our business. We identified various other business aspects where data analytics could be leveraged to build in efficiencies and today it is widely used across our organization.

Major business decisions today are based on data analytics. For instance, in order to select locations for opening micro enterprise branches we carried out state wise, pin code wise analysis on the size of business and portfolio performance and picked the top results of our analysis.

Data analytics has helped us address an age-old bank reconciliation problem faced by NBFCs and today we can automatically assign money paid by our customers through RTGS / digital system against respective loan accounts in LMS system.

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

Strong Corporate Governance Standards

Creating an institution that is built to last requires strong corporate governance standards. Our Board comprises majorly of Independent Directors. Being a listed entity, we are also required to follow a higher degree of regulatory compliance and transparency. We have suo moto separated the functions of Vice Chairman and Managing Director and appointed Non-Executive Director as Chairman with effect from July 5, 2018, in line with the same.

Experienced Leadership Team

Our Company has hired experienced professionals that have a proven track record of delivering results and possess the right acumen necessary in the build out phase of any organization. Business operations are independently managed by the professionally managed team.

Large Institutional Capital

Our Company raised institutional equity capital aggregating around ₹ 92,000 lakh from a diverse group of institutional investors in financial year 2019 and around ₹ 34,000 lakh in financial year 2024. Having a large institutional capital is also perceived positively by lenders and our Company has been able to solidify its position in terms of the liability book.

As on September 30, 2023, 63% of the paid up share capital of our Company is held by institutions / private equity funds like IFU, ADV Partners, New Quest, Samena Capital, SBI Life Insurance, SBI General Insurance, Go Digit Insurance, Chhattisgarh Investments.

The growth of our capital base in the last three Fiscals and the six months period ending September 30, 2023 is depicted below:

(₹ in lakh)

Particulars	**For six months period ended September 30, 2023**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Net worth*	1,37,103.15	98,404.31	96,656.32	95,243.82
CRAR (%)	24.84%	20.23%	34.37%	65.55%

**Net worth = Equity Share Capital + Other Equity*

Reach across a varied MSME base and customer sourcing models

Our lending business is sourced digitally as well as through partners, direct selling agents and sales team. We also conduct site verification visits and interviews with the applicant. We have centralized credit hubs, where our underwriting processes are carried out by our credit team. We have also entered into arrangements with certain verification agencies supervised by our internal management to conduct site visits to verify identity and other information of applicants in certain cases. On the sanction of a loan amount, repayment terms are set out up on completion of all documentation requirements by the applicant. With our presence across India we have established a diverse customer base situated across India across 104 branches in 15 states.

Our Growth Strategies

Focus on growing Co-lending/ Co-origination

Our Company is successfully harnessing and operationalizing co-lending partnerships with multiples Banks and NBFCs. Currently, we have operationalized 13 co-lending partnerships across large public sector banks and NBFCs. Our AUM through co-lending partnership amounts to ₹ 3,40,486.07 lakh as on September 30, 2023 and the proportion of our AUM through co-lending partnerships in total AUM has increased from 16% as on March 31, 2022 to 45% as on September 30, 2023.

Leveraging technology and digital platforms such as operationalizing GRO Xstream Platform to grow our off book portfolio and improve efficiency

We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. Our Company aims to operationalize GRO Xstream platform to ultimately connect providers of capital with originators of loans and facilitate multiple liability partnerships in the form of co-lending, co-origination, direct assignment and others. GRO Xstream would be powered by GRO Score and would support multi rule engine basis requirements of various lenders.

Further we will continue to update our systems and use latest technology to streamline our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that improvements in technology will also reduce our operational and processing time, thereby improving our efficiency and allowing us to provide better service to our customers.

Customised, innovative and customer friendly lending

As part of our strategy to focus on our lending business, we intend to customize and introduce new loan products and evaluate other financing opportunities. Our Company also intends to improve our lending processes and distribution channels. We focus on providing a seamless customer experience and differentiated solutions to meet the specific needs of particular customer,

Our Company believes that our customer service initiatives coupled with the use of technology will allow us to maintain our presence in the lending market and secure both new and repeat business in our lending operations.

Continue to diversify our loan book mix and product suite with an exclusive focus on MSME funding

We continue to diversify our loan book by increasing the share of MSME loans with a balance amongst the nine niche sectors identified by us. We believe there is a significant untapped potential in the MSME industry, offering long-term growth opportunities. We target to serve consumers and small businesses which we believe are systemically underserved and require differentiated products. We are also looking to build strategic partnerships with other digital lending platforms / large players for our MSME business.

Continue to maintain prudent risk management policies for our assets under management

We believe that the success of our business is dependent on our ability to consistently implement and streamline our risk management policies. As we focus on building a large loan portfolio, we will continue to maintain strict risk management standards to manage credit risks and promote a robust recovery process.

Leverage our financial strength and improved ratings to increase our competitiveness, diversify our funding mix and reduce our funding costs

Leveraged funding, with timely repayment of the loans, will help us to improve our credit rating which in turn will also help in reduction of the cost of capital of our Company. We intend to continue to make our efforts on reducing the cost of borrowing and boost liquidity that include issuance of non-convertible debentures with a focus on generating higher ROEs.

Our Company has adopted a conservative approach to ALM management and focused on conserving liquidity. Our efforts are reflected in the ALM profile with higher positive gaps. We continue to focus on having multiple and diversified sources of funding in order to support our business functions to grow value investment opportunities.

Key operational and financial parameters

Particulars	As At September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
BALANCE SHEET				
Assets				
Property, Plant and Equipment	452.85	379.30	430.43	468.60
Financial Assets	5,08,314.56	4,10,359.04	2,71,639.43	1,65,688.69
Non-financial Assets excluding property, plant and equipment	24,301.37	19,820.34	13,352.70	8,932.20
Total Assets	**5,33,068.78**	**4,30,558.68**	**2,85,422.56**	**1,75,089.49**
Liabilities				
Financial Liabilities				
- Derivative financial instruments		9.27		
- Trade Payables	293.99	1,411.55	682.05	1,023.30
- Debt Securities	1,03,644.88	1,14,434.45	70,376.77	29,940.69
- -Borrowings (other than Debt Securities)	2,76,175.78	2,00,459.00	1,09,807.09	46,628.79
- Subordinated liabilities				
- Other financial liabilities	7,348.89	7,734.85	4,722.81	1,729.13

Non-Financial Liabilities				
- Current tax liabilities (net)	2,588.86	1,567.77	126.07	144.13
- Provisions	5,274.60	5,776.71	2,687.22	241.99
- Deferred tax liabilities (net)				
- Other non-financial liabilities	638.63	760.77	364.23	137.64
Equity (Equity Share Capital and Other Equity)				
Equity (Equity Share Capital and Other Equity)	1,37,103.15	98,404.31	96,656.32	95,243.82
Total Liabilities and Equity	**5,33,068.78**	**4,30,558.65**	**2,85,422.56**	**1,75,089.49**
PROFIT AND LOSS				
Revenue from operations	45,784.03	65,645.37	30,727.46	14,981.07
Other Income	1,413.97	2,730.91	614.13	352.77
Total Income	**47,198.00**	**68,376.28**	**31,341.59**	**15,333.84**
Total Expense	39,553.82	59,993.44	29,323.81	14,120.93
Profit before tax for the year	7,644.18	8,382.84	2,017.78	1,212.91
Profit after tax for the year	5,412.86	3,977.64	1,455.06	2,872.75
Other Comprehensive income	-	-	-	-
Total Comprehensive Income				
Earnings per equity share (Basic)	6.23	5.69	2.06	4.07
Earnings per equity share (Diluted)	6.16	5.66	2.05	4.07
Cash Flow				
Net cash from / used in(-) operating activities	(62,127.47)	(1,22,042.82)	(1,13,181.67)	(34,712.06)
Net cash from / used in (-) investing activities	(13,807.78)	(8,454.20)	4,137.95	(4,591.73)
Net cash from / used in (-) financing activities	97,347.14	1,27,936.85	1,03,253.11	50,794.70
Net increase/decrease (-) in cash and cash equivalents	21,411.89	(2,560.17)	(5,790.61)	11,490.91

Cash and cash equivalents as per Cash Flow Statement as at end of period / Year	25,426.66	4,014.77	6,574.94	12,365.55
Additional Information				
Net worth (Note 3.1)	1,37,103.15	98,404.31	96,656.32	95,243.82
Cash and cash equivalents	25,426.66	4,014.77	6,574.94	12,365.55
Loans	**4,45,761.77**	**3,80,636.21**	**2,45,048.34**	**1,27,880.52**
Loans (Principal Amount) (On-Books)	4,18,755.02	3,63,845.64	2,45,393.62	1,30,569.76
Total Debts to Total Assets (Note 3.2)	0.71	0.73	0.63	0.44
Interest Income	33,335.54	48,291.34	27,215.28	14,812.85
Interest Expense	19,808.31	29,327.40	13,738.92	4,456.24
Impairment on Financial Instruments	4,549.34	5,679.99	2,941.54	1,961.71
Bad Debts to Loans (Note 3.3)				
% Stage 3 Loans on Loans (Principal Amount)	2.85%	2.46%	2.28%	2.72%
% Net Stage 3 Loans on Loans (Principal Amount)	1.52%	1.31%	1.70%	1.75%
Tier I Capital Adequacy Ratio (%)	24.20%	19.63%	33.61%	65.15%
Tier II Capital Adequacy Ratio (%)	0.64%	0.60%	0.76%	0.40%

Debt Equity Ratio of the Company

Debt Equity Ratio before Issue of the Debt Securities (Refer Note 1,3.4)	2.77
Debt Equity Ratio after Issue of the Debt Securities (Refer Note 2,3.4)	2.92

Note 1: The debt equity ratio pre-issue is calculated based on the Financial Information for the period ended September 30, 2023.

Note 2: The debt equity ratio post issue is indicative and is on account of inflow of ₹ 20,000 lakh from the proposed public issue with borrowings and total equity as on September 30, 2023.

Note 3:

1. Net worth is the aggregate of paid up share capital and other equity as appearing in the Financial Statement
2. Total Debts to Total assets = Short term borrowings + Long term borrowings including current maturity of long-term borrowings / Total Assets.
3. Bad debts to Account receivable ratio = Bad Debts written off / Gross Loans
4. Debt / Equity Ratio= Total Debt Borrowings (other than debt securities) + Debt securities] / Net worth.

Asset Quality and Portfolio Provisioning

Particulars	September 2023	March 2023	March 2022	March 2021
Gross NPA(%)	2.85%	2.46%	2.28%	2.72%
Net NPA (%)	1.52%	1.31%	1.70%	1.75%
Provision Coverage ratio (PCR)	49%	49%	27%	33%
Collection efficiency	97.2%	97.4%	97.7%	97.8%

Our total restructured AUM stands at 0.6 % of total AUM as of September 30, 2023.

Risk Management

Our Company has adopted robust and comprehensive risk management capabilities boosted by sectoral expertise, prowess on data analytics and superior technology infrastructure and powers our journey of accelerated growth with best-in-class governance and asset quality. Will the growing needs of the business, our Company has strengthened the requisite areas across lines of defence, by enhancing the team structures and headcount across analytics, credit, fraud control and collections strategy. Data analytics lies at the heart of credit assessment and has enabled a migration from traditional income document-based assessment to a cashflow-based underwriting using the tripod of credit bureau, banking and GST information. During the year, our Company has implemented its proprietary scoring model – the Gro Score 3.0 which produces a borrower level rating based on credit bureau and bank statement information. We have also implemented a predictive modelling driven Early Warning Signals framework to generate trigger alerts for portfolio stage collections activity.

Along with continued growth, our Company is well placed to comply with RBI's scale-based regulation for NBFCs and has put in place a supervisory risk evaluation and capital adequacy framework with comprehensive coverage of enterprise level risk elements as mentioned below, after taking into account their relative significance and impact in the context of our business model.

- Credit risk – risk of borrower or counterparty failing to meet its obligations in accordance with agreed terms leading to higher credit cost and provisions across multiple stress scenarios;
- Market risk – supervision of the risk of financial loss resulting from movements in market prices;
- Operational risk - risk of loss resulting from inadequate or failed internal processes, people and systems or from external events;
- Liquidity risk - the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost;
- Credit concentration risk – risk of any single exposure or group of exposures with the potential to produce losses large enough (relative to capital, total assets, or overall risk level) to threaten the organization's health or ability to maintain its core operations;
- Interest rate risk in banking book - the current or prospective risk to capital and earnings arising from adverse movements in interest rates that affect the banking book positions;
- Securitization risk – risks associated with pools of financial instruments held for brief periods for the purpose of facilitating activities such as trading or securitization;
- Strategic risk – risk borne out of the internal and external events that may make it difficult, or even impossible, for an organization to achieve their objectives and strategic goals;
- Reputation risk – damage that can occur to a business when it fails to meet the expectations of its stakeholders and is thus negatively perceived;
- Model risk - risk that occurs when a financial model is used to measure quantitative information such as a firm's market risks or value transactions, and the model fails or performs inadequately and leads to adverse outcomes for the firm;
- Technology risk - Technology risk arises from the use of computer systems in the day-to-day conduct of the bank's operations, reconciliation of books of accounts, and storage and retrieval of information and reports;
- Legal risk - Legal risk is the risk of financial or reputational loss that can result from lapses in the way law and regulation apply to the business, its relationships, processes, products and services.

Liability Strategy

Our Company follows a 3-pronged approach to liability. These include balance sheet-based borrowings from banks, financial institutions and capital markets, co-origination/co-lending partnerships with banks and financial institutions and loan securitisation to raise funding against our asset pool.

As on September, 2023, we have a lender base of 60 lenders. We have tapped in funds from the development finance institutions for raising long term capital. We have processes and policies to manage our ALM to enable us to better manage our assets and liability. A summary of our asset and liability maturity (ALM) profile as of November 30, 2023 is set out below:

(*₹ in lakh*)

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Cash Inflows	15,198.35	20,053.76	26,394.30	29,328.38	39,679.30	38,613.24	78,434.83	1,60,466.48	1,19,283.50	65,439.33	5,92,891.47
Cash Outflows	7,961.86	1,525.31	12,361.39	41,339.01	25,390.63	38,998.75	61,676.19	1,78,732.51	74,061.96	1,42,688.33	5,84,735.94
Mismatch	7,236.49	18,528.45	14,032.91	-12,010.63	14,288.67	-385.51	16,758.64	-18,266.03	45,221.54	-77,249.00	8,155.53
Cumulative mismatch	7,236.49	25,764.94	39,797.85	27,787.22	42,075.89	41,690.38	58,449.02	40,182.99	85,404.53	8,155.53	

Corporate Social Responsibility (CSR)

Guided by our Corporate Social Responsibility (CSR) policy, we will continue to create value for the underprivileged in the country through well-structured programs and interventions. The 4 pillars U GRO is committed to are in the areas of education, health nutrition and WASH, women empowerment, and environmental sustainability. During the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 we have spent ₹ 52.50 lakh, ₹ 39.12 lakh and ₹ 19.05 lakh towards CSR activities. Further, as at March 31, 2024, our Company is required to spent ₹ 34.12 lakh.

In our previous CSR initiative, we collaborated with Smile Foundation which focused on the education sector which has served as a key driver in providing quality education and relevant vocational training to 10,00,000+ children. We have also tied up with 'Heal Foundation' to run a mobile Digital Health Clinic. The mobile digital health clinic caters to communities and different societies. This digital clinic has hPod – a fully functional virtual primary health care centre which helps avoid unnecessary hospital visits, real-time health screening and advise from an expert physician right from the kiosk. We continue to sponsor education for the underprivileged on case-to-case basis.

Our ESG Approach

Our Company has been on the forefront of ESG with a strong resolute towards sustainability. We carried out an industry first vendor impact assessment report by partnering with Sattva, an impact consulting firm in the development sector. The results of this study reaffirmed our strong resolve to promote sustainability and create an impact through our business operations. Our business has impacted thousands of MSMEs which makes us a significant contributor towards fulfilling the above Sustainable Development Goals (SDGs).

MSMEs operate in sectors that create impact in large sections of the population especially the weaker sections and the sectors which are employment intensive. MSMEs are the engines of growth towards a sustainable society and thus it is of prime importance to bridge the INR 20-25 trillion of credit gap. (Source: RBI Report of the Expert Committee on MSME – June 2019) Catering to MSME aid directly to address multiple SDGs stated by the United Nations (No Poverty, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reduce Inequalities).

In addition, our sector focused approach makes it possible to put in place an appropriate monitoring framework for end use of funds and enables us to track and quantify various parameters of social impact. We are focused on lending to high impact sectors namely healthcare, education, food processing, electrical equipment & components, light engineering, hospitality, chemicals, auto components and micro enterprises. This sectoral approach of lending directly aligns with multiple SDGs.

Employees

We place emphasis and focus on recruitment and retention of our employees as personnel is the most valuable asset for a service industry such as ours. As of September 30, 2023 we employed 1,492 employees. We have also implemented an employees stock option plan, in addition to the normal rewards and recognition programmes, and learning and development programmes for our employees. For more details on Employee Stock Option Plan, please refer to Chapter "*Capital Structure*" on page 51 of this Draft Prospectus.

Credit ratings

The following table sets forth details on the credit ratings of our Company as of the dates indicated:

Rating Agency	Instrument	Credit Ratings		
		As on date	**September 30, 2023**	**March 31, 2023**
Crisil Ratings Limited	Long term debt	Crisil A-/Positive	Crisil A-/Positive	Crisil A-/Positive
Crisil Ratings Limited	Short term debt	Crisil A1	Crisil A1	Crisil A1
India Ratings and Research Private Limited	Long term debt	IND A/Stable	IND A/Stable	IND A/Stable
India Ratings and Research Private Limited	Short term debt	IND A1	IND A1	IND A1
Acuité Ratings & Research Limited	Long term debt	Acuite A/Stable	Acuite A/Stable	Acuite A/Stable
Acuité Ratings & Research Limited	Short term debt	-	-	Acuite A1

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. We face competition in the lending business from domestic and international banks as well as other NBFCs, fintech lending platforms and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the markets in which we operate, which would result in greater competition and lower spreads on our loans. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs.

Insurance

We maintain a director's and officers' liability policy covering our directors and officers against claims arising out of legal and regulatory proceedings and monetary demands for damages. We also maintain a group personal accident and business travel accident policy for our employees. These insurance policies are generally valid for a year and are renewed annually.

Intellectual Property

Poshika Financial Ecosystem Private Limited had, vide an assignment deed dated May 13, 2019, transferred the ownership of the logo "U GRO" / "U GRO CAPITAL" to our Company. Subsequently, vide an order dated September 22, 2020, the ownership of the said logo vest with our Company under Class 35 and 36 under the Trade Marks Act, 1999.

Our current logo "UGRO CAPITAL", is registered under Class 35 and 36 under the Trade Marks Act, 1999 in the name of our Company. Further, we have filed application for registration of GROX under class 09, 35, 36 and 42 under the Trade Marks Act, 1999.

As on the date of this Draft Prospectus, our Company has filed for registration of 1 (one) patent vide application dated November 11, 2020 for our invention titled 'Method and System for Modelling Credit Scorecards'.

Properties

Our registered office is located at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India. In addition to the same, as of September 30, 2023 our network comprises of 23 prime branches and 81 micro branches. Our registered office and all our branches are located at premises leased or licensed to us.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief background of our Company

Our Company was incorporated as "Chokhani Securities Private Limited" under the Companies Act, 1956 on February 10, 1993 with Registrar of Companies, Maharashtra at Bombay. Our Company was subsequently converted into a public limited company pursuant to the fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Bombay on July 26, 1994. The name of our Company was subsequently changed from "Chokhani Securities Limited" to "UGRO Capital Limited" and a fresh Certificate of Incorporation was issued by RoC on September 26, 2018. Our Company is also registered with RBI as Systematically Important non-deposit taking Non-Banking Finance Company with registration no. No. 13.00325 dated October 26, 2018.

The Corporate Identification Number of our Company is L67120MH1993PLC070739.

Our Company is a non-deposit taking systemically important Non-Banking Financial Company ("**NBFC**") as defined under Section 45-IA of the Reserve Bank of India Act, 1934 and registered with effect from March 11, 1998 and fresh registration was obtained pursuant to change of name bearing Registration No. 13.00325 from October 26, 2018. Our Company is currently engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments and Micro Enterprises segments.

Change in Management and Control of our Company

On December 31, 2017, Poshika Advisory Services LLP & Mr. Shachindra Nath (collectively referred to as the "**Acquirers**") made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Ms. Neelam R Chokhani, Ramakant R Chokhani HUF and Ramakant R Chokhani) to the Acquirers in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015. Consequently, Mr. Ramakant R Chokhani, Mr. Anand R Chokhani, Ms. Neelam R Chokhani and Ramakant R Chokhani HUF, the erstwhile Promoters of our Company, were reclassified from the Promoter category to Public category during the FY 2018-19 and Poshika Advisory Services LLP was classified as Promoter of our Company pursuant to the open offer.

Registered Office and changes to Registered Office

Our Registered Office is located at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India. Except as set forth, there has not been any change to the Registered Office since incorporation.

Effective Date of Change	Address Changed	
	From	To
June 12, 2007*	9-16-D Fort Mansion British Hotel Lane Off B S MG Fort, Mumbai – 400023	5A-Maker Bhavan No.2, Sir Vithaldas Thakersey Marg, New Marine Lines, Churchgate, Mumbai – 400020
August 13, 2018	5A-Maker Bhavan No.2, Sir Vithaldas Thakersey Marg, New Marine Lines, Churchgate, Mumbai – 400020	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070, Maharashtra, India

** Records w.r.t. information related to change in registered office prior to this date is not available. Also, see "Risk Factors - We do not have access to records and data pertaining to certain historical legal and secretarial information" on page 32."*

Corporate Office

Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai – 400070, Maharashtra, India.

Main objects of our Company

The main object of our Company as contained in our Memorandum of Association is as follows:

1. *"To invest the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debenture, debenture stock, bonds, mortgages, obligations and securities of any kind, carrying on business in shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities, commissioners, Trust, Municipal or local Authority and to carry on the business of underwriters film financing, hire purchase financing, and to carry on business of financing industrial enterprises, trade and business financing.*

2. *To carry on the business of providing Fund/Non-fund-based activities, Venture Capital, Stock Broking, Factoring, Arbitrage, Badla Finance, Portfolio Management services, Mutual Fund, Debt Market Operations, Forex Management services, Merchant Banking Activities, Insurance, Reinsurance, Future and Options, Derivatives, Depository Participants, etc.*

3. *To manufacture, assemble, purchase, sell, export, import, alter, repair, transfer, lease, hire, licence, use, dispose of, operate, fabricate, construct, distribute, design, charter, acquire, market, recondition, work upon or advice otherwise deal in, whether as manufacturers, dealers, developers, distributors, agents of other manufacturers or otherwise all kinds of products and services pertaining to computer software and hardware industry, software, system development, application software for microprocessor based information system, web portals, web enabling, web super markets, kiosks for "e" commerce, web migration, web based training / education, Learning systems, Knowledge management, retail broking, e-tail broking, Internet broking, net dynamics, client server development, platform development, Information Technology, Software development, e-commerce conversion of data, internet, web site, e-commerce, e-business, e-tailing, e-trade, advertisements, sponsorships, gamesites, application system, computer peripherals and accessories, information technology, Mapping, Educational publications, computer aided design / computer aided manufacturing, workstations, scanners, scanner plotters, servers, digitzers, software procedures, and undertake turnkey projects, for developing computer software or hardware system, telephony, migration and reengineering, data warehousing, enterprise resource planning, product, development, and management and to provide all other allied services in India and abroad.*

4. *To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company whether or not associated in any way with, the company), to enter into guarantees, contracts of indemnity and surety ship of all kinds, to receive money on deposits or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company)."*

Key events, milestones and achievements

The table below sets forth the key events, milestones and achievements in the history of our Company:

Financial Year	Particulars
1992-93	Incorporation of our Company.
1994 - 95	Our Company made an initial public issue of Equity Shares.
2017 - 18	• Change in Management Control of our Company was announced; and • Demerger of the Lending Business of Asia Pragati Capfin Private Limited into our Company, w.e.f. the Appointed Date being April 01, 2018.
2018 - 19	Raised capital from Institutional / PE Investors and HNI.
2021-22	Raised ₹ 5,000 lakh through Public Issue of Non-Convertible Debentures
2022-23	Raised ₹ 17,221.55 lakh through Public Issue of Non-Convertible Debentures
2023-24	Issued 66,11,325 Equity Shares of face value ₹ 10 per equity share aggregating to ₹ 10,049.21 lakh by way of qualified institutional placement

	Issued 1,52,38,095 Equity Shares of face value ₹ 10 per equity share aggregating to ₹ 24,000 lakh by way of preferential allotment

Material Agreements

Other than the below-mentioned agreements, our Company has not entered into any other material agreements and material contracts which are not in the ordinary course of business, in the last two years:

Investment Agreement dated April 11, 2023 executed between Danish Sustainable Development Goals Investment Fund K/S ("Investor"), our Company, Poshika Advisory Services LLP, Mr. Sachindra Nath and Poshika Financial Ecosystem Private Limited ("Investment Agreement")

Pursuant to the terms of Investment Agreement, the Investor is entitled to certain rights including pre-emptive right in case of any issuance of securities by the Issuer by way of preferential allotment provided that its shareholding does not fall below 5% of the share capital of the Issuer. The Investor is also entitled to appoint and nominate one non-executive director on the board of the Company provided that its shareholding in the Company does not fall below 10% of the share capital of the Issuer. The Investor further has a right to nominate one representative to attend all meetings of the board in a non-voting capacity provided that the its shareholding of the Investor does not fall below 5% of the shareholding of the Issue on fully diluted basis. Additionally, Poshika Advisory Services LLP is not allowed to transfer any shares or securities of the Issuer for a period of two years from the execution of the Investment Agreement.

Holding Company

As on the date of this Draft Prospectus, our Company does not have any holding company.

Our subsidiaries, joint ventures and associate companies

As on the date of this Draft Prospectus, our Company does not have any subsidiaries, joint ventures or associate companies.

Acquisition or Amalgamation in the preceding one year

Our Company has not made any acquisition or amalgamation in the preceding one year prior, preceding the date of this Draft Prospectus.

Reorganization or Reconstruction undertaken by our Company in the preceding one year

There have been no reorganization or reconstruction undertaken by our Company in the preceding one year, preceding the date of this Draft Prospectus.

Related Party Transactions based on Audited Financial Statements

For details in relation to the related party transaction entered by our Company during the last three financial years and current financial year, as per the requirements specified under the Companies Act, refer to "*Related Party Transactions"* on page 189.

OUR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations, affairs and business are vested in the Board, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws.

The Articles of Association of our Company provide that the number of directors shall not be more than fifteen (15).

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and is governed by the Articles of Association of our Company, the relevant directions issued by the RBI, and the SEBI Listing Regulations.

As on the date of this Draft Prospectus, we have eleven (11) Directors on our Board of Directors. We have 6 (six) independent directors including one of them being Chairman, and 4 (four) Nominee directors and 1 (one) Managing Director. There are 2 (two) woman director on the Board.

The following table sets forth details regarding the Board as on the date of this Draft Prospectus.

Details relating to Directors

Name, Designation and DIN	Age	Address	Date of Appointment / Re-appointment	Details of other Directorships
Satyananda Mishra ***Designation***: Non-Executive Chairman (Independent Director) **DIN:** 01807198	74	D-138, Second Floor, Defence Colony, New Delhi - 110 024	July 05, 2023(1)	**Indian Companies:** • Invesco Trustee Private Limited; • Paradeep Phosphates Ltd; and • India International Depository IFSC Limited; and • National Foundation for India. **Foreign Companies:** NIL
Shachindra Nath ***Designation***: Vice Chairman & Managing Director **DIN:** 00510618	52	GV-65, the Palm Springs, Golf Course Road, Sector 54, Sikanderpur Ghosi, Gurgaon 122002	June 22, 2023(2)	**Indian Companies:** • Livfin India Private Ltd; • Poshika Financial Ecosystem Private Limited; • Poshika Advisory Services LLP; and • Qwazent Talent Solutions Private Limited • Finance Industry Development Council **Foreign Companies:** NIL

Name, Designation and DIN	Age	Address	Date of Appointment / Re-appointment	Details of other Directorships
Karuppasamy Singam ***Designation*:** Independent Director **DIN:** 03632212	69	A-1301, Monarch Ashar Residency, Thane - 400610, Maharashtra, India	July 05, 2023[(3)]	-
Sekar Karnam ***Designation*:** Independent Director **DIN:** 07400094	63	House no. 72, Hi Rise KVR Paradise Bachupally Mallampet, Medchalmalkajgiri, Telangana - 500 090	February 08, 2022	**Indian Companies:** • INCRED Financial Services Limited; • INCRED Prime Finance Limited; • INCRED Holdings Limited; and • SBI Global Factors Limited **Foreign Companies:** NIL
Hemant Bhargava ***Designation*:** Independent Director **DIN:** 01922717	64	C -1709, Satyen Nivaasa, Mangalam Radiance, Near Fern Hotel, Jaipur- 302018	February 08, 2022	**Indian Companies:** • SMC Global Securities Limited; • ITC Limited; and • Larsen And Toubro Limited. **Foreign Companies:** • Providence Life Limited PCC, Mauritius
Rajeev Krishnamuralilal Agarwal ***Designation*:** Independent Director **DIN:** 07984221	65	30, Punam, Hyderabad Estate, Nepeansea Road, PDP Park, Malabar Hill, Mumbai - 400006	July 05, 2023[(4)]	**Indian Companies:** • ACC Limited; • Star Health and Allied Insurance Company Limited; • Trust Asset Management Private Limited; • MK Ventures Capital Limited. **Foreign Companies:** NIL
Amit Gupta ***Designation*:** Nominee Director	47	341 Bukit Timah Road, #05-02	July 05, 2018[(5)]	**Indian Companies:** NIL **Foreign Companies:** NIL

Name, Designation and DIN	Age	Address	Date of Appointment / Re-appointment	Details of other Directorships
DIN: 02282600		Honolulu Tower, Singapore 259719		
Chetan Kulbhushan Gupta ***Designation*:** Nominee Director **DIN:** 07704601	43	Flat - Gt.3-2404, Emirates Hill, Po Box 126229, Dubai	November 02, 2018[6)]	**Indian Companies:** • Imperativ Hospitality Private Limited; • SC India Manager Private Limited. **Foreign Companies:** • Samena Capital • Samena Capital Investments Limited • Samena Capital Mauritius Management • Aay Kay Global • Samena Spectrum Co. • Samena Keys Limited • Samena Ceylon Holdings Limited • Samena Fidem Holdings • Samena Special Situations Mauritius III) • Samena Special Situations Mauritius • Samena Keys General Partner Limited • Samena Breeze General Partner Limited • Samena General Partner II Limited • Samena General Partner III Limited • Samena Green Ltd • Samena SPV4 • Samena Phoenix Holdings Co • Samena Connect Holding Co • RAK Logistics Holdings Pte Ltd • RAK Logistics Holdings • Universal Shipping (China HK) Ltd • A-Link Freight Inc

Name, Designation and DIN	Age	Address	Date of Appointment / Re-appointment	Details of other Directorships
				• RAK Logistics LLC (UAE) • SoftLogic Holdings PLC • Samena Ceylon Holdings • Samena Beats Holdings • Samena Healthcare Holdings • Samena Mandalay Holdings • Samena School Holdings • Memories (2022) PTE. LIMITED
Manoj Kumar Sehrawat ***Designation*****:** Nominee Director **DIN:** 02224299	50	22 Bayshore Road, #01-08, The Bayshore Singapore – 469970	July 05, 2018[(7)]	**Indian Companies:** • Micro Plastics Private Limited; • Amber Enterprises India Limited; and • Encore Asset Reconstruction Company Private Limited. **Foreign Companies:** • ACME Investment Holdings Pte Ltd • ADV Partners II Pte Limited • ADV Partners Management Pte Limited • ADV Partners Pte Limited • Alcove Investment Holdings Pte. Ltd. • Ascent Investment Holdings Pte Ltd • Asia Growth Investment Holdings Pte. Ltd. • Capella Investment Holdings Pte. Ltd. • Clearsky Investment Holdings Pte Limited • Greenwich Investment Holdings Pte. Ltd.

Name, Designation and DIN	Age	Address	Date of Appointment / Re-appointment	Details of other Directorships
				• Pinnacle Ace Investment Holdings Pte. Ltd. • Pinnacle Peak Investment Holdings Pte. Ltd. • Q Collection Pte Ltd. • Silver Crest Investment Holdings Pte Limited • Zenith Infra Investment Holdings Pte Ltd. • Tarsons Life Science Pte Ltd.
Deepa Agar Hingorani ***Designation***: Nominee Director **DIN:** 00206310	53	68 Stevans Road #03-09 Singapore – 257856	May 18, 2023(8)	**Indian Companies:** • DISA India Limited; • Roserve Enviro Private Limited **Foreign Companies:** • Nordic Microfinance Initiative III AS, Norway • DHI Consulting Pte Ltd, Singapore • Asia Power (Pvt) Limited, Sri Lanka • Alliance for Microfinance in Myanmar, Myanmar • Lotus Life Foundation Limited, Singapore
Tabassum Abdulla Inamdar ***Designation***: Independent Director **DIN:** 07637013	57	703, Tower B, Imperial Heights, Motilal Nagar – 1, BEST Nagar, Opp. Fire Station, Goregaon West, Mumbai – 400104	August 01, 2023(9)	**Indian Companies:** • INDIFI Capital Private Limited; • Franklin Templeton Asset Management (India) Private Limited; • INDIFI Technologies Private Limited. **Foreign Companies:** NIL

(1) Satyananda Mishra was originally appointed as a director on July 05, 2018.

(2) Shachindra Nath was originally appointed as a director on June 22, 2018.
(3) Karuppasamy Singam was originally appointed as a director on July 05, 2018.
(4) Rajeev Krishnamuralilal Agarwal was originally appointed as a director on July 05, 2018.
(5) Amit Gupta is nominee director from NewQuest Asia Investment III Limited.
(6) Chetan Kulbhushan Gupta is a nominee director from Samena Fidem Holdings
(7) Manoj Kumar Sehrawat is a nominee director from Clearsky Investment Holding Pte. Ltd.
(8) Deepa Agar Hingorani is a nominee director from Danish Sustainable Development Goals Investment Fund K/S.
(9) Tabassum Abdulla Inamdar is a Non-Executive & Independent Director of the Company.

Profile of Directors

1. **Satyananda Mishra,** aged 74 years, is the Non-Executive Chairman (Independent Director) of our Company. He holds a degree of M.A. in English literature from Utkal University. He has completed a course in leaders in development, Managing Political and Economic Change from Harvard University, John F. Kennedy, School of Government. He is the former Chief Information Commissioner of India. In 2013, UGC nominated him as a UGC nominee on the Board of Governors of Reva University. He has also served as a nominee director in M/s 63 Moons Technologies Limited and has served the Board of National Foundation for India as a trustee. His last posting in the Central Government was in the department of Personnel Training as the Secretary to the Government of India. He served as the Director of Small Industries Development Bank of India until 2016.

2. **Shachindra Nath,** aged 52 years, is the Vice Chairman & Managing Director of our Company. He holds a degree in bachelor of law from Banaras Hindu University and is a university rank holder. He also holds a degree of bachelor of commerce (honours) from Banaras Hindu University.

3. **Karuppasamy Singam,** aged 69 years, is the Independent Director of our Company. He is a M. A. in Economics, a Certified Associate of Indian Institute of Bankers (CAIIB); Honorary Fellow of Indian Institute of Banking & Finance and holds a Post Graduate Diploma in Bank Management (PGDBM) from National Institute of Bank Management (NIBM), Pune. He has served as the executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank.

4. **Sekar Karnam,** aged 63 years, is the Independent Director of our Company. He holds a degree B.Sc (Ag), CAIIB, Diploma in Management. He also holds dual Financial Services Diploma in Treasury & International Banking and Credit, from the Institute of Bankers in South Africa.

5. **Hemant Bhargava,** aged 64 years, is the Independent Director of our Company. He holds a degree in Masters of Arts (Economics). He was appointed as chairman of Life Insurance Corporation of India on January 01, 2019.

6. **Rajeev Krishnamuralilal Agarwal,** aged 65 years, is the Independent Director of our Company. He is an alumnus of the Indian Institute of Technology, Roorkee with a Bachelors in Technology.

7. **Amit Gupta,** aged 47 years, is the Nominee Director of our Company. He has a PGDM from the Indian Institute of Management (IIM), Bengaluru, and an undergraduate degree in electrical engineering from REC Kurukshetra.

8. **Chetan Kulbhushan Gupta,** aged 43 years, is the Nominee Director of our Company. He is the Senior Executive Officer (SEO) of Samena Capital Investments Limited in Dubai. He is also a designated member of the Board of Directors at RAK Logistics Holdings PTE (Singapore), Imperative Hospitality Private Limited (India), Softlogic Retail Holdings Limited (Sri Lanka) and various investment entities within the Samena Special Situation Funds. Mr. Gupta holds a Masters in Management (Finance) from the University of Mumbai.

9. **Manoj Kumar Sehrawat,** aged 50 years, is the Nominee Director of our Company He was issued certificate of membership of Institute of Chartered Accountant of India on March 31, 1997 and has a Bachelor's Degree in Commerce (Honours) from Delhi University.

10. **Deepa Agar Hingorani,** aged 53 years, is the Nominee Director of our Company. She is Senior Vice President at Danish Sustainable Development Goals Investment Fund K/S ("**IFU**"), The Danish Investment Fund for developing countries. Mrs. Hingorani holds a Masters in Finance from University of Delhi, India and an Executive MBA from SIMI Copenhagen, Denmark.

11. **Tabassum Abdulla Inamdar,** aged 57 years is the Independent Director of our Company. She is a Chartered Accountant. She has also held key positions in various organizations, notably, as the Managing Director and Co-head of the India Research team at Goldman Sachs (India) Securities Private Ltd, and other roles at UBS Securities and Kotak Securities etc. Her expertise includes serving on multiple boards as an Independent Director, including those of Equitas Small Finance Bank and Zipsure, along with current appointments at Franklin Templeton AMC India, Indifi Technologies Pvt. Ltd., and its 100% subsidiary, Indifi Capital Pvt. Ltd.

Relationship between our Directors

None of our Directors are related to each other.

Remuneration and terms of employment of our Directors

Vice-Chairman and Managing Director

The details of remuneration and terms of appointment of Mr. Shachindra Nath, was approved by the member of the Company through postal ballot on May 11, 2023 details of which are as under:

Terms of Employment: He is appointed for a term of 3 (three) years with effect from 22nd June, 2023, and any re-appointment shall be subject to the approval of the Board and shareholders of the Company in accordance with the Act with a basic salary of INR 1,40,00,000/- per annum (i.e., Rs. 11,66,667 per month) and other allowances including house rent allowance and special allowance. Apart from the above, he will also be entitled to retiral benefits like provident fund and gratuity, insurance benefits for self and family and such other payments in the nature of perquisites as per the Company’s policy in force from time to time or as may otherwise be decided by the Board.

The following table set forth the remuneration including the sitting fees and commission paid, as applicable by our Company to the Vice Chairman and Managing Director of our Company for the period ending on November 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021:

(₹ in lakh)

S. No.	Name of the Director	For the period ending on November 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Mr. Shachindra Nath	471.12*	466.22*	295.60*	269.35*

**Remuneration includes performance bonus.*

Remuneration of our non-executive Directors

The non-executive Directors, other than Independent Directors, are not entitled to receive sitting fees.

The Independent Directors are paid remuneration in the form of sitting fees within the limits prescribed under the Companies Act and as decided by the Board of Directors.

The following table sets forth the remuneration including the sitting fees and commission paid by our Company to our Independent Directors, for the period ending on November 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021:

(₹ in lakh)

S. No.	Name of the Director	For the period ending on November 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Satyananda Mishra	21.00	30.00	25.00	16.63
2.	Karuppasamy Singam	20.00	26.00	21.00	19.25
3.	Sekar Karnam (1)	15.00	29.00	N.A.	N.A.
4.	Hemant Bhargava (1)	15.00	17.00	N.A.	N.A.

S. No.	Name of the Director	For the period ending on November 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
5.	Rajeev Krishnamuralilal Agarwal	28.00	23.00	17.00	21.88
6.	Tabassum Abdulla Inamdar (4)	4.00	N.A.	N.A.	N.A.
7.	Abhijeet Sen (3)	6.00	39.00	40.00	21.88
8.	Smita Aggrawal (1) (5)	5.00	25.00	N.A.	N.A.
9.	Ranjana Agarwal (2)	N.A.	N.A.	22	19.25
10.	Navin Puri (2)	N.A.	N.A.	24.00	5.25
11.	Navin Kumar Maini (2)	N.A.	N.A.	22.00	19.25

(1) Mr. Karnam Sekar and Mr. Hemant Bhargava were appointed as Independent Directors w.e.f. February 08, 2022 Ms. Smita Aggrawal was appointed as Independent Director w.e.f. March 31, 2022.
(2) Mr. Navin Puri, Mr. Navin Kumar Maini and Ms. Ranjana Agarwal ceased to be Independent Director w.e.f. February 08, 2022.
(3) Abhijeet Sen ceased to be Independent Director w.e.f. July 04, 2023.
(4) Tabassum Abdulla Inamdar was appointed as an Independent Director of the company on August 01, 2023.
(5) Smita Aggrawal ceased to be Independent Director w.e.f. July 04, 2023.

Other confirmations

As on the date of this Draft Prospectus, Our Company does not have any subsidiary or associate company.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue.

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by SEBI. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI. No Director in our Company is, or was, a director of any listed company, which has been or was compulsorily delisted from any recognised stock exchange within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or, RBI are pending against any of our Directors.

None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by SEBI. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the Permanent Account Number of the Directors of the Company has been submitted to the Stock Exchanges at the time of filing the Draft Prospectus.

Except for Mr. Shachindra Nath, who is the Ultimate Beneficial Owner of our Promoter, no other Director has any interest in the promotion of our Company. For details of the Promoter of the Company, please refer to "*Our Promoter*" on page 154.

Borrowing powers of our Board of Directors

Pursuant to a resolution passed by our Board dated May 15, 2023 and Shareholders at the AGM held on August 08, 2023, in accordance with provisions of 180(1)(c) of the Companies Act, 2013 and other applicable provisions and rules made thereunder, our Board has been authorised to borrow any sum or sums of monies, which together with the monies already borrowed (apart from temporary loans obtained or to be obtained in the ordinary course of business), in excess of our Company's aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 8000,00,00,000/- (Indian Rupees Eight Lakh Lakh).

The aggregate value of the NCDs offered under this Draft Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned**.**

Interest of our Directors

Our Managing Director may be deemed to be interested to the extent of remuneration paid by our Company as well as to the extent of reimbursement of expenses payable to him. Our Independent Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses and/or to the extent of their shareholding including dividend, if any and profit linked incentives payable to them.

Except as stated in the chapter *"Related Party Transactions"* under the section *"Financial Information"* on page 189 and to the extent of compensation and commission if any, and their shareholding in the Company, the Directors do not have any other interest in the business of the Company.

Except as provided in the chapter *"Related Party Transactions"* under the section *"Financial Information"* on page 189, we have not entered into any contract, agreements, arrangements during the preceding two years from the date of this Draft Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them or are proposed to be made to them in respect of these contracts, agreements or arrangements.

There are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. As on the date of this Draft Prospectus, none of our Directors have availed any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

No contribution has been made by the directors as part of the Issue or separately in furtherance of the Objects of the Issue.

Except for Mr. Shachindra Nath, Vice Chaiman and Managing Director, Mr. Karnam Sekar, Independent Director and Ms. Tabassum Inamdar, Independent Director of our Company, none of our Directors have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in this section, *"- Interest of our Directors"* none of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors have no interest in any immovable property acquired in the preceding two years of filing this Draft Prospectus or proposed to be acquired by our Company nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoters/Directors out of the proceeds of the Issue.

Except for Mr. Shachindra Nath, Vice Chairman and Managing Director of our Company, no other Director has any interest in the promotion of our Company.

Shareholding of our Directors

Except as disclosed in the Chapter "*Capital Structure*" on page 51 none of the Directors hold Equity Shares of our Company as on the date of this Draft Prospectus.

Further, Our Company does not have any subsidiary or associate company as defined under Companies Act, 2013, as of the date of this Draft Prospectus.

Debentures/Subordinated Debt holding of our Directors

As on the date of this Draft Prospectus, none of our Directors hold debentures or subordinated debt issued by our Company.

Changes in Directors of our Company during the preceding three financial years and as on date of this Draft Prospectus

The changes in Board of Directors of our Company in the preceding three financial years and as on date of this Draft Prospectus are as follows:

Name, Designation and DIN	Date of Appointment / reappointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Mr. Abhijit Ghosh ***Designation*:** Whole Time Director & Chief Executive Officer **DIN:** 07935397	July 05, 2018	-	April 30, 2021	Resignation
Mr. Nisheeth Saran ***Designation*:** Alternate Director to Mr. Kanak Kamal Kapur **DIN:** 03037307	May 20, 2020	-	November 02, 2021	Resignation
Mr. Kanak Kamal Kapur ***Designation*:** Non-Executive Director **DIN:** 03299278	August 07, 2019	-	November 02, 2021	Resignation
Mr. Navin Puri ***Designation*:** Independent Director **DIN:** 08493643	August 07, 2019	-	February 08, 2022	Resignation
Ms. Ranjana Agarwal ***Designation*:** Independent Director **DIN:** 03340032	July 05, 2018	-	February 08, 2022	Resignation
Mr. Navin Kumar Maini ***Designation*:** Independent Director **DIN:** 00419921	July 05, 2018	-	February 08, 2022	Resignation
Sekar Karnam ***Designation*:** Independent Director **DIN:** 07400094	February 08, 2022	-	-	Appointment
Hemant Bhargava ***Designation*:** Independent Director **DIN:** 01922717	February 08, 2022	-	-	Appointment

Name, Designation and DIN	Date of Appointment / reappointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Smita Aggrawal ***Designation*****:** Independent Director **DIN:** 01478327	March 31, 2022	-	July 04, 2023	Appointment and Resignation
Abhijit Sen ***Designation*****:** Independent Director **DIN:** 00002593	July 05, 2018	July 04, 2023	-	Completion of Term as an Independent Director
Deepa Agar Hingorani ***Designation*****:** Nominee Director **DIN:** 00206310	May 18, 2023	-	-	Appointment
Tabassum Abdulla Inamdar ***Designation*****:** Independent Director **DIN:** 07637013	August 01, 2023	-	-	Appointment

Note: This does not include changes such as regularisations or change in designations.

Appointment of any relatives of Directors to an Office or place of profit of Company, subsidiaries or associates companies during the preceding three financial years and as on date of this Draft Prospectus

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

Key Managerial Personnel of our Company

In addition to Mr. Shachindra Nath, Vice Chairman & Managing Director, our Company's Key Management Personnel are as follows:

(a) **Kishore Kumar Lodha** (*Chief Financial Officer*)

Kishore Kumar Lodha, is the Chief Financial Officer of our Company and a Chartered Accountant by qualification.

(b) **Satish Chelladurai Kumar** (*Company Secretary*)

Satish Chelladurai Kumar, is the Company Secretary and Compliance Officer of our Company.

Satish Chelladurai Kumar is a member of the Institute of Company Secretaries of India.

He has been associated with UGRO Capital for the past 3 years in the compliance function, focusing on NBFC compliances and regulatory matters. Prior to this, he was associated with Western Capital Advisors Private Limited as Company Secretary. His professional journey includes tenures at InCred and StarAgri Finance.

Senior Managerial Personnel of our Company

The Senior Managerial Personnel are permanent employees of our Company. Apart from the Chief Financial Officer and Company Secretary and Compliance Officer, the details of our Senior Managerial Personnel, as on the date of this Draft Prospectus, are set out below:

Name of SMPs	Designation
Amit Mande	Chief Revenue Officer
Anuj Pandey	Chief Risk Officer

Sunil Lotke	Chief Legal & Compliance Officer
Om Sharma	Chief Operating Officer
J Sathiayan	Chief Business Officer
Rajni Khurana	Chief People Officer

Relationship with other Key Managerial Personnel and Senior Management Personnel

None of our Key Managerial Personnel and/or Senior Management Personnel are related to each other.

Interests of Key Managerial Personnel and Senior Management Personnel

Except to the extent of their remuneration or extent of their shareholding along with vested, granted ESOS options or/and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, the Key Managerial Personnel and Senior Management Personnel of the Company do not have any interest in the Company.

Our Directors, Promoter, Key Managerial Personnel or Senior Management have no financial or other material interest in the Issue.

Payment or Benefit to Officers of our Company

No benefit/interest will accrue to our Senior Management Personnel out of the objects of the Issue.

Shareholding of our Company's Key Managerial Personnel and Senior Management Personnel

Except as disclosed below, none of the Key Managerial Personnel and Senior Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Prospectus:

S. No.	Name of Key Managerial Personnel and Senior Management Personnel and their Designation	No. of Equity Shares of face value ₹10 each	% of total Equity Shares of our Company
1.	Shachindra Nath **Designation**: Vice Chairman and Managing Director	46,300	0.05
2.	Sunil Lotke **Designation:** Chief Legal and Compliance Officer	20,005	0.02
3.	Anuj Pandey **Designation:** Chief Risk Officer	1,186	0.00
4.	Satish Chelladurai Kumar **Designation:** Company Secretary	1	0.00
5.	J Sathiayan **Designation**: Chief Business Officer	60,000	0.06

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the preceding three financial years and current financial year with regard to loans made or guarantees given or securities provided, as per the requirements specified under the Companies Act, refer to the Financial Year 2023, 2022 and 2021 under *"Financial Statements"* beginning on page 337 and for September 30, 2023, please see, chapter *"Related Party Transactions"* on page 189.

Corporate Governance

Our Company has in place processes and systems whereby it complies with the requirements to the corporate governance provided in SEBI Listing Regulations and the applicable RBI Guidelines. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law. The Board of our Company is constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Details of various committees of the Board of Directors

Our Company has constituted the following committees:

1. *Audit Committee*

The members of Audit Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Hemant Bhargava	Chairman	Independent Director
Satyananda Mishra	Member	Independent Director
Rajeev Krishnamuralilal Agarwal	Member	Independent Director
Karuppasamy Singam	Member	Independent Director
Sekar Karnam	Member	Independent Director
Shachindra Nath	Member	Vice Chairman & Managing Director
Amit Gupta	Member	Nominee Director
Tabassum Abdulla Inamdar	Member	Independent Director

The Audit Committee was constituted by the Board of Directors at their meeting held on March 10, 2003 and was last reconstituted on August 01, 2023. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Audit Committee are as follows:

Role of the Audit Committee

i. to ensure that an information system audit of the internal systems and processes of the Company is conducted at least once in 2 (two) years to assess the operational risks faced by the Company;
ii. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
iii. recommendation for appointment, remuneration and terms of appointment of auditors of
iv. approval of payment to Statutory Auditor and Internal Auditor for any other services rendered by the Statutory Auditor and Internal Auditor, respectively;
v. reviewing, with the Management Team, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a) matters required to be included in the director's responsibility statement to be included in the Board's report;
    b) changes, if any, in accounting policies and practices and reasons for the same;
    c) major accounting entries involving estimates based on the exercise of judgment by the Management Team;
    d) significant adjustments made in the financial statements arising out of audit findings;
    e) compliance with listing and other legal requirements relating to financial statements;
    f) disclosure of any Related Party transactions; and
    g) modified opinion(s) in the draft audit report.
vi. reviewing, with the Management Team, the quarterly financial statements before submission to the Board for approval;
vii. reviewing, with the Management Team, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making

appropriate recommendations to the Board to take up steps in this matter;

viii. reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;

ix. approval or any subsequent modification of transactions of the Company with Related Parties;

x. scrutiny of inter-corporate loans and investments;

xi. valuation of undertakings or assets of the Company, wherever it is necessary;

xii. evaluation of internal financial controls and risk management systems;

xiii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

xiv. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xv. discussion with internal auditors of any significant findings and following up there on;

xvi. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xvii. discussion with the Statutory Auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xviii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xix. to review the functioning of the whistle blower mechanism;

xx. approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

xxi. to review the IT security/ data integrity/ data security policies and processes of the Company;

xxii. carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

xxiii. the Audit Committee shall mandatorily review the following information:

  a) management discussion and analysis of financial condition and results of operations;
  b) statement of significant Related Party transactions (as defined by the Audit Committee), submitted by the Management Team;
  c) management letters/ letters of internal control weaknesses issued by the Statutory Auditor;
  d) internal audit reports relating to internal control weaknesses;
  e) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee;
  f) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
  g) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice.

xxiv. The Company shall establish a vigil mechanism for Directors and Employees to report genuine concerns. If any of the members of the Audit Committee have a conflict of interest in a given case, they shall recuse themselves and the other members on the Audit Committee shall deal with the matter in hand;

xxv. The vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairman of the Audit Committee in appropriate or exceptional cases. The details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's report.

2. *Nomination and Remuneration Committee*

The members of the Nomination and Remuneration Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Rajeev Krishnamuralilal Agarwal	Chairman	Independent Director
Satyananda Mishra	Member	Independent Director

Hemant Bhargava	Member	Independent Director
Karuppasamy Singam	Member	Independent Director
Sekar Karnam	Member	Independent Director
Amit Gupta	Member	Nominee Director
Manoj Kumar Sehrawat	Member	Nominee Director

The Nomination and Remuneration Committee was constituted by the Board of Directors at their meeting held on August 12, 2014 and was last reconstituted on August 01, 2023. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Nomination and Remuneration Committee are as follows:

The role of the Nomination and Remuneration Committee shall include the following:

i. formulation and evaluation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to, the remuneration of the Directors, Key Managerial Personnel, Senior Employees and other Employees;
ii. formulation of criteria for evaluation of the performance of Independent Directors and the Board;
iii. devising a policy on diversity of the Board;
iv. identifying persons who are qualified to become Directors and who may be appointed to the Management Team in accordance with the criteria laid down by the Nomination and Remuneration Committee, and recommending to the Board their appointment and removal;
v. whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors; and
vi. formulating any employee stock option plan or sweat equity plan.

3. *Stakeholders' Relationship Committee*

The members of the Stakeholders' Relationship Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Rajeev Krishnamuralilal Agarwal	Chairman	Independent Director
Karuppasamy Singam	Member	Independent Director
Satyananda Mishra	Member	Independent Director

The Stakeholders' Relationship Committee was constituted by the Board of Directors at their meeting held on August 12, 2014 and was last reconstituted on June 18, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee are as follows:

The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the Company, including complaints related to the transfer of Shares, non-receipt of annual report and non-receipt of declared dividends.

4. *Corporate Social Responsibility Committee*

The members of the Corporate Social Responsibility Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Satyananda Mishra	Chairman	Independent Director
Rajeev Krishnamuralilal Agarwal	Member	Independent Director
Shachindra Nath	Member	Managing Director

The Corporate Social Responsibility Committee was first constituted by a meeting of the Board of Directors held on August 12, 2014 and was reconstituted on March 31, 2022.

The terms of reference of the Corporate Social Responsibility Committee are as follows:

i. Formulating the Corporate Social Responsibility Policy in areas or subject, specified in Schedule VII of the Companies Act, which indicates the activities, projects, timelines and expenditure thereon;
ii. Recommending the Corporate Social Responsibility Policy to the Board;
iii. Recommending the expenditure to be incurred on the activities to be undertaken;
iv. Monitoring the implementation of the Policy;
v. Ensuring that the company in every financial year spends a minimum of two per cent of the average net profits of the company made during the three immediately preceding financial years. (Average net profit will be calculated in accordance with the Section 198 of the Companies Act, 2013 (including amendments as per the Companies (amendment) Act, 2017);
vi. If the company fails to spend such amount as specified in the above point, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 (including amendments as per the Companies (amendment) Act,2017), specify the reasons for not spending the amount;
vii. The committee should ensure that the preference is given to the local areas around which it is operating.
viii. Perform other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws;
ix. Ensure that the Corporate Social Responsibility policy approved by the board has been placed on the company's website, if any. The contents of the policy shall also be disclosed in the annual reports.
x. Ensure that the activities as included in the Corporate Social Responsibility Policy are undertaken by the Company;
xi. Reviewing the Corporate Social Responsibility Policy annually and the relevant framework, processes and practices of the Company and make appropriate recommendations to the Board;
xii. Disclose in the Company's annual report, the composition of the CSR Committee, the CSR policy and projects, the average net profits over the three last years, prescribed CSR spending, details of the CSR spending during the fiscal year, and a statement from CSR Committee that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy;
xiii. Reviewing the periodic social responsibility reports as well as the annual report issued by the management on corporate social responsibility issues;
xiv. Encourage, assist, support and counsel management in developing short- and long-term policies and standards to ensure that the principles set out in the Company's Corporate Social Responsibility policies are being adhered to and achieved;
xv. The committee shall also review the results of Corporate Social Responsibility audits conducted and management's actions towards it; and
xvi. Monitor the progress of Corporate Social Responsibility Programs under implementation and update the Board on the same.

5. *Risk Management Committee*

The members of the Risk Management Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Sekar Karnam	Chairman	Independent Director
Satyananda Mishra	Member	Independent Director
Karuppasamy Singam	Member	Independent Director
Hemant Bhargava	Member	Independent Director
Manoj Kumar Sehrawat	Member	Nominee Director
Shachindra Nath	Member	Managing Director
Amit Gupta	Member	Nominee Director
Chetan Kulbhushan Gupta	Member	Nominee Director

The Risk Management Committee was constituted by the Board of Directors at their meeting held on August 12, 2014 and was last reconstituted on June 16, 2023.

The terms of reference of the Risk Management Committee are as follows:

i. The Board shall define the role and responsibility of the Risk Management Committee, which shall include, but not be limited to, reviewing/amending internal policies of the Company and monitoring compliance with such internal policies, and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit;

ii. The Risk Management Committee shall annually review and approve the risk management framework of the Company. The risk management committee shall periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;

iii. The Committee through its directions, will also strive to mitigate various risks which may arise due to non-compliance of laws and regulations. The Committee shall identify and prioritize these risks in conjunction with the Compliance Committee through implementation of the risk management system;

iv. The Committee shall advise the Board on its risk appetite, tolerance and strategy for the company and its business units. It shall also review and discuss with the management, the Company's risk appetite and strategy relating to key risks;

v. The Committee shall be responsible for evaluating and approving all types of recommended risk tolerances including portfolio credit tolerances, and operational risk parameters that includes business continuity; taking into consideration the overall risk appetite;

vi. The Committee shall periodically review leading and lagging metrics on risk management to satisfy itself that the company's goals on risk management are being met;

vii. The Risk Management Committee shall conduct evaluation of risk and materiality of outsourcing. The committee shall also review the outsourcing policy and provide inputs on the same;

viii. The Committee shall recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite;

ix. The Committee shall be responsible for carrying out a regular review of portfolio composition, quality, delinquencies and non-performing assets (NPAs);

x. Review the enterprise risk management processes;

xi. Review reports on selected risk topics as the committee deems appropriate from time to time, including a periodic analysis of sectoral performance. In addition, the RMC shall also review the half-yearly report by an external consultant/ rating agency comprising of an analysis of macro-economic trends and risk factors;

xii. The Committee shall ensure that timely corrective actions are carried out whenever limits are breached;

xiii. The Committee shall report the risk management performance and all risk management matters and measures to the Board, and to the Audit Committee for any improvements needed to ensure the effectiveness of the policy implementation;

xiv. The Committee shall be responsible for approval of Credit delegation of authority;

xv. The risk management committee shall also review the risks arising from IT security/ data integrity/ data security of the Company;

xvi. The committee shall ensure that the Company's risk management framework is evaluated regularly by Internal Audit;

xvii. The committee shall review issues raised by Internal and External Auditors regarding the Company's risk management framework;

xviii. The committee shall review reports on selected risk topics as the committee deems appropriate from time to time;

xix. The Company shall review all individual customer loans of INR 200 lakh and above. The RMC may, at its discretion, change this value of INR 200 lakh;

xx. The committee shall report its actions and any recommendations to the board and shall conduct and present to the board an annual performance self-evaluation of the committee;

xxi. The committee shall have the authority to delegate any of its responsibilities to subcommittees as the committee may deem appropriate;

xxii. The committee shall have authority to obtain advice and assistance from independent professional advisors. The committee shall have sole authority to approve related fees and retention terms; and

xxiii. The committee shall review the fraud risk framework on an annual basis.

6. *Asset Liability Committee*

The members of the Asset Liability Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Shachindra Nath	Chairman	Managing Director
Satyananda Mishra	Member	Independent Director
Sekar Karnam	Member	Independent Director
Hemant Bhargava	Member	Independent Director
Manoj Kumar Sehrawat	Member	Nominee Director
Amit Gupta	Member	NomineeDirector
Chetan Kulbhushan Gupta	Member	NomineeDirector
Tabassum Abdulla Inamdar	Member	Independent Director

The Asset Liability Committee was constituted by the Board of Directors at their meeting held on August 13, 2018 and was last reconstituted on August 01, 2023.

The terms of reference of the Asset Liability Committee are as follows:

i. The Asset – Liability Committee shall be a decision-making unit responsible for balance sheet planning from a risk-return perspective including the strategic management of interest rate and liquidity risks. The Board shall have to decide on the role of the Asset – Liability Committee, its responsibilities as also the decisions to be taken by it. The business and risk management strategy of the Company shall ensure that the Company operates within the limits/ parameters prescribed by SEBI and the Reserve Bank of India.

ii. Successful implementation of the risk management process shall require strong commitment on the part of the senior management in the Company, to integrate basic operations and strategic decision making with risk management. The Board shall have overall responsibility for management of risks and shall decide the risk management policy of the Company and set limits for liquidity, interest rate and equity price risks.

iii. The Asset – Liability Committee shall be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives.

iv. Within 3 (three) months from the approval of the Articles, the Asset – Liability Committee shall formulate a policy for disbursal of loans including clear and identified guidelines and thresholds for granting of loans, disbursal of such loans (single asset, group exposure, guidelines for acceptance and rejection of proposals), and/or granting of commission to direct sales agents of the Company.

v. The business issues that the Asset – Liability Committee shall consider, *inter alia*, shall include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for similar services/ products, etc.

vi. Any loan disbursed by the Company (i) exceeding 1% (one percent) of the net worth of the Company (or such enhanced threshold as may be approved by the Board in its annual review, with at least two-thirds of the Directors present voting in favour of such enhancement); or (ii) to a Related Party of the Company or any of the Key Managerial Personnel, shall require the unanimous approval of the Asset – Liability Committee and be subject to the approval of the Board.

vii. In addition to monitoring the risk levels of the Company, the Asset – Liability Committee shall review the results of and progress in implementation of the decisions made in the previous meetings of the committee.

viii. The Asset – Liability Committee shall also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view.

ix. In respect of the funding policy, for instance, its responsibility shall be to decide on source and mix of liabilities or sale of assets. Towards this end, it will have to develop a view on future direction of interest rate movements and decide on funding mixes between fixed v/s floating rate funds, wholesale v/s retail deposits, money market v/s capital market funding, domestic v/s foreign currency funding, etc.

7. *Investment and Borrowing Committee*

The members of the Investment and Borrowing Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Shachindra Nath	Chairman	Managing Director
Rajeev Krishnamuralilal Agarwal	Member	Independent Director

The Investment and Borrowing Committee was constituted by the Board of Directors at their meeting held on November 11, 2019 and was last reconstituted on June 16, 2023.

The terms of reference of the Investment and Borrowing Committee are as follows:

i. To approve borrowing of monies (otherwise than by issue of debentures) by way of availing financial facilities from financial institution(s) / bank(s) or other entities in form of term loan(s), guarantee(s), line of credit or in any other forms ("Facilities"), within the overall limits approved by the Board / shareholders, including borrowings in foreign currency as regulatorily permissible in connection with our Company's business requirement and taking necessary actions connected therewith;
ii. To appoint security trustee(s) and/or create charge/mortgage in favour of the lenders of the company
iii. To consider opening of bank accounts with various banks, apply and avail corporate internet banking, fax indemnity facility, email indemnity, online account statement viewing facility with respect to account maintained with various banks and to revise signatories for operating various bank accounts of the company as and when necessary;
iv. To review and approve an Assignment/ Securitization transaction or a transaction relating to the transfer of Financial Assets or Cash Flows;
v. To review and approve arrangements and tie-ups with the banks for various banking facilities and/ or cash management services;
vi. To consider and approve availing of bank guarantees from various banks;
vii. To consider availing of corporate credit cards including credit card facility in the name of employees / officials of the company and the terms of such facilities;
viii. To approve investment of surplus funds of the Company, within the limits approved by the Board, in Mutual Funds, Fixed Deposits, Government Securities, securities of any Company/Body Corporate etc. and redemption thereof;
ix. To review and recommend the Investment Policy to the Board;
x. To review and approve the Demand and Call Loan Policy and other related policies relating to Finance and Treasury (except the policies on Asset Liability Management and Rate of Interest) of the Company;
xi. To decide on matters relating to the finalization of the terms and conditions of non-convertible debentures (NCDs) to be issued on private placement basis and allotted from time to time within the aggregate limit as approved by the Board of Directors, decide the opening and closing Date for receiving application and date of allotment /deemed date of allotment, apply with stock exchanges for listing of the NCDs;
xii. To appoint the debenture trustee, legal advisors, depositories, custodians, registrar and transfer agent and other intermediaries, in accordance with the provisions of the applicable Debt Regulations and the related formalities
xiii. To approve, authorize officials to sign and execute Offer Document (s), Offer Letter (s), Information Memorandum(s) as per the prescribed format, if any, including any declaration, confirmation, affirmation, indemnity and undertaking in respect of the NCDs to the potential investors, listing application(s), various agreements including but not limited to Deed of Hypothecation, Debenture Trust Deed, Debenture Trustee Agreement, Listing Agreement, undertakings, deeds, declarations, affidavits, certificates, documents, etc. and all other documents and to do all such acts, deeds and things, and to comply with all formalities as may be required in connection with and incidental to the offering of NCDs on private placement basis including the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such NCDs as may be deemed fit.

xiv. To delegate authorities from time to time to the executives/ authorized representatives to implement the decisions of the Committee from time to time.

xv. Any such other role/functions as may be specifically referred to the Committee by the Board of Directors

8. *IT Strategy Committee*

The members of the IT Strategy Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship / Designation
Karuppasamy Singam	Chairman	Independent Director
Shachindra Nath	Member	Managing Director
Tabassum Abdulla Inamdar	Member	Independent Director
Deepa Agar Hingorani	Member	Nominee Director
Rishabh Garg	Member	Chief Technology Officer

The IT Strategy Committee was constituted by the Board of Directors at their meeting held on November 2, 2018 and was last reconstituted on October 26, 2023.

The terms of reference of the IT Strategy Committee are as follows:

i. To approve IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

ii. To ascertain that management has implemented processes and practices that ensures the IT delivers value to the business;

iii. To ensure that IT investments represent a balance of risks and benefits and that budgets are acceptable;

iv. To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

v. To ensure proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

9. *Compliance Committee*

The members of Compliance Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Karuppasamy Singam	Chairman	Independent Director
Satyananda Mishra	Member	Independent Director
Rajeev Krishnamuralilal Agarwal	Member	Independent Director

The Compliance Committee was constituted by the Board of Directors at their meeting held on August 13, 2018 and was last reconstituted on June 29, 2021.

The terms of reference of the Compliance Committee are as follows:

To review periodically compliance report of all laws applicable to the company and prepared by company as well as steps taken by the Company to rectify instances of non – compliances.

10. *Securities Allotment and Transfer Committee*

The members of Securities Allotment and Transfer Committee are:

Name of the Member	Designation in the Committee	Nature of Directorship
Rajeev Krishnamuralilal Agarwal	Chairman	Independent Director
Karuppasamy Singam	Member	Independent Director
Shachindra Nath	Member	Managing Director

The Securities Allotment and Transfer Committee was constituted by the Board of Directors at their meeting held on July 5, 2018 and was last reconstituted on January 25, 2023.

The terms of reference of the Securities Allotment and Transfer Committee are as follows:

To offer, issue and allot securities of the Company.

OUR PROMOTER

Poshika Advisory Services LLP is the Promoter of our Company. The details of our Promoter are provided below:

Poshika Advisory Services LLP

Our Promoter is Poshika Advisory Services LLP. Our Promoter was incorporated on November 02, 2017 as a Limited Liability Partnership under Limited Liability Partnership Act, 2008 with Limited Liability Partnership Identification Number ("**LLPIN**") – AAL-0334 with Registrar of Companies, Delhi. The Registered Office of our Promoter is situated at 301- A, 3rd Floor, Banni Address One Golf Course Road, Sector-56 Gurgaon, Haryana – 122 011. The Permanent Account Number (PAN) of our Promoter is AAVFP0398R. The Company is engaging in advisory services. Our Company confirms that the Permanent Account Number and Bank Account Number of the Promoter have been submitted to the Stock Exchanges at the time of filing the Draft Prospectus.

Objects of Poshika Advisory Services LLP

The LLP is carrying on the business of:

1. to act as financial management consultants, advisor, investor;
2. provide advice, services, consultancy in various fields;
3. provide general administrative services in relation to promotion, formation, management and sponsorships of various entities;
4. to carry on the business and activities of assistance, collection, preparation, advice and/or maintenance of records, data and other information of the various entities in India or elsewhere, and to support the business in the way deemed fit; and
5. to buy, invest in, acquire, old, trade or dispose of any right, stake or controlling interest in the shares, stocks, debentures, debenture stock, bonds, obligation or securities of companies or partnership firms or body corporates or any other entities whether in India or elsewhere either singly or jointly with any other person(s), body corporate or partnership firm or any other entity, either by way of by original subscription, exchange or otherwise and to subscribe for same either conditionally or otherwise, to guarantee the subscription thereof issued or guaranteed by any government, state, public body, or authority, firm, body corporate or any other entity of persons in India or elsewhere.

List of Designated Partners/Partners of Poshika Advisory Services LLP:

Sr. No.	Name of Designated Partners/Partners	DPIN	Designation	% of Contribution
1	Mr. Shachindra Nath	00510618	Designated Partner	2.99%
2	Mrs. Shruti Nath	07507061	Designated Partner	10.29%
3	Poshika Financial Ecosystem Private Limited	NA	Partner	86.72%

The Promoter has no other ventures.

Promoter Group

Other than our Promoters, following entities/individuals form part of our Promoter Group:

1. Mr. Shachindra Nath

Other Confirmations

Our Promoter has confirmed that it has not been identified as wilful defaulter by RBI, any governmental authority, any financial institution or bank and are not Promoter of any such Company which has been identified as a wilful defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

Further, no violation of securities laws has been committed by our Promoter in the past and no regulatory action before SEBI or RBI is currently pending against our Promoter.

Our Promoter and Promoter Group have not been restrained or debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter has not been declared as a fugitive economic offender.

No benefit or interest will accrue to our Promoter out of the objects of the Issue.

Interest of our Promoter in our Company

Except as disclosed in "*Financial Information*" on page 158 of this Draft Prospectus and other than as our shareholder, to the extent of promoter or the companies in which they are promoter holding equity shares and also to the extent of any dividend payable to them on the aforesaid shareholding, our Promoter does not have any other interest in our Company's business.

Our Promoter neither has any interest in any immovable property acquired in the preceding two years of filing this Draft Prospectus with the Stock Exchanges or to be acquired by our Company nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

Our Promoter does not intend to subscribe to this Issue.

Our Promoter has no financial or other material interest in the Issue and no benefit / interest will accrue to our Promoter or members of Promoter Group out of the objects of the Issue.

Other than as disclosed under the section "*Related Party Transactions*", on page 189, our Company has not made any payments of any benefits to the Promoter during the last three fiscals preceding the date of this Draft Prospectus.

There are no loans due by the Promoter of our Company. However, Mr. Shachindra Nath, member of our Promoter Group, has given personal guarantee with respect to the following loans availed by our Company:

Term Loans (outstanding as on September 30, 2023):

Sr. No.	Lender Name	Date of Disbursement	Sanctioned Amount (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Maturity Date	Repayment Schedule
1.	Canara Bank	15-Jul-20	1,000.00	350.00	15-Jun-25	Quarterly
2.	Canara Bank	25-Aug-21	2,500.00	1,750.00	25-Jan-27	Quarterly
3.	Canara Bank	30-Mar-22	2,500.00	1,944.00	30-Mar-27	Quarterly
4.	IDBI Bank	19-Mar-20	2,500.00	1,805.56	01-Jan-26	Quarterly
5.	Indian Bank	31-Dec-20	2,500.00	250.00	30-Dec-23	Quarterly
6.	Indian Bank	31-Dec-21	1,500.00	750.00	31-Dec-24	Quarterly

7.	Indian Bank	30-Sep-22	2,500.00	1,668.00	15-Sep-25	Quarterly
8.	Nabsamruddhi Finance Ltd	08-Aug-22	1,500.00	1,099.71	28-Feb-26	Monthly
9.	Punjab & Sind bank	20-Jan-22	5,000.00	3,000.00	20-Dec-25	Quarterly
10.	SIDBI	09-Dec-22	10,000.00	8,200.00	10-Nov-25	Quarterly
11.	SIDBI	30-May-23	10,000.00	10,000.00	10-May-26	Quarterly
12.	State Bank of India	29-Jan-21	5,000.00	1,909.45	29-May-25	Monthly
13.	State Bank of India	25-May-22	3,000.00	1,749.91	25-May-25	Quarterly
14.	State Bank of India	30-Jun-22	4,000.00	2,235.29	30-Apr-25	Quarterly
15.	State Bank of India	30-Jul-22	7,000.00	4,085.00	25-May-25	Quarterly
16.	State Bank of India	27-Feb-23	20,000.00	18,000.00	23-Feb-28	Quarterly

Change in Management and Control of our Company

On December 31, 2017, Poshika Advisory Services LLP & Mr. Shachindra Nath (collectively referred to as the "**Acquirers**") made a public announcement to acquire control of the management of our Company from the erstwhile Promoters (namely Anand Ramakant Chokhani, Ms. Neelam R Chokhani, Ramakant R Chokhani HUF and Ramakant R Chokhani) to the Acquirers in accordance with Regulation 3(1) and 4 of the SEBI Takeover Regulations subject to prior RBI Approval as per RBI Circular no. RBI/2015-16/122-DNBR(PD) CC. No. 065/03.10.001/2015-16 dated July 09, 2015.

Except as disclosed under the chapter "*Capital Structure*" on page 51, our Promoter or Promoter Group has not been allotted any Equity Shares of our Company during the last three Fiscal Years.

Further Mr. Ramakant R Chokhani, Mr. Anand R Chokhani, Ms. Neelam R Chokhani and Ramakant R Chokhani HUF the erstwhile Promoters of our Company were re-classified from the Promoter category to Public category during the FY 2018-19.

Poshika Advisory Services LLP was classified as Promoter of our Company during the FY 2018-19. Further, Mr. Shachindra Nath, member of our Promoter Group, holds 46,300 equity shares in our Company.

Promoter holding in the Company as on September 30, 2023:

Sr. No.	Name of the Shareholder	Total No. of Equity Shares held	% of shareholding to the total equity share capital	No. of Shares Pledged	% of Shares Pledged
1.	Poshika Advisory Services LLP	20,27,709	2.19	Nil	Nil

**All Equity Shares held by the Promoter are in dematerialised form.*
For aggregate equity shareholding of the promoter refer to "Capital Structure" on page 51.

Further, our Promoter has not purchased or sold any securities in our Company, in six months immediately preceding the date of this Draft Prospectus.

Payment of benefit to the Promoter in last three years

Except as stated in this section and chapters "*Our Management*" and "*Related Party Transactions*" on pages 133 and 189 respectively, no amounts or benefits have been paid or given or intended to be paid or given to our Promoters within the three Financial Years preceding the date of this Draft Prospectus. As on the date of this Draft Prospectus, there is no bonus or profit-sharing plan for our Promoter.

Except as mentioned under the chapter "*Capital Structure*" on page 51 of this Draft Prospectus, our Promoter and Promoter Group of our Company have not purchased or sold any securities in our Company, in six months immediately preceding the date of the Draft Prospectus.

SECTION V: FINANCIAL INFORMATION

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company, as on September 30, 2023 (as per IND-AS) are as follows:

Sr. No.	Nature of Borrowings	Amount (in ₹ lakh)	% of Borrowing
1)	Secured Borrowings	3,56,475.57	93.85%
2)	Unsecured Borrowings	23,345.09	6.15%
Total		3,79,820.66	100%

DETAILS OF BORROWINGS OF THE COMPANY, AS ON SEPTEMBER 30, 2023:

1. Details of outstanding secured loan facilities as on September 30, 2023:

Our Company's total principal outstanding for secured borrowings as on September 30, 2023 amount to ₹ 2,25,197.00 lakh and the total amount outstanding for secured borrowings as on September 30, 2023 (as per Ind AS) is ₹ 2,21,927.78 lakh. The details of the secured borrowings are set out below:

Sr. No.	Name of the Lender	Date of Sanction	Type of Facility	Amount Sanctioned (in ₹ lakh)	Principal Amount outstanding (in ₹ lakh)	Repayment Date/ Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	Canara Bank	03-Feb-20	Term Loan	1,000.00	350.00	15-Jun-25	Secured	CRISIL A-/Stable	Standard
2.	IDFC First Bank	03-Jul-20	Term Loan	4,000.00	1,222.22	31-Aug-24	Secured	CRISIL A-/Stable	Standard
3.	Manveeya Development Finance	03-Dec-20	Term Loan	4,000.00	364.00	30-Dec-23	Secured	NA	Standard
4.	AU Small Finance Bank	22-Dec-20	Term Loan	2,000.00	222.22	03-Jan-24	Secured	CRISIL A-/Stable	Standard
5.	State Bank of India	28-Dec-20	Term Loan	5,000.00	1,909.45	29-May-25	Secured	CRISIL A-/Stable	Standard
6.	Indian Bank	30-Dec-20	Term Loan	2,500.00	250.00	30-Dec-23	Secured	CRISIL A-/Stable	Standard
7.	ESAF Small Finance Bank	18-Feb-21	Term Loan	2,500.00	428.53	10-Mar-24	Secured	CRISIL A-/Stable	Standard
8.	MAS Financials Services Ltd	26-Mar-21	Term Loan	5,000.00	166.67	05-Oct-23	Secured	NA	Standard

9.	MAS Financials Services Ltd	26-Mar-21	Term Loan	2,000.00	500.00	25-Jun-24	Secured	NA	Standard
10.	Vivriti Capital Pvt Limited	30-Apr-21	Term Loan	2,500.00	383.33	13-Feb-24	Secured	CRISIL A-/Stable	Standard
11.	Kisetsu Saison	17-Jun-21	Term Loan	2,500.00	250.00	31-Dec-23	Secured	NA	Standard
12.	Canara Bank	03-Aug-21	Term Loan	2,500.00	1,750.00	25-Jan-27	Secured	CRISIL A-/Stable	Standard
13.	South Indian Bank	17-Aug-21	Term Loan	2,000.00	1,166.25	31-Aug-26	Secured	CRISIL A-/Stable	Standard
14.	Hinduja Leyland Finance Ltd	31-Aug-21	Term Loan	2,200.00	814.93	02-Sep-24	Secured	NA	Standard
15.	Nabsamruddhi Finance Ltd	02-Sep-21	Term Loan	1,500.00	813.63	31-Mar-25	Secured	NA	Standard
16.	Nabsamruddhi Finance Ltd	02-Sep-21	Term Loan	500.00	270.93	31-Mar-25	Secured	NA	Standard
17.	Karnataka Bank	18-Sep-21	Term Loan	2,000.00	800.00	28-Jul-24	Secured	CRISIL A-/Stable	Standard
18.	Kisetsu Saison	23-Sep-21	Term Loan	2,500.00	500.00	15-Mar-24	Secured	NA	Standard
19.	Dhanlaxmi Bank Limited	28-Oct-21	Term Loan	1,000.00	642.86	30-Oct-25	Secured	CRISIL A-/Stable	Standard
20.	Nabkisan Finance Limited	23-Nov-21	Term Loan	2,000.00	1,166.67	01-May-25	Secured	NA	Standard
21.	Ujjivan Small Finance Bank	24-Nov-21	Term Loan	2,000.00	777.78	30-Nov-24	Secured	CRISIL A-/Stable	Standard
22.	TATA Capital	22-Dec-21	Term Loan	1,500.00	624.99	15-Nov-24	Secured	NA	Standard

23.	MAS Financials Services Ltd	24-Dec-21	Term Loan	5,000.00	629.90	25-Dec-24	Secured	NA	Standard
24.	Aditya Birla Finance Ltd	27-Dec-21	Term Loan	2,500.00	1,829.45	01-Jan-27	Secured	NA	Standard
25.	IDBI Bank	27-Dec-21	Term Loan	2,500.00	1,805.56	01-Jan-26	Secured	CRISIL A-/Stable	Standard
26.	Indian Bank	30-Dec-21	Term Loan	1,500.00	750.00	31-Dec-24	Secured	CRISIL A-/Stable	Standard
27.	Utkarsh Small Finance Bank	30-Dec-21	Term Loan	3,000.00	1,384.62	25-Mar-25	Secured	CRISIL A-/Stable	Standard
28.	Punjab and Sind bank	06-Jan-22	Term Loan	5,000.00	3,000.00	20-Dec-25	Secured	CRISIL A-/Stable	Standard
29.	Bandhan Bank Ltd	22-Feb-22	Term Loan	2,500.00	1,363.64	01-Mar-25	Secured	CRISIL A-/Stable	Standard
30.	IDFC First Bank	22-Feb-22	Term Loan	7,500.00	4,531.25	25-Feb-26	Secured	CRISIL A-/Stable	Standard
31.	Kotak Mahindra Bank Ltd	22-Feb-22	Term Loan	5,000.00	2,361.11	28-Feb-25	Secured	CRISIL A-/Stable	Standard
32.	ESAF Small Finance Bank	09-Mar-22	Term Loan	2,000.00	999.80	10-Mar-25	Secured	CRISIL A-/Stable	Standard
33.	Capital Small finance Bank	10-Mar-22	Term Loan	2,500.00	1,330.61	01-Mar-25	Secured	CRISIL A-/Stable	Standard
34.	Canara Bank	28-Mar-22	Term Loan	2,500.00	1,944.00	30-Mar-27	Secured	CRISIL A-/Stable	Standard
35.	State Bank of India	06-Apr-22	Term Loan	3,000.00	1,749.91	25-May-25	Secured	CRISIL A-/Stable	Standard
36.	State Bank of India	06-Apr-22	Term Loan	7,000.00	4,085.00	25-May-25	Secured	CRISIL A-/Stable	Standard

37.	State Bank of India	06-Apr-22	Term Loan	4,062.00	2,235.29	30-Apr-25	Secured	CRISIL A-/Stable	Standard
38.	Bank of Maharashtra	11-Apr-22	Term Loan	3,000.00	2,550.00	12-Nov-27	Secured	CRISIL A-/Stable	Standard
39.	DCB bank	21-Apr-22	Term Loan	2,500.00	1,458.33	30-Apr-25	Secured	CRISIL A-/Stable	Standard
40.	Jana Small Finance Bank	28-Apr-22	Term Loan	5,000.00	2,998.77	03-Oct-24	Secured	CRISIL A-/Stable	Standard
41.	STCI Finance Limited	18-May-22	Term Loan	3,000.00	2,200.00	30-Jun-27	Secured	NA	Standard
42.	SBM Bank India Ltd	30-May-22	Term Loan	2,000.00	1,111.11	30-May-25	Secured	CRISIL A-/Stable	Standard
43.	Hinduja Leyland Finance Ltd	16-Jun-22	Term Loan	1,700.00	1,055.77	22-Jun-25	Secured	NA	Standard
44.	HDFC Bank	22-Jun-22	Term Loan	1,000.00	222.22	01-Jan-24	Secured	CRISIL A-/Stable	Standard
45.	RBL Bank Limited	24-Jun-22	Term Loan	2,500.00	937.50	29-Jun-24	Secured	CRISIL A-/Stable	Standard
46.	Piramal Enterprises Limited	30-Jun-22	Term Loan	3,000.00	1,777.78	05-Jan-25	Secured	NA	Standard
47.	Suryoday Small Finance Bank	27-Jul-22	Term Loan	2,500.00	1,696.51	05-Aug-25	Secured	CRISIL A-/Stable	Standard
48.	Nabsamruddhi Finance Ltd	04-Aug-22	Term Loan	1,500.00	1,099.71	28-Feb-26	Secured	NA	Standard
49.	CapriGlobal	18-Aug-22	Term Loan	2,500.00	900.00	15-Mar-25	Secured	NA	Standard
50.	Union Bank of India	19-Sep-22	Term Loan	2,500.00	2,105.26	30-Sep-27	Secured	CRISIL A-/Stable	Standard
51.	Indian Bank	20-Sep-22	Term	2,500.00	1,668.00	15-Sep-25	Secured	CRISIL A-/Stable	Standard

			Loan						
52.	Central Bank of India	21-Sep-22	Term Loan	5,600.00	5,040.00	30-Mar-28	Secured	CRISIL A-/Stable	Standard
53.	Central Bank of India	21-Sep-22	Term Loan	1,900.00	1,805.00	30-Apr-28	Secured	CRISIL A-/Stable	Standard
54.	Kisetsu Saison	29-Sep-22	Term Loan	2,000.00	1,000.00	15-Sep-24	Secured	NA	Standard
55.	Ujjivan Small Finance Bank	21-Oct-22	Term Loan	1,500.00	1,041.67	31-Oct-25	Secured	CRISIL A-/Stable	Standard
56.	Ujjivan Small Finance Bank	21-Oct-22	Term Loan	1,000.00	961.54	31-Oct-25	Secured	CRISIL A-/Stable	Standard
57.	UCO Bank	21-Nov-22	Term Loan	5,000.00	4,166.67	31-May-27	Secured	CRISIL A-/Stable	Standard
58.	SIDBI	24-Nov-22	Term Loan	10,000.00	8,200.00	10-Nov-25	Secured	CRISIL A-/Stable	Standard
59.	Jana Small Finance Bank	26-Dec-22	Term Loan	3,500.00	2,625.00	03-Jan-25	Secured	CRISIL A-/Stable	Standard
60.	Bandhan Bank Ltd	28-Dec-22	Term Loan	5,000.00	4,166.67	29-Dec-25	Secured	CRISIL A-/Stable	Standard
61.	Shriram Housing Finance	30-Dec-22	Term Loan	2,000.00	1,527.01	05-Jul-25	Secured	NA	Standard
62.	Canara Bank	16-Jan-23	Term Loan	7,500.00	7,500.00	23-Jan-28	Secured	CRISIL A-/Stable	Standard
63.	IDFC First Bank	17-Jan-23	Term Loan	6,000.00	4,666.67	31-Jan-26	Secured	CRISIL A-/Stable	Standard
64.	IDFC First Bank	17-Jan-23	Term Loan	4,000.00	3,555.56	18-May-26	Secured	CRISIL A-/Stable	Standard
65.	State Bank of India	07-Feb-23	Term Loan	20,000.00	18,000.00	23-Feb-28	Secured	IND A/Stable	Standard

66.	Karur Vysya Bank	21-Mar-23	Term Loan	2,500.00	2,343.75	05-Apr-27	Secured	IND A/Stable	Standard
67.	Bank of Maharashtra	27-Apr-23	Term Loan	5,000.00	4,750.00	12-Jun-28	Secured	IND A/Stable	Standard
68.	HDFC Bank	27-Apr-23	Term Loan	5,000.00	2,187.50	06-May-25	Secured	IND A/Stable	Standard
69.	TATA Capital	27-Apr-23	Term Loan	1,500.00	1,333.33	05-May-26	Secured	NA	Standard
70.	IREDA	02-May-23	Term Loan	24,900.00	23,655.00	30-Jun-28	Secured	IND A/Stable	Standard
71.	SIDBI	18-May-23	Term Loan	10,000.00	10,000.00	10-May-26	Secured	IND A/Stable	Standard
72.	Piramal Enterprises Limited	28-Jun-23	Term Loan	4,000.00	3,733.33	02-Jan-26	Secured	NA	Standard
73.	Woori Bank	28-Jun-23	Term Loan	2,500.00	2,282.61	30-Jun-25	Secured	CRISIL A-/Stable	Standard
74.	IDBI Bank	20-Jul-23	Term Loan	2,500.00	2,500.00	01-Sep-28	Secured	IND A/Stable	Standard
75.	Canara Bank	21-Jul-23	Term Loan	5,000.00	5,000.00	31-Jul-28	Secured	IND A/Stable	Standard
76.	Canara Bank	21-Jul-23	Term Loan	5,000.00	5,000.00	28-Aug-28	Secured	IND A/Stable	Standard
77.	Union Bank Of India	08-Aug-23	Term Loan	5,000.00	5,000.00	31-Aug-28	Secured	IND A/Stable	Standard
78.	Maharashtra Gramin Bank	14-Aug-23	Term Loan	2,500.00	2,500.00	31-Aug-28	Secured	CRISIL A-/Stable	Standard
79.	UCO BANK	20-Sep-23	Term Loan	10,000.00	10,000.00	30-Sep-26	Secured	CRISIL A-/Stable	Standard
80.	Ponawala Fincorp	26-Sep-23	Term	5,000.00	5,000.00	05-Oct-26	Secured	NA	Standard

			Loan						
81.	Indian Bank	27-Sep-23	Term Loan	6,000.00	6,000.00	30-Sep-27	Secured	IND A/Stable	Standard
82.	Kotak Mahindra Bank Ltd	30-Sep-23	Term Loan	2,500.00	2,500.00	30-Sep-24	Secured	CRISIL A-/Stable	Standard

2. Details of cash credit, working capital demand loans, overdraft and other facilities:

Our Company's total principal amount outstanding for cash credit (CC), working capital demand loans (WCDL) and overdraft facilities (OD) as on September 30, 2023 is ₹ 8,353.00 lakh and the total amount outstanding for cash credit, working capital demand loans and overdraft facilities as on September 30, 2023 (as per Ind AS) is ₹ 8,352.05 lakh. The details of the working capital demand loans and cash credit facilities are set out below:

Sr. No.	Name of the Lender	Date of Sanction	Type of Facility	Amount Sanctioned (in ₹ lakh)	Principal Amount outstanding (in ₹ lakh)	Repayment Date/ Schedule	Security	Credit Rating, if applicable	Asset Classification
1)	Kotak Mahindra Bank Ltd	2-May-22	WCDL	1,500.00	1,500.00	29-Nov-23	Secured	CRISIL A-/Stable	Standard
2)	Kotak Mahindra Bank Ltd	2-May-22	WCDL	1,000.00	-	-	Secured	CRISIL A-/Stable	Standard
3)	RBL Bank Limited	24-Jun-22	WCDL	2,500.00	2,500.00	27-Dec-23	Secured	CRISIL A-/Stable	Standard
4)	Central Bank of India	21-Sep-22	WCDL	1,500.00	1,500.00	14-Oct-23	Secured	CRISIL A-/Stable	Standard
5)	Central Bank of India	21-Sep-22	CC	1,000.00	-	-	Secured	CRISIL A-/Stable	Standard
6)	State Bank of India	6-Apr-22	CC	500.00	-	-	Secured	CRISIL A-/Stable	Standard
7)	Bandhan Bank Ltd	22-Feb-22	OD	100.00	-	-	Secured	CRISIL A-/Stable	Standard
8)	IDFC First Bank	3-Jul-20	OD	1,000.00	-	-	Secured	CRISIL A-/Stable	Standard
9)	Indian Bank	31-Dec-21	OD	1,000.00	900.00	-	Secured	CRISIL A-/Stable	Standard
10)	Barclays Bank Plc	8-Aug-22	STL/WCDL	1,953.00	1,953.00	19-Jun-24	Secured / FD	-	Standard

11)	Barclays Bank Plc	26-Feb-21	ODFD	8,047.00	-	-	Secured / FD	-	Standard
12)	RBL Bank Limited	24-Jun-22	ODFD	2,500.00	-	-	Secured / FD	-	Standard
13)	YES Bank	25-Mar-21	ODFD	1,000.00	-	-	Secured / FD	-	Standard
14)	ICICI Bank	11-Jan-21	ODFD	900.00	-	-	Secured / FD	-	Standard
15)	IDFC First Bank	17-01-2023	ODFD	10,000.00	-	-	Secured / FD	-	Standard

3. Details of outstanding unsecured loan facilities as on September 30, 2023:

Our Company's total principal amount outstanding for unsecured borrowings as on September 30, 2023 amount to ₹ 23,796.67 lakh and the total amount outstanding for unsecured borrowings as on September 30, 2023 (as per Ind AS) amount to ₹ 23,345.09 lakh. The details of the unsecured borrowings are set out below:

Sr. No.	Name of the Lender	Date of Sanction	Type of Facility	Amount Sanctioned (in ₹ lakh)	Principal Amount outstanding (in ₹ lakh)	Repayment Date/ Schedule	Credit Rating, if applicable
1)	Northern Arc	02-Feb-22	Term Loan	5,000.00	1,250.00	05-Feb-24	N.A.
2)	Vivriti Capital Pvt Limited	14-Mar-22	Term Loan	1,000.00	400.00	21-Sep-24	N.A.
3)	Vivriti Capital Pvt Limited	22-Sep-22	Term Loan	1,800.00	1,080.00	27-Mar-25	N.A.
4)	Vivriti Asset Management	17-Mar-22	NCD	1,000.00	666.67	31-Dec-24	ACUITE A
5)	Indian Bank	13-Jul-23	CP	2,500.00	2,500.00	12-Jan-24	CRISIL A1
6)	Northern Arc	29-Aug-23	CP	4,000.00	4,000.00	23-Feb-24	IND A1
7)	The Greater Bombay Co-op Bank Ltd	19-Apr-23	CP	1,000.00	1,000.00	28-Mar-24	CRISIL A1
8)	The Kangra Central Coop Bank	10-Mar-23	CP	1,500.00	1,500.00	07-Mar-24	CRISIL A1
9)	Unity Small Finance Bank	03-Jul-23	CP	3,000.00	3,000.00	03-Oct-23	CRISIL A1
10)	Unity Small Finance Bank	25-Jul-23	CP	2,000.00	2,000.00	23-Oct-23	CRISIL A1
11)	Northern ARC	28-Sep-23	Term Loan	5,000.00	5,000.00	06-Oct-25	N.A.
12)	Deogiri/Pusad/Pune/Vima Coop Bank	25-Sep-23	CP	1,400.00	1,400.00	26-Mar-24	IND A1

4. Details of outstanding non-convertible securities as on September 30, 2023:

The total principal amount of outstanding for non-convertible securities issued by our Company as on September 30, 2023 is ₹ 76,804.92 lakh the details of which are set forth below:

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity (in years)	Coupon	Amount outstanding (in ₹ lakh)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured /unsecured	Security
1)	NCD 7	INE583D07109	3.8	11.55%	1,666.67	26-Mar-21	31-Dec-24	ACUITE A	Secured	110%
2)	NCD 14	INE583D07174	2.3	10.03%	1,666.70	15-Nov-21	16-Feb-24	ACUITE A	Secured	125%
3)	NCD 16	INE583D07190	6.0	11.30%	4,600.00	17-Dec-21	17-Dec-27	ACUITE A	Secured	110%
4)	NCD 17	INE583D07208	6.0	11.30%	2,600.00	26-Dec-21	29-Dec-27	ACUITE A	Secured	110%
5)	NCD 18	INE583D07216	6.0	11.30%	3,500.00	10-Jan-22	12-Jan-28	ACUITE A	Secured	110%
6)	NCD 19	INE583D07224	3.0	10.25%	2,500.00	20-Jan-22	19-Jan-25	ACUITE A	Secured	115%
7)	NCD 20	INE583D08024	2.8	11.50%	666.67	17-Mar-22	31-Dec-24	ACUITE A	Unsecured	N/A
8)	NCD 21	INE583D07232	3.2	11.70%	5,000.00	29-Mar-22	29-May-25	ACUITE A	Secured	110%
9)	NCD 22A	INE583D07240	1.5	10.00%	2,040.38	5-May-22	05-Nov-23	ACUITE A	Secured	120%`
10)	NCD 22B	INE583D07257	2.3	10.15%	780.11	5-May-22	05-Aug-24	ACUITE A	Secured	120%`
11)	NCD 22C	INE583D07265	3.0	10.40%	4,401.06	5-May-22	05-May-25	ACUITE A	Secured	120%`
12)	NCD 23A	INE583D07273	1.7	9.45%	3,000.00	23-May-22	23-Jan-24	ACUITE PPMLD A	Secured	110%
13)	NCD 24	INE583D07281	1.3	10.25%	2,500.00	15-Jul-22	15-Oct-23	ACUITE A	Secured	115%
14)	NCD 25B	INE583D07273	1.4	9.45%	5,000.00	23-Aug-22	23-Jan-24	ACUITE PPMLD A	Secured	110%
15)	NCD 26	INE583D07323	2.0	10.35%	2,500.00	29-Aug-22	29-May-24	CRISIL A-	Secured	110%
16)	NCD 27A	INE583D07299	1.5	10.15%	3,917.00	28-Sep-22	28-Mar-24	CRISIL A- & ACUITE A	Secured	120%
17)	NCD 27B	INE583D07307	2.3	10.35%	1,155.00	28-Sep-22	28-Dec-24	CRISIL A- & ACUITE A	Secured	120%
18)	NCD 27C	INE583D07315	3.0	10.50%	4,928.00	28-Sep-22	28-Sep-25	CRISIL A- & ACUITE A	Secured	120%
19)	NCD 28C	INE583D07273	1.7	8.75%	5,000.00	27-Sep-22	23-Jan-24	ACUITE PPMLD A	Secured	110%

Sr. No.	Series of NCS	ISIN	Tenor/ Period of Maturity (in years)	Coupon	Amount outstanding (in ₹ lakh)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured /unsecured	Security
20)	NCD 29	INE583D07331	3.4	10.00 %	2,500.00	19-Dec-22	15-Apr-26	CRISIL PPMLD A-	Secured	110%
21)	NCD 30	INE583D07349	1.5	10.00 %	2,000.00	24-Feb-23	24-Aug-24	CRISIL A-	Secured	110%
22)	NCD 31	INE583D07356	3.0	10.50 %	5,000.00	8-Mar-23	08-03-2026	CRISIL A-	Secured	110%
23)	NCD 32	INE583D07364	1.5	10.25 %	2,083.33	6-Jun-23	06-Dec-24	IND A1	Secured	115%
24)	NCD 33	INE583D07372	1.5	8.56%	5,000.00	18-Sep-23	18-03-2025	IND A1	Secured	110%
25)	NCD 34	INE583D07380	3.0	10.50 %	2,800.00	25-Sep-23	26-09-2026	NA	Secured	110%

Penalty clause to all Non-Convertible Debentures:

1) On the occurrence of a Payment Default or any other Event of Default, the Company agrees to pay additional interest at 1% (one percent) per annum above the applicable Interest Rate on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default or any other Event of Default until such Payment Default or Event of Default is cured, or the Secured Obligations are repaid, on each Interest Payment Date occurring during the aforementioned period.
2) When the company defaults in payment of the principal amount of the Debentures on the due dates. When the company makes a default in the payment of any interest on the Debentures on the relevant due dates which ought to have been paid in accordance with the terms of the issue.
3) In case of late repayments for which the borrower is responsible, the interest rate is increased by 200 bps for the period until eventual payment, and the borrower needs to cover any costs incurred by the lender through the late payment (e.g. non settling of hedges).
4) All monies due in respect of the Debentures shall, in case the same be not paid on the respective Due Dates, carry further interest at the rate of 2% (Two Percent) per annum, computed from the relevant Due Date up to the date on which such monies are paid or realised by the Debenture Holder(s) ("Default Interest"). It is clarified that any Default Interest which becomes payable in terms hereof shall be payable over and above the Coupon payable at the applicable Coupon Rate.
5) All monies due in respect of the Debentures shall, in case the same be not paid on the respective Due Dates, carry further interest at the rate of 2% (Two Percent) per annum, computed from the relevant Due Date up to the date on which such monies are paid or realised by the Debenture Holder(s) ("Default Interest"). It is clarified that any Default Interest which becomes payable in terms hereof shall be payable over and above the Coupon payable at the applicable Coupon Rate.
6) The Issuer agrees to pay additional interest at 2% (two percent) per annum over the Interest Rate in respect of the Debentures on the Outstanding Principal Amounts from the date of the occurrence of any Event of Default until such Event of Default is cured or the Secured Obligations are repaid on each Interest Payment Date occurring during the aforementioned period.
7) In case of default, there will be an additional int of 5% p.a over and above the coupon rate for the defaulting period.
8) On the occurrence of a Payment Default, the Company agrees to pay additional interest at 3% (three percent) per annum (compounded monthly) above the Interest Rate on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default until such Payment Default is cured, or the Secured Obligations are repaid. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date.
9) When the company defaults in payment of the principal amount of the Debentures on the due dates.

10) When the company makes a default in the payment of any interest on the Debentures on the relevant due dates which ought to have been paid in accordance with the terms of the issue.
11) When the company defaults in payment of the principal amount of the Debentures on the due dates.
12) When the company makes a default in the payment of any interest on the Debentures on the relevant due dates which ought to have been paid in accordance with the terms of the issue.
13) When the company defaults in payment of the principal amount of the Debentures on the due dates.
14) When the company makes a default in the payment of any interest on the Debentures on the relevant due dates which ought to have been paid in accordance with the terms of the issue.
15) The company does not pay on any Due Date any amount payable pursuant to this Deed and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.
16) The Issuer does not pay on any Due Date any amount payable pursuant to the DTD and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.
17) The company does not pay on any Due Date any amount payable pursuant to this Deed and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.
18) Interest Rate plus 2.00% (two percent) per annum. Debenture Trustee/ Debenture Holders reserves the right to levy a penalty of a sum equivalent to 1% (One percent) of the amount outstanding under the Transaction Documents on the Company in the event of breach of any of the Financial Covenants. In such an event, the Borrower shall pay the penalty for breach of Financial Covenants to the Debenture Trustee within 30 calendar days from the date of such breach.
19) In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at 2% p.a. over the Interest Rate will be payable by the Company for the defaulting period.
20) In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at 3% p.a. over the Interest Rate will be payable by the Company for the defaulting period.
21) In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at 2% p.a. over the Interest Rate will be payable by the Company for the defaulting period.
22) The company does not pay on any Due Date any amount payable pursuant to this Deed and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.
23) The Issuer agrees to pay additional interest at 2% (two percent) per annum over the Annualised Interest Rate in respect of the Debentures on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default until such Payment Default is cured or the Secured Obligations are repaid. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts on the relevant Due Date.
24) The Issuer does not pay on any Due Date any amount payable pursuant to the DTD and the Debentures at the place and in the currency in which it is expressed to be payable.
25) The Issuer does not pay on any Due Date any amount payable pursuant to the DTD and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.
26) On the occurrence of an Event of Default (including a Payment Default), the Company agrees to pay additional interest at 2% (two percent) per annum above the Interest Rate on the Outstanding Principal Amounts, commencing from the date of occurrence of the Event of Default until such Event of Default is cured or the relevant Secured Obligations are repaid.
27) On the occurrence of an Event of Default (including a Payment Default), the Company agrees to pay additional interest at 2% (two percent) per annum above the Interest Rate on the Outstanding Principal Amounts, commencing from the date of occurrence of the Event of Default until such Event of Default is cured or the relevant Secured Obligations are repaid.
28) Without prejudice to the rights of the Debenture Trustee and/or the Debenture Holders upon the occurrence of any Event of Default, the Company shall be liable to pay default interest which shall be calculated at the of 2% (two percent) per annum on the Outstanding Amounts over and above the Interest Rate and such Default Interest shall be payable from the date of occurrence of the relevant Event of Default till the date such Event of Default, if remediable, is remedied; or till the entire Outstanding Amounts have been paid by the Company.

5. Details of commercial paper issuances as on September 30, 2023:

The principal amount outstanding for commercial papers issuances as on September 30, 2023 is ₹ 15,400.00 lakh and the total amount outstanding as on September 30, 2023 (as per Ind AS) is ₹ 14,998.87 lakh, the details of which are set forth below:

Sr. No.	Series of NCS	ISIN of Commercial Paper	Tenor / Period of Maturity	Coupon	Amount outstanding (in ₹ lakh)	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured /unsecured	Security	Other details viz. details of issuing and paying agent, details of credit rating agencies etc.
1)	CP 19	INE583D14204	6	9.65 %	1,500.00	10-Mar-23	07-Mar-24	CRISIL A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: CRISIL Rating Limited
2)	CP 21	INE583D14220	6	9.25 %	1,000.00	19-Apr-23	28-Mar-24	CRISIL A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: CRISIL

											Rating Limited
3)	CP 23	INE583D14246	12	9.25 %	3,000.00	3-Jul-23	03-Oct-23	CRISIL A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: CRISIL Rating Limited
4)	CP 24	INE583D14253	12	9.50 %	2,500.00	13-Jul-23	12-Jan-24	CRISIL A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: CRISIL Rating Limited
5)	CP 25	INE583D14261	3	9.25 %	2,000.00	25-Jul-23	23-Oct-23	CRISIL A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: CRISIL

											Rating Limited
6)	CP 26	INE583D14279	3	9.90 %	4,000.00	29-08-2023	23-02-2024	IND A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: India Ratings and Research Private Limited
7)	CP 27	INE583D14287	6	8.80 %	1,400.00	25-Sep-23	26-03-2024	IND A1	Unsecured	N.A.	Issuing and paying agent: YES Bank Limited Credit rating agency: India Ratings and Research Private Limited

6. List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on September 30, 2023:

Sr. No.	Name of holders	Category of holder	Face value of holding (in ₹ lakh)	Holding as % of total outstanding non-convertible

				securities of the Issuer
1.	UTI International Wealth Creator 4	Institution	10,700.00	13.93
2.	Vivriti Alpha Debt Fund	Institution	6,900.00	8.98
3.	S K Finance Limited	Corporate	5,000.00	6.51
4.	GMO-Z.Com Payment Gateway India Credit Fund	Foreign Portfolio Investor	2,800.00	3.65
5.	The Kangra Central Co-Op Bank Ltd	Cooperative Bank	2,500.00	3.25
6.	Northern Arc Capital Limited	Corporate	2,500.00	3.25
7.	Vivriti Short Term Bond Fund	Institution	2,336.68	3.04
8.	Ajanta Pharma Limited	Corporate	1,500.00	1.95
9.	Vivriti Emerging Corporate Bond Fund	Institution	600.00	0.78
10.	Capri Global Holdings Private Limited	Corporate	550.00	0.72
Total			**35,386.68**	46.06

7. List of top ten holders of commercial papers in the company in terms of value (on a cumulative basis), as on September 30, 2023:

Sr. No.	Name of holders	Category of holder	Face value of holding (in ₹ lakh)	Holding as a % of total commercial paper outstanding of the Issuer
1.	Unity Small Finance Bank Limited	Small Finance Bank	5,000.00	32.47
2.	Northern Arc Money Market Alpha Trust	Corporate	4,000.00	25.97
3.	Indian Bank	Public Sector Bank	2,500.00	16.23
4.	The Kangra Central Co-Op Bank Ltd	Cooperative Bank	1,500.00	9.74
5.	The Greater Bombay Co-Operative Bank Limited	Cooperative Bank	1,000.00	6.49
6.	Deogiri Nagari Sahakari Bank Ltd	Cooperative Bank	500.00	3.25
7.	Vima Kamgar Cooperative Bank Ltd	Cooperative Bank	500.00	3.25
8.	Pusad Urban Co Op Bank Ltd Pusad	Cooperative Bank	200.00	1.30
9.	Pune Urban Coop Bank Ltd	Cooperative Bank	200.00	1.30
Total			**15,400**	**100%**

8. Details of the bank fund based facilities/ rest of the borrowing (if any, including hybrid debt like foreign currency convertible bonds (FCCB), optionally convertible debentures/ preference shares) from financial institutions or financial creditors as on September 30, 2023:

Nil

9. Details of external commercial borrowings of the Company:

Our Company's total principal amount outstanding for external commercial borrowings as on September 30, 2023 is ₹ 37,693.80 lakh and the total amount outstanding for external commercial borrowings as on September

30, 2023 (as per Ind AS) is ₹ 38,213.48 lakh. The details of the external commercial borrowings are set out below:

Sr. No.	Name of the Lender	Date of Sanction	Amount Sanctioned (in ₹ lakh)	Principal Amount Outstanding (in ₹ lakh)	Maturity Date	Repayment Terms	Security	Credit Rating, if applicable	Asset Classification
1)	Calvert	16-Feb-23	8,270.00	8,270.00	16-Feb-28	Principal frequency: Half yearly Interest frequency: Half yearly	105%	NA	Standard
2)	Enabling Qapital	28-Sep-22	4,095.00	4,095.00	28-Sep-27	Principal frequency: Half yearly Interest frequency: Half yearly	110%	NA	Standard
3)	GAF IV LP (Water equity)	15-06-2023	8,205.00	8,205.00	25-Jun-27	Principal frequency: Bullet Interest frequency: Quarterly	100%	NA	Standard
4)	Microvest Short Duration Fund LP	15-06-2023	5,742.80	5,742.80	29-Jun-26	Principal frequency: Bullet Interest frequency: Half Yearly	110%	NA	Standard
5)	ResponsAbility AG	31-Oct-22	8,272.00	8,272.00	21-Sep-26	Principal frequency: Bullet Interest frequency: Half Yearly	110%	NA	Standard
6)	ResponsAbility AG	11-Nov-21	3,109.00	3,109.00	21-Sep-26	Principal frequency: Bullet Interest frequency: Half Yearly	110%	NA	Standard

10. Details of the charges created as of September 30, 2023:

Our Company’s total principal amount outstanding for charges created as on September 30, 2023 is ₹ 3,47,369.13 lakh and the total amount outstanding for charges created as on September 30, 2023 (as per Ind AS) is ₹ 3,46,931.42 lakh. The details of the charges created are as follows:

Sr. No.	Srn	Charge Id	Charge Holder	Date Of Creation	Date Of Modification	Date Of Satisfaction	Amount (In ₹ Lakh)

1	Aa61 85883	1008 1548 9	SBICAP Trustee Company Limited	30-10-2023	-	-	12,500.00
2	Aa61 55680	1008 1451 8	Sbicap Trustee Company Limited	30-10-2023	-	-	12,500.00
3	Aa58 55179	1007 9347 1	Indian Bank	29-09-2023	-	-	6,000.00
4	Aa59 11934	1007 9878 1	Poonawalla Fincorp Limited	28-09-2023	-	-	5,000.00
5	Aa54 20704	1007 8264 0	UCO Bank	25-09-2023	-	-	10,000.00
6	Aa51 60335	1007 8335 1	Maharashtra Gramin Bank	30-08-2023	-	-	2,500.00
7	Aa43 80059	1007 7364 6	Union Bank Of India	17-08-2023	-	-	5,000.00
8	Aa43 93540	1007 7090 7	IDBI Bank Limited	07-08-2023	-	-	2,500.00
9	Aa40 63188	1007 6289 5	Canara Bank	27-07-2023	-	-	10,000.00
10	Aa36 89582	1007 5010 4	Woori Bank	18-07-2023	-	-	2,500.00
11	Aa38 22418	1007 5107 9	IDFC First Bank Limited	30-06-2023	-	-	500.00
12	Aa35 37172	1007 4699 5	Piramal Trusteeship Services Private Limited	30-06-2023	-	-	4,000.00
13	Aa33 32663	1007 4709 6	Catalyst Trusteeship Limited	27-06-2023	-	-	5,742.80
14	Aa36 77327	1007 4818 6	IDFC First Bank Limited	26-06-2023	-	-	10,000.00
15	Aa34 49903	1007 4384 6	Global Access Fund Iv Lp	26-06-2023	-	-	8,205.00

16	Aa32 91047	1007 3780 5	Indian Renewable Energy Development Agency Limited	23-06-2023	-	-	24,900.00
17	Aa35 77650	1007 4714 0	IDFC First Bank Limited	22-06-2023	-	-	25.00
18	Aa33 07475	1007 3737 4	Bank Of Maharashtra	07-06-2023	-	-	5,000.00
19	Aa29 07337	1007 3500 7	Vardhman Trusteeship Private Limited	05-06-2023	-	-	2,500.00
20	Aa25 54890	1007 2126 1	SIDBI	20-05-2023	-	-	10,000.00
21	Aa24 96542	1007 2133 1	Hdfc Bank Limited	28-04-2023	-	-	5,000.00
22	Aa22 24566	1007 1368 8	Tata Capital Financial Services Limited	28-04-2023	-	-	1,500.00
23	Aa18 29019	1007 0408 6	The Karur Vysya Bank Limited	29-03-2023	-	-	2,500.00
24	Aa16 21306	1007 2993 9	Beacon Trusteeship Limited	07-03-2023	-	-	5,000.00
25	Aa16 19145	1007 2993 6	IDBI Trusteeship Services Limited	23-02-2023	-	-	2,000.00
26	Aa15 95332	1006 8588 7	SBICAP Trustee Company Limited	23-02-2023	-	-	20,000.00
27	Aa16 51633	1006 8803 4	Catalyst Trusteeship Limited	10-02-2023	-	-	8,270.00
28	Aa16 90509	1006 9238 2	IDFC First Bank Limited	30-01-2023	-	-	10,000.00
29	Aa12 83069	1006 8434 9	Canara Bank	21-01-2023	-	-	7,500.00
30	Aa12 01317	1006 5995 0	Shriram Housing Finance Limited	31-12-2022	-	-	2,000.00

31	Aa12 08461	1006 6653 5	Jana Small Finance Bank Limited	29-12-2022	-	-	3,500.00
32	Aa12 09696	1006 6206 8	Bandhan Bank Limited	29-12-2022	-	-	5,000.00
33	Aa11 94851	1007 1366 5	Catalyst Trusteeship Limited	19-12-2022	-	-	2,500.00
34	Aa11 41886	1006 4693 9	SIDBI	05-12-2022	-	-	10,000.00
35	Aa11 17789	1006 4266 7	UCO Bank	24-11-2022	-	-	5,000.00
36	Aa11 20228	1006 4247 9	Ujjivan Small Finance Bank Limited	14-11-2022	-	-	2,500.00
37	Aa12 78854	1006 2837 7	Catalyst Trusteeship Limited	21-10-2022	28-02-2023	-	1,654.40
38	Aa12 80028	1006 2837 6	Catalyst Trusteeship Limited	21-10-2022	28-02-2023	-	3,929.20
39	Aa12 79296	1006 2837 4	Catalyst Trusteeship Limited	21-10-2022	31-12-2022	-	1,240.80
40	Aa12 79531	1006 2837 3	Catalyst Trusteeship Limited	21-10-2022	31-12-2022	-	1,447.60
41	Aa10 55835	1006 2207 3	HDFC Bank Limited	10-10-2022	-	-	1,000.00
42	Aa10 21982	1006 2030 8	Kisetsu Saison Finance (India) Private Limited	30-09-2022	-	-	2,000.00
43	Aa08 76863	1006 1488 4	Indian Bank	29-09-2022	-	-	2,500.00
44	Aa07 49909	1006 1057 8	Central Bank Of India	29-09-2022	-	-	10,000.00
45	Aa06 14106	1006 8507 0	IDBI Trusteeship Services Limited	23-09-2022	-	-	10,000.00

46	Aa08 12862	1006 1521 8	Catalyst Trusteeship Limited	23-09-2022	-	-	4,095.00
47	Aa07 78072	1006 1233 2	Union Bank Of India	21-09-2022	-	-	2,500.00
48	Aa08 20529	1007 0032 7	Catalyst Trusteeship Limited	29-08-2022	-	-	5,000.00
49	Aa04 57624	1006 0857 6	Capri Global Capital Limited	26-08-2022	-	-	2,500.00
50	Aa07 40960	1007 0947 8	Mitcon Credentia Trusteeship Services Limited	23-08-2022	-	-	5,000.00
51	Aa00 16893	1006 0362 9	Nabsamruddhi Finance Limited	05-08-2022	-	-	1,500.00
52	F1781 8964	1005 9696 3	Sbicap Trustee Company Limited	30-07-2022	-	-	7,000.00
53	F2190 3976	1006 0314 0	Suryoday Small Finance Bank Limited	29-07-2022	-	-	2,500.00
54	F1725 0960	1005 9542 5	Piramal Trusteeship Services Private Limited	01-07-2022	-	-	3,000.00
55	F1191 2391	1005 8594 8	SBICAP Trustee Company Limited	29-06-2022	-	-	4,000.00
56	Aa61 12755	1005 9089 8	RBL Bank Limited	27-06-2022	-	-	8,000.00
57	F1651 6429	1005 9388 7	JM Financial Products Limited	24-06-2022	-	-	4,000.00
58	F1540 4775	1005 9096 8	Hinduja Leyland Finance Limited	22-06-2022	-	-	1,700.00
59	F0445 9533	1005 7748 0	SBM Bank (India) Limited	31-05-2022	-	-	2,000.00
60	F0811 7707	1005 8294 7	STCI Finance Limited	27-05-2022	-	-	3,000.00

61	F0489 2915	1005 7821 1	Kotak Mahindra Bank Limited	26-05-2022	-	-	5,000.00
62	F0371 9374	1005 7953 8	Mitcon Credentia Trusteeship Services Limited	23-05-2022	-	-	3,000.00
63	F0231 0373	1005 7317 0	SBICAP Trustee Company Limited	13-05-2022	-	-	500.00
64	F0231 1264	1005 7316 5	SBICAP Trustee Company Limited	13-05-2022	-	-	10,000.00
65	F0492 0674	1005 7823 7	Bank Of Maharshtra	12-05-2022	-	-	3,000.00
66	F0214 3121	1005 7271 4	DCB Bank Limited	06-05-2022	-	-	2,500.00
67	Aa59 47435	1005 7617 3	Kotak Mahindra Bank Limited	05-05-2022	30-09-2023	-	4,000.00
68	T996 80191	1005 7109 9	Mitcon Credentia Trusteeship Services Limited	05-05-2022	-	-	7,221.55
69	F0031 4815	1005 6875 2	Jana Small Finance Bank Limited	29-04-2022	-	-	5,000.00
70	T968 36994	1005 6148 6	Canara Bank	30-03-2022	-	-	2,500.00
71	T943 20496	1005 6680 1	Catalyst Trusteeship Limited	26-03-2022	-	-	5,000.00
72	T956 55858	1005 5810 8	Capital Small Finance Bank Limited	19-03-2022	-	-	2,500.00
73	T940 63815	1005 5423 8	Esaf Small Finance Bank Limited	11-03-2022	-	-	2,000.00
74	T879 56835	1005 4490 7	Idfc First Bank Limited	24-02-2022	-	-	7,500.00
75	T893 26110	1005 4672 1	Bandhan Bank Limited	23-02-2022	-	-	2,600.00

76	T811 09019	1005 3397 1	Indian Overseas Bank	25-01-2022	-	-	5,000.00
77	T739 50099	1005 2918 3	Beacon Trusteeship Limited	18-01-2022	-	-	2,500.00
78	T754 77851	1005 2872 6	Punjab & Sind Bank	14-01-2022	-	-	5,000.00
79	Aa17 05349	1005 2883 8	Catalyst Trusteeship Limited	10-01-2022	28-02-2023	-	3,500.00
80	T729 36081	1005 2309 7	Indian Bank	31-12-2021	-	-	2,500.00
81	T725 88221	1005 2226 4	IDBI Bank Limited	31-12-2021	-	-	2,500.00
82	T698 72422	1005 1660 5	Utkarsh Small Finance Bank Limited	30-12-2021	-	-	3,000.00
83	T734 10227	1005 2427 1	Aditya Birla Finance Limited	29-12-2021	-	-	2,500.00
84	Aa17 05657	1005 2086 1	Catalyst Trusteeship Limited	27-12-2021	28-02-2023	-	2,600.00
85	Aa35 29971	1005 2468 8	The Federal Bank Ltd	24-12-2021	-	12-07-2023	2,500.00
86	T724 77235	1005 2196 3	Mas Financial Services Limited	24-12-2021	-	-	1,000.00
87	T724 75247	1005 2196 0	Mas Financial Services Limited	24-12-2021	-	-	1,000.00
88	T724 76237	1005 2194 9	Mas Financial Services Limited	24-12-2021	-	-	1,000.00
89	T724 76922	1005 2194 6	Mas Financial Services Limited	24-12-2021	-	-	1,000.00
90	T724 76823	1005 2194 3	Mas Financial Services Limited	24-12-2021	-	-	1,000.00

91	T723 37892	1005 2169 5	Tata Capital Financial Services Limited	24-12-2021	-	-	1,500.00
92	Aa12 77978	1005 1806 3	Catalyst Trusteeship Limited	15-12-2021	28-02-2023	-	4,600.00
93	T697 89253	1005 1640 4	The Federal Bank Ltd	03-12-2021	-	-	2,350.00
94	Aa12 78360	1005 1834 4	Catalyst Trusteeship Limited	02-12-2021	31-12-2022	-	3,109.43
95	F2187 7527	1005 0567 4	Clix Capital Services Private Limited	30-11-2021	-	27-07-2022	5,000.00
96	T836 62296	1005 4244 9	Mitcon Credentia Trusteeship Services Limited	30-11-2021	-	-	1,500.00
97	T623 58304	1005 0624 8	Ujjivan Small Finance Bank Limited	26-11-2021	-	-	2,000.00
98	T604 87170	1005 0241 4	Nabkisan Finance Limited	26-11-2021	-	-	2,000.00
99	T590 21600	1005 0346 2	IDBI Trusteeship Services Limited	16-11-2021	-	-	5,000.00
100	F1731 8544	1004 9974 0	Northern Arc Capital Limited	02-11-2021	-	15-07-2022	5,000.00
101	T736 32572	1004 9974 5	Mas Financial Services Limited	30-10-2021	-	11-01-2022	1,000.00
102	T736 26830	1004 9974 4	Mas Financial Services Limited	30-10-2021	-	11-01-2022	1,000.00
103	T736 26368	1004 9974 3	Mas Financial Services Limited	30-10-2021	-	11-01-2022	1,000.00
104	T736 26921	1004 9974 2	Mas Financial Services Limited	30-10-2021	-	11-01-2022	1,000.00
105	T736 25949	1004 9974 1	Mas Financial Services Limited	30-10-2021	-	11-01-2022	1,000.00

106	T603 56037	1005 0219 0	Dhanlaxmi Bank Limited	29-10-2021	-	-	1,000.00
107	Aa22 97457	1005 0063 2	Uc Inclusive Credit Private Limited	29-10-2021	-	06-04-2023	500.00
108	T539 14933	1004 8677 5	Karnataka Bank Ltd.	28-09-2021	-	-	2,000.00
109	Aa04 60234	1004 9380 9	Beacon Trusteeship Limited	25-09-2021	-	02-08-2022	1,000.00
110	T528 53561	1004 8430 9	Kisetsu Saison Finance (India) Private Limited	23-09-2021	-	-	2,500.00
111	Aa06 39353	1004 8144 0	Sidbi	21-09-2021	-	13-09-2022	9,000.00
112	T491 76415	1004 8195 5	Nabsamruddhi Finance Limited	17-09-2021	-	-	1,500.00
113	T517 28137	1004 8322 8	Nabsamruddhi Finance Limited	16-09-2021	-	-	500.00
114	Aa37 80912	1004 8658 6	Au Small Finance Bank Limited	13-09-2021	-	26-07-2023	2,700.00
115	T488 81973	1004 8196 6	Hinduja Leyland Finance Limited	02-09-2021	-	-	2,200.00
116	Aa60 40378	1004 7730 9	Catalyst Trusteeship Limited	30-08-2021	-	-	2,000.00
117	T415 00612	1004 7518 7	The South Indian Bank Limited	27-08-2021	-	-	2,000.00
118	T460 10070	1004 8099 7	Canara Bank	17-08-2021	-	-	2,500.00
119	Aa35 32569	1004 7558 2	Catalyst Trusteeship Limited	06-08-2021	-	04-07-2023	5,000.00
120	Aa59 86178	1004 6481 2	Catalyst Trusteeship Limited	20-07-2021	-	-	2,000.00

121	T326 66851	1004 6133 1	Mas Financial Services Limited	30-06-2021	-	-	500.00
122	T326 65184	1004 6132 6	Mas Financial Services Limited	30-06-2021	-	-	500.00
123	T326 64997	1004 6132 2	Mas Financial Services Limited	30-06-2021	-	-	500.00
124	T326 65861	1004 6131 8	Mas Financial Services Limited	30-06-2021	-	-	500.00
125	T306 24639	1004 5705 2	Kisetsu Saison Finance (India) Private Limited	24-06-2021	-	-	2,500.00
126	Aa39 18397	1004 5573 0	The Federal Bank Ltd	08-06-2021	-	28-07-2023	2,600.00
127	T298 59014	1004 5565 7	Rbl Bank Limited	07-06-2021	-	-	2,500.00
128	Aa11 66521	1004 4945 0	Catalyst Trusteeship Limited	25-05-2021	-	15-12-2022	2,000.00
129	Aa11 28358	1004 4238 4	Catalyst Trusteeship Limited	30-04-2021	-	29-11-2022	2,970.00
130	T205 05178	1004 4588 3	Vivriti Capital Private Limited	30-04-2021	-	-	500.00
131	T205 05640	1004 4588 5	Vivriti Capital Private Limited	30-04-2021	-	-	500.00
132	T205 06051	1004 4588 6	Vivriti Capital Private Limited	30-04-2021	-	-	500.00
133	T205 04791	1004 4588 7	Vivriti Capital Private Limited	30-04-2021	-	-	500.00
134	T205 10079	1004 4589 0	Vivriti Capital Private Limited	30-04-2021	-	-	500.00
135	T152 81793	1004 3684 6	Mas Financial Services Limited	30-03-2021	-	-	1,000.00

136	T152 85943	1004 3684 8	Mas Financial Services Limited	30-03-2021	-	-	1,000.00
137	T152 88293	1004 3685 0	Mas Financial Services Limited	30-03-2021	-	-	1,000.00
138	T152 89762	1004 3685 3	Mas Financial Services Limited	30-03-2021	-	-	1,000.00
139	T152 92196	1004 3685 7	Mas Financial Services Limited	30-03-2021	-	-	1,000.00
140	T142 20644	1004 3477 9	Sundaram Finance Limited	26-03-2021	-	-	2,500.00
141	T146 82124	1004 4140 1	Catalyst Trusteeship Limited	26-03-2021	-	-	2,500.00
142	Aa59 45318	1004 3610 6	Capri Global Capital Limited	22-03-2021	-	-	1,000.00
143	T106 43070	1004 2869 7	Esaf Small Finance Bank Limited	12-03-2021	-	-	2,500.00
144	T211 53259	1004 4704 6	Barclays Bank Plc	10-03-2021	-	-	10,000.00
145	T011 82591	1004 1338 5	State Bank Of India	29-01-2021	-	-	5,000.00
146	T055 22784	1004 1771 9	Northern Arc Capital Limited	29-01-2021	-	-	5,000.00
147	R915 09521	1004 0745 1	Icici Bank Limited	12-01-2021	-	-	1,000.00
148	R861 89529	1004 0439 1	Indian Bank	31-12-2020	-	-	2,500.00
149	R872 63067	1004 0558 7	Au Small Finance Bank Limited	28-12-2020	-	-	2,000.00
150	Aa12 75943	1004 1138 5	Beacon Trusteeship Limited	28-12-2020	-	14-03-2023	1,000.00

151	Aa04 62254	10041139 2	Beacon Trusteeship Limited	28-12-2020	-	07-09-2022	5,000.00
152	R768 82000	10039607 5	Maanaveeya Development & Finance Private Limited	21-12-2020	-	-	4,000.00
153	T185 95249	10038178 4	Sidbi	28-10-2020	-	06-05-2021	3,500.00
154	F0214 4418	10037907 6	Beacon Trusteeship Limited	20-10-2020	-	18-05-2022	2,000.00
155	Aa11 89819	10037903 8	Mas Financial Services Limited	29-09-2020	-	17-12-2022	500.00
156	Aa11 89860	10037967 7	Mas Financial Services Limited	29-09-2020	-	17-12-2022	500.00
157	Aa11 89882	10037967 8	Mas Financial Services Limited	29-09-2020	-	17-12-2022	500.00
158	Aa37 54357	10037415 9	Idfc First Bank Limited	08-09-2020	28-06-2023	-	5,000.00
159	T941 34806	10037354 1	Beacon Trusteeship Limited	03-09-2020	-	04-04-2022	3,500.00
160	R517 91002	10036157 6	Indusind Bank Ltd.	25-08-2020	-	-	3,000.00
161	R481 41493	10035440 0	SBM Bank (India) Limited	27-07-2020	-	-	5,000.00
162	T826 34049	10034579 9	Beacon Trusteeship Limited	23-06-2020	-	22-02-2022	5,000.00
163	Aa40 62193	10034455 7	Beacon Trusteeship Limited	05-06-2020	-	03-08-2023	5,000.00
164	Aa21 44435	10033786 2	Hinduja Leyland Finance Limited	26-05-2020	-	19-04-2023	3,500.00
165	R366 72434	10033297 1	Canara Bank	12-03-2020	-	-	1,000.00

166	R344 90763	1003 2635 4	SBM Bank (India) Limited	17-02-2020	-	-	1,000.00
167	Aa20 67622	1003 1924 1	Esaf Small Finance Bank Limited	15-01-2020	-	05-04-2023	1,000.00
168	T320 08575	1003 1701 1	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
169	T320 09300	1003 1701 2	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
170	T320 10100	1003 1701 4	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
171	T320 10910	1003 1701 5	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
172	T320 11629	1003 1701 6	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
173	T320 11132	1003 1701 8	Mas Financial Services Limited	31-12-2019	-	16-07-2021	500.00
174	T185 83518	1002 9520 5	Mas Financial Services Limited	30-09-2019	-	07-05-2021	1,000.00
175	T195 44428	1002 9520 7	Mas Financial Services Limited	30-09-2019	-	08-05-2021	1,000.00
176	R370 92699	1002 9975 0	Beacon Trusteeship Limited	28-09-2019	-	16-04-2020	5,000.00
177	T195 38909	1002 9520 3	Mas Financial Services Limited	27-09-2019	-	08-05-2021	1,000.00
178	T195 42455	1002 9520 0	Mas Financial Services Limited	27-09-2019	-	08-05-2021	1,000.00
179	T195 42851	1002 9584 2	Mas Financial Services Limited	27-09-2019	-	08-05-2021	1,000.00
180	Aa10 69179	1002 8854 6	Hinduja Leyland Finance Limited	28-08-2019	-	18-10-2022	1,500.00

181	T540 29467	1002 5412 2	Au Small Finance Bank Limited	22-03-2019	-	07-10-2021	1,000.00
182	Aa11 66421	1002 5445 7	Au Small Finance Bank Limited	22-03-2019	-	13-12-2022	1,500.00

11. Restrictive Covenants under our financing arrangements:

- any change in promoter directors or in the core management team nor any merger/acquisition/amalgamation shall be done without express permission of the bank in writing;
- declare dividends only out of the profits relating to that year and after making all due and necessary provisions, and provided further that there have been no defaults in repayments under the Facility. In all other cases the Company shall seek the prior written consent of the bank before declaring dividends;
- any scheme of expansion/modernization/diversification/renovation (except normal capex) or sell any fixed assets during any accounting year, except under such scheme, which has already been approved by the bank;
- any adverse change in the company's capital structure;
- repay monies brought in by the Promoters/Directors Principal shareholders and their friends and relatives by way of deposits / loans / advances. Further, the rate of interest, if any, payable on such deposits / loans / advances should be lower than the rate of interest charged by the bank on its own term loan and payment of such interest will be subject to regular repayment of instalments to term loans granted/ deferred payment guarantees executed by the bank or other repayment obligations, if any, due from the Company to the bank;
- approach capital market for mobilizing additional resources either in the form of debt or equity;
- undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies);
- entering into any contractual obligation of a long-term nature (i.e., 2 years or more) or which, in the reasonable assessment of the bank, is an unrelated activity and is detrimental to lender's interest;
- change of practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc., except where mandated by any legal or regulatory provisions;
- promoter's share in the borrowing entity should not be pledged to any bank/NBFC/Institution without the consent of the bank.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

12. Events of default under our financing arrangements:

The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- Failure to pay on the due date any amount payable pursuant to a facility document, (including but not limiting to principal and interest amount payable with respect to any loan), at the place at and in the currency in which it is expressed to be payable;
- Failure to comply with any provision of the facility documents, to which it is a party;
- Occurring of a cross default event as mentioned in facility documents;
- Change in control of our Promoter shareholding;
- Any litigation, arbitration, investigative or administrative proceeding or enquiry is current, pending or threatened to restrain the Company's entry into, the exercise of the Company's rights under, or compliance by the Company with any of its obligations under, the facility documents;

- An application or petition has been admitted by any relevant Governmental Agency under the Insolvency and Bankruptcy Code, 2016 (as may be amended, modified or supplemented from time to time) in relation to the Company.

13. The amount of corporate guarantee or letter of comfort issued by the Company along with details of the counterparty (viz. name and nature of the counterparty, subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc.:

    Nil

14. Details of inter corporate loans:

    Nil

15. As on the date of this Draft Prospectus, there has been no rescheduling, default and/or delay in payment of principal or interest on any existing term loan, debt security issued by the Issuer, commercial paper (including technical delays) and other financial indebtedness including corporate guarantee or letter of comfort issued by the Company, in the past three financial years and the current financial year.

16. Details of default and non-payment of statutory dues for the preceding three financial years and current financial year.

    Nil

17. Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash; whether (i) in whole or part; (ii) at a premium or discount, or (iii) in pursuance of an option or not;

    Nil

MATERIAL DEVELOPMENTS

Except as disclosed in this Draft Prospectus, there have been no material developments since April 1, 2023 till the date of filing this Draft Prospectus and there has been no material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Company/ Promoter, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of the Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the Fiscals 2023 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Financial Statements for Fiscal 2023*" on page F-67, note no. 43.

For details of the related party transactions for the Fiscals 2022 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Standalone Financial Statements for Fiscal 2022"* on page F-160, note no. 40.

For details of the related party transactions for the Fiscals 2021 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Audited Financial Statements for Fiscal 2021*" on page F-254, note no. 38.

Related party transaction entered during the Fiscal 2023, 2022 and 2021 and from April 1, 2023 till December 26, 2023 with regard to loans made or guarantees given or securities provided:

No loans, guarantees or securities have been provided by the Company to the related parties in the Fiscal 2023, 2022, 2021 and from April 1, 2023 till December 26, 2023.

Following are the details of related party transactions in the Fiscal 2023, 2022, 2021, Six months period ended September 30, 2023 and from October 01, 2023 to December 26, 2023:

(Rs. In lakh)

Nature of transactions	From October 01, 2023 to December 26, 2023	For the six months period from April 01, 2023 to September 30, 2023	For the financial year ending on March 31,		
			2023	2022	2021
Particulars					
Transaction during the year					
Expenses					
Livfin India Private Limited					
-Arranger Fees Paid	2.64	19.96	33.44	20.57	-
-Arranger Fees Received	10.84	42.21	94.28	33.81	-
Indifi Technologies Private Limited					
-Sourcing Fee	56.31	65.09	-	-	-
Reimbursement of expenses					
Aniket Karandikar#	-	-	0.02	0.17	-
Amit Gupta	-	-	0.03	0.99	-
Shachindra Nath	-	-	0.08	9.43	-
Kishore Kumar Lodha	-	0.28	1.34	-	-
Namrata Sajnani$	-	0.08	-	-	-
Remuneration Paid*					
Shachindra Nath	57.21	413.91	466.22	295.60	269.35
Abhijit Ghosh	-	-	-	11.38	136.52

Kalpeshkumar Ojha	-	-	-	-	65.04
Sandeepkumar Zanwar**	-	-	-	44.48	23.87
Amit Gupta**	-	-	50.60	53.68	-
Kishore Kumar Lodha@	35.30	145.92	180.19	-	-
Aniket Karandikar#	-	-	8.76	30.49	23.83
Namrata Sajnani$	4.84	22.59	25.77	-	-
Satish Chelladurai Kumar$	2.92	-	-	-	-

**The above figures do not include provision towards gratuity.*
***Sandeepkumar Zanwar and Mr. Amit Gupta former Chief Financial Officer, resigned w.e.f. November 02, 2022 and September 1, 2023 respectively.*
#Aniket Karandikar, former Company Secretary and Compliance Officer, resigned w.e.f. June 13, 2022.
$Namrata Sajnani, former Company secretary and Compliance officer resigned w.e.f. 31st October 2023 and Satish Chelladurai Kumar appointed as Company secretary and Compliance officer w.e.f. 1st November 2023.

SECTION VI: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for the Issue

The Investment and Borrowing committee in their meeting held on December 29, 2023 approved the issuance of NCDs of the face value ₹ 1,000 each, for an amount aggregating up to ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), cumulatively aggregating up to 20,00,000 NCDs for an aggregate amount up to ₹ 20,000 lakh ("**Issue Size**" or "**Issue Limit**"). Further, the present issue is within the borrowing limits under Section 180(1) of the Companies Act, 2013 provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 80,00,00,00,000/- (Indian Rupees Eighty Thousand lakh).

Further, the Investment and Borrowing Committee of the Board of Directors have, vide their resolution dated December 29, 2023 approved this Draft Prospectus.

Principal terms and conditions of this Issue

The NCDs being offered as part of this Issue are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the relevant provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Forms, the terms and conditions of the Debenture Trustee Agreement, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the Government of India, the RBI, the Stock Exchanges, and/or any other statutory or regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute secured and senior obligations of our Company and subject to any obligations under applicable statutory and/or regulatory requirements, shall also with regard to amount invested, thereof shall be secured by way of a first and exclusive charge by way of hypothecation of identified assets of the Company. The NCDs proposed to be issued under this Issue and all earlier issues of debentures, bond issuances and loans outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption / repayment. We have received necessary consents from the relevant lenders, debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs. In terms of the SEBI Master Circular for Debenture Trustees, our Company is required to obtain permissions or consents from or provide intimations to the prior creditors for proceeding with this Issue, if *pari passu* security is sought to be created. However, exclusive charge by way of hypothecation of identified book assets of the Company is being provided as security for this Issue and these assets have no prior charge by any creditor of our Company.

Security

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by way of a first and exclusive charge by way of hypothecation of identified assets of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, such that the security cover to the extent of at least 110% of the outstanding principal amounts of NCDs and all interest due and payable thereon in respect of the NCDs maintained at all times as security until the Final Settlement Date, issued pursuant to the Issue. The security shall be created prior to the listing of the NCDs with the Stock Exchanges.

Further, NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and RoC or Central Registry of Securitisation Asset Reconstruction and Security Interest ("**CERSAI**") or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee.

In terms of the SEBI Master Circular for Debenture Trustees, our Company has entered into the Debenture Trustee Agreement with the Debenture Trustee and proposes to complete the execution of the Debenture Trust Deed, which will govern the powers, authorities and obligations of the Debenture Trustee, before making the application for listing of the NCDs for the benefit of the NCD Holders, the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders, the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in this Draft Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or higher value ensuring the minimum security cover is maintained till the Final Settlement Date of the NCDs.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in this Draft Prospectus, till the execution of the Debenture Trust Deed and in accordance with applicable laws.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital and Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company registered with Reserve Bank of India under section 45- IA of the RBI Act, 1934 that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules, 2014, notified on August 16, 2019, and as on the date of filing this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

a) in deposits with any scheduled bank, free from any charge or lien;
b) in unencumbered securities of the Central Government or any State Government;
c) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882.

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each of the NCD shall be ₹ 1,000.

NCD Holder not a shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent as may be prescribed under the Companies Act, 2013, and the rules prescribed thereunder the SEBI LODR Regulations and any other applicable law.

Rights of the NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed confer upon the NCD Holders thereof any rights or privileges available to our members/shareholders including, without limitation the right to receive notices, or to attend and/or vote, at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members /shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013, the NCD Holders shall be entitled to inspect a copy of the financial statements including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, and copy of the Debenture Trust Deed at the Registered Office of our Company during business hours on a specific request made to the Company.

2. Subject to applicable statutory/ regulatory requirements and terms of Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/ regulatory requirements and terms of Debenture Trust Deed, in case of NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depositories; and (ii) physical form on account of re-materialization, the registered NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to this issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. Subject to SEBI RTA Master circular, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depositories. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders.

6. Subject to compliance with RBI, NCDs can be rolled over only with the consent of the NCD Holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Draft Prospectus and the Debenture Trust Deed.

Trustees for the NCD holders

We have appointed Mitcon Credentia Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holder(s) in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee and we will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us with respect to NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holders shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice, *inter alia*, if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

Indicative list of Events of Default:

(i) Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;

(ii) Default is committed in payment of the principal amount of the NCDs on the due date(s);

(iii) Default is committed in payment of any interest on the NCDs on the due date(s);

(iv) Default is committed in payment of any other amounts outstanding on the NCDs;

(v) Default is committed if any information given by the Company in the Draft Prospectus, the Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;

(vi) Defaults in performance or compliance with one or more of its material obligations, covenant, condition or provisions in relation to the NCDs and/or the Transaction Documents, which default is incapable of remedy or, if in the reasonable opinion of the Debenture Trustee is capable of remedy;

(vii) If the Company creates any additional charge on the Secured Assets or any part thereof without the prior approval of the Debenture Trustee;

(viii) If in the opinion of the Debenture Trustee, the Security is in jeopardy;

(ix) An order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company, or the Company ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a Special Resolution of the NCD Holders;

(x) The Company commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its reorganisation, liquidation or dissolution;

(xi) Any step is taken by Governmental Authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the opinion of the Debenture Trustee) a material part of the assets of the Company;

(xii) The Company without the consent of Debenture Trustee ceases to carry on its business or gives notice of its intention to do so;

(xiii) If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;

(xiv) Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfil its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts;
(xv) If it becomes unlawful for the company to perform any of its obligations under any transaction document;
(xvi) Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; and
(xvii) Any other event described as an Event of Default in the Draft Prospectus, this Draft Prospectus and the Transaction Documents.

Except for any default relating to points i, ii, iii and iv under the "Indicative list of Events of Default" given above, where no such consent/ resolution of NCD holders will be required for calling of event of default, any event of default shall be called by the Debenture Trustee, upon request in writing of or by way of resolution passed by holders of 75% (seventy five percent) of the outstanding nominal value of all NCDs at any point of time, as set out in the Debenture Trust Deed, except for any default relating to points i, ii and iii under the "Indicative list of Events of Default" given above, where no such consent/ resolution of NCD holders will be required for calling of event of default.

Subject to the approval of the debenture holders and the conditions as may be specified by the SEBI from time to time, the Debenture Trustee, on behalf of the debenture holders, may enter into inter-creditor agreements provided under the framework specified by the Reserve Bank of India.

In accordance with the SEBI Master Circular for Debenture Trustees issued by SEBI in case of 'Default' by Issuers of listed debt securities, post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**") /enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Explanation 2 to Regulation 49 of the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest/dividend or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the SEBI Master Circular for Debenture Trustees.

Minimum Subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹ 7,500 lakh, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as maybe specified by SEBI. In the event there is a delay by our Company in unblocking the Application Amount within the prescribed time limit, our Company shall be liable to repay the money, with interest at the rate of 15 % per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" on page 218.

Nomination facility to NCD Holders

In accordance with Section 72 of the Companies Act, 2013 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD Holder or first NCD Holder, along with other joint NCD Holders (being individual(s) may nominate in form no. SH-13 any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in form no SH. 13 any person as nominee. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the original NCD Holder(s), will in accordance with Rule 19 and Section 56 of Companies Act 2013 be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD subject to compliance with applicable law. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner and in Form no. SH 14, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale/transfer/alienation of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office, at such other addresses as may be notified by us, or at the office of the Registrar to the Issue or the transfer agent.

NCD Holders are advised to provide the specimen signature of the nominee to enable us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with the Section 72 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

(a) To register himself or herself as the holder of the NCDs; or

(b) To make such transfer of the NCDs, as the deceased holder could have done.

A person, being a nominee, becoming entitled to NCDs by reason of the death of the holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered holder of the NCDs except that he shall not, before being registered as a holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred. Further, our Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board of Directors may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant. A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Secured NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of Secured NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Applicants who have opted for rematerialisation of NCDs and are holding the NCDs in the physical form should provide required details in connection with their nominee to our Company.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

For further details, see *"Issue Structure"* on page 208, for the implications on the interest applicable to NCDs held by individual NCD Holders on the Record Date and NCDs held by non-individual NCD Holders on the Record Date.

NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only. The procedure for transmission of securities has been further simplified vide the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 Gazette Notification no. SEBI/LAD-NRO/GN/2022/80 dated Apr[il] 25th, 2022.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of an NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depositories prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the relevant provisions of the Companies Act, 2013, shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Board of Directors or any other person authorised by our Board of Directors in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD

Holder. The successor of the deceased NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles of Association.

Procedure for re-materialisation of NCDs

Subject to the SEBI RTA Master Circular, dated May 17, 2023, NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be as on the Record Date. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company, SEBI LODR Regulations and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI LODR IV Amendment and SEBI RTA Master Circular, dated May 17, 2023, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Period of subscription

ISSUE SCHEDULE*	
Issue opens on	As specified in the Prospectus
Issue closes on	As specified in the Prospectus
Pay in date	Application Date. The entire Application Amount is payable on Application.
Deemed Date of Allotment	The date on which the Investment and Borrowing Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Investment and Borrowing Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the prospectus, except that the Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from the date of filing the Prospectus with ROC) as may be decided by the Investment and Borrowing Committee, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure. Application Forms for this Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time). On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please refer to "General Information" on page 42.*

Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) ("Bidding Period"), during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchanges. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchange in accordance with the SEBI Master Circular. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than ₹ 5,000 and interest is paid by way of account payee cheque).

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company/ Registrar, at least 7 days before the relevant record date for payment of debenture interest;
b. When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be Nil. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;
c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be Nil.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, at least 7 days before the relevant record date for payment of debenture interest (i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time.

The aforesaid documents, as may be applicable, should be submitted at least 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.ugrocapital.com or the Registrar at www.linkintime.co.in, from time to time.

Please also see, *"Statement of Possible Tax Benefits"* on page 71.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated in the chapter titled "Issue Procedure" on page 218, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Payment of Interest

Amount of interest payable shall be rounded off to the nearest Rupee. In the event, the interest / payout of total coupon /Redemption Amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the Redemption Amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on Working Days.

Interest/Premium and Payment of Interest/ Premium

Interest/ Coupon on NCDs

As specified in the Prospectus.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for each Series of NCDs shall be determined at the time of Allotment of NCDs pursuant to the Prospectus. NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and Redemption Amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form, the persons who, for the time being appear in the register of beneficial owners of the NCDs as per the Depositories, as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, see the *"Terms of the Issue - Manner of Payment of Interest / Refund / Redemption"* on page 202 of this Draft Prospectus.

Maturity and Redemption

As specified in the Prospectus.

Put / Call Option

As specified in the Prospectus.

Deemed Date of Allotment

The date on which the Investment and Borrowing Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Investment and Borrowing Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

Application in the Issue

NCDs being issued through this Draft Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, but subject to SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("SEBI LODR IV Amendment") and SEBI RTA Master Circular, dated May 17, 2023, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Application Size

Each application should be for a minimum of 10 (ten) NCDs and in multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹ 10,000 (across all Options of NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter. Applicants can apply for any or all types of NCDs offered hereunder (any / all Option) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD, is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall unblock the excess amount paid on application to the applicant in accordance with the terms of the Prospectus.

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for NCDs issued under the Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption.

In case the Record Date falls on a day when the Stock Exchanges is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges, will be deemed as the Record Date.

Manner of Payment of Interest / Refund / Redemption

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Neither the Lead Manager, nor our Company, nor the Registrar to the Issue shall have any responsibility and undertake any liability arising from such details not being up to date.

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see "*Terms of the Issue – Procedure for re-materialisation of NCDs*" on page 198.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit**

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank.

2. NACH

National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. RTGS

Applicants having a bank account with a participating bank and whose interest payment/ refund/ Redemption Amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. NEFT

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. Registered Post/Speed Post

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Printing of bank particulars on interest / redemption warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/ redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the Depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post, registered post. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Right to recall or redeem prior to maturity

As specified in the Prospectus.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy-back the NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form of allotment and Denomination of NCDs

In case of Secured NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the Secured NCD Holder for the aggregate amount of the Secured NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of Secured NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options, as specified in the Prospectus, by a Secured NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held under each Option. It is however distinctly to be understood that the Secured NCDs pursuant to this issue shall be traded only in demat form.

In respect of Consolidated Certificates, we will, only upon receipt of a request from the Secured NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of Secured NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the Secured NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us. As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e., in dematerialised form and in multiples of one NCD. For details of allotment see *"Issue Procedure"* on page 218 of this Draft Prospectus.

Procedure for Redemption by NCD holders

The procedure for redemption is set out below:

NCDs held in physical form on account of rematerialisation of NCDs

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the Redemption Date so as to facilitate timely payment. We may at our discretion redeem the Secured NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the Secured NCD certificates would be deemed to have been cancelled. Also see the para "Payment on Redemption" given below.

NCDs held in electronic form

No action is required on the part of Secured NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of rematerialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the Redemption Date or (if so, requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holder(s) towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the Redemption Amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

NCDs held in electronic form

On the Redemption Date, redemption proceeds would be paid by cheque/ pay order/ electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holders towards his/their rights including for payment/ redemption in all events shall end when we dispatch the Redemption Amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, as applicable, on the date of this Draft Prospectus, where we have fully redeemed or repurchased any NCDs, we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or re-issuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/ Transmission of NCDs

For NCDs held in physical form on account of rematerialisation

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of Companies Act, 2013 applicable as on the date of this Draft Prospectus and all other applicable laws. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Common form of transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD certificate(s)

If NCD certificate(s), issued pursuant to rematerialisation, is/ are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/ security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. The Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD holders or deposits held in the account of the NCD holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD holders to the Company, subject to applicable law.

Lien on pledge of NCDs

Our Company may, at its discretion, note a lien or pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to applicable law.

Future Borrowings

We shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency by creating a charge on any assets, (a) subject to such consents and approvals and other conditions, as may be required under applicable law or existing financing agreements, including any intimation, if applicable under the Transaction Documents; (b) provided the stipulated security cover for the Issue is maintained and compliance with other terms of the Transaction Documents.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular will be as disclosed in the Prospectus.

Payment of Interest

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant; and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. For further details, see "*Issue Procedure - Rejection of Applications*" on page 245 of this Draft Prospectus.

Listing

The NCDs proposed to be offered in pursuance of this Draft Prospectus will be listed on BSE Limited and National Stock Exchange of India Limited. Our Company has received an 'in-principle' approval from BSE and NSE by way of their letter bearing reference number [●] dated [●] and [●] dated [●], respectively. The application for listing of the NCDs will be made to the Stock Exchanges at an appropriate stage. For the purposes of the Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within five Working Days from the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/Letter of comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers to the Issue

There are no arrangers to the Issue.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of the Issue. For the relevant quarters, our Company will disclose in our quarterly financial statements, the utilisation of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

Pre-Issue Advertisement

Subject to Regulation 30(1) of SEBI NCS Regulations, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with Section 30 of Companies Act, 2013. Material updates, if any, between the date of filing of this Draft Prospectus and the Prospectus with RoC and the date of release of the statutory advertisement will be included in the statutory advertisement information as prescribed under SEBI NCS Regulations.

Pre-Closure

Our Company, in consultation with the Lead Manager reserve the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Recovery Expense Fund

The recovery expense fund to be created by our Company in the manner as specified by SEBI in circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled “Master Circular for Debenture Trustees” dated March 31, 2023 and as updated on July 6, 2023, as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Settlement Guarantee Fund

Our Company shall create a settlement guarantee fund, if applicable, in the manner specified in the SEBI Master Circular. This fund will be created to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in *"Terms of the Issue"* on page 191.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI LODR Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the GoI, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the Term Sheet are as follows:

Issuer	UGRO Capital Limited
Lead Manager	JM Financial Limited
Debenture Trustee	MITCON Credentia Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type of Instrument	Secured, rated, listed, redeemable, non-convertible debentures
Nature of Instrument (Secured or Unsecured)	Secured
Face Value of NCDs (₹ /NCD)	₹ 1000 per NCD
Issue Price (₹ /NCD)	₹ 1,000 per NCD
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10 NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.
Seniority (Senior or Subordinated)	Senior
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialized form
Issue	Public Issue by our Company of upto 20,00,000 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 Each ("**NCDs**") for an amount up to ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), for an aggregate amount of up to ₹ 20,000 lakh ("**Issue Size**" or "**Issue Limit**")
Base Issue Size	₹ 10,000 lakh
Green Shoe Option/ Option to retain oversubscription (Amount)	In accordance with Regulation 42 of the SEBI NCS Regulations and the corporate authorisations of the Company, the Company has the option to retain over-subscription up to ₹ 10,000 lakh, such that the aggregate issue of the NCDs does not exceed ₹ 20,000 lakh.
Minimum Subscription	Minimum subscription of 75% of the Base Issue Size, i.e. ₹ 7,500 lakh.
Stock Exchange/s proposed for listing of the NCDs	NSE and BSE
Listing and timeline for Listing	The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within six Working Days from the date of Issue Closure. For more information see "*Other Regulatory and Statutory Disclosures*" on page 265.
Depositories	NSDL and CDSL
Market Lot/Trading Lot	1 (One) NCD
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible etc.) type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and	The principal amount of the NCDs to be issued together with all interest due and payable on the NCDs, thereof shall be secured by a first and exclusive charge by way of hypothecation of identified assets of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, such that a security cover to the extent of at least 110% of the outstanding principal amounts of NCDs and all interest due and payable

above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Prospectus	thereon in respect of the NCDs maintained at all times as security until the Final Settlement Date, issued pursuant to the Issue. The NCDs proposed to be issued shall rank pari passu without preference of one over the other except that priority for payment shall be as per applicable date of redemption / repayment.
Security Cover	110% (One hundred and ten percent).
Eligible Investors	Category I Investors- Institutional Investors: • Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI or Non- Banking Financial Company registered with the RBI having a total assets of ₹ 500 crore or more as per the last audited financial statements; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI. Category II Investors- Non-Institutional Investors: • Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in November 23, 2005 of the Government of India published in the Gazette of India; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons. Category III Investors: High Net-Worth Individual Investors

	High net-worth individual investors - resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in this Issue. Category IV Investors- Retail Individual Investors: Retail individual investors- resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1,000,000 across all options of NCDs in this Issue and shall include retail individual investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including Hindu Undivided Families applying through their Karta and does not include NRIs) through UPI Mechanism
Credit Rating for the Issue / Rating of the Instrument	The NCDs proposed to be issued under the Issue have been rated "IND A/Stable" for an amount of ₹ 20,000 lakh by India Ratings & Research Private Limited vide their rating letter dated December 14, 2023.
Pay-in date	Application date. The entire Application Amount is payable on application.
Mode of payment	Please see, "*Issue Procedure*" on page 218.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for NCDs issued under the Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In case the Record Date falls on a day when the Stock Exchanges is having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchanges, will be deemed as the Record Date.
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Please see section titled "Issue Structure - Key covenants to the Issue" on page 214.
Issue Schedule	As specified in the Prospectus.
Objects of the Issue / Purpose for which there is requirement of funds	Please refer to the chapter titled "*Objects of the Issue"* on page 68.
Put option Date	As specified in the Prospectus.
Put Option Price	As specified in the Prospectus.
Call Option Date	As specified in the Prospectus.
Call Option Price	As specified in the Prospectus.
Put Notification Time	As specified in the Prospectus.
Call Notification Time	As specified in the Prospectus.
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled "*Objects of the Issue"* on page 68.
Coupon rate	As specified in the Prospectus.
Coupon Payment Date	As specified in the Prospectus.
Step Up/ Step Down Interest Rates	As specified in the Prospectus.
Coupon Type	As specified in the Prospectus.
Coupon reset process	As specified in the Prospectus.
Default Coupon Rate	(a) Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.

	(b) Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Premium / Discount at which security is redeemed and the effective yield as a result of such Premium / Discount	As specified in the Prospectus.
Tenor	As specified in the Prospectus.
Coupon payment frequency	As specified in the Prospectus.
Interest on Application Money	Not Applicable
Working Days convention/Day count convention / Effect of holidays on payment	Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the dates of the future interest payments would continue to be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Final Settlement Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Closing Date	As specified in the Prospectus.
Issue Opening Date	As specified in the Prospectus.
Date of earliest closing of the issue, if any	As specified in the Prospectus.
Default Coupon rate	Our Company shall pay interest over and above the agreed coupon rate in connection withany delay in allotment, refunds, listing, dematerialised credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws.
Deemed Date of Allotment	The date on which the Investment and Borrowing Committee authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Investment and Borrowing Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Day count basis	Actual/Actual.
Redemption Date	As specified in the Prospectus.
Redemption Amount	As specified in the Prospectus.
Redemption premium/ discount	As specified in the Prospectus.
Discount at which security is issued and the effective yield as a result of such discount	As specified in the Prospectus.
Transaction Documents	Transaction Documents shall mean this Draft Prospectus, the Prospectus, Abridged Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agency, the Debenture Trustee and/or the Registrar; and various other documents/

	agreements/ undertakings, entered or to be entered by our Company with Lead Manager and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, "*Material Contracts and Documents for Inspection"* on page 332.
Conditions precedent and subsequent to the Issue	Other than the conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions precedent and subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please see "*Terms of the Issue – Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)*" on page 194.
Creation of recovery expense fund	The recovery expense fund to be created by our Company in the manner as specified by SEBI in circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and as updated on July 6, 2023, as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the term sheet and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, if and as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of Default. The Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Please see "*Terms of the Issue - Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)*" on page 194.
Provisions related to Cross Default Clause	As per the Debenture Trust Deed to be executed in accordance with applicable law.
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI Master Circular for Debenture Trustees, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see section titled "*Terms of the Issue*" on page 191.
Risk factors pertaining to the Issue	Please see section titled "*Risk Factors*" on page 16.
Settlement Mode	As specified in the Prospectus.
Governing law and jurisdiction	The Transaction Documents shall be governed by and will be construed in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai, India, and as

	more particularly provided for in the respective Transaction Documents.

Notes: The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Investment and Borrowing Committee subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given on or before such earlier or initial date of Issue closure. Applications forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchanges. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details refer to "Issue Procedure" on page 218.

While the NCDs are secured to the tune of 110 % of the principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 110 % of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Debt Securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee.

The specific terms of each instrument to be issued pursuant to an Issue shall be as set out in the Prospectus. Please see "*Issue Procedure*" on page 218 for details of category wise eligibility and allotment in the Issue.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.

For further details, see "*Issue Procedure*" on page 218.

Specified Terms of the NCDs

As specified in the Prospectus.

Specified Terms of NCDs - Interest and Payment of Interest

As specified in the Prospectus.

Terms of Payment

The entire face value per NCDs applied for will be blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall unblock the excess amount paid on application to the applicant in accordance with the terms of the Prospectus.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual/actual basis i.e., on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the Working Days.

For further details, please see the chapter titled "*Issue Procedure*" on page 218.

Key covenants to the Issue

A. Financial Covenants

a. CRAR shall not be less than 15% or such limits as may be prescribed by RBI throughout the tenor of the NCDs;
b. D/E ratio not more than 6x;
c. GNPA on AUM not more than 5%; and
d. NNPA on AUM not more than 3%.

B. Rating Covenants

a. The Company shall ensure that the credit rating of the NCDs should not fall below 4 (four) notches from current credit rating provided by the Credit Rating Agency.

C. Reporting Covenants

a. The Company shall at the end of every calendar quarter within 60 (sixty) days of the respective quarter, submit to the Debenture Trustee a report confirming /certificate confirming the following:

   i. Updated list of names and addresses of all the NCD Holders and the number of NCDs held by the NCD Holders;

ii. Details of interest due but unpaid, if any, and reasons for the same;

iii. Details of payment of interest made on the NCDs in the immediately preceding calendar quarter;

iv. The number of grievances pending at the beginning of the quarter, the number and nature of grievances received from the NCD Holders during the quarter, resolved/disposed of by the Company in the quarter and those remaining unresolved by the Company and the reasons for the same; and

v. Statement that the assets forming part of the Security is sufficient to discharge the claims of the NCD Holders as and when they become due and as mentioned in the security cover certificate.

b. The Company shall promptly submit to the Debenture Trustee who in turn will but not later than one business day, as applicable, shall intimate the same to NCD holders any information, as required by the Debenture Trustee including but not limited to the following:

i. certificate signed by an authorised officer of the Company confirming credit of dematerialized NCDs into the depository accounts of the NCD Holders within the timelines prescribed under the Applicable Laws;

ii. certificate from the statutory auditors at the end of each accounting year and for confirming such complete utilization of such Issue proceeds, and until such complete utilisation, a certificate from an independent chartered accountant confirming status of utilisation of funds on a quarterly basis;

iii. security cover certificate regarding maintenance of minimum-Security Cover along with certification regarding compliance with all the covenants along with the half-yearly financial results;

iv. upon there being any change in the credit rating assigned to the NCDs, promptly but not later than 2 business days thereafter; and

v. failure to create security interest on the hypothecated asset.

c. The Company shall submit to the Debenture Trustee (within the timelines as specified under the Debenture Trust Deed) including but not limited to the following:

i. A statement indicating material deviations, if any in utilisation of the proceeds of the Debentures;
ii. Any events of default;
iii. any major or significant change in composition of its Board, which may amount to change in control as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
iv. any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed by the Company;
v. any authorisation required under any law or regulation to enable it to perform its obligations under the Transaction Documents;
vi. half yearly financial results within 60 days from the end of each half year;
vii. promptly, and in any event within 2(two) Business Days of the occurrence of any change in the
viii. Constitutional Documents of the Company, which prejudicially affects the rights of the Debenture Trustee under the Transaction Documents;
ix. details of all the material orders, directions, notices, of any court/tribunal affecting the security;
x. promptly, and in any event within 2 (two) Business Days of receiving any notice of any application for winding up/insolvency having been made;
xi. a certificate certifying maintenance of security cover;
xii. provide relevant documents/ information, as applicable, to enable the Debenture Trustee to conduct continuous and periodic due diligence and monitoring of the security interest over the hypothecated assets;
xiii. the number of grievances pending at the beginning of the quarter, the number and nature of grievances received from the NCD Holders during the quarter, resolved/disposed of by the Company in the quarter and those remaining unresolved by the Company and the reasons for the same.

d. The Company shall ensure that all the reporting covenants as per the provisions of SEBI LODR Regulations are complied with including but not limited to the following:

i. promptly submit to the Debenture Trustee any information, as required by the Debenture Trustee in order to discharge its obligations under the DTD;

ii. inform the Stock Exchange and the Debenture Trustee all information having bearing on the performance/operation of the Company, any price sensitive information or any action that may affect the payment of interest or Redemption of the NCDs in terms of Regulation 51(2) of the SEBI (LODR) Regulations.

iii. give prior intimation to the Stock Exchange with a copy to the Debenture Trustee at least 11 (eleven) Business Days before the date on and from which the interest on NCDs, and the Redemption Amount of NCDs becomes payable or within such timelines as prescribed under Applicable Law.

iv. provide an undertaking to the Stock Exchange on annual basis that all documents and intimations required to be submitted to Debenture Trustees in terms of this Deed and SEBI NCS Regulations have been complied with and furnish a copy of such undertaking to the Debenture Trustee for records.

v. inform the Debenture Trustee the status of payment (whether in part or full) of NCDs within 1 (one) Business Day of the payment/redemption.

e. The Company shall promptly inform the Debenture Trustee the following details (if any) including but not limited to corporate debt restructuring; fraud/defaults by promoter or key managerial personnel or by Company or arrest of key managerial personnel or promoter; and/or reference to National Company Law Tribunal or insolvency petitions (if any) filed by any creditor of the Company.

f. The Company shall submit to the stock exchange for dissemination, along with the quarterly/half yearly/ annual financial results, all information required under Regulation 52(4) of the SEBI (LODR) Regulations and submit the financial statements to the Debenture Trustee on the same day.

g. The Company shall ensure compliance with the all other reporting covenants as more particularly set out in the Debenture Trust Deed and provisions under the Applicable Law, including but not limited to the SEBI Debenture Trustees Regulations, the SEBI Debenture Trustee Circular and the Companies (Share Capital and NCDs) Rules, 2014.

D. Affirmative Covenants

The Company shall comply with the following covenants in relation to the Issue including but not limited to the following:

a. Use of Proceeds as per the purpose of this Tranche I Issue;
b. Promptly inform the Debenture Trustee of any loss or damage by uncovered risks;
c. Pay all reasonable costs and expenses;
d. Payment of Rents;
e. Preservation of corporate status;
f. Payment of stamp duty as required under applicable laws;
g. Prompt and expeditious redressal of grievances;
h. Comply with investor education and protection fund requirements;
i. Comply with any corporate governance requirements and fair practices code applicable to the Company;
j. Comply with all Applicable Law (including but not limited to the Companies Act, the SEBI Listed NCDs Circulars, the SEBI Monitoring Circulars, the environmental, social and taxation related laws, all directions issued by the RBI to non-banking financial companies), the SEBI Debenture Trustees Regulations;
k. Maintenance of adequate Security;
l. Ensure execution of all transaction documents without any delay;
m. Maintain internal control for the purpose of preventing fraud on amounts lent by the Company; and preventing money being used for money laundering or illegal purposes;
n. Permit visits and inspection of books of records, documents and accounts to the Debenture Trustee;
o. Keep proper books of account as required by applicable laws;
p. Keep at its registered office, a register of the NCD Holders or ensure that the Depository maintains a register and index of beneficial owners of the dematerialised NCDs in their records;
q. Ensure compliance with the provisions of the Foreign Account Tax Compliance Act (“FATCA”); and
r. Comply with all listing and monitoring requirements.

E. Negative Covenants

The Company shall not take any action in relation to the items set out under the heading of negative covenants of the debenture trust deed without the prior written consent of the Debenture Trustee as prescribed under the Debenture Trust Deed, including the following:

(a) Change of Business / Constitutional Documents

Change the general nature of its business from that which is permitted as a non-deposit accepting non-banking financial company registered with the RBI or make any changes, amendments, or modifications to its Constitutional Documents which would impact the consummation of the transactions contemplated under the Transaction Documents or otherwise adversely impact the rights/interest of the NCD Holders or in any manner alter the terms of the NCDs.

(b) Dividend

Declare or pay any dividend to its shareholders (including holders of preference shares) if an Event of Default has occurred and is continuing.

(c) Disposal of Assets

Except in the ordinary course of its business including direct assignment, securitisation or co-lending, the Company shall not Sell, transfer, or otherwise dispose of in any manner whatsoever any material Assets including the hypothecated assets, whether in a single transaction or in a series of transactions (whether related or not) or any other transactions which cumulatively have the same effect, unless required Security Cover is maintained.

(d) Insolvency

The Company shall not, without the prior consent of the Debenture Trustee, voluntarily wind up or liquidate or dissolve its affairs or make any filing for initiation of corporate insolvency resolution process or liquidation under the Insolvency and Bankruptcy Code, 2016 or under any other Applicable Laws.

(e) NCD Terms

The Company shall not make any modification to the structure of the NCDs in terms of coupon, conversion, redemption, or otherwise without the prior approval of the Stock Exchange and such prior approval of the Stock Exchange would be obtained only after: (a) approval of the Board and the Debenture Trustee; and (b) complying with the provisions of Act, SEBI NCS Regulations, SEBI LODR Regulations and circulars issued thereunder, including approval of the requisite majority of NCD Holders. Further, any proposal of restructuring received by Debenture Trustee shall be communicated to NCD Holders immediately.

(f) Investments

The Company shall not, without the prior consent of the Debenture Trustee, make any investment by way of deposits, loans, bonds, share capital, or in any other form if an Event of Default has occurred and is continuing.

(g) Encumbrance

The Company shall not, without the prior consent of the Debenture Trustee, create or permit to subsist any encumbrance on any hypothecated assets (including, without limitations, on the identified book debts) subject to maintenance of required security cover and other conditions in relation to the security has enumerated in the Debenture Trust Deed.

ISSUE PROCEDURE

This section applies to all Applicants and the specific attention of all Applicants is invited to the SEBI Master Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants are mandatorily required to apply for in the Issue through the ASBA process. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants Please note that all Applicants are required to pay the full Application Amount or to ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. An amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. Applicants should note that they may submit their Applications to the Designated Intermediaries.

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Please note that this section has been prepared based on the SEBI Master Circular, as amended from time to time and other related circulars including notifications issued by BSE and NSE, in relation to the UPI mechanism. Retail Individual Investors should note that they may use the UPI mechanism to block funds for application value up to UPI Application Limit (to participate in the public issue for an amount up to ₹ 5,00,000 for issue of debt securities pursuant to SEBI Master Circular, or any other investment limit, as applicable and prescribed by SEBI from time to time) submitted through the app/web interface of the Stock Exchange or through intermediaries (Syndicate Members, Registered Stockbrokers, Registrar and Transfer agent and Depository Participants).

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount. Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or Designated Branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Specific attention is drawn to the SEBI Master Circular that provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Manager are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGES WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGES AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE DRAFT PROSPECTUS, THE PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGER, THE CONSORTIUM MEMBER AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING

MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

For purposes of the Issue, the term "Working Day" shall mean, all days on which commercial banks in Mumbai are open for business. In respect of announcement or bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock exchanges, working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

The information below is given for the benefit of the Applicants. Our Company, the Lead Manager and the Lead Broker are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Who can apply?

Category I Investors- Institutional Investors:

- Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI or Non- Banking Financial Company registered with the RBI having a total assets of ₹ 500 crore or more as per the last audited financial statements;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II Investors- Non-Institutional Investors:

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III Investors: High Net-Worth Individual Investors

High net-worth individual–investors - resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 1,000,000 across all options of NCDs in this Issue.

Category IV Investors- Retail Individual Investors:

Retail individual investors- resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹1,000,000 across all options of NCDs in this Issue and shall include retail individual investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including Hindu Undivided Families applying through their Karta and does not include NRIs) through UPI Mechanism.

Please note that it is clarified that Persons Resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.

The Lead Manager, Members of Consortium and their respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

(a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
(b) Foreign nationals NRI inter-alia including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Institutional Investors;
(e) Foreign Portfolio Investors;
(f) Non-Resident Indians;
(g) Qualified Foreign Investors;
(h) Overseas Corporate Bodies**;
(i) Foreign Venture Capital Funds; and
(j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872.*

The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges.

*** The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

How to apply?

Availability of this Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms.

Physical copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms may be obtained from our Registered Office and Corporate Office, offices of the Lead Manager, offices of the Consortium Members , the offices of the Registrar to the Issue, Designated RTA Locations for RTAs, Designated CDP Locations for CDPs and the Designated Branches of the SCSBs. Additionally, Electronic copies of this Draft Prospectus, the Prospectus and the Application Forms will be available.

i. for download on the website of BSE at www.bseindia.com, the website of NSE at www.nseindia.com and the website of the Lead Manager at www.jmfl.com.
ii. at the Designated Branches of the SCSBs.

Electronic copies of the Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and SCSBs.

Electronic Application Forms will also be available on the website of the Stock Exchange and on the websites of the SCSBs that permit the submission of Applications electronically. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Manager and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A Unique Application number ("**UAN**") will be generated for every Application Form downloaded from the websites of Stock Exchange.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Please note that there is a single Application Form for all Applicants who are Persons Resident in India.

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Method of Application

In terms of SEBI Master circular, an eligible investor desirous of applying in the Issue can make Applications only through the ASBA process only.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a retail individual investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the SEBI Master Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Issue as per mechanism provided in the SEBI Master Circular.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these

Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Designated Intermediaries (other than SCSBs) shall not accept any Application Form from a RIB who is not applying using the UPI Mechanism. For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. Through Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

(a) An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

(b) An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

(c) An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The Application Amount would be blocked through the UPI mechanism in this case.

2. Through Stock Exchange

(a) An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

(b) The Stock Exchanges have extended their web-based platforms i.e., 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value up to Rs. 5

lakh. To place bid through 'BSEDirect' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct/ NSE goBID.

(c) An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com, and NSE: https://www.nseindiaipo.com.

(d) The BSE Direct and NSE goBID mobile application can be downloaded from play store in android phones.

(e) To further clarify the submission of bids through the App or web interface, BSE has issued operational guidelines and circulars dated December 28, 2020 and May 19, 2022 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60 and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61. Similar circulars by NSE can be found here: https://www1.nseindia.com/content/circulars/IPO46907.zip and https://www1.nseindia.com/content/circulars/IPO46867.zip. Further, NSE has allowed its 'GoBid' mobile application which is currently available for placing bids for non-competitive bidding shall also be available for applications of public issues of debt securities.

For further details, see *"Process for Retail Individual Investors application submitted with UPI as mode of payment"* on page 236.

Application Size

Each Application should be for a minimum of 10 (ten) NCDs and in multiples of 1 (one) NCD thereafter for all options of NCDs, as specified in the Prospectus.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Funds Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, T Bills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must also be accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (iii) a resolution authorising investment and containing operating instructions and (iv) specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled commercial banks, co-operative banks and regional rural banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investment; (iv) memorandum and articles of association/charter of constitution; (v) power of attorney; and (vi) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Applications.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investment; and (ii) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Application by Insurance Companies

Insurance companies registered with IRDAI can apply in this Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) certificate registered with the IRDAI; (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; and (v) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCds in whole or in part, in either case, without assigning any reason thereof.**

Applications by alternative investments funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the SEBI AIF Regulations for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The alternative investment funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by public financial institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications made by companies, bodies corporate and societies registered under the applicable laws in India.

The Application must be accompanied by certified true copies of: (i) any Act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person. **Failing this, our**

Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications made by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications made by Partnership firms formed under applicable Indian laws in the name of the partners and limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorized person; (vi) a certified copy of the registered instrument for creation of such fund/trust; and (vii) any tax exemption certificate issued by the Income Tax authorities. **Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

Applications by National Investment Funds

Application made by a national investment fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons**. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.**

The Lead Manager and the Consortium Member and their respective associates and affiliates are permitted to subscribe in the Issue.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALISED FORM

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus and the Prospectus. Applicants are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Members of the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs at the Designated CRTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

a. Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Master Circular. ASBA Applications can be submitted through either of the following modes: Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated

Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Applicant's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

b. Physically through the Members of Consortium, or Trading Members of the Stock Exchange only at the Specified Cities, i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Members of Consortium or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

c. A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is up to the UPI Application Limit, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct and NSE goBid, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. In case of an Application not involving an Application by an RIB through UPI Mechanism, if sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. In case of an Application not involving an Application by an RIB through UPI Mechanism, if sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

In case of Application involving an Application by an RIB through UPI Mechanism, if an Applicant submits the Application Form with a Designated Intermediary and uses his/ her bank account linked UPI ID for the purpose of blocking of funds, where the application value is up to UPI Application Limit, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant and the Designated Intermediary shall upload the Application on the bidding platform developed by the Stock Exchange. If an Applicant submits the Application Form through the application or web interface developed by Stock Exchange, the bid will automatically be uploaded onto the Stock Exchange bidding platform and the amount will be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Applicants must note that:

a. Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

b. The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Manager or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please see section titled "*Issue Structure*" on page 208. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please refer to "*Issue Structure*" on page 208 of this Draft Prospectus.

c. In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Manager or Consortium Member or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

Submission of Direct Online Applications

In case of Direct Online Application facility by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system generated unique application number ("**UAN**") and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application.

On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicants bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to Designated Intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds. An Applicant (belonging to Category IV) may also submit the Application Form with a SCSB, or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The Application Amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of Consortium or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the relevant Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalization of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 (five) Working Days of the relevant Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the relevant Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue. An applicant (belonging to Category IV) may also submit the Application Form with a SCSB or the Designated Intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is up to the UPI Application Limit. The intermediary shall upload the bid on the Stock Exchange bidding platform. The Application Amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within five Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Manager or Consortium Members or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Manager or Trading Members of the Stock Exchange, as the case may be (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Payment mechanism for Direct Online Applicants

In case of Direct Online Application facility by the Stock Exchanges, relevant "know your customer" details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number ("**UAN**") and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant's bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022 and the circular issued by NSE for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange.

Kindly note, the Stock Exchanges shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchanges or through its Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Prospectus with ROC

A copy of the Prospectus shall be filed with the ROC in accordance with Section 26 of the Companies Act, 2013.

General Instructions for completing the Application Form

a. Applications must be made in prescribed Application Form only;

b. Applicants should ensure that their Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the stock exchange at the Specified Cities, and not directly to the escrow collecting banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue.

c. Applications through Syndicate ASBA, before submitting the physical Application Form to the Members of the Syndicate or Trading Members of the stock exchange, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Members of the Syndicate or Trading Members of the stock exchange, as the case may be, to deposit ASBA Forms (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes)

d. Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Prospectus, Prospectus and the Application Form. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.

e. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.

f. Applicants applying for Allotment in dematerialized form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

g. Applications must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single Application Form.

h. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

i. Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.

j. Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specifi[ed] in the 8th Schedule of the Constitution of India needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

k. No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Members of Consortium, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Transaction Registration Slip ("**TRS**"). This TRS will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the Lead Manager, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.

l. The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.

m. Every Applicant should hold a valid PAN and mention the same in the Application Form and submit the same. Applicant without PAN is liable to be rejected, irrespective of the amount.

n. All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.

o. ASBA will be the default "Mode of Application" as per the SEBI Master Circular.

p. Applicants should correctly mention the ASBA Account number and UPI ID in case applying through UPI mechanism, and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

q. Applicants must provide details of valid and active DP ID, UPI ID (in case applying through UPI mechanism), Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, UPI ID (in case applying through UPI mechanism), Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account;

r. For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchange on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an interne enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account;

s. Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchange, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

t. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Please note in accordance with SEBI Circular SEBI/HO/DDHS/PoD1/CIR/P/2023/150 dated September 4, 2023, instructions to investors for completing the application form as specified in Annex- II of the aforesaid circular shall be disclosed on the websites of the Company, Lead Manager and Consortium Member during Issue Period and a copy of the Abridged Prospectus shall be made available on the websites of Company, Lead Manager and Registrar to the Issue and a link for downloading the Abridged Prospectus shall be provided in issue advertisement.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialised form must mention their DP ID, Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for

Allotment in dematerialised form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID, UPI ID, Client ID and PAN provided by them in the Application Form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN, address, bank account details and MICR code etc. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same. On the basis of the DP ID, UPI ID, Client ID and PAN provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN, address, bank account details and MICR code, etc. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through speed post or registered post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. **Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.**

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant 's depository account, including DP ID, Client ID and PAN and UPI ID (for retail individual investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

Unified Payments Interface (UPI)

Pursuant to the SEBI Master Circular, the UPI Mechanism is an applicable payment mechanism for public debt issues (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

Permanent Account Number (PAN)

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with SEBI RTA Master Circular no., dated May 17, 2023, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Joint Applications

Applications can be made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, for the same or other Options of NCDs, as specified in the Prospectus, subject to a minimum Application size as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding 21,000,000 shall deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant**. Any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a HUF and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e.

Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Electronic registration of Applications

a. The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. The Lead Manager, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by Trading members of the Stock Exchange or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms.

   In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

b. The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Issue Period. Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to "*Issue Structure*" on page 208 of this Draft Prospectus.

c. Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

d. At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

e. With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

   - Application Form number
   - PAN (of the first Applicant, in case of more than one Applicant)
   - Investor category and sub-category
   - DP ID
   - Client ID
   - UPI ID (if applicable)
   - Number of NCDs applied for

- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Application Amount

f. With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Location
- Application Amount

g. A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**

h. Applications can be rejected on the technical grounds listed on page 245 of this Draft Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

i. In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid, or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange

j. The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

k. Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment. The Lead Manager, Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the, Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Process for Retail Individual Investors application submitted with UPI as mode of payment

a. Before submission of the application with the intermediary, the Retail Individual Investors would be required to have I create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorlD@bankname).

b. The Retail individual investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.

c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.

d. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.

f. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

g. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.

h. The Sponsor Bank shall initiate a mandate request on the investor i.e., request the investor to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of allotment.

i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.

j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.

k. An investor is required to accept the UPI mandate latest by 5:00 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5:00 pm the next working day.

l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1:00 PM.

n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5:00 pm on the day of bidding.

o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to Application Amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

s. The allotment of debt securities shall be done as per SEBI Master Circular.

t. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

u. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and Application Amount would be unblocked for the investor.

w. Thereafter, Stock Exchange will issue the listing and trading approval.

x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE and 'NSE goBID' issued by NSE, the investor shall also be responsible for the following:

   i. Investor shall check the Issue details before placing desired bids;

   ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;

   iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/ integration of UPI on Debt Public Issue System;

   iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;

   v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;

   vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and

   vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022 and the circular issued by NSE for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021, before investing through the through the app/ web interface of Stock Exchange.

Kindly note, the Stock Exchange shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchange or through their Trading Members

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

General Instructions

Do's and Don'ts Applicants are advised to take note of the following while filling and submitting the Application Form

Do’s

- Check if you are eligible to apply as per the terms of the Draft Prospectus, the Prospectus and applicable law;

- Read all the instructions carefully and complete the Application Form in the prescribed form;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;

- Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;

- Ensure that you have mentioned the correct ASBA Account number (i.e., bank account number/bank name and branch or UPI ID, as applicable) in the Application Form;

- Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;

- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;

- Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;

- Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;

- Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;

- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;

- Ensure that signatures other than in the languages specified in the 8th Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

- Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as `XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;

- Ensure that the Applications are submitted to the Designated Intermediaries, or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "*Issue Structure*" on page 208 of this Draft Prospectus.

- Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Issue through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.

- **Permanent Account Number**: Except for Application (i) on behalf of the central or state government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the central or state government and officials appointed by the courts and for investors residing in the state of Sikkim is subject to (a) the demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic Details evidencing the same;

- Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;

- Tick the series of NCDs in the Application Form that you wish to apply for;

- Check if you are eligible to Apply under ASBA;

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form.

- Retail individual investors using the UPI Mechanism to ensure that they submit bids up to the application value of up to the UPI Application Limit as applicable and prescribed by SEBI from time to time.

- Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form.

- Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchange App/ Web interface.

- Ensure that you have mentioned the correct details of ASBA Account (i.e., bank account number / bank name and branch or UPI ID, as applicable) in the Application Form;

- Ensure that the Demographic Details including PAN are updated, true and correct in all respects;

- In case of Retail Individual Investor submitting their Bids and participating in the Issue through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.

- Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

- Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Master Circular stipulates the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts

- Do not apply for lower than the minimum application size;

- Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;

- Do not send Application Forms by post instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be;

- Do not submit the Application Form to any non-SCSB bank or our Company.

- Do not submit an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

- Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID, UPI ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

- Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;

- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

- Do not apply if you are not competent to contract under the Indian Contract Act, 1872;

- Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;

- Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;

- Do not submit an Application that does not comply with the securities law of your respective jurisdiction;

- Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by persons resident outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);

- Do not make an application of the NCD on multiple copies taken of a single form.

- Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue;

- Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Manager or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities.

- Do not submit more than five Application Forms per ASBA Account.

- Do not submit an Application Form using UPI ID, if the Application is for an amount more than UPI Application Limit and if the Application is for an amount more than 5,00,000;

- Do not submit a bid using UPI ID, if you are not a Retail Individual Investor;

- Do not apply through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;

- Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;

- If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Please refer to "*Rejection of Applications*" on page 245 of this Draft Prospectus for information on rejection of Applications.

Submission of completed Application Forms

For details in relation to the manner of submission of Application Forms, see "*Issue Procedure*" beginning on page 218.

OTHER INSTRUCTIONS

Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

i. Tripartite Agreement dated March 20, 2019entered into between our Company, Registrar to the Issue and NSDL and Tripartite Agreement dated March 20, 2019 entered into between our Company, Registrar to the Issue and CDSL for offering demat option to the NCD Holders. Our Company undertakes to execute tripartite agreements with the Depositories and the Registrar to the Issue prior to the Issue Opening Date. An Applicant must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Application.

ii. An Applicant must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Application.

iii. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

iv. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

v. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.

vi. It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.

vii. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

viii. The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under this Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, see "*Issue Procedure*" on page 218.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or post Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any post Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in, Allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Default in Payment

In case of default (including delay) in payment of interest and/ or redemption of principal on the due dates for debt securities issued on private placement or public issue, additional interest of at least 2% p.a. over the coupon rate shall be payable by the issuer for the defaulting period.

Undertaking by the Issuer

a. All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

d. the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

e. As per Regulation 18 of SEBI NCS Regulations, in the event the Issuer fails to execute the Debenture Trust Deed within a timeline specified under Regulation 18 of SEBI NCS Regulations, the Issuer shall pay interest of at least 2% p.a. over and above the agreed coupon rate, to each NCD Holder, till the execution of the Debenture Trust Deed;

f. we shall utilize the Issue proceeds only upon creation of security as stated in this Draft Prospectus in the section titled "*Terms of the Issue*" on page 191 and after (a) receipt of the minimum subscription of 75% of the Base Issue amount; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security and confirmation of the same in terms of NCDs and (d) receipt of listing and trading approval from the Stock Exchanges;

g. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property, dealing of equity of listed companies or lending/investment in group companies;

h. The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

i. Application money shall be unblocked within six Working Days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

j. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved.

k. The Draft Prospectus has not been recommended or approved by any regulatory authority in India, including any registrar of companies, stock exchanges or SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of investors is invited to the section "*Risk Factors*" on page 16 of this Draft Prospectus.

l. The Issuer has no side letter with any NCD Holder. Any covenants later added shall be disclosed on the stock exchanges website where the NCDs are listed.

Other Undertakings by the Issuer

The Issuer undertakes that:

a. Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) will be attended to by the Issuer expeditiously and satisfactorily.

b. Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding.

c. The Issuer will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 6 (six) Working Days of the Issue Closing Date.

d. Funds required for dispatch of Allotment Advice will be made available by the Issuer to the Registrar to the Issue.

e. The Issuer will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee, as per the specified timelines.

f. The Issuer will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in the Prospectus.

g. We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by the Issuer from time to time.

h. We undertake that the assets on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor/ debenture trustees.

i. The Issuer will disclose the complete name and address of the Debenture Trustee in its annual report and website.

j. We shall create a recovery expense fund in the manner as maybe specified by SEBI from time to time and shall inform the Debenture Trustee about the same.

k. The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the Issue proceeds will be released to the issuer to use in pursuance of the objects specified in the Prospectus.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, our Board of Directors and / or any committee reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

i. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

ii. Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicant's ASBA Account maintained with an SCSB;

iii. Applications not being signed by the sole/joint Applicant(s);

iv. Applications not made through the ASBA facility;

v. Number of NCDs applied for or Applications for an amount being less than the minimum Application size;

vi. Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;

vii. Investor Category in the Application Form not being ticked;

viii. Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

ix. ASBA Bank account details to block Application Amount not provided in the Application Form;

x. Applications where a registered address in India is not provided for the Applicant;

xi. In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

xii. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

xiii. PAN not mentioned in the Application Form, except for Applications by or on behalf of the central or state government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

xiv. DP ID and Client ID not mentioned in the Application Form:

xv. GIR number furnished instead of PAN;

xvi. Applications by OCBs;

xvii. Applications for an amount below the minimum application size;

xviii. Submission of more than five Application per ASBA Account;

xix. Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

xx. Applications under power of attorney or by limited companies, corporate, trust etc., submitted without relevant documents;

xxi. Applications accompanied by Stock invest/ cheque/ money order/ postal order/ cash;

xxii. Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

xxiii. Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.

xxiv. Date of birth for first/sole Applicant for persons applying for allotment not mentioned in the Application Form.

xxv. Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant

xxvi. Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

xxvii. Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediaries, as the case may be;

xxviii. Applications not having details of the ASBA Account to be blocked;

xxix. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID, UPI ID and PAN or if PAN is not available in the Depository database;

xxx. With respect to ASBA Applications including UPI applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

xxxi. SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

xxxii. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

xxxiii. Authorization to the SCSB for blocking funds in the ASBA Account not provided or acceptance of UPI Mandate Request raised has not been provided;

xxxiv. Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;

xxxv. Applications by any person outside India;

xxxvi. Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;

xxxvii. Applications not uploaded on the online platform of the Stock Exchange;

xxxviii. Submission of more than five ASBA Forms per ASBA Account;

xxxix. If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;

xl. The UPI Mandate Request is not approved by the Investor within prescribed timelines;

xli. In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted

xlii. Application uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

xliii. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form, the Draft Prospectus and the Prospectus;

xliv. Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

xlv. Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;

xlvi. Applications providing an inoperative demat account number;

xlvii. Applications submitted to the Designated Intermediaries, at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and Applications submitted directly to the Public Issue Account Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

xlviii. Category not ticked;

xlix. Forms not uploaded on the electronic software of the Stock Exchange;

l. In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

li. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form;

lii. Application Amounts paid not tallying with the number of Bonds applied for

liii. Applications tendered to the Trading Members of the stock exchange(s) at centers other than the centers mentioned in the Application Form;

liv. Applications not uploaded on the terminals of the stock exchange.

Kindly note that Applications submitted to the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Manager, or Trading Members of the Stock Exchanges, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit Applications. a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the basis of allotment, please see below "*Issue Procedure - Information for Applicants*".

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant's sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

a) Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;

b) Credit to dematerialised accounts will be given within one Working Day from the Date of Allotment;

c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund effected within five Working days from the Issue Closing Date, for the delay beyond five Working days; and

d) Our Company will provide adequate funds to the Registrar to the Issue for this purpose.

Green Shoe Option

Our Company shall have a green shoe option up to ₹ 10,000 lakh.

Basis of Allotment for NCDs

As specified in the Prospectus.

Information for Applicants

Unblocking of funds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI RTA Master Circular no., dated May 17, 2023, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected. In case of Applicants submitted to the Lead Manager, Consortium Members and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIRJCFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected. Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

Pre-closure/ Early Closure: Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to Issue remaining open for minimum three Working Days, subject to receipt of minimum subscription which is 75% of the Base Issue Size being ₹ 7,500 lakh before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue Size being ₹ 7,500 lakh before the Issue Closing Date.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this issue have been given.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Issuance of Allotment Advice

Our Company shall ensure dispatch/and/or mail the Allotment Advice within 5 (five) Working Days of the Issue Closing Date to the Applicants. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 5 (five) Working Days of the Issue Closing Date.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 6 (six) Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts of the Applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 pm) to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

Early Closure

Our Company, in consultation with the Lead Manager reserves the right to close the Issue at any time prior to the Closing Date of respective Prospectus, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue size i.e. 7,500 lakh and subject to the Issue being kept open for minimum period of three Working Days. Our Company shall allot NCDs with respect to the Applications received at the time of such early closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement have been given.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchanges as per applicable provisions of law(s), regulations and approvals.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakh or with both.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company, Directors and Promoter are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) civil suits; (b) criminal complaints; (c) consumer complaints; and (d) business operations related litigations.

For the purposes of above, our Investment and Borrowing Committee has considered and adopted a policy of materiality for identification of material litigations, for the purpose of the present issue of NCDs. In terms of materiality policy, any outstanding litigation:

a) *involving our Company, in which the aggregate monetary claim by or against our Company exceeds the lower of the following has been considered material:*

   i. *two percent of the turnover for Fiscal 2023. The turnover of our Company for Fiscal 2023 is ₹ 68,376.28 lakh and two percent of the same is ₹ 1,367.53 lakh;*

   ii. *two percent of the net worth for Fiscal 2023. The net worth of our Company for Fiscal 2023 is ₹ 98,404.31 lakh and two percent of the same is ₹ 1,968.09 lakh;*

   iii. *five percent of the average of absolute value of profit after tax, as per the last three audited consolidated financial statements of our Company. The average of absolute value of profit after tax, as per the last three audited consolidated financial statements is ₹ 2,768.49 lakh and five percent of the same is ₹ 138.42 lakh.*

   *Accordingly, all litigation involving monetary amount of claim exceeding ₹ 138.42 lakh ("**Material Threshold**") has been considered as material;*

b) *involving our Directors, irrespective of the amount involved in such litigation, has been considered as material; and*

c) *involving our Promoter, in which the aggregate monetary amount of claim by or against our Promoter exceeds the amount of Material Threshold has been considered as material.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, our Promoter shall, unless otherwise decided by our Board of Directors / IB Committee, not be considered as litigation until such time that our Company, Directors or Promoter, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

Save as disclosed below, there are no:

a) *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory body or regulatory body against the Promoters of our Company during the preceding three years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory body or regulatory body upon conclusion of such litigation or legal action;*

b) *inquiry, inspections or investigations initiated or conducted under the securities laws or Companies Act or any previous companies law in the preceding three years immediately preceding the year of issue of offer document in the case of company; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the preceding three years immediately preceding the year of the prospectus for our Company;*

c) *Pending litigation involving the Company, Promoter, Directors, group companies or any other person, whose outcome could have material adverse effect on the financial position of the Company, which may affect the issue or the investor's decision to invest/continue to invest in the debt securities;*

d) *acts of material frauds committed against our Company in the preceding three financial years and current financial year and the action taken by our Company;*

e) *default and non-payment of statutory dues by our Company for preceding three financial years and current financial year; and*

f) *pending proceedings initiated against our Company for economic offences and default.*

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Draft Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

Litigation involving our Company

Litigation against our Company

A. Criminal Proceedings

1. A first information report bearing number 0287 of 2021 has been lodged with police station Mujesar, Faridabad, Haryana on May 09, 2021, by Pawan Malhotra ("**Complainant**"), manager of Maharani Innovative Paints Private Limited under Sections 120B, 406 and 420 of the Indian Penal Code, 1860 against Hema Engineering Industries Limited ("**Accused No. 1**"), its directors, our Company and Abhijit Ghosh (former chief executive officer of our Company). The matter relates to a supply chain facility provided by our Company vide loan agreement dated November 01, 2019 ("**Facility**") to the Complainant. The Complainant has alleged that the Accused No. 1 and our Company hatched a conspiracy to cheat the Complainant and in pursuance of this conspiracy, induced the Complainant to enter into the Facility. Further, the Complainant has alleged that our Company has adopted coercive means to recover the loan amounting to ₹ 93,83,615 and forced the complainant to pay a sum amounting to ₹ 26,18,835 and will be further requiring the Complainant to pay a sum of ₹ 1,00,92,453. It has also been alleged that the Accused No. 1 owes a sum amounting to ₹ 2,22,33,868 along with interest at the rate of 12 % per annum to the Complainant. The matter is presently pending.

2. A Complaint Case bearing No. 118/2023 dated 20.1.2023 under Section 340 (1) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed against Soumyo Natta, Authorised officer of our Company ("**Accused**") by Mehi Traders ("**Complainant**") before the learned Chief Judicial Magistrate Barasat for alleged offences involving perjury. The matter relates to a dispute regarding default in repayment of the financial facility amounting to a sum of Rs. 30,00,000/- and outstanding amount of Rs. 34,31,030/- (Rupees Thirty-Four Lakh Thirty One Thousand and Thirty Only) as on 14-03-2022 in terms of the loan agreements dated 31-07-2021 and 12-10-2020 executed between the Complainant and our company. Aggrieved by the action of the Accused Person taken u/s 14 of SARFAESI Act and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Person u/s 340 of Cr.P.C alleging offence punishable under the Indian Penal Code, 1860. The matter is presently pending.

3. A Criminal Case bearing No. MP 4983 of 2023 dated 21.11.2023 under Section 144 (2) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed against Arup Bar, Credit Manager of our company & others ("**Accused Persons**") by Biswajit Mondal ("**Complainant**") before the learned Executive Magistrate Barrackpore for alleged offences involving violation of peace and tranquility in the area. The matter relates to a dispute regarding default in repayment of the financial facility amounting to a sum of Rs. 3700000/- and outstanding amount of Rs. 36,21,374 (Rupees Thirty-Six Lakh Twenty One Thousand Three Hundred and Seventy Four Only) as on 20-12-2023 in terms of the loan agreement dated 30-06-2023 executed between the Complainant and our company. Aggrieved by the action of the Accused Person taken for recovery of outstanding amounts and considering other factors, the Complainant filed the present Complaint to maintain peace and tranquility in the area u/s 144 (2) of CrPC. The matter is presently pending.

B. Civil Proceedings

1. An application dated July 01, 2021 bearing A.P. number 271 of 2021 ("**Claimant Appeal 1**") has been filed by Bell Finvest (India) Limited ("**Claimant**") before the Hon'ble High Court at Calcutta ("**High Court**"), under Section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**") challenging the award passed on March 15, 2021 for an amount of ₹ 4,46,30,952 plus interest at the rate of 18% p.a. ("**Award**") in favour of our Company ("**Respondent**"). The matter relates to the loan of ₹ 5,00,00,000 ("**Facility**") which was sanctioned by the Respondent to the Claimant pursuant to a term loan agreement dated April 04, 2019 ("**Term Loan Agreement**"). A dispute arose between the Claimant and the Respondent relating to the breach of the Term Loan Agreement on account of default on part of the Claimant in making regular payments of instalments in respect of the Facility within the agreed timelines ("**Dispute**"). In order to resolve the Dispute, Respondent initiated arbitration proceedings and a sole arbitrator ("**Sole Arbitrator**") was appointed. The Sole Arbitrator passed an ex-parte order dated December 26, 2019 awarding an amount of ₹ 4,46,30,952 in favour of the Respondent and passed an injunction in respect of some properties of the Claimant ("**Award 1**"). Thereafter, Claimant filed an appeal bearing APO number 9 of 2020 against the Award 1 before the High Court. The High Court vide its order dated February 14, 2020 set aside the Award 1 on account of being unreasoned and held that the Respondent can initiate fresh arbitration proceedings under Section 17 of the Act. Thereafter, Respondent requested for amendment of claims and both parties filed affidavits in terms Section 17 of the Act. Further, the Sole Arbitrator passed the impugned Award in favour of the Respondent. Thereafter, the Respondent filed an appeal bearing no. A.P. 311 of 2021 challenging the Award before the High Court under Section 9 of the Act praying for interim order in respect of appointment of receiver. The High Court vide its order dated August 09, 2021 ("**Interim Award**") appointed receiver to take possession of the assets. The matters are presently pending.

C. Regulatory and Statutory proceedings

Nil

D. Economic Offences

Nil

Litigation by our Company

A. Criminal Proceedings

1. A complaint bearing diary number D-909 dated March 5, 2020 ("**Complaint**") has been filed by our Company ("**Complainant**") against Bell Finvest (India) Limited, Bhupesh Rathod and Chirag Rathod ("**Accused Persons**") with Deputy Commissioner of Police, Economic Offence Wing, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to ₹ 5,00,00,000 in terms of the loan agreement dated April 4, 2019 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint under Section 406, 415, 418, 420, 506 and under Sections 467, 468, 471 along with Section 120B of the Indian Penal Code, 1860. The present Complaint has been transferred to the Economic Offence Wing, Mumbai, Mumbai Police, Maharashtra basis on an application dated November 13, 2020 and subsequently transferred to Kurla Police Station, Mumbai, filed by the Complainant. The matter is presently pending.

2. A first information report bearing number 11191036210425 dated May 7, 2021 ("**FIR**") has been filed by our Company ("**Complainant**") against Akash Domadiya, Ekta Domadiya, Bhanuben Domadiya, Sunil Patel, Hiral Patel, Jagat Shah, Nikhil Gajjar, Dipen Prajapati, Suchitra Patel, Narendra Patel, Harsh Patel, Mayur Bodhar, Vinod Patel, Ritaben Patel and Milan Sutariya ("**Accused Persons**") with Navrangpura Police Station, Navrangpura, Ahmedabad, Gujarat for the alleged offences punishable under Sections 406, 420, 465, 467, 468, 471 and 120B of the Indian Penal Code, 1860. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 4,99,77,412 in terms of the loan agreement dated March 25, 2019 executed between the Complainant and the Accused Persons. Under this arrangement, the Complainant remitted a total amount of ₹ 4,85,00,000 in favour of the Accused Persons. The Complainant has alleged that fake, forged and fabricated invoices were submitted by the Accused Persons to the Complainant and the documents submitted by the Accused Persons for availing this credit facility were inflated, overestimated and falsified for the purpose of obtaining wrongful gain from the Complainant. Aggrieved by the said action of the Accused Persons, the

Complainant has filed the present FIR to conduct investigation against the Accused Persons under the relevant sections of the Indian Penal Code, 1860. The matter is presently pending.

3. A complaint No. 2063/2021 bearing ICMS No. 81650022100543, dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Vagbatt Remedies, Kishan Das and Sunita Devi ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 20,35,400 and outstanding amount of ₹ 18,61,804 as on September 13, 2023 in terms of the loan agreement dated October 29, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

4. A complaint No. 2066/2021 dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against A.ES Engineers Private Limited, Ashok Kumar Sethi, Amit Sethi, Sarita Sethi, Prithvi Raj Sethi, Sonia Sethi and other known persons ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 2,00,00,000 and outstanding amount of ₹ 1,80,40,606 as on September 13, 2023 in terms of the loan agreement dated August 7, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

5. A complaint No. 2064/2021 dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Pearl Alloys Private Limited, Rajesh Behl, Rajat Behl, Aashima Behl and other unknown persons ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 3,00,00,000 and outstanding amount of ₹ 2,91,93,500 as on September 13, 2023 in terms of the loan agreement dated August 7, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

6. A complaint No. 2065/2021, dated December 16, 2021 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Vallabh Metals Industries and Vikas Jain ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 1,66,29,707 and outstanding amount of ₹ 1,34,32,602 as on September 13, 2023 in terms of the loan agreement dated May 2, 2019 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

7. A complaint No. 5/2022, dated January 3, 2022 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Dhruv Cables and Conductors, Siddharth Jain and Ramesh Chand ("**Accused Persons**") before the Hon'ble Court of Chief Metropolitan Magistrate Patiala House Court, New Delhi for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 4,00,00,000 and outstanding amount of ₹ 3,80,08,862 as on September 13, 2023 in terms of the loan agreement dated March 30, 2019 and March 20, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation

against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

8. A complaint No. CS/42164/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Ankita Trading Company, Banti Kumar shaw and Genty Shaw ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,08,000 and outstanding amount of ₹ 1,60,616 as on September 13, 2023 in terms of the loan agreement dated August 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

9. A complaint No. CS/42162/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Bittu Namkeen Co., Abhay Jain and Ruchita Jain ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 2,18,748 and outstanding amount of ₹ 38,485 as on September 13, 2023 in terms of the loan agreement dated August 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

10. A complaint No. CS/42072/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against SSH Delicacies Private Limited, Shantanu Sikdar and Samrat Mondal ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 26,64,636 and outstanding amount of ₹ 23,63,481 as on September 13, 2023 in terms of the loan agreement dated December 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

11. A complaint No. 11651/2022, dated July 07, 2022 under Section 156(3) of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against SRI Byraveshwara Rice Traders, Erappa Shiva and Bharathi M. ("**Accused Persons**") before the IVth Additional Chief Metropolitan Magistrate, Bangaluru for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 15,35,400 and outstanding amount of ₹ 15,20,076 as on September 13, 2023 in terms of the loan agreement dated July 21, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

12. A complaint No. CS/42165/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against S and S Enterprise, Surajit Das and Sourav Das ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 9,73,730 and outstanding amount of ₹ 9,73,700 as on September 13, 2023 in terms of the loan agreement dated February 03, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

13. A complaint No. CS/42163/22, dated May 12, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Kunwar Agro Traders, Prabhat Kunwar and Sushila Debi ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 15,26,950 and outstanding amount of ₹ 14,30,768 as on September 13, 2023 in terms of the loan agreement dated July 26, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

14. A complaint No. CS/42065/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against OM Casual Dinning Restaurant, Dipankar Sarkar and Jhuma Banik ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹26,85,833 and outstanding amount of ₹ 28,14,654 as on September 13, 2023 in terms of the loan agreement dated December 28, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

15. A complaint No. CS/42068/22, dated May 11, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Raja Stores, Raj Kumar Gupta and Shalini Gupta ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 13,75,655 and outstanding amount of ₹ 15,10,831 as on September 13, 2023 in terms of the loan agreement dated September 09, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

16. A complaint No. C/42335/2022, dated May 13, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Pramod Kumar Agarwal, proprietor of Pecon Engineering Enterprise ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Court, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,00,000 and outstanding amount of ₹ 2,42,791 as on September 28, 2023, in terms of the loan agreement dated August 30, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

17. A complaint bearing No. CS/84025/22 dated 13 September 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Ankita Trading Company, Banti Kumar Shaw and Genty Shaw ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 28,25,952 and outstanding amount of ₹ 31,54,437 as on September 13, 2023 in terms of the loan agreement dated July 31, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

18. A complaint bearing No. CS/85144/22 dated September 15, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Aryan Private Limited, Abhijit Ghosh and Protyusha Ghosh ("**Accused Persons**") before Learned Chief Metropolitan Magistrate, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation,

embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 22,44,968 and outstanding amount of ₹ 25,45,599 as on September 13, 2023 in terms of the loan agreement dated June 23, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

19. A complaint bearing No. CS/84540/22 dated September 14, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Canvas Entertainment, Devansh Chakroborty, Sayantani Sen and Tamojit Sen ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate, Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,08,000 and ₹ 5,08,000 and ₹ 26,83,443 and outstanding amount of ₹ 37,54,885 as on September 13, 2023 in terms of the loan agreement dated October 14, 2020 and July 19, 2021 and June 22, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

20. A complaint bearing No. CS/84535/22 dated September 14, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against J.J.Electrical Corporation Private Limited, Prabhat Kumar Saraff and Kalpana Guha ("**Accused Persons**") before the Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 3,98,004 and ₹ 19,00,047 and outstanding amount of ₹ 22,08,036 as on September 13, 2023 in terms of the loan agreement dated September 25, 2020 and July 31, 2021 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

21. A complaint bearing No. CS/85158/22 dated September 15, 2022 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Paul Agency Private Limited, Ripan Paul and Pinki Rani Dey ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 14,43,072 and outstanding amount of ₹ 16,41,695 as on September 13, 2023 in terms of the loan agreement dated December 27, 2020 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

22. A complaint bearing No. CS/139058/23 dated October 18, 2023 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Tuktuki Ice Cream and Stationary, Shibananda Mondal and Shibani Mondal ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 10,20,000/- and outstanding amount of ₹ 10,68,045 as on September 8, 2023 in terms of the loan agreement dated August 2, 2022 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

23. A complaint bearing No. CS/139063/23 dated October 19, 2023 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against S N Enterprise, MD Enamur Rahaman Mollick And Ruksana Mollick ("Accused Persons") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 10,00,000/- and outstanding amount of ₹ 10,30,992/- as

on September 8, 2023 in terms of the loan agreement dated January 31, 2023 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

24. A complaint bearing No. CS/139052/23 dated October 18, 2023 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Sirajul Hackles, Sirajul Haque Laskar And Anjuyara Laskar ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 5,12,500/- and outstanding amount of ₹ 4,80,167 as on September 8, 2023 in terms of the loan agreement dated October 30, 2022 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

25. A complaint bearing No. CS/139046/23 dated October 18, 2023 under Section 200 of the Code of Criminal Procedure, 1973 ("**Complaint**") has been filed by our Company ("**Complainant**") against Maa Kali Still Furniture, Biswajit Paul and Rikta Paul Maity ("**Accused Persons**") before the Learned Chief Metropolitan Magistrate Calcutta for alleged offences involving cheating, criminal breach of trust, misappropriation, embezzlement and siphoning of funds, fraud and forgery. The matter relates to a dispute regarding default in repayment of the credit facility amounting to a sum of ₹ 10,25,000/- and outstanding amount of ₹ 9,87,532 as on September 8, 2023 in terms of the loan agreement dated October 30, 2022 executed between the Complainant and the Accused Persons. Aggrieved by the said action of the Accused Persons and considering other factors, the Complainant has filed the present Complaint to conduct investigation against the Accused Persons under various offences punishable under various sections of the Indian Penal Code, 1860. The matter is presently pending.

B. Proceedings under Section 138 of Negotiable Instruments Act, 1881

In addition to the above, our Company has filed 1037 complaints under Section 138 of Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued in its favour which are currently, pending at different stages of adjudication before Court of Chief Metropolitan Magistrate at Calcutta. The aggregate amount involved in these matters, to the extent identifiable and determinable on basis of details available, is approximately ₹ 162,12,25,950, excluding interest. The status before the Hon'ble Court is still pending and, therefore, we have considered such cases as pending.

C. Civil Proceedings

- **Notices issued by the Company under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

  Our Company has served 152 notices under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 in respect of classifying the outstanding debt as non-performing asset. Currently, the aggregate amount involved these matters is ₹ 118,43,94,519. Our Company has claimed the outstanding amount as stated along with the additional interest, considering such cases as pending.

- **Arbitration Proceedings initiated by our Company**

  In addition to the above, our Company has initiated arbitration proceedings for the recovery of certain amounts arising in due course of business. Currently, 1702 such arbitration proceedings are pending at different stages before the Arbitrator. The aggregate amount involved in these matters is approx. ₹ 2,28,14,06,380. We have considered such cases as pending, as in some cases, either the matters are pending before the Arbitrator or our Company is yet to file the execution petition in respect of the Award passed by the Arbitrator.

- **Insolvency Proceedings initiated by our Company**

Further, our Company has also initiated 04 insolvency proceedings against 02 corporate debtors and 02 personal guarantor under Section 7 & 95 of the Insolvency and Bankruptcy Code, 2016 before National Company Law Tribunal, Delhi. In one of the insolvency proceedings, the matter was challenge by the borrower before NCLAT. Accordingly, the NCLAT has remanded back the matter to NCLT Delhi.

D. Material Tax proceedings

Nil

E. Regulatory and Statutory proceedings

Nil

Litigation involving our Promoter

Litigation against our Promoter

A. Criminal proceedings

Nil

B. Material Civil proceedings

Nil

C. Material Tax proceedings

Nil

D. Statutory and Regulatory proceedings

Nil

Litigation by our Promoter

A. Criminal proceedings

Nil

B. Material Civil proceedings

Nil

C. Material Tax proceedings

Nil

D. Statutory and Regulatory proceedings

Nil

Litigation involving our Directors

Litigation against our Directors

Except as disclosed below, there are no other proceedings against our Directors

A. Criminal proceedings

Against Rajeev Krishnamuralilal Agarwal

The Central Bureau of Investigation, Economic Offence Wing, Mumbai has filed an FIR bearing no. RC.0682018E0001 dated March 01, 2018 against our Independent Director, Rajeev Krishnamurarilal Agarwal, in his capacity as the then member of the Forward Markets Commission ("**FMC**") and other officials of FMC (together, the "**Accused**") under Sections 120-B and 420 of the Indian Penal Code, 1860 and Section 13(2) and 13(1)(d) of the Prevention of Corruption Act, 1988 alleging that he along with the other Accused had been involved in providing undue favours to Multi Commodity Exchange of India Limited. However, no charge sheet has been filed in relation to this FIR. This matter is currently pending.

B. Material Civil proceedings

Nil

C. Material Tax proceedings

Nil

D. Statutory and Regulatory proceedings

Nil

Litigation by our Directors

A. Criminal proceedings

By Shachindra Nath

SEBI Whole Time Member has passed an order dated April 24, 2023 ("**Order**") under section 11B of Securities and Exchange Board of India Act, 1992 in respect of Vistaar Capital Advisors Limited, Vistra ITCL India Limited, our director Shachindra Nath and others. The matter related to an inspection of Vistaar Religare Media Fund ("**Fund**"), a SEBI registered venture capital fund for period July 25, 2008 to July 04, 2017. Basis the findings of the inspection and after considering the reply of the Fund, a show cause notice dated October 25, 2021 ("**SCN**") was issued to our Director alleging violation of 12(d)(ii)(e), 20(1), 23(1)(a), 24(2) of the SEBI (Venture Capital Funds) Regulations, 1996. Vide the said Order, our Director along with other noticees were restrained from associating him, directly or indirectly with any SEBI registered intermediary including SEBI registered funds such as mutual funds, alternative investment funds, portfolio management services etc. which deal with investors' money in any manner for a period of 6 months from the date of the Order. Our Director has filed an appeal before Securities Appellate Tribunal ("**SAT**") against the Order. SAT vide its order dated July 05, 2023 granted stay against the Order. Our Director has filed an application for settlement dated August 28, 2023 before SEBI in the matter of SCN. The matter is presently pending.

B. Material Civil proceedings

Nil

C. Material Tax proceedings

Nil

D. Statutory and Regulatory proceedings

Nil

Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Draft Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Draft Prospectus

Nil

Details of inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Draft Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Draft Prospectus

Nil

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

Nil

Summary of reservations, qualifications, adverse remarks or emphasis of matter of auditors in the preceding three Fiscals immediately preceding the year of circulation of this offer letter and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications, adverse remarks or emphasis of matter:

Financial Year	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
2020-21	unqualified audit report of Statutory Auditor	The auditors' report dated June 29, 2021 on financial statements for the financial year ending March 31, 2021 contains the following Emphasis of Matter Para: "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."	-	-

Details of acts of material frauds committed against the Company in the preceding three financial years and current financial year, if any, and if so, the action taken by the Company in response:

There have been no material frauds committed against our Company in the last three years preceding the date of this draft prospectus except below fraud instances reported to RBI pursuant to RBI Master Directions:

S. No.	Financial Year	Gross Amount (₹ in lakh)	Modus Operandi	Recovery (₹ in lakh)	Provisions (₹ in lakh)	Action Taken by the Company
1.	2023 – 24*	98.43	The information provided by the borrower were false/ incorrect and unknown third party/ies are involved in committing the fraud. We found that:	2.56	0	We have further strengthened our due

			1. PANs collected were valid, however, additional demographic information available on PAN were invalid. 2. The location of application downloads was different as compared with location of live photos captured during the onboarding journey. 3. Live photos uploaded on the app didn't completely match with KYC photos, i.e., with PAN / Aadhar Card. 4. Bank accounts were found to be different as compared to actual information mentioned on mobile app by the borrower. Also, mobile numbers which were available in bank records did not match with loan applications. 5. GST for all applications were found to be active.			diligence process by adding more robust features before onboarding. We have added features like PAN Aadhar linkage mandatory & Lat/Long capturing along with enable location based on the investigation findings.
2.	2021 - 22	400.14	Ingenius E Commerce Pvt Ltd Directors- Akash Domadiya & Harsh Patel approached our company as an applicant & submitted an application seeking a credit facility for a supply chain business arrangement along with its vendors. The disbursement amount in supplier accounts were re-transferred to various accounts (including Anchor's) amongst the personal bank accounts of the anchor, suppliers, family relatives & re-routed to different channels by these accused persons, conspiring an embezzlement by deceitful means. There are also evidences of diversion of amount remitted towards credit amongst the suppliers themselves with criminal motive.	81.60	60.45	There is a detailed underwriting of every anchor. Banking, Audited Financials / GST returns are collected and analysed. Collected documentation is FCU verified to check authenticity. Credit discussion with every anchor is mandatory. In addition to all this, there is a dedupe with BIFR list, AML check, NCLT check and a litigation check
3.	2020 - 21	500	The borrower provided misrepresentation about their financial capability, economic competency and assured us the genuineness of funds, assured their capability to pay and financial soundness and we believed upon the aforesaid representation to be true & genuine and the impressive	106.90	276.39	We have reviewed our systems and procedures. We have increased our

			profile of their company. However, we found that, exact opposite picture of the information/ documents submitted by them during our investigation.			post disbursal monitoring of customers through regular updates basis latest GST returns (if applicable) and Bank statement analysis

** as of December 26, 2023*

Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters/ Group companies in the last five financial years, including outstanding action

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Draft Prospectus is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading."

Authority for this Issue

The Investment and Borrowing Committee in their meeting held on December 29, 2023 approved the issuance of NCDs of the face value ₹ 1,000 each, for an amount aggregating up to ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain oversubscription up to ₹ 10,000 lakh ("**Green Shoe Option**"), cumulatively aggregating up to 20,00,000 NCDs for an aggregate amount up to ₹ 20,000 lakh ("**Issue Size**" or "**Issue Limit**"). Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 8000,00,00,000/- (Indian Rupees Eighty Thousand lakh). The aggregate value of the NCDs offered pursuant to this Issue, together with the existing borrowings of the Company, is within the approved borrowing limits as abovementioned**.**

Prohibition by SEBI / Eligibility of our Company for the Issue

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. None of our Directors and/or our Promoter, is a director or promoter of another company which is has been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

Our Company is not in default of payment of interest or repayment of principal amount in respect of non-convertible securities, for a period of more than six-months as on date of this Draft Prospectus.

Our Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Draft Prospectus.

No regulatory action is pending against the issuer or its promoter or directors before SEBI or the RBI.

None of our Directors and/or our Promoters have been declared as fugitive economic offenders.

Our Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchanges pending to be paid by the Company as on the date of this Draft Prospectus.

Declaration as a Fugitive Economic Offender

None of our Directors and/or our Promoter have been declared as fugitive economic offenders.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a wilful defaulter by the RBI, ECGC, any government / regulatory authority and/or by any bank or financial institution. None of our Whole-time Directors and/or our Promoter, is a whole-time director or promoter of another company which is has been categorised as a wilful defaulter.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY

SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, JM FINANCIAL LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

[●]

Disclaimer Clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS VIDE ITS LETTER REF.: [●] DATED [●], GIVEN PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINISED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED [●], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINISED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer statement of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION No. 13.00325 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. A COPY OF THIS DRAFT PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS DRAFT PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS.

Disclaimer statement from the Issuer

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ANY ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDs AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

Disclaimer statement from the Lead Manager

THE LEAD MANAGER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

Disclaimer in Respect of Jurisdiction

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS DRAFT PROSPECTUS AND THE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT PROSPECTUS AND THE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

Disclaimer clause of India Ratings and Research Private Limited

"Users of India Ratings and Research Private Limited ('India Ratings") ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. The Rating Agency shall neither construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors."

Undertaking by the Issuer

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "*RISK FACTORS*" CHAPTER ON PAGE 16 OF THE DRAFT PROSPECTUS.

OUR COMPANY, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS DRAFT PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS DRAFT PROSPECTUS IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS DRAFT PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

OUR COMPANY HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS DRAFT PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGES WEBSITES WHERE THE DEBT IS LISTED.

OUR COMPANY DECLARES THAT NOTHING IN THE DRAFT PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Disclosures in accordance with the SEBI Master Circular for Debenture Trustees

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Debenture Trustee Agreement

Our Company has entered into a Debenture Trustee Agreement with the Debenture Trustee which provides for, inter alia, the following terms and conditions:

Fees charged by Debenture Trustee

Separately, the Company and the Debenture Trustee have agreed the payment of an acceptance fee of ₹ 90,000 plus applicable taxes and a service charge of ₹ 50,000 on an annual basis, plus applicable taxes in terms of the letter dated September 15, 2023.

Debenture Trustee Agreement provides for, inter alia, the following terms and conditions:

1. The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Debenture Trust Deed, has been obtained. For the purpose of carrying out the due diligence as required under applicable law, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts or management consultants appointed by the Debenture Trustee. Prior to appointment of any agents, advisors, consultants, the Debenture Trustee shall obtain necessary confirmation from the said agents, advisors or consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction and that they shall abide by the confidentiality obligations similar to those of the Debenture Trustee therein.

2. The Company shall provide all assistance to the Debenture Trustee to enable verification from the ROC, sub-registrar of assurances (as applicable), Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**"), depositories, information utility ("**IU**") registered with Insolvency and Bankruptcy Board of India ("**IBBI"**) or any other authority, as may be required, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider for securing the Debentures, are registered / disclosed.

3. Further, in the event that existing charge holders or any trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with applicable law.

5. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, traveling and other costs shall be solely borne by the Company.

6. The Debenture Trustee shall make the disclosures on its website as specified under Chapter VII of the Debenture Trustee Master Circular.

7. The Debenture Trustee shall take necessary steps to bring the Investor Charter, as provided in SEBI Circular No.: SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/675 dated November 30, 2021:

   i. Disseminating the investor charter on their website through e-mail;
   ii. Displaying the investor charter at prominent places in offices etc.

8. The Debenture Trustee shall intimate stock exchange and depositories the status of payment of debt securities within 9 working days of the maturity / redemption date, in case the issuer fails to intimate the status of payment of the debt securities within stipulated timelines, then debenture trustee(s) shall seek status of payment from issuer and/ or conduct independent assessment (from banks, investors, rating agencies, etc.) to determine the same.

Terms of carrying out due diligence

As per the SEBI master circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and updated as on July 6, 2023, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times.

Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our Company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Prospectus and the Applicable Laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Applicable Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/ technical-experts/management consultants appointed by the Debenture Trustee.
(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the registrar of companies, sub-registrar of assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets proposed to secure the NCDs, whether owned by the Company or any other person, are registered / disclosed.
(c) Further, in the event that existing charge holders or the concerned trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.
(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the NCDs, in accordance with the Applicable Laws.
(e) The Debenture Trustee shall have the power to either independently appoint or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

In addition to the above terms of carrying out the due diligence, the Debenture Trustee Agreement provides for, inter alia, the following terms and conditions:

a. The Company undertakes to promptly furnish all and any information as may be required by the Debenture Trustee in terms of the Companies Act and the Debenture Trust Deed on a regular basis, including without limitation the following documents, as may be applicable;

b. The Debenture Trustee does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations, as amended and circulars issued by SEBI from time to time.

While the NCDs are secured as per terms of the Offer Document and charge is held in favor of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other confirmations

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with applicable law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI master circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and updated as on July 6, 2023.

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED DECEMBER 29, 2023 AS PER THE FORMAT SPECIFIED IN ANNEX-IIA OF SEBI MASTER CIRCULAR FOR DEBENTURE TRUSTEES AND SCHEDULE IV OF SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.**
2. **ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND ON INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS, WE CONFIRM THAT:**

   A. **THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED.**
   B. **THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).**

   THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEB
   C. **T SECURITIES.**
   D. **ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS / PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.**
   E. **ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM.**
   F. **ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.**
   G. **ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT / PRIVATE PLACEMENT MEMORANDUM / INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
   H. **WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.**

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchanges as per format specified under Annexure II A of the SEBI Debenture Trustee Master Circular and under Schedule IV of the SEBI NCS Regulations.

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, is available at the following website:

Name of Lead Manager	Website
JM Financial Limited	www.jmfl.com

Listing

The NCDs proposed to be offered in pursuance of this Draft Prospectus will be listed on BSE and NSE. Our Company has received an 'in-principle' approval from BSE and NSE by way of their letters bearing reference number [●] dated [●] and [●] dated [●], respectively. An application will be made to the BSE and NSE for permission to deal in and for official quotation of our NCDs. For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within five Working Days from the Issue Closing Date.

The Issue shall be kept open for a minimum period of three Working Days and a maximum of ten Working Days in compliance with Regulation 33A of SEBI NCS Regulations. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Our Company shall pay interest at 15% (fifteen) per annum if allotment is not made and refund orders/allotment letters are not dispatched and/or demat credits are not made to investors within five Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange(s) to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay Ihe money with interest at the rate of 15% per annum as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) our Directors, (b) Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Manager, (e) the Registrar to the Issue, (f) the Debenture Trustee to the Issue, (g) Legal Advisor to the Issue, (h) Credit Rating Agency, (j) Care Analytics & Advisory Private Limited in relation to use of the contents of the industry report, (k) Consortium Member*, (l) Public Issue Account Bank, Refund Bank and Sponsor Bank*, (m) lenders, wherever applicable (n) Previous Statutory Auditors, (o) Statutory Auditors, to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the RoC as required under Section 26 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of this Draft Prospectus with the Stock Exchanges.

* *The consents from Consortium Member and Public Issue Account Bank, Refund Bank and Sponsor Bank will be procured at the Prospectus stage,*

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Draft Prospectus:

Our Company has received written consent dated December 29, 2023 from M/S Sharp & Tannan Associates, Chartered Accountants, to include their name as an "expert" (a) for inclusion of their names as the Statutory Auditors and (b) limited review unaudited financial results of six months period ended September 30, 2023 and has not withdrawn such consent and the same will be filed along with a copy of this Draft Prospectus.

Our Company has received written consent dated December 21, 2023 from M/S MSKA & Associates Chartered Accountants, to include their name as an "expert" for (a) inclusion of their names as the Previous Statutory Auditor and (b) audited financial statements for FY 2020-21, FY 2021-22 and FY 2022-23, in the form and context in which they appear in this Draft Prospectus, and has not withdrawn such consent and the same will be filed along with a copy of this Draft Prospectus.

Our Company has received written consent dated December 29, 2023 from Sanjay Rane & Associates LLP, Chartered Accountants, to include their name as an "expert" for (a) inclusion of their names as the Independent Chartered Accountant and (b) the statement of possible tax benefits available to the debenture holders dated December 29, 2023 in this Draft Prospectus, and has not withdrawn such consent and the same will be filed along with a copy of this Draft Prospectus.

The above experts are not, and have not been, engaged or interested in the formation or promotion or management, of the Company and have given their written consent to the Company as stated in the paragraph above and has not withdrawn such consent before the filing of this Draft Prospectus with the Stock Exchanges.

Common form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size being ₹ 7,500 lakh, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Accounts of the Applicants within eight Working Days from the Issue Closing Date or such time as maybe specified by SEBI. In the event there is a delay by our Company in unblocking the Application Amount within the prescribed time limit, our Company shall be liable to repay the money, with interest at the rate of 15 % per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Filing of the Draft Prospectus

Copy of this Draft Prospectus has been filed with the Stock Exchanges in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on their website. The Draft Prospectus has also been displayed on the website of the Company and the Lead Manager. Draft Prospectus has also been submitted with SEBI for record purpose.

Filing of the Prospectus with the RoC

A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 of Companies Act, 2013.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital and Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company registered with Reserve Bank of India under section 45- IA of the RBI Act, 1934 that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules, 2014, notified on August 16, 2019, and as on the date of filing this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

a) in deposits with any scheduled bank, free from any charge or lien
b) in unencumbered securities of the Central Government or any State Government;
c) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Recovery Expense Fund

The recovery expense fund to be created by our Company in the manner as specified by SEBI in circular bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109 titled "Master Circular for Debenture Trustees" dated March 31, 2023 and as updated on July 6, 2023, as amended from time to time and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and will inform the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security. Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at the International Securities Identification Number level assigned to the NCDs issued under the Issue.

Issue related expenses

The expenses of this Issue include, inter alia, lead management fees and selling commission to the Lead Manager, Consortium Member, fees payable to the debenture trustee, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company. For details of Issue related expenses, see "*Objects of the Issue*" on page 68.

Underwriting

This Issue will not be underwritten.

Revaluation of Assets

Our Company has not revalued its loan assets in the last three Financial Years.

Group Refusal of listing of any security of the issuer during preceding three years by any of the Stock Exchanges in India or abroad

There has been no refusal of listing of any security of our Company during the preceding three years prior to the date of this Draft Prospectus by any Stock Exchanges in India.

Reservation

No portion of this Issue has been reserved.

Utilisation of Issue Proceeds

1. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013 and the SEBI NCS Regulations, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals;

2. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

3. Details of all monies utilised shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;

4. Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our Balance Sheet till the time any part of the proceeds of the Issue remains unutilised indicating the form of financial assets in which such unutilised monies have been invested;

5. The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property including indirect acquisition of immoveable property for which advances have been paid to third parties, or in the purchase of any business or in the purchase of an interest in any business or anything to be done in consequence thereof, or in connection therewith the company shall become entitled to an interest in either the capital or profits and losses or both, in such business exceeding fifty per cent.

6. We shall utilise the Issue proceeds only after (i) receipt of minimum subscription, i.e., 75% of the Base Issue Size pertaining to the Issue; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security; (iv) obtaining requisite permissions or consents for creation of first charge over assets sought to be provided as Security; (v) obtaining listing and trading approval as stated in this Draft Prospectus in "*Issue Structure*" on page 208.

7. The Issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

8. If Allotment is not made, application monies will be refunded / unblocked in the ASBA Accounts within 6 Working days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Previous Issue(s)

Public issue/Private Placement of Equity Shares

Except as disclosed below, our Company have not undertaken any public issue of Equity Shares in the preceding three financial years and current financial years.

Private Placement

1. Pursuant to the offer letter dated May 12, 2023, our Company issued 1,52,38,095 Equity Shares of face value of ₹ 10 each at a price of ₹ 157.50 per equity share, including a premium of ₹ 147.50 per equity share, aggregating up to ₹ 24,000 lakh on a preferential basis.

Qualified institutional placement

1. Pursuant to the placement document dated April 13, 2023, our Company issued 66,11,325 Equity Shares of face value ₹ 10 per equity share aggregating to ₹ 10,049.21 lakh by way of qualified institutional placement ("**QIP**").

Rights issue

Our Company have not undertaken any rights issue of Equity Shares in the preceding three years. For details in relation to the public issues of Equity Shares undertaken by our Group Company, see "*Utilisation details of previous issues*" on page 278.

Previous issues of non-convertible debentures for the last three financial years and current financial year

1. Public Issue - Pursuant to the prospectus dated October 29, 2021, our Company issued 5,00,000 rated, secured, senior, listed, transferable, redeemable non-convertible debentures of face value of ₹ 1,000 each for an amount aggregating to ₹ 5,000 lakh by way of public issue which opened on November 08, 2021 and closed on November 10, 2021.

2. Public Issue - Pursuant to the prospectus dated March 30, 2022, our Company issued 7,22,155 rated, secured, senior, listed, transferable, redeemable non-convertible debentures of face value of ₹ 1,000 each for an amount aggregating to ₹ 7,221.55 lakh by way of public issue which opened on April 07, 2022 and closed on April 28, 2022.

3. Public Issue - Pursuant to the prospectus dated August 26, 2022, our Company issued rated, secured, senior, listed, transferable, redeemable non-convertible 10 lakh debentures with face value of ₹ 1,000 each, aggregating up to ₹ 10,000 lakh by way of public issue which opened on September 05, 2022 and closed on September 22, 2022.

4. Private Placement- Pursuant to the placement memorandum dated March 26, 2021, our Company allotted 2,500 rated, unlisted, senior, transferable, redeemable, taxable, non-convertible debentures with a face value of ₹1,00,000 aggregating to a face value of ₹ 25,00,00,000 on a private placement basis.

5. Private Placement- Pursuant to the placement memorandum dated December 15, 2021, our company allotted 460 secured, rated, listed, redeemable, transferable, and non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 46,00,00,000 on a private placement basis.

6. Private Placement- Pursuant to the placement memorandum dated December 27, 2021, our Company allotted 260 secured, rated, listed, redeemable, transferable, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 26,00,00,000 on a private placement basis.

7. Private Placement- Pursuant to the placement memorandum dated January 10, 2022, our Company allotted 350 secured, rated, listed, redeemable, transferable, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 35,00,00,000 on a private placement basis.

8. Private Placement- Pursuant to the placement memorandum dated January 18, 2022, our Company allotted 250 secured, listed, rated, redeemable, senior, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 25,00,00,000 on a private placement basis.

9. Private Placement- Pursuant to the placement memorandum dated March 29, 2022, our Company allotted 500 rated, unlisted, senior, redeemable, taxable, transferable, market-linked, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

10. Private Placement- Pursuant to the placement memorandum dated May 23, 2022, our Company allotted 300 rated, senior, secured, listed, transferable, redeemable, principal-protected, market-linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 30,00,00,000 on a private placement basis.

11. Private Placement- Pursuant to the placement memorandum dated August 23, 2022, our Company allotted 500 rated, senior, secured, listed, transferable, redeemable, principal-protected market-linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

12. Private Placement- Pursuant to the placement memorandum dated September 27, 2022, our Company allotted 500 rated, senior, secured, listed, transferable, redeemable, principal-protected market-linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

13. Private Placement- Pursuant to the placement memorandum dated July 15, 2022, our Company allotted 250 senior, secured, listed, rated, redeemable, transferable, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 25,00,00,000 on a private placement basis.

14. Private Placement- Pursuant to the placement memorandum dated August 29, 2022, our Company allotted 50,000 rated, senior, secured, unlisted, transferable, redeemable, nonconvertible debentures with a face value of ₹ 10,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

15. Private Placement- Pursuant to the placement memorandum dated December 19, 2022, our Company allotted 250 rated, listed, senior, secured, redeemable, taxable, transferable, principal-protected market-linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 25,00,00,000 on a private placement basis.

16. Private Placement- Pursuant to the placement memorandum dated February 24, 2023, our Company allotted 2,000 rated, listed, senior, secured, redeemable, taxable, transferable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 20,00,00,000 on a private placement basis.

17. Private Placement- Pursuant to the placement memorandum dated March 6, 2023, our Company allotted 2,500 rated, listed, senior, secured, redeemable, taxable, transferable, non-convertible debentures (with green shoe option to retain total subscription up to 2,500 with a face value of ₹ 1,00,000 each, aggregating to ₹ 25,00,00,000 with green shoe option of ₹ 25,00,00,000 to retain total subscription upto ₹ 50,00,00,000 on a private placement basis.

18. Private Placement- Pursuant to the placement memorandum dated June 6, 2023, our Company allotted 2,500 listed, rated, senior, secured, transferable, redeemable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 25,00,00,000 on a private placement basis.

19. Private Placement- Pursuant to the placement memorandum dated September 15, 2023, our Company allotted 5,000 listed, rated, senior, secured, taxable, redeemable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

20. Private Placement- Pursuant to the placement memorandum dated September 25, 2023, our Company allotted 2800 senior, secured, unlisted, unrated, transferable, redeemable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 28,00,00,000 on a private placement basis.

21. Private Placement- pursuant to the placement memorandum dated March 17, 2022, our Company allotted 100 rated, unlisted, senior, unsecured, redeemable, taxable, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 10,00,00,000 on a private placement basis.

22. Private Placement- Pursuant to the placement memorandum dated November 08, 2023, our Company allotted 3,000 listed, rated, senior, secured, taxable, redeemable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 30,00,00,000 on a private placement basis.

23. Private Placement- Pursuant to the placement memorandum dated December 08, 2023, our Company allotted 24,960 senior, secured, unlisted, redeemable, transferable, non-convertible debentures with a face value of ₹ 1,00,000 each, aggregating to ₹ 249,60,00,000 on a private placement basis.

24. Private Placement- Pursuant to the placement memorandum dated June 05, 2020, of secured, rated, listed, redeemable, non-convertible debentures of the face value of ₹10,00,000 each, to be issued in one or more series/tranches, aggregating upto ₹ 50,00,00,000.

25. Private Placement- pursuant to the placement memorandum dated June 23, 2020, of secured, rated, listed, redeemable, non-convertible debentures of the face value of ₹10,00,000 each, to be issued in one or more series/tranches, aggregating upto ₹ 50,00,00,000.

26. Private Placement- pursuant to the placement memorandum dated August 20, 2020, of secured, rated, listed, redeemable, non-convertible debentures of the face value of ₹ 10,00,000 each to be issued in one or more series/tranches, aggregating upto ₹ 35,00,00,000.

27. Private Placement- pursuant to the placement memorandum dated October 14, 2020, of secured, rated, listed, redeemable, non-convertible debentures of the face value of ₹ 10,00,000 each, to be issued in one or more series/tranches, aggregating upto ₹ 20,00,00,000.

28. Private Placement- pursuant to the placement memorandum dated December 24, 2020, of secured, rated, listed, redeemable, non-convertible debentures of the face value of ₹ 10,00,000 each to be issued in one or more series/tranches, aggregating upto ₹ 60,00,00,000.

29. Private Placement- Pursuant to the placement memorandum dated April 29, 2021, our Company allotted 297 rated, listed, senior, secured, redeemable, principal protected market-linked, non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 29,70,00,000 on a private placement basis.

30. Private Placement- Pursuant to the placement memorandum dated May 25, 2021, our Company allotted 2,00,000 rated, secured, senior, transferable, listed, redeemable, principal-protected market-linked non-

convertible debentures with a face value of ₹ 1,000 each, aggregating to ₹ 20,00,00,000 on a private placement basis.

31. Private Placement- Pursuant to the placement memorandum dated July 20, 2021, our Company allotted 200 rated, secured, senior, transferable, listed, redeemable, principal-protected market-linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 20,00,00,000 on a private placement basis.

32. Private Placement- Pursuant to the placement memorandum dated August 06, 2021, our Company allotted 500 rated, senior, secured, listed, transferable, redeemable, principal-protected market linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 50,00,00,000 on a private placement basis.

33. Private Placement- Pursuant to the placement memorandum dated August 31, 2021, our Company allotted 200 rated, senior, secured, listed, transferable, redeemable, principal-protected market linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 20,00,00,000 on a private placement basis.

34. Private Placement- Pursuant to the placement memorandum dated September 23, 2021, our Company allotted 100 rated, senior, secured, listed, transferable, redeemable non-convertible debentures, each having a face value of ₹ 10,00,000 each, aggregating to ₹ 10,00,00,000 on a private placement basis.

35. Private Placement- Pursuant to the placement memorandum dated November 30, 2021, our Company allotted 150 rated, senior, secured, listed, transferable, redeemable, principal-protected market linked non-convertible debentures with a face value of ₹ 10,00,000 each, aggregating to ₹ 15,00,00,000 on a private placement basis.

Utilisation details of previous issues

Sr. No.	**Description of instrument**	**Date of Opening**	**Date of Closing**	**Total issue size (₹ in lakh)**	**Date of Allotment**	**Date of Listing**	**Purpose for the issuance and the proceeds have been utilised for**	**Unutilised Amount (₹ in lakh)**
1.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07406	December 12, 2023	December 12, 2023	24,960.00	December 12, 2023	Unlisted	To meet the funding requirements of the Issuer for growing its Micro Small and Medium Enterprises (MSME) loan portfolio.	Please refer note*
2.	Privately placed Secured Non-Convertible Debentures bearing ISIN No.INE583D07398	November 08, 2023	November 08, 2023	3,000.00	November 08, 2023	November 15, 2023	The funds raised by Issue shall be utilised by the issuer for the purpose of on lending of business loans.	Nil
3.	Privately placed Secured Non-Convertible Debenture	September 25, 2023	September 25, 2023	2,800.00	September 25, 2023	Unlisted.	The funds raised by the Issue shall be utilized by the Issuer for the purposes of ordinary course of business of the Company i.e. Onward	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	s bearing ISIN No. INE583D07380						Lending and not for Operating Expenses	
4.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07372	September 18, 2023	September 18, 2023	5,000.00	September 18, 2023	September 20, 2023	The funds raised by the Issue shall be utilized by the Issuer for the purposes of ordinary course of business of the Company including repayment / refinancing of any existing debt of the Company and the general corporate purposes of the Company in compliance with Applicable Law	Nil
5.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07364	June 6, 2023	June 6, 2023	2,500.00	June 6, 2023	June 8, 2023	The funds raised by the Issue shall be utilized by the Issuer for the purposes of onward lending, repayment of existing Financial Indebtedness, and the general corporate purposes of the Issuer in compliance with Applicable Law	Nil
6.	Equity shares bearing ISIN No. INE583D01011 allotted on Preferential Basis	-	-	24,000.00	May 17, 2023	May 24, 2023	The Company intends to utilize the Gross Proceeds from this Preferential Issue towards the growth of MSME loan portfolio of the Company.	Nil
7.	Equity shares bearing ISIN No. INE583D01011 allotted under Qualified Institutional Placement	April 10, 2023	April 13, 2023	10,049.214	April 13, 2023	April 17, 2023	1. Augmenting our long-term resources for meeting onward-lending/funding requirements of our business activities; and 2. General corporate purposes	Nil
8.	Privately placed Secured Non-Convertible	March 08, 2023	March 08, 2023	5,000.00	March 08, 2023	March 09, 2023	1. for on-lending to the Issuer's borrowers and clients that are classified as "micro, small, and medium enterprises" (MSMEs);	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	Debentures bearing ISIN No. INE583D07356						2. for general corporate purposes.	
9.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07349	February 24, 2023	February 24, 2023	2,000.00	February 24, 2023	February 28, 2023	1. for on-lending to the Issuer's borrowers and clients that are classified as "micro, small, and medium enterprises" (MSMEs); 2. for general corporate purposes.	Nil
10.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07331	December 19, 2022	December 19, 2022	2,500.00	December 19, 2022	December 22, 2022	The funds raised by the Issue shall be utilized by the Issuer for onward lending to MSMEs	Nil
11.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07273	September 27, 2022	September 27, 2022	5,000.00	September 27, 2022	Reissuance	1. for general corporate purposes of the Issuer; and 2. for utilisation in the ordinary course of business of the Issuer including for repayment or refinancing of existing Financing Indebtedness of the Issuer.	Nil
12.	Public issue of rated, secured, senior, listed, transferable, redeemable non-convertible debentures	September 05, 2022	September 20, 2022	10,000.00	September 26,2022	September 27, 2022	1.Onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company; and 2. General corporate purposes	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
13.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07323	August 29, 2022	August 29, 2022	5,000.00	August 29, 2022	Unlisted	The funds raised by the Issue shall be utilized by the Issuer for onward lending to MSMEs	Nil
14.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07273	August 23, 2022	August 23, 2022	5,000.00	August 23, 2022	Reissuance	1. for general corporate purposes of the Issuer; and 2. for utilisation in the ordinary course of business of the Issuer including for repayment or refinancing of existing Financing Indebtedness of the Issuer.	Nil
15.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07281	July 15, 2022	July 15, 2022	2,500.00	July 15, 2022	July 20, 2022	The funds raised by the Issue shall be utilized by the Issuer for the purposes of onlending to its clients/borrowers.	Nil
16.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07273	May 23, 2022	May 23, 2022	3,000.00	May 23, 2022	May 27, 2022	1. for general corporate purposes of the Issuer; and 2. for utilisation in the ordinary course of business of the Issuer including for repayment or refinancing of existing Financing Indebtedness of the Issuer.	Nil
17.	Public issue of rated, secured, senior, listed, transferable, redeemable non-	April 07, 2022	April 28, 2022	7,221.55	May 05, 2022	May 06, 2022	1. Augmenting our long-term resources for meeting onward-lending/funding requirements of our business activities; and 2. General corporate purposes	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	convertible debentures							
18.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07232	March 29, 2022	March 29, 2022	5,000.00	March 29, 2022	Unlisted.	1.onlending/disbursements of loans; and/or 2.repayment/re-financing of any existing financial indebtedness of the Company	Nil
19.	Privately placed Unsecured Non-Convertible Debentures bearing ISIN No. INE583D08024	March 17, 2022	March 17, 2022	1,000.00	March 17, 2022	Unlisted.	The funds raised by the Issue shall be utilized by the Company for the purposes of on-lending/disbursements of loans.	Nil
20.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07224	January 20, 2022	January 20, 2022	2,500.00	January 20, 2022	January 20, 2022	The funds raised by the Issue shall be utilized by the Issuer for the purposes of onward lending to its clients/borrowers	Nil
21.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07216	January 10, 2022	January 10, 2022	3,500.00	January 10, 2022	January 14, 2022	To meet the funding requirements of the Issuer for growing its Micro Small and Medium Enterprises (MSME) loan portfolio.	Nil
22.	Privately placed Secured Non-Convertible	December 26, 2021	December 26, 2021	2,600.00	December 26, 2021	December 31, 2021	To meet the funding requirements of the Issuer for growing its Micro Small and Medium Enterprises (MSME) loan portfolio.	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	Debentures bearing ISIN No.INE583D07208							
23.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07190	December 17, 2021	December 17, 2021	4,600.00	December 17, 2021	December 20, 2021	To meet the funding requirements of the Issuer for growing its Micro Small and Medium Enterprises (MSME) loan portfolio.	Nil
24.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07182	November 30, 2021	November 30, 2021	1,500.00	November 30, 2021	December 03, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
25.	Public issue of rated, secured, senior, listed, transferable, redeemable non-convertible debentures	November 08, 2021	November 09, 2021	5,000	November 16,2021	November 17, 2021	1. Onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company; and General corporate purposes	Nil
26.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07166	September 29, 2021	September 29, 2021	1,000.00	September 29, 2021	October 04, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
27.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07158	August 31, 2021	August 31, 2021	2,000.00	August 31, 2021	September 06, 2021	1. Onward lending and the general corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
28.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07141	August 06, 2021	August 06, 2021	5,000.00	August 06, 2021	August 08, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
29.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07133	July 20, 2021	July 20, 2021	2,000.00	July 20, 2021	July 26, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
30.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07125	May 25, 2021	May 25, 2021	2,000.00	May 25, 2021	May 31, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
31.	Privately placed Secured Non Convertible Debentures bearing ISIN No.	April 30, 2021	April 30, 2021	2,970.00	April 30, 2021	May 06, 2021	1. General corporate purposes; 2. Onward Lending; and 3. Ordinary course of business of the Issuer including repayment/refinancing of existing debt.	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	INE583D 07117							
32.	Privately placed Secured Non Convertible Debentures bearing ISIN No. INE583D 07109	March 26, 2021	March 26, 2021	2,500.00	March 26, 2021	Unlisted	The funds raised by Issue shall be utilised by the issuer for the purpose of on lending of business loans.	Nil
33.	Privately placed Secured Non Convertible Debentures bearing ISIN No. INE583D 07091	December 31, 2020	December 31, 2020	5,000.00	December 31, 2020	January 01, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
34.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07083	December 31, 2020	December 31, 2020	1,000.00	December 31, 2020	January 01, 2021	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
35.	Privately placed Secured Non Convertible Debentures bearing ISIN No.INE583D07067	October 21, 2020	October 21, 2020	2,000.00	October 21, 2020	October 23, 2020	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
36.	Privately placed Secured Non Convertible Debenture	September 10, 2020	September 10, 2020	3,500.00	September 10, 2020	September 16, 2020	1. Financing activities and business operations of the Issuer (including on-ward lending); 2. Re-payment of the existing Financial Indebtedness of the	Nil

Sr. No.	Description of instrument	Date of Opening	Date of Closing	Total issue size (₹ in lakh)	Date of Allotment	Date of Listing	Purpose for the issuance and the proceeds have been utilised for	Unutilised Amount (₹ in lakh)
	s bearing ISIN No. INE583D07059						Issuer; and general corporate purposes of the Issuer.	
37.	Privately placed Secured Non Convertible Debentures bearing ISIN No. INE583D07042	June 26, 2020	June 26, 2020	5,000.00	June 26, 2020	June 30, 2020	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil
38.	Privately placed Secured Non-Convertible Debentures bearing ISIN No. INE583D07026	June 08, 2020	June 08, 2020	5,000.00	June 08, 2020	June 11, 2020	1. General corporate purposes 2. In ordinary course of business of the Issuer including repayment/re-financing of existing debt	Nil

**NCDs allotted on December 12, 2023 and proceeds will be utilised within agreed utilisation period.*

Our Company has issued non-convertible debentures by way of various private placements and public issue, for which, our Company has utilised the proceeds from such issuances in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, among others, its various financing activities, to repay its existing loans and for its business operations and for general corporate purposes in accordance with the object clause of the Memorandum of Association of our Company.

Further, our company has issued equity shares by way of qualified institutional placement, for which, our Company has utilised the proceeds from such issuance in accordance with the use of proceeds set out in the placement document which includes augmenting our long-term resources for meeting onward-lending/funding requirements of our business activities and for general corporate purposes in accordance with the object clause of the Memorandum of Association of our Company.

Public issue undertaken by our Group Company

As on the date of this Draft Prospectus, we do not have any identifiable Group Companies.

Rights issue by our Group Company

As on the date of this Draft Prospectus, we do not have any identifiable Group Companies.

Previous issues of non-convertible debentures by our Group Company

As on the date of this Draft Prospectus, we do not have any identifiable Group Companies.

Benefit/ interest accruing to Promoters/ Directors out of the Object of the Issue

Neither the Promoter nor the Directors of our Company are interested in the Objects of the Issue.

Details regarding the Company, its Subsidiaries and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no subsidiaries and/or other listed companies under the same management or associate companies as described under the Companies Act, 2013, which have made any capital issuances during the previous three years from the date of this Draft Prospectus.

Details regarding the Company and other listed companies which are under the same management/ associate companies as described under Companies Act, 2013, which made any capital issue during the last three years

Nil

Utilisation of proceeds by our Group Companies

No proceeds of the Issue will be paid to our Group Companies.

Details regarding lending out of issue proceeds of previous issues of debt securities (whether public issue or private placement)

Lending Policy

For details of Lending Policy, please see "*Our Business*" at page 114 of this Draft Prospectus.

Loans given by our Company

The Company has not provided any loans/advances to associates, entities / persons related to the Board, Key Managerial Personnel, Senior Management or our Promoters out of the proceeds of previous issues.

Types of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2023 is as follows:

Sr. No.	Type of loans	AUM (In ₹ lakh)	AUM (%)
1.	Secured	4,18,192.09	68.77
2.	Unsecured	1,89,878.60	31.22
Total assets under management (AUM)		6,08,070.69	**100%**

Denomination of loans outstanding by LTV as on March 31, 2023:

S. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	22.96
2	40-50%	16.97
3	50-60%	17.22
4	60-70%	19.84
5	70-80%	19.97
6	80-90%	2.80

7	Above 90%	0.23
	Total	100.00

Classification of loan into several maturity profile denomination as at March 31, 2023

Particulars	Amount (₹ in lakh)	% of AUM
Less than 1 Year	75,770.42	12.46
1 - 2 Years	73,171.25	12.03
2 - 3 Years	1,57,470.61	25.90
3 - 5 Years	95,427.44	15.69
> 5 Years	2,06,230.97	33.92
NA (Representing MLD and Loan Guarantees)	Nil	Nil
Total	6,08,070.69	100.00

Sectoral exposure

The sectoral exposure of loans given by the Company as on March 31, 2023 is as follows:

Segment wise breakup of AUM	Percentage of AUM(%)
Retail	
Mortgages (home loans and loans against property)	NIL
Gold loans	NIL
Vehicle finance	NIL
MFI	NIL
MSME	99.92
Capital market funding (loans against shares, margin funding)	NIL
Others	NIL
Wholesale	
Infrastructure	NIL
Real estate (including builder loans)	NIL
Promoter funding	NIL
Any other sector (as applicable)	NIL
Others	0.08
Total	**100.00**

Denomination of loans outstanding by ticket size as on March 31, 2023:

S. No.	Ticket size (at the time of origination) (in ₹)	AUM (In ₹ lakh)	Percentage of AUM
1.	Up to 2 lakh	5,172.04	0.85
2.	2 - 5 lakh	33,787.26	5.56
3.	5 - 10 lakh	59,119.12	9.72
4.	10 - 25 lakh	1,48,237.10	24.38
5.	25 - 50 lakh	1,46,933.35	24.16
6.	50 - 100 lakh	58,653.62	9.65
7.	100 - 500 lakh	1,53,133.14	25.18
8.	500 - 2500 lakh	3,035.07	0.50
9.	2500 - 10,000 lakh	NIL	NIL
10.	> 10,000 lakh	NIL	NIL
Total		6,08,070.69	**100**

Geographical classification of borrowers as on March 31, 2023:

Sr. No.	Top Five States	Percentage of AUM
1.	Maharashtra	15.39
2.	Tamil Nadu	13.86
3.	Telangana	12.99
4.	Gujarat	9.64
5.	Karnataka	8.98
Total		**60.86**

Aggregated exposure to top 20 borrowers with respect to concentration of exposure as on March 31, 2023:

Particulars	Amount (₹ in lakh)
Total Exposure to twenty largest borrowers / customers (in ₹)	12,079.77
Percentage of exposures to twenty largest borrowers / customers to total exposure of the applicable NBFC on borrowers / customers (in %)	3.20

Aggregated advances to top 20 borrowers with respect to concentration of advances as on March 31, 2023

Particulars	Amount (₹ in lakh)
Total advances to twenty largest borrowers (in ₹)	12,050.35
Percentage of advances to twenty largest borrowers to total advances (in %)	3.32

Details of loans overdue and classified as non-performing assets in accordance with the RBI guidelines as on March 31, 2023

Movement of gross NPAs*	Amount (in ₹ lakh)
Opening gross NPA	5,641.15
- Additions during the year	5,720.50
- Reductions during the year	1,792.60
Closing balance of gross NPA	9,569.05

**A default shall be considered to have occurred when any of the following criteria are met:*
a. An account shall be tagged as NPA once the day end process is completed for the 91st day past due.
b. If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

Movement of provisions for NPAs	Amount (in ₹ lakh)
Opening balance	1,488.83
- Provisions made during the year	3,357.50
- Write-off / write -back of excess provisions	266.26
Closing balance	4,580.07

Segment-wise gross NPA as on March 31, 2023

Sr. No	Segment Wise break up of NPA	Percentage of NPA
1.	**Retail**	
	Mortgages (home loans and loans against property)	Nil
	Gold loans	Nil
	Vehicle finance	Nil
	MFI	Nil
	MSME	1.55
	Capital market funding (loans against shares, margin funding)	Nil
	Others	Nil
2.	**Wholesale**	
	Infrastructure	Nil
	Real estate (including builder loans)	Nil
	Promoter funding	Nil
	Any other sector (as applicable)	Nil
	Others	0.08
	Total	1.63

Details of any other contingent liabilities of the issuer based on the last Audited Financial Statements including amount and nature of liability

Nil

Promoters Shareholding

For details of Promoter's shareholding as on the date of this Draft Prospectus please see, "*Capital Structure*" on page 51 of this Draft Prospectus.

Residual maturity profile of assets and liabilities on a standalone basis as on March 31, 2023 (in ₹ lakh)

Particulars	Up to 30/31 days	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	31,272.23	22,353.02	26,466.63	24,592.81	38,775.37	1,27,824.46	45,309.97	72,841.71	3,89,436.20
Investments	-	-	-	-	-	3,311.04	2,700.48	-	6,011.52
Borrowings	9,954.97	13,971.30	22,899.95	27,911.63	73,324.65	1,27,458.32	39,278.48	94.15	3,14,893.45
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

In case the issuer is a NBFC or PFI and the objects of the public issue entail loan to any entity which is a 'Group Company', then disclosures shall be made in the following format:

Sr No	Name of Borrower	Amount of Advance/ exposure to such borrower (Group Company) (A)	Percentage of Exposure = (A/ Total AUM)
1.	NA	NA	NA

The disclosure above is not applicable to our Company as the objects of the public issue do not entail loan to any entity which is a 'Group Company'

Dividend

Our Company has formulated a dividend distribution policy in compliance with Regulation 43A of SEBI LODR Regulations. Further, the Reserve Bank of India has vide its notification bearing ref no. RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021, prescribed certain additional guidelines on distribution of dividend by NBFCs. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of external and internal factors, including but not limited to Capital Adequacy, Net NPA, compliance with provisions of section 45IC of the Reserve Bank of India Act, 1934, adequate profits, retained earnings available with the Company, cash flows, future outlook, capital adequacy to be maintained, macro-economic environment.

Our Company has not paid any dividend on the Equity Shares in the Fiscals 2023, 2022 and 2021. Further, our Company has not declared any dividend in the current financial year till the date of this Draft Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Revaluation of assets

Our Company has not revalued its assets in the preceding three Financial Years.

Mechanism for redressal of investor grievances

Link Intime Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

The Registrar Agreement dated December 29, 2023, between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchanges, which shall be responsible for addressing investor grievances arising from applications submitted online through the application based / web interface platform of stock exchanges or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

Registrar to the Issue

LINK Intime

Link Intime India Private Limited

C-101, 247 Park, L B S Marg,
Vikhroli West,
Mumbai 400 083
Tel.: +91 22 49186000

Fax: +91-22-4918 6195
Email: ugrocapital.ncd2023@linkintime.co.in
Investor Grievance Email: ugrocapital.ncd2023@linkintime.co.in
Website: www.linkintime.co.in/
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B. N. Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Company Secretary and Compliance Officer of our Company

Satish Chelladurai Kumar is the Company Secretary and Compliance Officer of our Company for this Issue. The contact details of the Compliance Officer for the Issue and Company Secretary are as follows:

Satish Chelladurai Kumar
Equinox Business Park,
Tower 3, Fourth Floor, Off BKC,
LBS Road, Kurla, Mumbai - 400070,
Maharashtra, India
Tel No: +91 22 4182 1600
Email: cs@ugrocapital.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on Application Amount etc.

Change in Auditors of our Company during the last three financial years and the current financial year

Except as disclosed below, there has been no changes in the statutory auditor of our Company in the last three financial years and current financial year:

Name of the Auditor	Address	Date of Appointment	Date of cessation if applicable	Date of resignation if applicable
Sharp & Tannan Associates	87, Nariman Bhavan, 227 Nariman Point, Mumbai (Bombay) 400021	08.08.2023	N/A	N/A
MSKA & Associates	Floor 3, Enterprise Centre, Nehru Road Near Domestic Airport, Vile Parle (E) Mumbai - 400099	12.08.2020	08.08.2023*	-

** Pursuant to circular issued by RBI on Appointment of Statutory Auditors for NBFC's vide circular no. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, MSKA & Associates, Chartered Accountants had completed a term of three years and subsequently Sharp & Tannan Associates, Chartered Accountants were appointed as the Statutory Auditors.*

Reservations / Qualifications / Adverse Remarks or Emphasis of Matter by Auditors

Except as disclosed in "*Outstanding Litigations and Defaults*" on page 252, there are no reservations or qualifications or adverse remarks in the financial statements and financial position of our Company in the preceding three Financial Years immediately preceding this Draft Prospectus.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under SEBI NCS Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Trading

Debt securities issued by our Company, which are listed on BSE's and NSE's wholesale debt market is infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities. Further, the Equity Shares of our Company are listed and trading on BSE and NSE.

Impersonation

Attention of the applicants is specifically drawn to the provision of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013*

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made other than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accepts no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Consortium is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Latest ALM statement

The following table describes the standalone ALM of our Company as on November 30, 2023 (₹ in lakh):

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Cash Inflows	15,1	20,0	26,394.30	29,328.38	39,6	38,613.24	78,434.83	1,60,466.48	1,19,283.50	65,439.33	5,92,

	98.35	53.76			79.30						891.47
Cash Outflows	7,961.86	1,525.31	12,361.39	41,339.01	25,390.63	38,998.75	61,676.19	1,78,732.51	74,061.96	1,42,688.33	5,84,735.94
Mismatch	7,236.49	18,528.45	14,032.91	-12,010.63	14,288.67	-385.51	16,758.64	-18,266.03	45,221.54	-77,249.00	8,155.53
Cumulative mismatch	7,236.49	25,764.94	39,797.85	27,787.22	42,075.89	41,690.38	58,449.02	40,182.99	85,404.53	8,155.53	

The amount of corporate guarantee issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty - subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued

Nil

KEY REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 and applicable local Goods and Services Tax laws, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952 and other miscellaneous regulations such as the Trade Marks Act 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Laws in relation to Non-Banking Financial Companies

A. **The Reserve Bank of India Act, 1934 (the "RBI Act")**

The RBI is entrusted with the responsibility of regulating and supervising the activities of Applicable Non-Banking Financial Companies ("**NBFCs**") under the RBI Act. The RBI Act defines an '*NBFC* ' as:

(I) a financial institution which is a company;

(II) a non-banking institution which is a company and which has as its principal business of receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or

(III) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the official gazette, specify.

As per the RBI Act, a financial institution is a non-banking institution, carrying on as whole or part of its business, inter alia, the financing of activities other than its own, by making loans, advances, or otherwise; the acquisition of shares, stock, bonds, debentures, securities issued by the Government or other local authorities or other marketable securities of like nature; or letting or delivering goods to a hirer under a hire-purchase agreement.

The RBI has, through a press release dated April 8, 1999, clarified that in order to identify a particular company as an NBFC, it shall consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. A company shall be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of its gross income. Both these tests are required to be satisfied as the determinant factors for the principal business of a company.

NBFCs are not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**") from the RBI. Further, every NBFC is required to submit to the RBI a certificate from its statutory auditor within one month from the date of finalization of its balance sheet and in any case not later than December 31st of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR. The RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of its activities.

An NBFC may be registered as a deposit-taking NBFC ("**NBFC-D**") or as a non-deposit taking NBFC ("**NBFC-ND**"). Our Company has been classified as a systemically important non-deposit taking NBFC.

B. Regulatory Requirements of an NBFC under the RBI Act

(I) **Net Owned Fund**

The RBI Act, read with an RBI notification dated April 20, 1999, provides that to carry on the business of an NBFC, an entity would have to be registered as an NBFC with the RBI and would be required to have a minimum net owned fund of INR 200 lakh. For this purpose, the RBI Act has defined '*net owned fund*' to mean:

i. the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting:

   A. accumulated balance of losses;

   B. deferred revenue expenditure;

   C. other intangible assets

ii. further reduced by the amounts representing:

   A. investment by such companies in shares of:

      a) its subsidiaries;

      b) companies in the same group; and

      c) other NBFCs.

   B. the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with:

      a) subsidiaries of such company; and

      b) companies in the same group, to the extent such amount exceeds 10% of point i above.

(II) **Reserve Fund**

In addition to the above, the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually, as disclosed in the statement of profit and loss, before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

C. Master Direction – Reserve Bank of India** (**Non-Banking Financial Company – Scale Based Regulation**) **Directions, 2023 in suppression of Non-Banking Financial Company–Systemically Important Non Deposit taking Company and Deposit taking Company** (**Reserve Bank**) **Directions, 2016 ("Master Directions")

As per sub clause 2.3 of clause 2 under '*Regulatory Structure under Scale Based Regulation*' of Master Direction, our company is classified as a Middle Layer Non-Banking Financial Company, having an asset size of more than INR 1,000 crore and above.

(I) **Governance guidelines:**

a. **Constitution of Committees**
All NBFCs on which Master Directions is applicable are required to constitute the committees mentioned below:

   A. **Audit Committee:** An NBFC is required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC as required under Section 177 of the Companies Act, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act.

B. **Nomination and Remuneration Committee:** NBFCs are required to constitute a nomination committee to ensure the 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act.

b. **Appointment of Chief Risk Officer** (**CRO**): With the increasing involvement of NBFCs in direct credit intermediation, they must enhance their risk management practices. While NBFC boards should aim to adhere to optimal risk management standards, NBFCs categorized as NBFC-ICC, NBFC-IFC, NBFC-MFI, NBFC-Factors, and IDF-NBFC, having an asset size exceeding INR 5,000 crore, must appoint a Chief Risk Officer ("**CRO**") with well-defined roles and responsibilities. The CRO must operate independently to uphold the highest standards of risk management.

c. '**Fit and Proper Criteria**' **for Directors**: Applicable NBFCs must (a) uphold a board-approved policy to determine directors' fit and proper criteria during appointment and continuously, following Master Directions guidelines; (b) procure a declaration and undertaking from directors, using the format outlined in Master Directions; (c) secure a deed of covenant, adhering to the format specified in Master Directions; and (d) provide the RBI with a quarterly report on director changes, accompanied by a certification from the managing director, ensuring compliance with fit and proper criteria. This statement should be submitted to the RBI's Department of Non-Banking Supervision regional office, within 15 days after each quarter's end. The auditors must certify the statement for the quarter ending March 31.

d. **Key Managerial Personnel**: Except for directorship in a subsidiary, Key Managerial Personnel ("**KMP**") must not hold any office, including directorships, in any other NBFC-ML or NBFC-UL. A two-year timeline, starting from October 01, 2022, is specified to ensure adherence to these regulations. It is clarified that they are allowed to take on directorship roles in NBFC-BL.

e. **Independent Director**: Within the allowable limits per the Companies Act, 2013, an independent director may not serve on more than three NBFCs (NBFC-ML or NBFC-UL) simultaneously. The NBFC's Board must guarantee that no conflict of interest arises from their concurrent positions on other NBFC boards. A two-year timeline, effective from October 01, 2022, is stipulated for compliance. No restrictions on directorship for NBFC-BLs exist, subject to relevant provisions of the Companies Act, 2013.

f. **Compensation Guidelines**: To tackle problems stemming from excessive risk-taking due to poorly aligned compensation packages, NBFCs must establish a board-approved compensation policy. The guidelines must, at a minimum, encompass a) the formation of a remuneration committee, b) criteria for fixed/variable pay structures, and c) malus/clawback provisions. The nomination and remuneration committee must verify the absence of any conflict of interest.

g. **Guidelines on Corporate Governance**: NBFCs must establish internal guidelines on corporate governance, expanding their scope with Board of Directors' approval. The guidelines, aligned with Chapter XI, should be publicly accessible on the company's website, if available, to inform diverse stakeholders, without compromising the underlying spirit.

(II) **Prudential Regulations**

i. **Capital Requirements**: Every Systemically Important NBFC (NBFC-ND-SI) / NBFC-ML shall maintain a minimum capital ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of the risk-adjusted value of off-balance sheet items and the Tier I Capital in respect of applicable NBFCs (other than NBFC-MFI), at any point of time, shall not be less than 10%.

ii. **Internal Capital Adequacy Assessment Process** ("**ICAAP**"): NBFCs must conduct a comprehensive internal evaluation of capital needs, aligned with business risks. This assessment mirrors the ICAAP for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations, dated May 12, 2023, subject to amendments). Although Pillar 2 capital isn't mandatory, NBFCs must realistically appraise risks, encompassing credit, market, operational, and other residual risks internally determined. The internal capital assessment methodology should align with their Board-approved policy, proportional to scale and complexity. ICAAP aims to ensure sufficient capital for all business risks, encouraging NBFCs to adopt robust internal risk management techniques. This fosters ongoing supervisory-NBFC dialogue on risk assessment, monitoring, and mitigation.

iii. **Asset Classification**: The NBFC-SI Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances, and any other forms of credit into the following classes:

i. **Standard assets**, i.e. assets, in respect of which, no default in repayment of principal or interest is perceived, which do not disclose any problems and do not carry more than a normal risk attached to business;

ii. **Sub-standard assets**, i.e. assets which have been classified as NPAs for a period not exceeding 12 months, or where the terms regarding repayment of the payment or interest have been renegotiated, rescheduled, or restructured, until satisfactory performance of the revised terms for a year;

iii. **Doubtful assets**, i.e. term loans, lease assets, hire-purchase assets or any other asset that has remained substandard for a period exceeding 12 months;

iv. **Loss assets**, i.e. assets that have been identified as such by the NBFC, its internal or external auditors, or the RBI during its inspection of the NBFC, to the extent that it has not been written off by the NBFC, or assets adversely affected by the threat of non-recoverability due to the erosion in the value of the security, non-availability of security or a fraudulent act or omission by the borrower; and

v. **Non-Performing Assets** ("**NPAs**"): Under the NBFC-SI Directions, the following shall be considered as NPAs, if the accompanying conditions remain in existence for a period of three months or more:

a. Assets, in respect of which interest has remained overdue;

b. term loans, inclusive of unpaid interest, when the instalment is overdue, or on which interest amounts remain overdue;

c. demand or call loans, which has remained overdue, or on which interest amount remained overdue;

d. bills, which have remained overdue;

e. interest in respect of a debt or income on receivables under the head 'other current assets,' being in the nature of short-term loans / advances, which have remained overdue;

f. any dues on account of the sale of assets or services rendered, or reimbursement of expenses incurred, which have remained overdue;

g. lease rental and hire purchase instalments, which have remained overdue in respect of loans, advances, and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/ beneficiary when any of the above credit facilities becomes a non-performing asset. In the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

iv. **Guidelines on Maintenance of Liquidity Coverage Ratio** (“**LCR**”): All non-deposit taking NBFCs with an asset size of INR 10,000 crore and above, and all deposit-taking NBFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High-Quality Liquid Asset (“**HQLA**”) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be a minimum of 100% of total net cash outflows over the next 30 calendar days. The stock of HQLA to be maintained by the NBFCs shall be a minimum of 100 percent of total net cash outflows over the next 30 calendar days.

The LCR requirement shall be binding on NBFCs from December 1, 2020, with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024, as per the timeline given below:

From	**Dec 1, 2020**	**Dec 1, 2021**	**Dec1, 2022**	**Dec 1, 2023**	**Dec 1, 2024 onwards**
Minimum LCR	50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of Rs. 5,000 crores and above but less than Rs. 10,000 crores shall also maintain the required level of LCR starting from December 1, 2020, as per the timeline mentioned below:

From	**Dec 1, 2020**	**Dec 1, 2021**	**Dec1, 2022**	**Dec 1, 2023**	**Dec 1, 2024 onwards**
Minimum LCR	30%	50%	60%	85%	100%

v. Disclosure in financial statement

i. NBFCs must conduct a comprehensive internal evaluation of capital needs, aligned with business risks. This assessment mirrors the ICAAP for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations, dated May 12, 2023, subject to amendments). Although Pillar 2 capital isn’t mandatory, NBFCs must realistically appraise risks, encompassing credit, market, operational, and other residual risks internally determined. The internal capital assessment methodology should align with their Board-approved policy, proportional to scale and complexity. ICAAP aims to ensure sufficient capital for all business risks, encouraging NBFCs to adopt robust internal risk management techniques. This fosters ongoing supervisory-NBFC dialogue on risk assessment, monitoring, and mitigation.

ii. NBFCs shall also disclose the following in their Annual Financial Statements: (i) registration/license/authorization, by whatever name called, obtained from other financial sector regulators; (ii) ratings assigned by credit rating agencies and migration of ratings during the year; (iii) penalties, if any, levied by any regulator; (iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and (v) Asset-Liability profile, the extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them and other disclosures.

iii. In addition to the above, NBFCs shall also disclose the following particulars in its Balance Sheet: (i) Capital to Risk Assets Ratio (“**CRAR**”); (ii) Exposure to real estate sector, both direct and indirect; and (iii) Maturity pattern of assets and liabilities.

(III) **Regulatory restrictions and limits**

i. **Credit/investment concentration Norms** (**except NBFC-UL**):

A. NBFC (except NBFC-IFC) shall not have exposure (credit/investment taken together) exceeding (a) twenty-five percent of its Tier 1 capital to a single party; and (b) forty percent of its Tier 1 capital to a single group of parties, provided that an NBFC may exceed the exposure norm specified above, by 5 percent for any single party and by 10 percent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment;

B. The ceiling on the investment in shares of another company shall not be applicable to an NBFC in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Reserve Bank;

C. Exposure norms shall not apply to any NBFC not accessing public funds in India, either directly or indirectly and not issuing guarantees. The exposure norms shall also not apply to (i) investments of NBFC in shares of (a) its subsidiaries; (b) companies in the same group, to the extent they have been reduced from Owned Funds for the calculation of NOF and (ii) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with (a) subsidiaries of the NBFC; and (b) companies in the same group, to the extent they have been reduced from Owned Funds for the calculation of NOF; and

D. NBFC shall formulate a policy in respect of exposures to a single party/a single group of parties.

ii. **Sensitive Sector Exposure** (**SSE**): For Sensitive Sector exposures, NBFCs must establish Board-approved internal limits for Single Sensitive Exposures (SSE), separately addressing capital market and commercial real estate. Periodic assessments of sector vulnerabilities, along with their potential impact on business, are essential for NBFCs to determine and adjust these internal exposure limits. While the Board retains the flexibility to set sub-limits within the overall SSE internal limits, specific prescriptions include the following:

A. A sub-limit within the commercial real estate exposure ceiling shall be fixed internally for financing land acquisition; and

B. There shall be a ceiling of INR1 crore per borrower for financing subscription to Initial Public Offer (IPO). NBFCs can fix more conservative limits.

iii. **Regulatory restriction on loans**:

A. **Loans and Advances to Directors**: NBFCs are prohibited from extending loans exceeding five crores to their directors, including the Chairman/Managing Director, or the relatives of directors, without approval from the Board of Directors/Committee of Directors. Additionally, loans of this magnitude are restricted for firms where directors or their relatives are involved as partners, managers, employees, or guarantors, and for companies where directors or their relatives hold significant roles as shareholders, directors, managers, employees, or guarantors unless sanctioned by the Board of Directors/Committee of Directors;

B. **Loans Advanced to Senior Officers of the NBFC**: NBFCs must adhere to the following guidelines when extending loans to their senior officers: (i) Loans granted to senior officers must be communicated to the Board. (ii) Senior officers or committees, including a senior officer, exercising credit sanction powers, cannot approve credit facilities for their relatives. The next higher authority in the delegation of powers must authorize such facilities; and

C. **Loans and Advances to Reals Estate Sector**: When evaluating loan requests related to real estate, NBFCs must verify that borrowers have secured necessary approvals from Government/local authorities, as mandated. To prevent hindrances in the loan approval process, proposals may be sanctioned initially, but disbursements will occur only after the borrower obtains the required clearances from relevant authorities.

(IV) **Miscellaneous Instructions**

i. **Participation in Currency Options**: Non-deposit taking NBFCs can engage in designated currency options exchanges recognized by SEBI as clients, adhering to the Foreign Exchange Department of the Reserve Bank's guidelines. This participation is strictly for hedging their underlying forex exposures. Balance sheets must disclose undertaken transactions as per SEBI's guidelines.

ii. **Interest Rate Futures**: Non-deposit taking NBFCs, as trading members, are allowed to engage in the interest rate futures market on recognized stock exchanges, provided they comply with the guidelines outlined in the '*Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019*,' issued on June 26, 2019, and subsequently amended on February 10, 2022 and further amended on August 8, 2022.

iii. **Ready Forward Contracts in Debt Securities**: Non-deposit taking NBFCs may engage in repo transactions involving corporate debt securities, subject to compliance with the '*Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018,*' issued on July 24, 2018. Additionally, they must adhere to the specified instructions.

iv. **Undertaking of Point of Presence (**"**POP**"**) Services under Pension Fund Regulatory and Development Authority for National Pension System** (**NPS**): NBFCs that adhere to the prescribed CRAR and report a net profit in the preceding financial year may be authorized to engage in PoP services under PFRDA for NPS following registration with PFRDA. Eligible NBFCs providing such services must ensure that NPS subscriptions collected from the public are promptly deposited on the day of collection (T+0 basis, where T signifies the date of receipt of clear funds, whether by cash or any other mode) into the Trustee Bank. Deposits should be made in the Trustee Bank account specifically opened for this purpose as per the regulations established by PFRDA for NPS. NBFCs conducting PoP services are required to strictly adhere to the guidelines outlined by PFRDA. Any contravention of the stipulations mentioned above may result in supervisory action, including, but not limited to, the revocation of permission to offer PoP services.

v. **Licensing as Authorised Dealer-Category II**: To enhance the accessibility and effectiveness of forex services provided to the public for their day-to-day non-trade current account transactions, non-deposit taking NBFC-ICC may qualify for an Authorized Dealer- Category II ("**AD-Cat II**") license, contingent on meeting the subsequent conditions:

A. NBFCs providing these services must maintain a '*minimum investment grade rating*.'

B. NBFCs offering such services must establish a board-approved policy for

1. managing associated risks, including currency risk; and

2. addressing customer grievances arising from these activities.

A monitoring mechanism, conducted at least monthly, must be instituted for these services.

vi. **Appointment of Internal Ombudsman**: NBFCs fulfilling the criteria laid down under the circular on '*Appointment of Internal Ombudsman by Non-Banking Financial Companies*' dated November 15, 2021**,** shall appoint the Internal Ombudsman and adhere to the corresponding guidelines.

D. **Other RBI Directions**

(I) **Reserve Bank of India Know Your Customer** ("**KYC**") **Master Directions, dated February 25, 2016** ("**KYC Directions**"), **as updated on October 17, 2023**

The Department of Banking Regulation, RBI has issued the KYC Directions dated February 25, 2016, as amended from time to time, which are applicable inter alia to all NBFCs for the formulation of a KYC policy duly approved by the board of directors of the entity and ensure compliance with the same. The KYC policy formulated is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entities are required to ensure compliance with the KYC policy of the entity through specifying who constitutes 'senior management' for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity's policies and procedures, including legal and regulatory requirements, implementing a concurrent / internal audit system to verify the compliance with KYC/AML policies and procedures, and the submission of quarterly audit notes and compliance to the audit committee.

(II) **Non-Banking Financial Company Returns** (**Reserve Bank**) **Directions, 2016** ("**NBFC Returns Directions, 2016**")

All NBFCs must establish a reporting system to submit various returns to RBI. A Non-Banking Financial Company - Non-Deposit Taking Systemically Important ("**NBFC-ND-SI or NBFC-ML**") is obligated to submit a quarterly return detailing essential financial parameter, encompassing asset and liability components, profit and loss accounts, exposure to sensitive sectors, etc. This includes filing NBS-7 on prudential norms, multiple returns on asset-liability management addressing concerns such as asset liability mismatches and interest rate risk, a quarterly report on branch information, and the Central Repository of Information on Large Credits ("**CRILC**") quarterly. Additionally, it necessitates submitting all Special Mention Accounts-2 ("**SMA**-2") status on a weekly basis to enable early recognition of financial distress, prompt resolution steps, and equitable recovery for lenders.

(III) **Non-Banking Financial Companies Auditor's Report** (**Reserve Bank**) **Directions, 2016** ("**Auditor Report Directions**")

In addition to the Report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of a non-banking financial company examined by him for every financial year ending on any day on or after the commencement of these Directions, for any NBFC-D, the auditor shall also make a separate report to the Board of Directors of the Company on compliances of quantum of acceptance of public deposits (compliance with Deposit Directions), minimum investment grade credit rating, determination of capital adequacy ratio, prudential norms, liquid assets requirement, submission of returns with RBI, any default in payment of the interest and/or principal amount to Depositors.

(IV) **Accounting Standards and Accounting Policies**

The Ministry of Corporate Affairs has amended the existing Indian Accounting Standards vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same is applicable to the Company from April 1, 2018. RBI has, vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies ("**ARCs**") for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation. The guidelines cover aspects on governance framework, prudential floor and computation of regulatory capital and regulatory ratios.

(V) **Monitoring of Frauds in NBFCs** (**Reserve Bank**) **Directions, 2016** ("**Fraud Directions, 2016**")

As per Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds to RBI and should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. As prescribed, quarterly case-wise reports on frauds outstanding are to be submitted with the regional office of the RBI within 15 days of each quarter. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the Bank and reporting referred to in these directions. If NBFCs do not adhere to the applicable time frame for reporting fraud, they shall become liable for penal action. The Fraud Directions, 2016 classify frauds into the following categories:

i. Misappropriation and criminal breach of trust;

ii. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;

iii. Unauthorised credit facilities extended for reward or for illegal gratification;

iv. Negligence and cash shortages;

v. Cheating and forgery;

vi. Irregularities in foreign exchange transactions; and

vii. Any other type of fraud.

(VI) **Information Technology Framework for the NBFC Sector Directions, 2017 (the "IT Framework Directions**")

The IT Framework Directions have been notified with the view of benchmarking the information technology / information security framework, business continuity planning, disaster recovery management, information technology ("**IT**") audit and other processes to best practices for the NBFC sector. NBFC-SIs are required to comply with the IT Framework Directions by June 30, 2018. Systemically important NBFCs must bolster their information technology and security frameworks as per specified enhancement requirements. They are mandated to establish an Information Technology Strategy Committee and an Information Technology Steering Committee, alongside crafting policies for information technology policy and information security. To counter cyber threats, a cybersecurity policy and a cyber crisis management plan for intrusions must be implemented. Unusual security incidents outlined must be reported to the Reserve Bank of India (RBI) in the designated format. Annual risk assessments are obligatory to evaluate threats and vulnerabilities related to information technology assets. Internal information systems audits are also required to gauge the effectiveness of controls ensuring infrastructure confidentiality, integrity, and availability. Additionally, a Business Continuity Planning policy, sanctioned by the Board of Directors, is mandated for addressing disaster recovery in unforeseen natural or man-made disasters.

(VII) **Reserve Bank Commercial Paper Directions, 2017** ("**Commercial Paper Directions**")

The Commercial Paper Directions regulate the issue of commercial papers. Commercial papers may be issued by companies including NBFCs, provided that any fund-based facility they have availed from banks or financial institutions are classified as standard assets by all banks and financial institutions at the time of their issue. The Commercial Paper Directions determine the form, mode of issuance, rating and documentation procedures for the issue of commercial papers. In terms of the Commercial Paper Directions, commercial papers are issued as promissory notes, and are to be held in dematerialised form. They are issued at a discount to face value, in a minimum denomination of INR 5 lacs or multiples thereof. Issuers, whose total commercial paper issuance in a calendar year is INR1,000 crore or more, must also obtain a credit rating for their commercial papers from at least two credit rating agencies registered with SEBI, and adopt the lower of these ratings. The minimum rating for a commercial paper shall be 'A3'. The directions further provide for secondary market trading in commercial papers, buyback of commercial papers and the obligations of the issuer, the issuing and paying agent and credit rating agencies in the issue of commercial papers.

(VIII) **The Reserve Bank – Integrated Ombudsman Scheme, 2021 (the** "**Ombudsman Scheme**") **dated November 12, 2021**

The RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme for Non-Banking Financial Companies, 2018 with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the 'One Nation One Ombudsman' approach for grievance redressal and has done the same through the Ombudsman Scheme effective from November 12, 2021 with the intent to make the process of redressal of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point.

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of certain services rendered by certain categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. Further, the RBI through its notification on Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021 has established the office of Internal Ombudsman for NBFCs along with its roles and responsibilities.

The Ombudsman Scheme, inter alia, establishes the office of the ombudsman, specifies the procedure for the redressal of grievances and the mechanism for appeals against the awards passed by the ombudsman.

Furthermore, the Integrated Ombudsman Scheme, 2021 (the Scheme) was launched on November 12, 2021, wherein the scheme integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019. The Scheme adopts the 'One Nation One Ombudsman' approach by making the RBI Ombudsman mechanism jurisdiction neutral.

(IX) **Reserve Bank of India** (**Prudential Framework for Resolution of Stressed Assets**) **Circular June 7, 2019.**

Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Circular June 7, 2019, sets out a framework to ensure that there is an early recognition, reporting and time bound resolution of stressed assets. The Stressed Assets Directions apply to (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit Taking Non-Banking Financial Companies (NBFC-ND-SI) and NBFC-Ds. In the event of a default, the said lenders shall recognize the stress in the loan accounts and classify these loan accounts into three categories namely: (i) SMA-0, where the principal and/or interest, whether partly or wholly is overdue between 1-30 days; (ii) SMA-1, where the principal and/or interest, whether partly or wholly is overdue between 31-60 days; and (iii) SMA-2, where the principal and/or interest whether partly or wholly is overdue between 61-90 days. The said lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits ("**CRILC**"), on all borrowers having aggregate exposure of INR 500 lacs and above with them. Once a borrower is reported to be in default by any of the lenders mentioned at (a), (b) and (c) hereinabove, the lenders shall undertake a prima facie review of the borrower account within thirty days from such default ("**Review Period**") to inter alia decide on a resolution strategy, including nature of the Resolution Plan ("**RP**").

During the Review Period for the implementation of an RP, all lenders shall enter into an inter-creditor agreement, which shall among other things provide that any decision agreed by lenders representing 75 per cent by value of total outstanding credit facilities (fund based as well non-fund based) and 60 per cent of lenders by number shall be binding upon all the lenders. In particular, the RPs shall provide for payment not less than the liquidation value due to the dissenting lenders, being the estimated realisable value of the assets of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period.

(X) **Prompt Corrective Action** (**PCA**) **Framework for Non-Banking Financial Companies** (**NBFCs**) dated December 14, 2021

Reserve Bank of India has introduced a Prompt Corrective Action Framework ("**PCA**") for NBFC. The objective of the PCA Framework is to enable Supervisory intervention at an appropriate time and requires the Company to initiate and implement remedial measures in a timely manner, so as to restore its financial health. The PCA Framework is also intended to act as a tool for effective market discipline. The PCA Framework for NBFCs came into effect on October 1, 2022, based on the financial position of the Company on or after March 31, 2022.

(XI) **RBI Guidelines on Digital Lending** ("**Digital Lending Guidelines**")

The RBI issued the '*Guidelines on Digital Lending*' On September 2, 2022 following the '*Recommendations of the Working Group on Digital Lending – Implementation*' issued by the RBI on August 10, 2022. The Digital Lending Guidelines require the regulated entities to adhere to the customer protection and conduct requirements, technology and data requirements along with the prescribed regulatory framework.

i. **Customer Protection and Conduct:** The regulated entities are required to ensure that all loan servicing, repayment and related services are executed directly by the borrower without the involvement of a third-party pool account. Further, all collection of fees and charges shall be paid directly by such regulated entity. Further, all penal interest and charges levied shall be calculated on the outstanding amount of the loan and shall be disclosed upfront on an annualized basis. All regulated entities shall provide the borrower with a standardized Key Fact Statement as prescribed in the Digital Lending Guidelines, populated with the prescribed details. In addition to the above, regulated entities shall appoint a suitable grievance redressal officer to address issues raised by borrowers including digital lending and fin tech-related complaints.

Each borrower's creditworthiness is required to be ascertained in an auditable way, ahead of extending any loan;

ii. **Technology and Data Requirement:** All information collated by the regulated entities shall be on a need-based principle with prior and explicit consent of the borrower. No personal data of any of the borrowers shall be stored except as required for the purpose of carrying out their operations, as necessary. To this effect, regulated entities shall also formulate guidelines to govern data storage, privacy and usage in line with the Digital Lending Guidelines; and

iii. **Regulatory Framework:** Regulated entities are required to comply with reporting requirements to credit information companies along with other prescribed rules and regulations as laid down in the Digital Lending Guidelines.

(XII) **Reserve Bank of India's Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023** ("**DLG in Digital Lending Guidelines**")

The RBI released the Guidelines on Default Loss Guarantee ("**DLG**") which are applicable to DLG arrangements in digital lending operations undertaken by the regulated entities including Non- Banking Financial Companies. The guidelines lay down the eligibility conditions for DLG provider and provide for the structure of DLG arrangements. Further, the guidelines provide for the due diligence requirements in respect of the DLG provider. The guidelines further clarify that the customer protection measures and grievance redressal issues pertaining to DLG arrangements shall be guided by RBI's instructions contained in '*Guidelines on Digital Lending*' dated September 02, 2022, along with other applicable norms.

(XIII) **Guidelines for Appointment of Statutory Central Auditors** ("**SCAs**")**/Statutory Auditors** ("**SAs**") **of Commercial Banks (excluding RRBs), UCBs and NBFCs** (**including HFCs**) **dated April 27, 2021**

The circular puts in place ownership-neutral regulations, ensuring the independence of auditors, avoiding conflict of interest in auditor's appointments, and to improve the quality and standards of audit in RBI regulated entities. The guidelines streamline the procedure for the appointment of Statutory Auditors for Commercial Banks (excluding RRBs), UCBs, and NBFCs (including HFCs) and ensure that appointments are made in a timely, transparent and effective manner.

(XIV) **Reserve Bank of India Circular dated February 03, 2021 on Risk Based Internal Audit for NBFC-D**

As per circular bearing reference Ref. No. DoS. CO. PPG/ SEC.05/11.01.005/ 2020-21 dated February 03, 2021, RBI has mandated the Risk Based Internal Audit Framework ("**RBIAF**") for all Deposit-taking NBFCs, irrespective of the size, before March 31, 2022.

E. **Laws in relation to the recovery of debts**

(I) **Insolvency and Bankruptcy Code, 2016** (**the** "**IB Code**")

The IB Code primarily enables time-bound reorganisation and insolvency resolution of debtors. The primary objectives of the IB Code are:

i. to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms, and individuals in a time bound manner for maximisation of the value of assets of such persons;

ii. to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders, including alteration in the order of priority of payment of Government dues; and

iii. to establish an Insolvency and Bankruptcy Board of India.

The IB Code specifies two different sets of adjudicating authorities to exercise judicial control over the insolvency and liquidation processes:

i. In case of companies, limited liability partnerships and other limited liability entities, National Company Law Tribunals ("**NCLT**") shall act as the adjudicating authority; and appeals therefrom shall lie with the National Company Law Appellate Tribunal ("**NCLAT**").

ii. In case of individuals and partnerships, Debt Recovery Tribunal ("**DRT**") shall act as the adjudicating authority and appeals therefrom shall lie with the Debt Recovery Appellate Tribunal ("**DRAT**").

The Supreme Court of India shall have appellate jurisdiction over NCLAT and DRAT.

The IB Code governs two corporate insolvency processes, i.e. (i) insolvency resolution; and (ii) liquidation:

i. **Insolvency resolution:** Upon a default by a corporate debtor, a creditor or the debtor itself may initiate insolvency resolution proceedings. The IB Code prescribes a timeline of 180 days for the insolvency resolution process, subject to a single extension of 90 days, during which there shall be a moratorium on the institution or continuation of suits against the debtor, or interference with its assets. During such period, the creditors and the debtor will be expected to negotiate and finalise a resolution plan, with the assistance of insolvency resolution professionals to be appointed by a committee of creditors formed for this purpose. Upon approval of such a plan by the adjudicating authority, the same shall become binding upon the creditors and the debtor.

ii. **Liquidation:** In the event that no insolvency resolution is successfully formulated, or if the adjudicating authority so decides, a liquidation process may be initiated against the debtor. A liquidator is appointed, who takes the assets and properties of the debtor in his custody and verifies claims of creditors, selling such assets and properties and distributing the proceeds therefrom to creditors.

The bankruptcy of an individual can be initiated by the debtor, the creditors (either jointly or individually) or by any partner of a partnership firm (where the debtor is a firm), only after the failure of the Insolvency Resolution Process ("**IRP**") or non-implementation of repayment plan. The bankruptcy trustee is responsible for administration of the estate of the bankrupt and for distribution of the proceeds on basis of the priority set out in the Code.

In addition, the IB Code establishes and provides for the functioning of the Insolvency and Bankruptcy Board of India ("**IBBI**") which functions as the regulator for matters pertaining to insolvency and bankruptcy. The IBBI exercises a range of legislative, administrative and quasi-judicial functions, inter alia, in relation to the registration, regulation and monitoring of insolvency professional agencies, insolvency professionals and information utilities; publish information, data, research and studies as may be specified; constitute committees as may be required; and make regulations and guidelines in relation to insolvency and bankruptcy.

While the IB Code does not apply to financial service providers such as the Issuer, Section 227 of the IB Code authorises the Central Government to notify financial service providers or categories of financial service providers for the purpose of their insolvency and liquidation proceedings being conducted under the IB Code. Pursuant to the notification no. S.O. 4139(E) dated November 18, 2019 issued by the Ministry of Corporate Affairs read with Section 227 of the IB Code and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, non-banking financial companies (including housing financial companies) with asset size of at least INR 500,00,00,000 (Indian Rupees Five Hundred Crore) have been notified for the purpose of their insolvency and liquidation proceedings being conducted under the IB Code.

(II) **Recovery of Debts due to Banks and Financial Institutions Act, 1993** ("**Debts Recovery Act**")

The Debts Recovery Act provides for establishment of DRTs for expeditious adjudication and recovery of debts due to a bank or financial institution, or a consortium of banks or financial institutions. The Debts Recovery Act is only applicable to such debts as are for a sum that is greater than INR 1 million, or in the case of particular debts that the Central Government may specify, greater than INR 0.1 million. A DRT established under the Debts Recovery Act exercises jurisdiction over applications from banks and financial institutions for the recovery of debts due to them, and no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher Courts in India in certain circumstances. The Debts Recovery Act also provides for the establishment of DRATs, and any appeal from any order of a DRT lies with a DRAT. Further, the Debts Recovery Act provides for the procedure to be followed in proceedings before a DRT or DRAT.

(III) **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002** (“**Securitisation Act**”)

The Securitisation Act grants certain special rights to banks and financial institutions to enforce their security interests upon non-payment of a secured debt. The Securitisation Act provides that a secured creditor may, in the case of a default in payment of a debt or an instalment thereof, classify the account of the borrower as an NPA, and give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the following rights accrue to the secured creditor:

i. taking possession of the assets constituting the security for the loan, including the right to transfer the assets by way of lease, assignment or sale of the asset;

ii. taking over the management of the business of the borrower, including the right to sell or otherwise dispose of the assets, in case a significant portion of the debtor’s business is held as security;

iii. appointment of a manager to manage the secured assets; and

iv. requiring that any person who has acquired any of the secured assets from the borrower and from whom any money is or may become due to the debtor, to pay the secured creditor instead.

Where a secured creditor seeks to take a secured asset into its possession or sell or transfer the same under the provisions of the Securitisation Act, the secured creditor may make a written request to the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction the secured asset or relevant documents may be situated or found. Upon such request, the Chief Metropolitan Magistrate or District Magistrate may take possession of such assets and/or relevant documents and forward the same to the creditor, using or directing the use of such force as may be necessary. In addition, the secured creditor may file an application before a DRT or a competent court for recovery of balance amounts, if any, and may take any other measures for the recovery of debts.

Further, the Securitisation Act provides for the creation of a central database by the Central Government for recording rights over any property or creation, modification or satisfaction of any security interest thereon. This registry is to be integrated with registration records under various central registrations, including the Companies Act, 2013, the Registration Act, 1908 and the Motor Vehicles Act, 1988. Any registration of transactions for creation, modification or satisfaction of security interest by a creditor or filing of attachment orders shall be deemed to constitute a public notice. Where a security interest or attachment order upon property in favour of a creditor is filed for registration, the claim of such creditor has priority over any subsequent security interest, transfer or attachment order upon the property.

In addition, the Securitisation Act regulates ‘asset reconstruction companies’, which are companies intended to carry on the business of securitisation or asset reconstruction. An asset reconstruction company, upon being registered by the RBI, may acquire the financial assets of a bank or financial institution, whereupon it shall be deemed to become the lender in place of the bank in relation to such financial assets, and all rights of the bank or financial institution in relation to such financial assets shall vest in the asset reconstruction company. For the purposes of asset reconstruction, an asset reconstruction company may inter alia provide for the management of the business of a borrower (including a change in or takeover of its management), sale or lease of the business of a borrower, rescheduling payment of debts, settlement of dues, enforcement or possession of security interests, or conversion of debt of a borrower into shares.

F. **Anti-Money Laundering laws**

(I) **Prevention of Money Laundering Act, 2002** (“**PMLA**”)

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering. The Government, under the PMLA, has issued the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (“**PML Rules**”). The PMLA and PML Rules place various obligations upon banks, financial institutions and other intermediaries in relation to the maintenance of records of all transactions, verification of clients and identification of beneficial owners of clients.

(II) **'Know Your Customer'** ("**KYC**") **Guidelines – Anti Money Laundering Standards** ("**AML**") **'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder'** ("**PMLA Master Circular**")

The RBI has issued the PMLA Master Circular dated July 1, 2015 to ensure that a proper policy framework for the implementation of the PMLA and PML Rules is put into place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of internal reporting for: (i) all cash transactions of value of more than INR10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below INR10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds INR1 million.

Under the PMLA Master Circular, all NBFCs are required to introduce a system of maintaining a proper record of certain transactions, and for the proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further, NBFCs shall exercise on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

G. **Laws in relation to foreign investment and external commercial borrowing**

(I) **Foreign Exchange Management Act, 1999** ("**FEMA**")

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("**FDI**"), FEMA. The government bodies responsible for granting foreign investment approvals are the ministries / departments concerned of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to ministries / departments concerned. Subsequently, the Department of Industrial Policy & Promotion ("**DIPP**") issued the Standard Operating Procedure for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the administrative ministry/department concerned shall act as the competent authority (the "**Competent Authority**") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict, FEMA prevails.

The Consolidated FDI Policy consolidates the policy framework in place as on October 15, 2020. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India (updated from time to time). Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100% FDI/ Non-Resident Indian ("**NRI**") investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

(II) **External Commercial Borrowing**

External Commercial Borrowings are commercial loans raised by eligible resident entities from recognised non-resident entities. ECB transactions are governed by FEMA, and by various regulations, notifications, and RBI circulars, which have been consolidated in the RBI Master Direction on External Commercial Borrowings, Trade Credit, Structured Obligations, dated March 26, 2019 ("**ECB Master Direction**" / "**New ECB framework**"). Under the above Master Direction and New ECB framework, a permitted resident may borrow from a recognised non-resident entity through bank loans; floating / fixed rate notes / bonds / (other than fully and compulsorily convertible instruments; trade credit beyond 3 years; FCCBs: FCEBs and financial Lease. Further plain Vanilla Rupee Denominated Bonds (RDBs) which can be placed privately or listed on exchanges as per host country regulations (only for INR denominated ECBs).

Borrowings through ECB may be raised through one of two options:

(i) Foreign Currency denominated ECB; and

(ii) INR denominated ECBs

ECB may be raised by either automatic route or the approval route. Under the automatic route, ECB cases are examined by the Authorised Dealer Category-I, to whom the RBI has delegated the function of monitoring and approving ECB transactions. In borrowings through the approval route, the prospective borrowers are required to forward requests to the RBI through an authorised dealer. The ECB Master Directions prescribe individual limits of ECB that may be raised by an entity under the automatic route per Fiscal, beyond which, the ECB proposals of such entities shall come under the approval route. RBI vide Notification No. FEMA. 3(R)(3)/2022-RB, dated July 29, 2022, temporarily increased the automatic route limit from USD 750 million to equivalent to USD 1.5 billion or equivalent. This relaxation was available for ECBs raised till December 31, 2022.

H. Labour Law Regulations

We are required to comply with certain labour and industrial laws, which includes Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, amongst others.

I. Tax Legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, the Interstate Goods and Services Tax Act, 2017, various state goods and services tax legislations, the Income Tax Act, the Income Tax Rules, local body taxes in respective states and various applicable GST notifications and circulars.

J. Laws Relating to Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

K. Other Laws

(I) The Digital Personal Data Protection Act, 2023

The DPDP Act, replacing Section 43A of the IT Act, aims to balance individuals' rights to protect personal data with the necessity of processing data for lawful purposes. All data fiduciaries, determining data processing purposes, must provide a clear notice describing the data to be collected and the processing purpose. The Act grants data principals the right to withdraw consent, demand data erasure and correction, and introduces the concept of 'deemed consent' in specific instances. It imposes obligations on data fiduciaries, including implementing measures for compliance, ensuring security safeguards, and reporting breaches to the Data Protection Board. The Act outlines rights and duties for data principals and establishes the Data Protection Board's exclusive jurisdiction over grievances. Non-compliance results in financial penalties per Schedule I of the Act.

(II) Aadhar (Targed Delivery of Financial and Other Subsidies, Benefits and Services) Act (the "Aadhar Act"), 2016 and the rules and regulations made thereunder.

The primary objective of the Aadhaar Act is to facilitate efficient, transparent, and targeted delivery of subsidies, benefits, and services funded from the Consolidated Fund of India to Indian residents. This is achieved through assigning unique identity numbers by the Unique Identification Authority of India (UIDAI), responsible for authentication and enrolment. Enrolling Agencies are appointed for the enrolment process, and requesting entities are designated to authenticate Aadhaar Numbers by submitting demographic or biometric information to the Central Identities Data Repository. The Act also ensures the confidentiality of identity information and authentication records. The Aadhaar (Data Security) Regulations, 2016 (Data Security Regulations) outline measures to secure individuals' information, specifying service providers' obligations in maintaining security and confidentiality.

Similarly, the Aadhaar (Sharing of Information) Regulations, 2016 ("**SI Regulations**") impose restrictions on UIDAI regarding the sharing of biometric information, as well as limitations on sharing, circulating, or publishing Aadhaar numbers.

The Aadhaar (Authentication) Regulations, 2016 ("**Authentication Regulations**") provides an Aadhaar Authentication Framework, which has two kinds and four modes of authentication. Authentication Regulations also makes it mandatory for the requesting entity to obtain the consent of the aadhar number holder. Authentication Regulations list provisions and the entire process for the appointment of Requesting Entities and Authentication Service Agencies along with their roles and responsibilities and code of conduct.

(III) **Information Technology Act, 2000 and the rules made thereunder** ("**IT Act**")

The primary objective behind enacting the IT Act is to confer legal recognition upon electronically conducted transactions. This legislation supports electronic commerce by acknowledging contracts concluded through digital means, safeguarding intermediaries regarding third-party information, and establishing liability for the inadequate protection of sensitive personal data. It introduces mechanisms for authenticating electronic documentation through digital signatures and stipulates civil and criminal liability, including fines and imprisonment, for various offenses. An amendment in 2008 legalized the validity of contracts formed electronically. The IT Act outlines offenses such as unauthorized access to computer systems, unauthorized disclosure of confidential information, and fraud originating from computer applications. It grants the Government of India the authority to intercept, monitor, or decrypt information for the nation's sovereignty, integrity, defense, and security. Additionally, the IT Act empowers the government to formulate rules pertaining to electronic signatures, reasonable security practices, procedures, and sensitive personal data.

Exercising this authority, the Department of Electronics and Information Technology, under the Ministry of Communications & Information Technology, Government of India, promulgated the Use of Electronic Records and Digital Signatures Rules, 2004, Digital Signature (End Entity) Rules, 2015, and Information Technology (Certifying Authorities) Rules, 2000. These rules govern the issuance and creation of digital and electronic signatures, their verification, and the issuance of licenses to issue digital signature certificates.

PROVISIONS OF ARTICLES OF ASSOCIATION

1. Save as reproduced herein the regulations contained in "Table F" in the First Schedule to the Act shall not apply to the Company. Matters for which there is no provision in these Articles but is contained in Table F, the provisions of Table F shall apply only to that extent.

INTERPRETATION

2. Unless the context otherwise requires words and expressions contained in these Articles shall bear the same meaning as in the Act as defined below in force at the date at which the Articles become binding on the Company.

    (i) "The Company" or this Company means UGRO Capital Limited.

    (ii) "The Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force.

    (iii) "AGM" means annual general meeting of the shareholders of the Company.

    (iv) "Articles" means the articles of association of the Company from time to time.

    (v) "Asset-Liability Committee" means the asset liability committee of the Board, constituted in accordance with this Articles.

    (vi) "Audit Committee" means the audit committee of the Board, constituted in accordance with this Articles.

    (vii) "Board" means the board of directors of the Company from time to time comprising each person appointed as a Director.

    (viii) "Board Committees" means each committee of the Board constituted from time to time, including but not limited to, the Audit Committee, the Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Asset - Liability Committee and any other such committee as may be constituted from time to time.

    (ix) "Business day" means a day when the banks are open for business in Mumbai (India), but excluding Saturdays and Sundays.

    (x) "Business plan" means the latest business plan adopted by the Board in accordance with this Articles from time to time.

    (xi) "CEO" means Chief Executive Officer of the Company.

    (xii) "CFO" means Chief Financial Officer of the Company.

    (xiii) "CRO" means Chief Risk Officer of the Company.

    (xiv) "Chairman of the Board" a person appointed pursuant to Paragraph 3.8 from time to time whose responsibilities are to conduct meetings of the Board and to oversee the functioning of the Board.

    (xv) "Code" means the Corporate Governance Code adopted by the Board of Directors in the meeting of the Board held on December 31st, 2017.

    (xvi) "Company Secretary" means the Company secretary of the Company.

    (xvii) "Director" means each member of the Board, appointed as a director and holding such office, from time to time.

    (xviii) "EGM" means extraordinary general meeting of the shareholders of the Company.

(xix) “Employees” means employees of the Company.

(xx) “Financial year” means period commencing from April 1 each year and ending on March 31 the next year or, subject to applicable law, such other period as may be determined by the Board to be the financial year for the Company.

(xxi) “Fully diluted basis” the total number of Shares of the Company assuming that all options, warrants and other securities convertible into or exercisable or exchangeable for Shares (whether or not by their terms then currently convertible, exercisable or exchangeable) have been so converted, exercised or exchanged.

(xxii) “General meeting” an AGM or EGM held in accordance with this Articles, the Act and the Listing Regulations.

(xxiii) “Independent Director” means shall have the meaning ascribed to it under the Act.

(xxiv) “Internal auditor” means Internal Auditor of the Company, appointed in accordance with the Paragraph 7.2 of this Articles and Act.

(xxv) “Key Managerial Personnel” means key managerial personnel of the Company appointed in accordance with Paragraph 5 of this Articles.

(xxvi) “Large Shareholder” any shareholder of the Company holding at least 10% (ten percent) ofthe paid-up share capital of the Company on a Fully Diluted Basis, which securities were either subscribed by that shareholder consequent to an issuance of securities by way of apreferential allotment by the Company or were issued to such shareholder by the Companyas consideration under a scheme of demerger approved by the National Company Law Tribunal directly involving the Company, (whether by itself or together with a "person acting in concert" with it as defined in the Takeover Regulations).

(xxvii) “Listing Regulation” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xxviii) “Management Team” means the Managing Director and the Key Managerial Personnel collectively

(xxix) “Managing Director” means the Managing Director of the Company.

(xxx) “Manual of Authority” means the manual of authority to be adopted in accordance withParagraph 18 of this Articles.

(xxxi) “NBFC” non-banking financial company.

(xxxii) “Nomination and Remuneration Committee” nomination and remuneration committee of the Board, constituted in accordance with this Articles.

(xxxiii) “Promoters” means Promoters of the Company in accordance with the Act and the Listing Regulations.

(xxxiv) “Related Party” means shall have the meaning ascribed to it under the Act.

(xxxv) “Risk Management Committee” risk management committee of the Board, constituted in accordance with this Articles and under the Non-Banking Financial Companies - Corporate

Governance (Reserve Bank) Directions, 2015 or any other direction which may be issued from time to time.

(xxxvi) “SEBI” Securities and Exchange Board of India.

(xxxvii) “Senior Employees” means any Employee having an annual compensation exceeding Rs.1,00,00,000 (Rupees One Crore only).

(xxxviii) “Shares” equity shares of the Company having a face value of Rs.10 (Rupees Ten only) per equity share.

(xxxix) “Stakeholders Relationship Committee” means stakeholder relationship committee of the Board, constituted in accordance with this Articles.

(xl) “Statutory Auditor” means the statutory auditor of the Company, appointed in accordance with Paragraph 7.1 of this Articles and the Act.

(xli) “Takeover Regulations” means SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (v) “Month” means Calendar month.

(xlii) “Votes” means all of the votes which are exercisable (by any person) in connection with the Shares at a General Meeting.

(xliii) “Whole time director” means a Director, other than the Managing Director, in the whole-time employment of the Company.

(xliv) Subject as aforesaid and except where the subject or context otherwise requires words or expressions contained in these regulations shall bear the same meaning as in the Companies Act as in force at the date on which these regulations become binding on the Company.

3. BOARD OF DIRECTORS

3.1 Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do. The property, business and affairs of the Company shall be managed by the Board. The Board shall act in accordance with the Code, the Articles, provisions of the Act and applicable law.

3.2 The Board shall comprise of a maximum of 15 (fifteen) Directors, which would consist of majority of Independent Directors. All the Directors shall be appointed by the shareholders in a manner contemplated under Section 152 and other applicable provisions of the Act.

3.3 The Promoter shall have the right to appoint a nominee director on the Board.

3.4 Each Large Shareholder shall have the right to nominate a representative as nonexecutive director on the Board.

3.5 The CEO of the Company (if any) shall be appointed as a Whole-Time Director on a case by case basis.

3.6 There shall be at least 1 (one) woman Director on the Board.

3.7 At least 1 (one) of the Directors on the Board shall be an Indian national.

3.8 The Chairman of the Board shall be appointed on a case by case basis and shall not have a casting vote.

3.9 Each of the nominee directors appointed by the Large Shareholder shall have the right to bea member of any committees that may be constituted by the Board including but not limitedto the Audit Committee, the Nomination and Remuneration Committee and the Asset-Liability Committee.

3.10 The First directors of the company shall be:
Mr. Ramakant R Chokhani
Mrs. Neelam R Chokhani

3.11 The Board shall appoint the person nominated by Debenture Trustee as a Director of the Company in terms of clause (e) of sub regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.

3.12 Nominee Director

Notwithstanding anything to the contrary contained in the Articles and subject to provision of the Companies Act, the lenders/ regulator(s) of the Company shall have a right to appoint, from time to time, any person as a Director/Director(s) (which Director(s) is hereinafter referred to as "Nominee Director") on the Board of the Company and to remove from such office the person so appointed and to appoint any person in his or her place. The right of the lenders and terms of such appointment will be in accordance with the terms and conditions of the financing documents and right of the regulator(s) and terms of such appointment will be in accordance with the applicable provisions of the extant laws.

4. APPOINTMENT OF INDEPENDENT DIRECTORS

4.1 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. TheBoard shall resolve, subject to the procedures required under the Articles, whether to approve an appointment pursuant to such recommendation.

4.2 Further, an Independent Director who resigns or is removed from the Board shall be replacedby a new Independent Director by the Company at the earliest but not later than 3 (three) months from the date of such vacancy, if the constitution of the Board does not fulfill the criteria of minimum number of independent directors prescribed under the provisions of Listing Regulation, the Act or these Articles.

4.3 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.

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

4.5 The Independent Directors in the meeting referred in Paragraph 4.4 above 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.

4.6 The Independent Directors shall not be entitled to any stock option.

5. APPOINTMENT OF KEY MANAGERIAL PERSONNEL

5.1 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 Articles and the approval of the Board.

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

5.3 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 violative 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 they 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.

5.4 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.

5.5 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 Articles.

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

6. APPOINTMENT OF COMPLIANCE OFFICER

6.1 The Board shall appoint the Company Secretary or any other suitably qualified Employee asthe Compliance Officer of the Company.

6.2 Additionally, the Board shall appoint a suitably qualified Senior Employee of the Company as an Additional Compliance Officer of the Company.

6.3 The Compliance Officer of the Company shall be responsible for:

a) ensuring conformity with the regulatory provisions applicable to the Company in letter and spirit and periodically notifying the shareholders of the Company if any lapse is identified (whether internally or by the Statutory Auditor of the Company);

b) co-ordination with and reporting to SEBI, recognized stock exchange(s) and depositories with respect to compliance with rules, regulations and other directivesof these authorities in a manner as specified from time to time;

c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the Company under applicable SEBI regulations; and

d) monitoring the email address of the grievance redressal division as designated by the Company for the purpose of registering complaints by investors.

6.4 The Additional Compliance Officer of the Company shall be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulationsand policies and procedures including but not limited to directions of the Reserve Bank of India and other concerned statutory and governmental authorities.

7. APPOINTMENT OF STATUTORY AUDITOR AND INTERNAL AUDITOR

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 theinternal 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 Ministryof 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.

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.

8. NOMINATION AND REMUNERATION COMMITTEE

8.1 **Role of Nomination and Remuneration Committee**

The role of the Nomination and Remuneration Committee shall include the following:

(a) formulation and evaluation of the criteria for determining qualifications, positiveattributes and independence of a Director and recommend to the Board a policy relating to, the remuneration of the Directors, Key Managerial Personnel, Senior Employees and other Employees;

(b) formulation of criteria for evaluation of the performance of Independent Directors and the Board;

(c) devising a policy on diversity of the Board;

(d) identifying persons who are qualified to become Directors and who may be appointed to the Management Team in accordance with the criteria laid down by the Nomination and Remuneration Committee, and recommending to the Board their appointment and removal;

(e) whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors; and

(f) formulating any employee stock option plan or sweat equity plan.

8.2 **Constitution of the Nomination and Remuneration Committee**

8.2.1 The Board shall constitute the Nomination and Remuneration Committee which shall comprise of at least 3 (three) non-executive Directors and at least 50% (fiftypercent) of the members shall be Independent Directors. In addition to the requirements specified under the Act and the Articles, matters relating to appointment of Independent Directors and remuneration of Key Managerial Personnel would require the positive vote of a majority of non-Independent Directors.

8.2.2 The chairman of the Nomination and Remuneration Committee shall be an Independent Director elected by the members of the Nomination andRemuneration Committee present at a duly convened committee meeting.

8.2.3 The quorum for a meeting of the Nomination and Remuneration Committee shallrequire the presence of three-fourths of the members of the Nomination and Remuneration Committee. Every resolution of this committee shall require the vote of at least three-fourths of the members of the Nomination and Remuneration Committee present and voting.

8.2.4 The Chairman of the Nomination and Remuneration Committee may be present at the AGM to answer any questions raised by the shareholders; however, it shall be up to the Chairman to decide who shall answer the questions raised byshareholders.

9. STAKEHOLDERS RELATIONSHIP COMMITTEE

9.1 Role of the Stakeholders Relationship Committee

The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the Company, including complaints related to the transfer of Shares, non- receipt of annual report and non-receipt of declared dividends.

9.2 Constitution of the Stakeholders Relationship Committee

9.2.1 The Board shall constitute a Stakeholders Relationship Committee to consider and resolve the matters specified in Paragraph 9.1 above.

9.2.2 The chairman of this Stakeholders Relationship Committee shall be a nonexecutive Director and will be elected by the members of the Stakeholders Relationship Committee present at the meeting; and

9.2.3 The Board shall decide other members of the Stakeholders Relationship Committee in a manner contemplated under the Articles.

10. RISK MANAGEMENT COMMITTEE

10.1 Role of the Risk Management Committee

The Board shall define the role and responsibility of the Risk Management Committee, which shall include, but not be limited to, reviewing/ amending internal policies of the Company and monitoring compliance with such internal policies, and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

10.2 Constitution of the Risk Management Committee

10.2.1 The Board shall constitute a Risk Management Committee which shall comprise ofat least 3 (three) non-executive Directors and at least 50% (fifty percent) of the members of such committee shall be Independent Directors. If a CEO and/ or anyWhole-time Director has been appointed, then the Risk Management Committeemay choose to include such CEO and/ or Whole-time Director as additional members of the Risk Management Committee, on a case by case basis.

10.2.2 The chairman of the Risk Management Committee shall be an Independent Director who will be elected by the members of the Risk Management Committee present at a duly convened committee meeting. The Risk Management Committee may invite the CRO to its meetings and otherwise consult with the CRO as it seesappropriate. The Risk Management Committee may invite other members of theManagement Team of the Company and shall invite each of the Directors appointed by the Large Shareholders, to participate in discussions of the Risk Management Committee.

10.2.3 The quorum for a meeting of the Risk Management Committee shall require the presence of three-fourths of the members of the Risk Management Committee. Every resolution of this committee shall be passed with a vote of at least three- fourths of the members of the Risk Management Committee present and voting.

11. ASSET - LIABILITY COMMITTEE

11.1 **Role of the Asset - Liability Committee:**

11.1.1 The Asset - Liability Committee shall be a decision-making unit responsible for balance sheet planning from a risk-return perspective including the strategic management of interest rate and liquidity risks. The Board shall have to decide on the role of the Asset - Liability Committee, its responsibilities as also the decisions to be taken by it. The business and risk management strategy of the Company shall ensure that the Company operates within the limits/ parameters prescribed by SEBI and the Reserve Bank of India.

11.1.2 Successful implementation of the risk management process shall require strong commitment on the part of the senior management in the Company, to integrate basic operations and strategic decision making with risk management. The Board shall have overall responsibility for management of risks and shall decide the risk management policy of the Company and set limits for liquidity, interest rate and equity price risks.

11.1.3 The Asset - Liability Committee shall be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives.

11.1.4 Within 3 (three) months from the approval of this Articles, the Asset - Liability Committee shall formulate a policy for disbursal of loans including clear and identified guidelines and thresholds for granting of loans, disbursal of such loans (single asset, group exposure, guidelines for acceptance and rejection of proposals), and/or granting of commission to direct sales agents of the Company.

11.1.5 The business issues that the Asset - Liability Committee shall consider, *inter alia,* shall include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for similar services/ products, etc.

11.1.6 Any loan disbursed by the Company (i) exceeding 1% (one percent) of the net worth of the Company (or such enhanced threshold as may be approved by the Board in its annual review, with at least two-thirds of the Directors present voting in favour of such enhancement); or (ii) to a Related Party of the Company or any of the Key Managerial Personnel, shall require the unanimous approval of the Asset - Liability Committee and be subject to the approval of the Board.

11.1.7 In addition to monitoring the risk levels of the Company, the Asset - Liability Committee shall review the results of and progress in implementation of the decisions made in the previous meetings of the committee.

11.1.8 The Asset - Liability Committee shall also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view.

11.1.9 In respect of the funding policy, for instance, its responsibility shall be to decide on source and mix of liabilities or sale of assets. Towards this end, it will have to develop a view onfuture direction of interest rate movements and decide on funding mixes between fixed v/s floating rate funds, wholesale v/s retail deposits, money market v/s capital market funding, domestic v/s foreign currency funding, etc.

11.2 **Constitution of the Asset - Liability Committee:**

11.2.1 The Board shall constitute the Asset-Liability Committee which shall comprise of at least 3 (three) non-executive Directors and at least 50% (fifty percent) of the members shall be Independent Directors. To ensure commitment of the Management Team and timely response to market dynamics, the Managing Director shall be the chairman of the Asset - Liability Committee and the CRO shall be a permanent invitee to the meetings of the Asset-Liability Committee.

11.2.2 The Asset-Liability Committee may invite other members of the Management Team to attend and participate in discussions of the Asset-Liability Committee.

11.2.3 The number of members of the Asset - Liability Committee shall depend on the size of the Company, the business mix and the organizational complexity.

11.2.4 The Asset-Liability Committee may have sub-committees and support groups which shall be constituted by the Asset-Liability Committee.

11.3 **Meetings of the Asset - Liability Committee**

The Board shall have to decide the frequency of holding meetings of the Asset - Liability Committee. The quorum for a meeting of the Asset - Liability Committee shall require the presence of three-fourths of the members of the Asset - Liability Committee. Every resolution of this committee shall be passed with a vote of at least three-fourths of the members of the Asset - Liability Committee in attendance. The chairman of the Asset - Liability Committee will be elected by the members of the Asset - Liability Committee present at a duly convened committee meeting.

12. AUDIT COMMITTEE

12.1 **Role of the Audit Committee**

12.1.1 to ensure that an information system audit of the internal systems and processes of the Company is conducted at least once in 2 (two) years to assess the operational risks faced by the Company;

12.1.2 oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

12.1.3 recommendation for appointment, remuneration and terms of appointment of auditors of

12.1.4 approval of payment to Statutory Auditor and Internal Auditor for any other services rendered by the Statutory Auditor and Internal Auditor, respectively;

12.1.5 reviewing, with the Management Team, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

a) matters required to be included in the director's responsibility statement to be included in the Board's report;

b) changes, if any, in accounting policies and practices and reasons for the same;

c) major accounting entries involving estimates based on the exercise of judgment by the Management Team;

d) significant adjustments made in the financial statements arising out of audit findings;

e) compliance with listing and other legal requirements relating to financial statements;

f) disclosure of any Related Party transactions; and

g) modified opinion(s) in the draft audit report.

12.1.6 reviewing, with the Management Team, the quarterly financial statements before submission to the Board for approval;

12.1.7 reviewing, with the Management Team, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

12.1.8 reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;

12.1.9 approval or any subsequent modification of transactions of the Company with Related Parties;

12.1.10 scrutiny of inter-corporate loans and investments;

12.1.11 valuation of undertakings or assets of the Company, wherever it is necessary;

12.1.12 evaluation of internal financial controls and risk management systems;

12.1.13 reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

12.1.14 reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

12.1.15 discussion with internal auditors of any significant findings and following up there on;

12.1.16 reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

12.1.17 discussion with the Statutory Auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

12.1.18 to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

12.1.19 to review the functioning of the whistle blower mechanism;

12.1.20 approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

12.1.21 to review the IT security/ data integrity/ data security policies and processes of the Company;

12.1.22 carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

12.1.23 the Audit Committee shall mandatorily review the following information:

a) management discussion and analysis of financial condition and results of operations;

b) statement of significant Related Party transactions (as defined by the Audit Committee), submitted by the Management Team;

c) management letters/ letters of internal control weaknesses issued by theStatutory Auditor;

d) internal audit reports relating to internal control weaknesses;

e) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee;

f) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and

g) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice.

12.1.24 The Company shall establish a vigil mechanism for Directors and Employees to report genuine concerns. If any of the members of the Audit Committee have a conflict of interest in a given case, they shall recuse themselves and the other members on the Audit Committee shall deal with the matter in hand.

12.1.25 The vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairman of the Audit Committee in appropriate or exceptional cases. The details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's report.

12.2 **Constitution of the Audit Committee**

12.2.1 The Board shall constitute a qualified and independent Audit Committee which shall have a minimum of 3 (three) Directors with at least two-thirds of the members of the Audit Committee being Independent Directors.

12.2.2 All members of the Audit Committee shall be financially literate1 and at least 2 (two) members shall have accounting or related financial management expertise.

12.2.3 The chairman of the Audit Committee shall be an Independent Director who willbe elected by the members of the Audit Committee present at the committee meeting. The chairman of the Audit Committee shall be present at the AGM to answer queries from the shareholders of the Company.

12.3 **Powers of the Audit Committee**

12.3.1 The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any Employee, obtain outside legal or otherprofessional advice and secure attendance of outsiders with relevant expertise, ifit considers necessary.

12.3.2 The Statutory Auditor and the Key Managerial Personnel shall have a right to beheard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

12.4 **Meetings of the Audit Committee**

12.4.1 The Audit Committee shall meet at least 4 (four) times in a year and not more than 120 (one hundred and twenty) days shall elapse between 2 (two) meetings.

12.4.2 The quorum for an Audit Committee meeting shall either be 3 (three) members or three-fourths of the members of the Audit Committee, whichever is greater, withat least 2 (two) Independent Directors. Every resolution of the Audit Committeeshall be passed with a vote of at least three-fourths of the members of the AuditCommittee in attendance.

13. GRIEVANCE REDRESSAL MECHANISM

13.1 The Company shall ensure that adequate steps are taken for expeditious redressal of investor complaints.

13.2 The Company shall ensure that it is registered on the SCORES platform or suchother electronic platform or system of SEBI as shall be mandated from time totime, in order to handle investor complaints electronically in the manner specified by SEBI.

13.3 The Company shall file with the recognized stock exchange(s) on a quarterly basis, within 21 (twenty one) days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter andthose remaining unresolved at the end of the quarter. The said statement shallbe placed, on a quarterly basis, before the Board.

14. MEETINGS OF THE BOARD

14.1 The Board shall hold regular meetings at the registered office of the Company,or such other location as is agreed by a majority of the Board, at least once in every 3 (three) months, and at least 4 (four) such meetings shall be held in every calendar year. The date of the next Board meeting shall be confirmed at the previous Board meeting. A meeting of the Board may be called by any Director,and the Company Secretary shall, upon requisition by a Director convene the same in accordance with this Paragraph 14.

14.2 The notice for any Board meeting and meeting of any Board Committees shallbe sent to the Directors at least 7 (seven) Days prior to the meeting together with the agenda; provided however, that any Board meeting may be held by providing shorter notice if consent to such Board Meeting is given in writing or by electronic mode by all the Directors entitled to vote at such meeting. Such notice shall also contain all the relevant documents and supporting information for the same.

14.3 A Board meeting may be called at shorter notice to transact urgent business subject to the condition that at least 1 (one) Independent Director shall be present at the meeting and that the decisions taken at such a meeting shall becirculated to all the Directors and shall be final only upon ratification by at leastby 2 (two) Large Shareholder nominee Directors. Further, no business shall betransacted at any Board meeting duly convened and held other than that specified in the agenda.

14.4 The quorum for a meeting of the Board shall require the presence of at least 9(nine) Directors, or a higher number of Directors, as prescribed under the Act,including the presence of at least half of the total nominee directors appointedby the Large Shareholders. However, in the event where at least half of the nominee directors appointed by the Large Shareholders are not able to attend a meeting, then presence of the remaining directors attending such meeting shall form a quorum subject to compliance with the extant provisions on quorum under the applicable laws and a written consent being obtained from such nominee directors who are not able to attend such meeting.

14.5 Each Director (an "**Original Director**") shall be entitled to nominate an alternate director ("**Alternate Director**") in his/ her place and such Alternate Director shall serve in the absence of the Original Director in accordance with the provisions of the Act. No person shall be appointed as an Alternate Director for an Independent Director unless such a person is qualified to be appointed as an Independent Director.

14.6 Any appointment of an individual as an Alternate Director shall be done in accordance with Section 161 of the Act and shall take place as the first item of business at the Board meeting following receipt by the Company of such nomination. Upon the appointment of an Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director (including in relation to meetings of Board Committees) and generally to perform all functions of the Original Director in his absence.

14.7 Subject to the provisions of Paragraph 14.10 below and provisions of the Act, a decision made and/ or a resolution passed at a meeting of the Board shall be valid, only if passed at a validly constituted meeting, and such decisions/ resolutions are approved of by the majority of the Directors present and voting at such meeting of the Board.

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.

14.9 A written resolution circulated in draft along with the necessary papers to all the Directors by email who are then members of the Board or a Board Committee shall be valid and effective only if approved by the requisite majority as prescribed for such matters under the Articles, as if decision on such matters were taken at a duly convened meeting of the Board or Board Committee.

14.10 Notwithstanding anything to the contrary in this Articles, the Board shall not make decisions or undertake any actions in relation to the following matters, unless at least three-fourths of the Directors (present and voting at a duly convened Board meeting) vote in favour of such matter:

a) authorize or make any change in the issued, subscribed or paid-up share capital of the Company;

b) issue any Shares or other securities having structural or legal or preference over or ranking senior to (or *pari passu* with) the Shares with respect to any matter, including without limitation, dividend rights, voting rights or liquidation preference, either as a public offering or private sale or issue of any Shares or other securities of the Company;

c) reorganize the share capital of the Company, by way of fresh issuance of Shares or any securities or by redemption, retirement or repurchase/buyback of any shares or securities;

d) issue of employee stock options or granting of similar benefits;

e) issue convertible debentures or warrants or grant any options over its shares or any stock splits or consolidation of its share capital;

f) make any changes (directly or indirectly) in class rights for Shares or share equivalents;

g) directly or indirectly declare, authorize or pay any dividend or make any distribution in relation to any Shares or share equivalents of the Company;

h) adopt, approve any new business plan in relation to the Company or any part of it or amend the Business Plan, in any material manner;

i) adopt or approve the annual budget in relation to the Company or any partof it or amend the annual budget of the Company;

j) adopt, amend or repeal any provision in the Company's constitutional documents;

k) amend or repeal or authorize any amendment or other action in respect ofthis Articles and/ or the Manual of Authority;

l) amend or repeal or authorize any amendment or other action in relation tothe powers of the members of the Management Team, the terms of the appointment letter of the members of the Management Team, or the appointment or removal of members of the Management Team;

m) enter into derivative contracts of any kind;

n) mergers, demergers, spin-offs, amalgamations, consolidations or any othersimilar form of corporate restructuring of the Company and/or its subsidiary;

o) authorize or incur any financial indebtedness of the Company which is in excess of the limits set from time to time by the Asset Liability Committeewith the approval of the Board;

p) authorize or incur any financial indebtedness of the Company which resultsin the debt/ equity of the Company exceeding 5x levels or such other limitas may be approved by the Board in its review every 2 (two) years, with atleast two-thirds of the Directors present voting in favour of such enhancement;

q) incur any single item of capital or revenue expenditure by the Company (including acquiring a business or asset) greater than Rs.10,00,00,000(Rupees Ten Crores only);

r) authorize or undertake any arrangement for the disposal by the Companyof any assets not in the ordinary course of business;

s) approve the agenda for the General Meeting;

t) give or renew security for, or the guaranteeing of financial indebtedness ofthe Company or any third parties, or creating any encumbrance on the assets of the Company and/ or the subsidiary;

u) divest or sell capital assets (including but not limited to a transfer, surrender, lease or exchange) by the Company, other than inter-se transfers betweenthe Company and its subsidiary, acquisition of assets under business transfer/ slump sale agreements or businesses, creation of joint ventures/partnerships/ subsidiaries, or any other investments or entering into any such combination with any Person;

v) appoint, remove or replace any Statutory Auditor;

w) amend, extend or add to any Key Management Personnel and Senior Employees incentive arrangements;

x) enter into an agreement or arrangement between the Company and (i) anymember of the Company, (ii) Key Managerial Personnel and (iii) any Related Party to any such member or Key Managerial Personnel;

y) incorporate any subsidiary or close down, wind up or liquidate the Company or any subsidiary of the Company;

z) acquire the whole or any part of any other business or undertaking (otherthan the purchase of supplies and stock in the ordinary course of business)or acquire any shares or any option over shares in the capital of any company;

aa) constitute a Board Committee and finalizing the role and responsibilities of such Board Committee including the committees constituted under this Articles;

bb) formulate, adopt or amend the terms of the Manual of Authority or any policy constituted under this Articles;

cc) approve any expense (i) of Key Managerial Personnel and Senior Employees (above an agreed threshold); (ii) of an amount exceeding Rs.10,00,00,000 (Rupees Ten Crores Only); (iii) resulting in a deviation from the annual budget of the Company by more than 10% (ten percent) (or such enhanced deviation as may be approved by the Board in its annual review, with at least two-thirds of the Directors present voting in favour of such enhancement);

dd) make any treasury or other investments by the Company;

ee) withdrawal of authority to members of the Management Team;

ff) make any material change in the nature of the Company's business; (gg) disposal of all or substantially all of the assets of the Company; and(hh) any change to the listing status of the Company's Shares.

However, no Director shall vote on matters specified above, in which such a Director is interested. An interested Director shall mean a Director who in any way, whether by himself or through any of his relatives or any firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, is interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company.

15. SHAREHOLDER MEETING

15.1 The Company shall hold at least 1 (one) General Meeting in any given calendaryear. The AGM shall be held in each calendar year within 6 (six) months following the end of the previous Financial Year of the Company. All General Meetings other than the AGM shall be EGMs. All General Meetings shall be governed bythe Act and the Articles.

15.2 The prior written notice of at least 21 (twenty one) days before the GeneralMeeting shall be given to all shareholders of the Company either in writing or through electronic mode; provided however, that any General Meeting may beheld on shorter notice if consent is given in writing or by electronic mode by notless than 95% (ninety five percent) of the members entitled to vote at such meeting. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such General Meeting. Every notice shall specify the place, date and hour of the General Meeting and shall contain an agenda and accompanying materials with a statement of the business to be transacted thereat and where any such business consists of special business, as defined under the Act, there shall be annexed to the notice an explanatory statement in accordance with Section 102 (statement to be annexed to notice) of the Act. No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice.

15.3 The following matters shall require the approval of two-thirds of the Votes cast in a General Meeting:

(a) all matters in relation to a takeover of a company or acquiring a controlling or substantial stake in another company or purchase of the whole or substantially the whole of the undertaking of another company;

(b) appointment or removal of Independent Directors; and

(c) any matter referred to in Paragraph 14.10 and such other matters as the Board may resolve from time to time that requires the approval of two- thirds of the Votes cast at a General Meeting.

15.4 All special resolution items as per the Act shall require the approval of three- fourths of the Votes cast in a General Meeting.

16. FLOW OF AUTHORITY AND MANAGEMENT TEAM

16.1 In accordance with the Articles and this Articles, the Board may delegate certain powers of management to the Management Team led by the Managing Director.

16.2 The members of the Management Team (other than the Managing Director) shall be appointed and removed by the Managing Director, provided always that the Managing Director shall not appoint any candidate to the role of CFO unless such candidate shall have been approved by the Audit Committee.

16.3 The Nomination and Remuneration Committee shall have oversight over the Management Team.

16.4 The flow of authority with respect to the operations of the Company is set out in Paragraph 18 below.

16.5 The Managing Director shall report to the Board, and all officers of the Company including the other members of the Management Team shall report to the Managing Director.

16.6 The powers of the Managing Director shall be as set out in this Articles(approved by the Board in accordance with the Articles). The Managing Director shall also be held accountable for due compliance of the provisions of this Articles. He shall be held responsible and accountable for any deviations from the provisions of this Articles and the Manual of Authority and any such breaches shall result in the termination of his appointment as Managing Director.

17. ROLES AND RESPONSIBILITY OF THE MANAGEMENT TEAM

17.1 Managing Director

The Managing Director will have primary responsibility for day to day operation of the Company's business and shall report to the Board.

17.2 The CEO (if appointed) shall be responsible for running the day to day functioning of the Company, under the supervision of the Managing Director and the Board.

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 (onceadopted);
(b) financial accounting and reporting;
(c) financial planning and control;
(d) property (i.e. fixed assets of the Company); and
(e) investor relations

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.

17.4 The CRO is responsible for the following functions in relation to the Companyand shall report to the Board:

(a) manage the implementation of all aspects of the risk function, including implementation of processes, tools and systems to identify, assess, measure, manage, monitor and report risks;

(b) provide an annual compliance certificate to the Board regarding the risk management practices, write off policies, credit disbursal mechanisms of the Company;

(c) assist in the development of and manage processes to identify and evaluatebusiness areas' risks and risk and control self-assessments;

(d) manage the process for developing risk policies and procedures, risk limitsand approval authorities;

(e) monitor major and critical risk issues;

(f) manage the process for elevating control risks to more senior levels whenappropriate;

(g) manage the corporate risk and control assessment reporting process as wellas manage and maintain infrastructure elements (e.g. management reporting, including reporting to senior management); and

(h) conduct compliance & risk assessments.

18. AUTHORITY LIMITS OF THE MEMBERS OF THE MANAGEMENT TEAM

The Board will, within 3 (three) months of first adoption of this Articles, seek tofinalize and adopt a Manual of Authority which will specify in detail the mattersin relation to which relevant categories of Employees may be authorized to approve routine decisions in connection with the Company's business. Until such policy and other required policies are approved by the Board, funds of the Company can only be invested with the approval of the Board and into government securities or AAA rated instruments. Until such policy is formulated and approved by the Board, the Company shall only use existing cash in its books for meeting expenses of the Company.

19. GENERAL GUIDELINES AND PRINCIPLES

19.1 The overall financial limits in this Articles and the Manual of Authority will apply in respect to the powers delegated to the Management Team.

19.2 In the event of a contradiction between this Articles and various other internal policies/ manuals/ standard operating procedures, this Articles shall prevail.

19.3 A position holder delegated with authority shall not approve any expenditure or disbursement of loan for his own personal benefit or for the benefit of any Related Party of the Company. If there is any requirement to approve expenses for personal expenditure in connection with the Company's business, such approval should be obtained from higher authority only.

19.4 Authority limits contained in the Manual of Authority are determined in Indian Rupees. Expenditures in any other currency should be converted into Indian Rupees at the appropriate exchange rate as published by the Reserve Bank of India **("RBI")** on its official website to ensure that the correct level of authority is applied to each transaction.

19.5 Any deviation from the approval requirements as set out in this Articles and the Manual of Authority is considered abuse of this Articles and is prohibited. Only the Managing Director can approve deviations up to his authority limit and deviations in excess of such authority limit will have to be approved by the Board.

19.6 A series of transactions that should be reasonably connected with each other because of the nature of the transactions shall be considered as a single transaction for the purpose of determining the approval and authority limits envisaged in this Articles. It is prohibited to split a commitment or transaction into 2 (two) or more parts to fit within the authority limit.

19.7 It is also prohibited to receive services or goods from a supplier, direct selling agents, recruitment agencies or advisors on behalf of the Company or provide such services or goods to a person on behalf of the Company without having the proper authority to do so or complying with the applicable procedures.

19.8 The Board will, within 3 (three) months of first adoption of this Articles, seek to finalize and adopt a Gift and Entertainment Policy which will specify in detail the gifts and entertainment that are prohibited and those that can be given or received, and other record keeping requirements for the Company.

19.9 The Board will, within 1 (one) month of first adoption of this Articles, seek to finalize and adopt a Treasury Operations and Surplus Cash Deployment Policy which will specify in detail the guidelines and policies for the treasury operations and surplus cash deployment of the Company.

19.10 Notwithstanding anything to the contrary in this Articles, the Articles shall be subject to applicable law; and in the event any provision, clause or Paragraph of this Articles is inconsistent with or contravenes applicable law (from time to time), the Board shall take necessary steps to modify or amend the Articles in order to make such provision, clause or Paragraph consistent with applicable law.

20. TEMPORARY DELEGATION OF AUTHORITY

Temporary delegation of authority shall be allowed in circumstances where the delegator is not physically present to sign documentation due to an extended period of absence (for instance duty travel or leave). Notwithstanding the delegation of authority, the delegator will not be absolved from his responsibility. Each delegation of authority must be evidenced in writing. The signatory signing on behalf of others must sign "pp" (post of original signatory). The delegate shall not have the authority to further delegate to a third person (e.g. signatories to whom powers have been delegated cannot delegate such powers to their subordinate staff). In the absence of such signatories, these powers move upward to the superiors of the original signatory.

21. WITHDRAWAL OF AUTHORITY

The Board may withdraw the authority granted to the Managing Director and other members of the Management Team only with the approval of the three- fourth majority of the Board in accordance with this Articles.

22. COMPLIANCE MONITORING

22.1 The Audit Committee shall verify the compliance of this Articles as a part of its regular compliance audits.

22.2 In the event of any occurrence or arising of any matter which is likely to have a material impact on the business or the financial position of the Company, or the Company's ability to perform its obligations under this Articles, such information shall be communicated to all Directors without delay in writing, and no later than 48 (forty eight) hours of the Company becoming aware of its occurrence. Any Director or the Large Shareholders have the right to appoint an advisor to conduct an audit of the Company thereafter, at the cost of the Company. The Company shall support such advisor in its audit.

23. CHANGE MANAGEMENT PROCESS

23.1 This Articles may be updated from time to time in line with the Company's requirements. The Board will be responsible for the maintenance of this Articles. Any request for a change of a particular paragraph of this Articles shall be submitted to the Board and no amendment shall be effective unless approved by the Board in accordance with this Articles.

23.2 The Managing Director will approve any change to the authority matrix set out in this Articles, as long as it is within the authorized limits of the Managing Director to do so. Any further deviations and/ or amendments will require the approval of the Board in the manner set out in this Articles.

23.3 Subject to Paragraph 14.10(cc), changes that do not affect the Managing Director's authority but impacts Employees below the level of the Managing Director are effective once approved by the Managing Director. However, such changes need to be notified to the Board. Changes to the authority of the Managing Director, Board and Board Committees will require the approval of the Board in the manner set out in the Articles.

24. THE COMMON SEAL

The Board shall provide for the safe custody of the seal. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of the Managing Director or of a director and of the secretary or such other person as the Board or of a committee of the Board may appoint for the purpose; and such Managing Director or a director and the secretary or such other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070, Maharashtra, India between 10:00 am to 5:00 pm on any Working Day from the date of the filing of this Draft Prospectus with Stock Exchanges until the Issue closing date.

MATERIAL CONTRACTS

1. Issue Agreement dated December 29, 2023 between our Company and the Lead Manager.

2. Registrar Agreement dated December 29, 2023 between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated December 29, 2023 between our Company and the Debenture Trustee.

4. Agreed form of Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

5. Tripartite Agreement dated March 20, 2019 between our Company, the Registrar to the Issue and CDSL.

6. Tripartite Agreement dated March 20, 2019 between our Company, the Registrar to the Issue and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Original Certificate of Incorporation dated February 10, 1993, issued by Registrar of Companies, Mumbai.

3. Revised Certificate of Incorporation dated September 26, 2018 on change of name from “Chokhani Securities Limited” to “UGRO Capital Limited”.

4. The Certificate of Registration number 13.00325 dated March 11, 1998 and subsequently revised on October 26, 2018 upon change of name of the Company as issued by RBI under Section 45-IA of the RBI Act.

5. Copy of resolution passed at the meeting of the Board of Directors held on May 15, 2023 authorising an issue of non-convertible debentures for an amount aggregating upto 4,000 crores.

6. Copy of resolution passed at the meeting of the Board of Directors approving the overall borrowing limit and security creation limits held on May 15, 2023.

7. Copy of shareholders resolution passed at the Annual General Meeting pursuant to section 180 (1) (c) of the Companies Act, 2013 held on August 08, 2023 approving the overall borrowing limits of the Board of Directors of our Company.

8. Copy of the resolution passed by the Investment and Borrowing Committee dated December 29, 2023 for approving the Issue Size.

9. Copy of the resolution passed by the Investment and Borrowing Committee on December 29, 2023 approving the Draft Prospectus.

10. Copy of resolution appointing company secretary and compliance officer passed by our Board of Directors at its meeting held on October 26, 2023.

11. Credit rating letter dated December 14, 2023 by India Ratings and Research Private Limited assigning a rating of “IND A/Stable” for the Issue with rating rationale and press release dated September 15, 2023.

12. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Manager, Legal Advisor to the Issue, Credit Rating Agency, Bankers to our Company, CARE Analytics and

Advisory Private Limited, Registrar to the Issue and the Debenture Trustee for the NCDs, to include their names in this Draft Prospectus, in their respective capacities.

13. Consent of CARE Analytics & Advisory Private Limited dated December 13, 2023 as the agency issuing the industry report titled "Research Report on NBFCs" dated December 27, 2023 forming part of the Industry Overview chapter.

14. The consent of the Statutory Auditors, namely, M/S Sharp & Tannan Associates, Chartered Accountants dated December 29, 2023, for inclusion of their name as the Statutory Auditors and experts in respect of the report dated October 26, 2023, relating to Unaudited Financial Results included in this Draft Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus.

15. The consent of the Previous Statutory Auditors, namely, M/s. MSKA & Associates, Chartered Accountants dated December 21, 2023, for inclusion of their name as the Previous Statutory Auditor and experts in respect of the Audited Financial Statements for the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023, in respect of their reports dated June 29, 2021, May 24, 2022 and May 15, 2023 respectively, included in this Draft Prospectus. The consent of the Previous Statutory Auditors has not been withdrawn as on the date of this Draft Prospectus.

16. The consent of the Independent Chartered Accountants, namely, Sanjay Rane & Associates LLP, Chartered Accountants dated December 29, 2023, for inclusion of their name as the Independent Chartered Accountants and experts in respect of the statement of tax benefits dated December 29, 2023, included in this Draft Prospectus. The consent of the Independent Chartered Accountants has not been withdrawn as on the date of this Draft Prospectus.

17. Investment Agreement dated April 11, 2023 executed between Danish Sustainable Development Goals Investment Fund K/S, our Company, Poshika Advisory Services LLP, Mr. Sachindra Nath and Poshika Financial Ecosystem Private Limited.

18. The Statement of Tax Benefits issued by Sanjay Rane & Associates LLP, Chartered Accountants dated December 29, 2023.

19. Annual Reports of our Company for the last three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021.

20. Audited Financial Statements of our Company for the year ending March 31, 2023, March 31, 2022 and March 31, 2021.

21. The limited review report dated October 26, 2023 in relation to the six months period ended September 30, 2023 on the Unaudited Financial Results of our Company.

22. In-principle listing approval from NSE by its letter no. [●] dated [●].

23. In-principle listing approval from BSE by its letter no. [●] dated [●].

24. Due Diligence Certificate dated December 29, 2023 from Debenture Trustee to the Issue.

25. Due Diligence Certificate dated [●] filed by the Lead Manager with SEBI.

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Draft Prospectus are true, correct and complete in all material respects, are in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder including the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material information which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus thereto is true, correct, and complete and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of our Company

Sd/- Shachindra Nath *Vice Chairman & Managing Director* DIN: 00510618 Date: December 29, 2023 Place: Mumbai	Sd/- Tabassum Abdulla Inamdar *Independent Director* DIN: 07637013 December 29, 2023 Place: Mumbai:	Sd/- Rajeev Krishnamuralilal Agarwal *Independent Director* DIN: 07984221 Date: December 29, 2023 Place: Mumbai	Sd/- Karnam Sekar *Independent Director* DIN: 0400094 Date: December 29, 2023 Place: Mumbai

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Amit Gupta *Nominee Director* DIN: 02282600 Date: December 29, 2023 Place: Singapore

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Karuppasamy Singam *Independent Director* DIN: 0632212 Date: December 29, 2023 Place: Madurai

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Hemant Bhargava *Independent Director* DIN: 01922717 Date: December 29, 2023 Place: Jaipur

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/-
Manoj Kumar Sehrawat
Nominee Director
DIN: 02224299
Date: December 29, 2023
Place: Singapore

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Deepa Agar Hingorani *Nominee Director* DIN: 00206310 Date: December 29, 2023 Place: Singapore

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Satyananda Mishra *Non-Executive Chairman (Independent Director)* DIN: 01807198 Date: December 29, 2023 Place: France

DECLARATION

We, the directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including all the relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be and other competent authorities in this respect, from time to time have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

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Signed by the Directors of our Company

Sd/- Chetan Kulbhushan Gupta *Nominee Director* DIN: 07704601 Date: December 29, 2023 Place: Dubai

ANNEXURE A- RATING, RATIONALE AND PRESS RELEASE

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Kishore Lodha
Chief Financial Officer
4th Floor, Tower 3, West Wing
Equinox Business Park
LBS Road, Kurla (West)
Mumbai - 400070

December 14, 2023

Dear Sir/Madam,

Re: Rating Letter for non-convertible debenture (NCD) programme of UGRO Capital Limited

India Ratings and Research (Ind-Ra) is pleased to communicate the rating of:

- INR 2000mn Public issue non convertible debentures*: IND A/Stable

*Unutilised

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Abhishek Bhattacharya
Senior Director

India Ratings Affirms UGRO Capital's NCDs at 'IND A'/Stable and CPs at 'IND A1'; Limits Enhanced

Sep 15, 2023 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has affirmed UGRO Capital Limited's (UGRO) debt instruments as follows:

Instrument Type	Date of Issuance	ISIN	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Public issue non-convertible debentures (NCDs)*	-	-	-	-	INR2,000	IND A/Stable	Assigned
NCDs*	-	-	-	-	INR500	IND A/Stable	Assigned
Bank loans	-	-	-	-	INR2,500	IND A/Stable	Assigned
NCDs#	-	-	-	-	INR3,500	IND A/Stable	Affirmed
Bank loans	-	-	-	-	INR9,000	IND A/Stable	Affirmed
Commercial papers (CP)	-	-	-	7 to 365 days	INR2,000	IND A1	Affirmed

* Unutilised, #details in annexure

The ratings reflect UGRO's wide product offerings for micro, small and medium enterprises (MSMEs), along with its geographic and end-segment diversification. Ind-Ra also factors into the ratings UGRO's adequate liquidity and capital base, with a modest leverage ratio and plan to keep augmenting capital buffers to support the growing franchise, along with the presence of marquee investors. The ratings also reflect UGRO's moderate-but-expanding scale and profitability, which are likely to improve in FY24-FY25 as the operational leverage plays out and the seasoning of the book increases with a growing vintage of operations. While seasoning is low, nearly 50% of the assets under management (AUM) has been generated over the 12 months ended March 2023, when the effect of the pandemic was waning.

Key Rating Drivers

Focused on Funding MSMEs; Geographically and Sectorally Diversified: UGRO is a specialised non-banking financial company (NBFC) focused on providing funding across the MSME segment – secured against property as collateral, funding for purchase of machinery, supply chain financing and unsecured business loans. The average ticket size of the products varies from INR0.5 million to 9.5 million with the upper cap being INR50 million for secured products and INR2.5 million for unsecured products. Since coming into existence in 2019, the entity has built AUM of INR67.7 billion even as a large part of this period was impacted by the pandemic. Furthermore, the entity operates out of 98 branches (23 prime and rest for micro enterprises) which are largely present across nine Indian states, while its customers are spread across 24 states with no single state accounting for over 17% of AUM. Furthermore, AUM is diversified across nine key sectors with the largest end-segment constituting 23% of AUM. The agency opines the product, geography and end-segment diversification bodes well for UGRO, given the volatility that the customer segment is known to face through economic cycles.

Enablers in Place to Drive Franchise Expansion: UGRO has invested in technology infrastructure, data analytics, human resources and systems and processes to expand its franchisee over the near-to-medium term. It follows a blend of physical and digital framework for sourcing, underwriting, disbursements and collections. UGRO uses a high-touch model where customers are sourced through its branch network, direct sales agents, anchors for dealer financing, original equipment manufacturers, co-origination partners and a soon-to-be-introduced completely digital channel. The company has developed a platform for lending and monitoring, which has a fully automated workflow and requires limited manual intervention. On the underwriting side, the company uses a data science-based credit decisioning model which underwrites loan proposals using bureau data, banking data and Goods and Services Tax data. Collections largely continue to be through banking and financial instruments.

Targeting Strong Off-Balance Growth; Efficacy of Co-Lending Yet to be Established: UGRO is targeting strong growth in the capital-light off-balance sheet product by increasing its lending under the co-lending and direct assignment along with co-origination segments. These segments together have grown rapidly to 43% of AUM in 1QFY24 from 4% in FY22, even as AUM grew over 2.3x to INR66.8 billion. While being less strenuous on the capital buffers, this growth is providing a steady source of income for UGRO. Ind-Ra opines banks, in particular public sector banks, have become more amenable to take on assets on their balance sheet under the co-lending route as it helps them build a granular book while operational contours are left to the partner to manage. Furthermore, banks get to lend directly to small-ticket customers under these arrangements rather than lending directly to non-banking financial companies. The effectiveness of the model however is yet to be established given low seasoning and credit costs, which need to stabilise over a larger scale. These remain key monitorables and success factors that will determine whether UGRO will be able to further scale up the share of this segment to 50%, even as AUM continue their sharp growth trajectory.

Adequate Capital Buffers: UGRO has built adequate capital buffers post a capital infusion of INR3.4 billion during 1QFY24, resulting in a higher capital base of INR13.4 billion (FYE23: INR9.8 billion; FY22: INR9.7 billion; FY21: INR9.5 billion) with a capital adequacy ratio of 26.6% (20.2%; 33.61%; 65.15%). Furthermore, the leverage ratio (debt/equity) has come down to 2.5x from 3.2x at end-FY23; however, with a sharp build-up in scale, the leverage will gradually increase over the medium term. According to Ind-Ra, given the borrower dynamics in the segment, along with the high credit costs that the segment has been associated with, leverage, on a sustained basis, will be contained within 4.0x while keeping the proportion of lending to the unsecured segment capped at 30% of the overall AUM.

Diversified Funding Mix and Lender Base: UGRO has mobilised funds from 62 financiers, including some of the largest public sector and private sector banks. Term loans from banks, small finance banks, NBFCs and financial institutions stood at 36.4%, 4.5%, 8.4% and 12.6%, respectively, of the total borrowings at end-August

2023, with working capital loans constituting another 2.0%. NCDs and market-linked debentures constituted 15.9% and 4.6%, respectively, with CPs forming 4.4% and external commercial borrowings 11.1%. Given the scale at which UGRO operates, the number of lending relations is adequate, and the liability mix is diversified. UGRO's focus on co-lending with 10 partners also acts as an additional source of fundraising. The agency believes with huge funding requirements to support its growth, UGRO will see a consolidation in its funding mix as it deepens relationships with its existing lenders and an increase in its market presence over the near-to-medium term.

Liquidity Indicator - Adequate: At end-1QFY24, UGRO had a total liquidity of around INR5.9 billion combining unencumbered cash, liquid investments and unutilised bank lines, which cover its debt obligations for five months, without considering any inflows from collections. Furthermore, in the up to one-year bucket, UGRO maintained a surplus on a cumulative basis at end-1QFY24. On a steady-state basis, UGRO aims to keep at least two months of debt payments and operating expenses along with one month of disbursements as on-balance sheet liquidity. UGRO had about INR67.7 billion of AUM, of which, assets worth INR38.6 billion were on-balance sheet assets. The company has co-lending partners to fund borrowers for its offerings. UGRO expects the institutional co-lending model to generate significant opportunities for off-balance sheet assets with regards to liquidity and funding requirements on an ongoing basis.

Modest-but-growing Franchise; Limited Track Record; Asset Quality Seasoning Needs to be Established: UGRO began operations in 2019 and has built AUM of INR66.7 billion since then. While UGRO's portfolio has been growing strongly, the franchise size remains at a medium level. Also, the seasoning in the portfolio is low as nearly 50% of AUM had been generated in the 12 months ended March 2023. This, however, gives comfort that most of the recent generation has been completed at a time when the effect of COVID-19 was waning.

The gross stage 3 for UGRO stood at 1.8% in 1QFY24 (FY23: 1.6%; FY22: 2.3%; FY21: 2.3%) with credit costs of 2.15% (on on-book AUM). However, on one-year lagged basis gross NPA remain elevated at 3.3%. Also, the gross stage 3 provisions coverage stood low at 48% of the on-book AUM in FY23 with total provisions at 1.4% of the AUM. In terms of the restructured portfolio also, the book remains small with an outstanding restructured book of INR0.5 billion (0.8%of the AUM) at end-1QFY24 of which most is secured. However, given the limited seasoning of its business verticals, Ind-Ra believes control over softer bucket migration needs to be actively monitored with the rising scale and will thus be a key monitorable for the agency.

Moderate Profitability; Likely to Improve as Operational Leverage Picks Up: UGRO has been profitable since its first year of operations although the profitability during FY20-FY21 was aided by tax write-backs. The entity was reporting a positive profit before tax even though it was modest with high operating costs. The cost-to-income ratio came in high at 54.9% at end-1QFY24 (FY23: 63.3%; FY22: 71.8%, FY21: 70.8%). Even the operating cost-to-average-asset ratio was high at 5.2%-6.8% over FY21-FY23, thus putting pressure on the profitability. The entity however has made investments in its technology platform and the ground-level infrastructure which will give it the ability to scale up its disbursements by another 40% over the next couple of years with the same infrastructure. This, if achieved, will give the company a big fillip in terms of its return on asset which (1QFY24: 2.2%; FY23:1.1%; FY22: 0.6%, FY21: 1.9%). That being said, Ind-Ra opines UGRO will only be fully able to capitalise on its analytics-based credit model if it can keep its credit costs in check across multiple cycles and product lines.

Rating Sensitivities

Positive: A profitable and a significant expansion of the franchisee while maintaining the asset quality, geographical diversification and adequate liquidity could lead to a positive rating action.

Negative: Funding challenges, dilution in the liquidity profile, deterioration in the asset quality eroding operating buffers and the leverage exceeding 4.0x on a sustained basis, will result in a negative rating action.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on UGRO, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

Company Profile

UGRO (erstwhile Chokhani Securities Limited) was acquired in 2018 by Shachindra Nath (Vice Chairman and Managing Director). UGRO focuses on lending to MSMEs by offering them multiple products with varying tenors and ticket sizes. The company operates through 98 branches (23 prime and 75 micro) across a wide geographic spread. The AUM of the entity (own and managed) stood at INR60.8 billion at FYE23 with the off-book volumes constituting 40% of the overall AUM (split almost evenly between co-lending & direct assignment and co-origination). UGRO is a publicly listed entity on both the National Stock Exchange of India Limited and BSE Limited.

FINANCIAL SUMMARY

Particulars	FY23	FY22
Total assets (INR billion)	43.1	28.5
Total equity (INR billion)	9.8	9.7
Net profit (INR billion)	0.4	0.15
Return on average assets (%)	1.4	0.6
Equity/assets (%)	22.9	33.9
Capital adequacy ratio (%)	20.2	34.37
Gross stage 3 (%)	1.6	2.3
Source: Ind-Ra, UGRO		

Non-Cooperation with previous rating agency

Not applicable

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	24 July 2023	28 April 2023	24 February 2023
Bank loans	Long-term	INR11,500	IND A/Stable	IND A/Stable	IND A/Stable	IND A/Stable
NCDs	Long-term	INR6,000	IND A/Stable	IND A/Stable	IND A/Stable	NA
CP	Short-term	INR 2,000	IND A1	IND A1	IND A1	NA

Annexure

ISIN	Date of Issue	Coupon Rate (%)	Maturity Date	Rated Amount (million)	Rating/Outlook
INE583D07364	6 June 2023	10.25	6 December 2024	INR250	IND A/Stable
			Limit unutilised	INR5,750	
			Total	INR6,000	

Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

Instrument Type	Complexity Indicator
Bank loans	Low
NCDs	Low
CP	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Contact

Primary Analyst
Vivek Singh
Analyst
India Ratings and Research Pvt Ltd
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East,Mumbai - 400051

For queries, please contact: infogrp@indiaratings.co.in

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APPLICABLE CRITERIA

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

DISCLAIMER

ANNEXURE B- DEBENTURE TRUSTEE CONSENT LETTER

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CONSENT LETTER FROM THE DEBENTURE TRUSTEE TO THE ISSUE

Date: 29th December 2023

To,

The Board of Directors
UGRO Capital Limited
Equinox Business Park,
Tower 3, Fourth Floor,
Off BKC, LBS Road,
Kurla, Mumbai,
Maharashtra – 400070

Dear Sir/Ma'am,

Re: Proposed public issue by UGRO Capital Limited ("Company" / "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each ("NCDs") for an amount up to ₹ 10000 lakhs ("Base Issue Size") with an option to retain over subscription up to ₹ 10000 lakhs ("Green Shoe Option"), aggregating to ₹ 20000 lakhs ("Issue").

The Company proposes to file (i) the draft prospectus ("**Draft Prospectus**") to be filed with BSE Limited ("**BSE**") and/or National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**") for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the prospectus ("**Prospectus**" together with Draft Prospectus, the "**Offer Documents**") proposed to filed with Registrar of Companies, Maharashtra at Mumbai ("**RoC**") and submitted to SEBI and the Stock Exchanges in relation to the Issue. NCDs are proposed to be listed on Stock Exchanges.

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue (" Debenture Trustee") and to our name being inserted as the Debenture Trustee to the Issue in (i) the Offer Documents; (ii) the abridged prospectus; and (iii) all related advertisements and communications sent pursuant to the Issue. The following details may, be disclosed:

Name:	MITCON Credentia Trusteeship Services Limited
Registered Address	Kubera Chambers, 1st Floor, Shivajinagar, Pune, Maharashtra - 411005, India
Corporate Address	1402/1403, B wing, Dalamal Tower, 14th Floor, Free Press Journal Marg, 211 Nariman Point, Mumbai 400 021, Maharashtra, India
Tel:	(91) (22) 22828200
Fax:	(91) (22) 22024553
Email:	contact@mitconcredentia.in
Investor Grievance Mail:	investorgrievances@mitconcredentia.in
Website:	www.mitconcredentia.in
Contact Person:	Ms. Vaishali Urkude
SEBI Registration No:	IND000000596
Logo:	MITCON CREDENTIA PARTNER WITH TRUSTED CREDENTIALS
CIN:	U93000PN2018PLC180330

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

We confirm that we are registered with the SEBI as Debenture Trustee and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as

Annexure A and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been debarred from functioning as an intermediary by any regulatory authority, court or tribunal. We further confirm that no enquiry/investigation is presently being conducted by SEBI on us.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company; and (iii) any other information in connection thereto, except as may be required to be disclosed under statutory rules and regulations.

We confirm that we will immediately inform you and the Lead Manager(s) in writing of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This certificate may be relied upon by the Company, the Lead Manager(s) and the legal advisor to the Issue in respect of the Issue.

Yours faithfully,

***For* MITCON Credentia Trusteeship Services Limited**

Y. Limbachiya

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

Name: Yogesh Limbachiya
Designation: AVP & Compliance Officer

Copy to:

JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai,
Maharashtra – 400025,
India

SNG & Partners
Advocates & Solicitors
One Bazar Lane, Bengali Market
New Delhi – 110 001, India

Annexure A

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000280

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED
Kubera Chambers, 1st Floor
Shivajinagar,
Pune-411005, Maharashtra

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000596**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

DINESH JOSHI
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

स्थान Place : **Mumbai**
तारीख Date : **March 17, 2022**

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

MITCON Credentia Trusteeship Services Limited (MCTSL)
Formerly known as MITCON Trusteeship Services Limited | A subsidiary of MITCON Consultancy & Engineering Services Limited | CIN: U93000PN2018PLC180330
Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | +91-22-22828200/ 240 | contact@mitconcredentia.in
Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

Annexure B

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000596
2.	Date of registration/ Renewal of registration	March 17, 2022
3.	Date of expiry of registration	Permanent registration
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	None
6.	Any enquiry/ investigation being conducted by SEBI	None
7.	Period up to which registration/ renewal fees has been paid	Permanent registration – Fees paid on timely basis
8.	Details of any penalty imposed by SEBI	None

MITCON CREDENTIA TRUSTEESHIP SERVICES LIMITED

MITCON Credentia Trusteeship Services Limited (MCTSL)
Formerly known as MITCON Trusteeship Services Limited | A subsidiary of MITCON Consultancy & Engineering Services Limited | CIN: U93000PN2018PLC180330
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Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

ANNEXURE C- FINANCIAL STATEMENTS

Financial Statements
Unaudited Financial Results for the six months period ended September 30, 2023
Audited Financial Statements for the fiscal 2023
Audited Financial Statements for the fiscal 2022
Audited Financial Statements for the fiscal 2021

87 Nariman Bhavan
227 Nariman Point
Mumbai 400 021
India
+91 22 6153 7500; 2202 2224 / 8857
www.sharpandtannan.com

SHARP & TANNAN ASSOCIATES
chartered accountants

Independent Auditor's Review Report on Standalone Unaudited Quarterly and Half Yearly Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF
UGRO Capital Limited

Introduction

1. We have reviewed the accompanying statement of unaudited standalone financial results of UGRO Capital Limited ("the Company") for the quarter and half year ended September 30, 2023 ("the statement"), being submitted by the company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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

Scope of the Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Sharp & Tannan Associates Chartered Accountants
ICAI Regn. No. 109983W

Other Matter

5. The numbers and details pertaining to quarter ended June 30, 2023 and quarter and half year ended September 30, 2022, have been traced from the review reports of the predecessor auditor who has issued an unmodified opinion vide his reports dated August 01, 2023 and November 10, 2022 respectively, in terms of Regulation 33 and 52 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Similarly, the numbers and details pertaining to year ended as at March 31, 2023 and notes related thereto in the statement have been traced from the Financial Statements of the Company audited by the predecessor auditor who has issued an unmodified audit report dated May 15, 2023.

   Our report is not modified in respect of this matter.

For Sharp & Tannan Associates
Chartered Accountants
ICAI Firm Reg. No. 0109983W
By the hand of

Sharp & Tannan Associates
ICAI
Regn. No.
109983W
Chartered Accountants

Tirtharaj Khot
Partner
Membership No. 037457
UDIN: 23037457BGYRNX3963

Place: Mumbai
Date: October 26, 2023

UGRO CAPITAL LIMITED

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

Telephone: +91 22 41821600 E-mail: info@ugrocapital.com Website: www.ugrocapital.com

CIN:L67120MH1993PLC070739

Statement of Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2023

(Rupees in lakh)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		Sep 30, 2023	June 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	March 31, 2023
		Reviewed #	Reviewed	Reviewed #	Reviewed	Reviewed	Audited
1	Revenue from operations						
	(a) Interest income	17,185.69	16,149.85	11,569.53	33,335.54	20,868.08	48,291.34
	(b) Net gain / (loss) on derecognition of financial instruments under amortised cost category	6,481.29	4,383.66	2,835.35	10,864.95	4,881.07	15,407.22
	(c) Net gain on fair value changes	18.12	-	-	18.12	-	-
	(c) Fees and commission income	771.62	793.80	479.26	1,565.42	824.83	1,946.81
2	Other income	906.38	507.59	645.00	1,413.97	1,127.46	2,730.91
3	**Total income (1+2)**	**25,363.10**	**21,834.90**	**15,529.14**	**47,198.00**	**27,701.44**	**68,376.28**
4							
	(a) Finance cost	10,539.63	9,268.68	6,850.57	19,808.31	12,131.25	29,327.40
	(b) Net loss on fair value changes	0.78	0.50	158.09	1.28	158.09	640.11
	(c) Impairment on financial instruments	2,456.22	2,093.12	1,327.24	4,549.34	2,262.66	5,679.99
	(d) Employee benefits expense	4,602.54	3,693.30	3,090.92	8,295.84	6,009.61	14,071.48
	(e) Depreciation, amortisation and impairment	877.49	755.14	475.37	1,632.63	652.40	1,763.74
	(f) Other expenses	2,806.51	2,459.91	1,871.28	5,266.42	3,693.23	8,510.72
	Total expense	**21,283.17**	**18,270.65**	**13,773.47**	**39,553.82**	**24,907.24**	**59,993.44**
5	**Profit before tax (3-4)**	**4,079.93**	**3,564.25**	**1,755.67**	**7,644.18**	**2,794.20**	**8,382.84**
6	Tax expense						
	(a) Current tax	890.42	736.84	476.03	1,627.26	811.75	2,298.62
	(b) Deferred tax	300.24	303.51	752.44	603.75	721.01	1,828.08
	(c) Excess/Short provision of tax of earlier years	-	0.31	-	0.31	-	278.50
	Total tax expense (a+b+c)	**1,190.66**	**1,040.66**	**1,228.47**	**2,231.32**	**1,532.76**	**4,405.20**
7	**Profit for the period (5-6)**	**2,889.27**	**2,523.59**	**527.20**	**5,412.86**	**1,261.44**	**3,977.64**
8	**Other comprehensive income**						
	Items that will not be reclassified to profit and loss						
	Remeasurements of the defined benefit obligations	(19.98)	(7.61)	5.50	(27.59)	11.93	(24.03)
	Income tax relating to items that will not be reclassified to profit and loss	5.81	2.22	(1.60)	8.03	(3.47)	7.00
	Items that will be reclassified to profit and loss						
	The effective portion of gains and (loss) on hedging instrument in a cash flow hedge	472.73	(618.35)	(72.20)	(145.62)	(15.38)	45.33
	Income tax relating to items that will be reclassified to profit and loss	(137.65)	180.06	21.02	42.41	4.47	(13.20)
	Total other comprehensive income (Net of Tax)	**320.91**	**(443.68)**	**(47.28)**	**(122.77)**	**(2.45)**	**15.10**
9	**Total comprehensive income (7+8)**	**3,210.18**	**2,079.91**	**479.92**	**5,290.09**	**1,258.99**	**3,992.74**
10	Paid up equity share capital (Face value of Rs. 10 each)	9,126.03 *	9,119.51*	6,932.11	9,126.03 *	6,932.11	6,932.11
11	**Earnings per share (Face Value of Rs. 10 each)**						
	Basic (in rupees)	3.17	3.06	0.75	6.23	1.79	5.69
	Diluted (in rupees)	3.12	3.04	0.74	6.16	1.77	5.66
		Not annualised	Not annualised	Not annualised	Not annualised	Not annualised	

*** Refer Note no 12, 13 and 14**

 # Refer Note no 15

Notes to the Statement of Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2023

1. Statement of Assets and Liabilities as at September 30, 2023

(Rupees in lakh)

Sr. No.	Particulars	As at September 30, 2023	As at March 31, 2023
		Reviewed	**Audited**
	I. ASSETS		
1	**Financial assets**		
(a)	Cash and cash equivalents	25,426.66	4,014.77
(b)	Bank balances other than cash and cash equivalents above	29,416.38	17,166.14
(c)	Derivative financial instruments	162.33	-
(d)	Loans	4,45,761.77	3,80,636.21
(e)	Investments	5,876.53	6,010.69
(f)	Other financial assets	1,670.89	2,531.23
		5,08,314.56	**4,10,359.04**
2	**Non-financial assets**		
(a)	Current tax assets (net)	210.86	203.78
(b)	Deferred tax assets (net)	1,994.05	2,547.36
(c)	Property, plant and equipment	452.85	379.30
(d)	Non-current assets held for sale	4,722.65	2,194.55
(e)	Right of use assets	3,776.35	3,364.08
(f)	Capital work in progress	0.00	2.82
(g)	Intangible assets under development	71.97	1,431.41
(h)	Other intangible assets	6,743.77	4,741.53
(i)	Other non-financial assets	6,781.72	5,334.81
		24,754.22	**20,199.64**
	TOTAL ASSETS	**5,33,068.78**	**4,30,558.68**
	II. LIABILITIES AND EQUITY		
	LIABILITIES		
1	**Financial liabilities**		
(a)	Derivative financial instruments	-	9.27
(b)	Payables		
	(A) Trade payables		
	(I) total outstanding dues of micro enterprises and small enterprises	-	145.97
	(II) total outstanding dues of creditors other than micro enterprises and small enterprises	152.45	1,168.80
	(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	141.54	96.78
(c)	Debt securities	1,03,644.88	1,14,434.45
(d)	Borrowings (other than debt securities)	2,76,175.78	2,00,459.00
(e)	Other financial liabilities	7,348.89	7,734.85
		3,87,463.54	**3,24,049.12**
2	**Non-financial liabilities**		
(a)	Current tax liabilities (net)	2,588.86	1,567.77
(b)	Provisions	5,274.60	5,776.71
(c)	Other non-financial liabilities	638.63	760.77
		8,502.09	**8,105.25**
	TOTAL LIABILITIES	**3,95,965.63**	**3,32,154.37**
3	**Equity**		
(a)	Equity share capital	9,126.03	6,932.11
(b)	Other equity	1,27,977.12	91,472.20
	TOTAL EQUITY	**1,37,103.15**	**98,404.31**
	TOTAL LIABILITIES AND EQUITY	**5,33,068.78**	**4,30,558.68**

UGRO CAPITAL LIMITED

2. Statement of Cash Flows for the half year ended September 30, 2023

(Rupees in lakh)

Particulars	For the period ended September 30, 2023	For the period ended September 30, 2022
	Reviewed	Reviewed
Cash flow from operating activities :		
Profit before tax	**7,644.18**	**2,794.20**
Adjustments for:		
Interest income on loans	(32,021.59)	(20,394.78)
Cash inflow from interest on loans	30,043.62	19,078.00
Interest income on debt securities	(123.41)	(124.24)
Interest on income tax	(7.39)	-
Employee stock option expense	177.08	81.41
Depreciation, amortisation and impairment	1,632.63	652.40
Impairment on financial instruments	4,549.34	2,262.66
Net gain on sale of financial instruments / fair valuation of financial instruments	(10,883.06)	(4,881.07)
Net loss on fair value changes	1.28	158.09
Finance cost on borrowings	17,378.09	10,298.35
Cash outflow towards finance cost borrowings	(17,268.36)	(8,945.81)
Provision for gratuity net of payment	49.82	32.12
Provision for compensated absences	172.84	126.31
Property, plant and equipment written off	-	-
Interest on other financial assets	(35.06)	(0.28)
Interest on lease liabilities	228.74	268.16
Gain on pre-closure of lease	(20.41)	(42.39)
Operating profit before working capital changes	**1,518.34**	**1,363.13**
Changes in working capital:		
(Increase)/decrease in loans	(59,356.84)	(68,717.59)
(Increase)/decrease in other non-financial assets	(1,446.91)	(1,415.88)
(Increase)/decrease in other financial assets	857.08	(755.58)
(Increase)/decrease in derivative financial assets	(162.33)	(200.31)
Increase/(decrease) in derivative financial liabilities	(9.27)	-
Increase/(decrease) in trade payables	(1,121.35)	22.62
Increase/(decrease) in other non-financial liabilities	(122.14)	131.91
Increase/(decrease) in other financial liabilities	(925.50)	184.59
Increase/(decrease) in provisions	(752.38)	88.13
Cash (used in) operating activities	**(61,521.30)**	**(69,298.98)**
Income taxes paid	(606.17)	(573.85)
Net cash (used in) operating activities (A)	**(62,127.47)**	**(69,872.83)**
Cash flow from investing activities :		
Purchase of property, plant and equipment (including capital work in progress)	(183.73)	(3.09)
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	(12,253.50)	(5,900.76)
Sale/realisation of investments	11,549.84	87.21
Purchase of investments	(11,499.43)	-
Interest received from investments	224.02	224.04
Payments for intangible assets	(1,644.98)	(1,070.38)
Net cash generated from / (used in) investing activities (B)	**(13,807.78)**	**(6,662.98)**
Cash flow from financing activities :		
Proceeds from issuance of equity share capital during the year	33,231.66	-
Payment for purchase of treasury shares	-	(2,495.26)
Share issue expense	-	(5.90)
Principal payment of lease liabilities	(556.38)	(534.05)
Total borrowing and debt securities repaid	(81,781.51)	(51,265.57)
Total borrowing and debt securities availed	1,46,453.37	1,42,202.08
Net cash generated from financing activities (C)	**97,347.14**	**87,901.30**
Net increase /(decrease) in cash and cash equivalents (A)+(B)+(C)	**21,411.89**	**11,365.49**
Cash and cash equivalents as at the beginning of the year	**4,014.77**	**6,574.94**
Cash and cash equivalents as at the end of the year	**25,426.66**	**17,940.43**
Components of cash and cash equivalents:		
Cash on hand		
Balance with banks :		
in current accounts	25,426.66	16,839.95
in Fixed deposits (maturing within a period of three months)	-	1,100.48
TOTAL	**25,426.66**	**17,940.43**

UGRO CAPITAL LIMITED

Notes to the Statement of Unaudited Financial Results for the Quarter and Half year Ended September 30, 2023

3. UGRO Capital Limited ("the Company") is a Non-Deposit taking Non-Banking Financial Company ("NBFC-ND") registered with the Reserve Bank of India ("the RBI") and classified as NBFC-Middle Layer under the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 read with the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 issued by RBI.

4. The above unaudited financial results for the quarter and half year ended September 30, 2023 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on October 26, 2023. The above results have been subjected to limited review by the statutory auditor of the Company.

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

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

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

(Rs. in Lakh)

Type of Borrower	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended September 30, 2023	Of (A), amount written off during the half year ended September 30, 2023	Of (A), amount paid by the borrowers during the half year ended September 30, 2023	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2023*
Personal Loans	-	-	-	-	-
Corporate Persons					
- of which, MSMEs	4,140.95	108.32	-	1,125.01	2,907.62
- Others	-	-	-	-	-
Total	4,140.95	108.32	-	1,125.01	2,907.62

* Total ECL provision for the above loans as on September 30, 2023, is Rs. 290.76 Lakh.

UGRO CAPITAL LIMITED

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

   a. Details of transfer through Assignment in respect of loans not in default during the half year ended September 30, 2023*

Sr.No.	Particulars	To Banks / NBFCs
i.	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	30,727.14
ii.	Aggregate consideration received (Rs. in Lakh)	30,727.14
iii.	Weighted average Maturity of Loans (in years)	6.25
iv.	Weighted average Holding period of Loans (in years)	0.94
v.	Retention of Beneficial economic interest (in %)	12.10%
vi.	Coverage of Tangible security Coverage (in %) **	236.93%
vii.	Rating- wise distribution of rated loans	Non- Rated

Note

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

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

   b. The Company has not acquired loans not in default during the half year ended September 30, 2023, under the said Notification.

   c. The Company has neither transferred nor acquired any stressed loans during the half year ended September 30, 2023, under the said Notification.

   d. The rating wise distribution of Security Receipts (SRs) held by the Company as on September 30, 2023 is given below:

Ratings	Recovery Rating*	Rating Agency	Amount (in INR Lakh)
IVR RR1	100-150%	Infomerics Valuation and Ratings Private Limited	910.36
IVR RR2	75-100%	Infomerics Valuation and Ratings Private Limited	804.99

*It indicates the present value of expected recoveries in the specified range of the face value of outstanding SRs.

9. During the half year ended September 30, 2023, the Company has transferred loans amounting to Rs. 81,812.03 lakh through Co-lending arrangements to the respective participating banks under circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21, dated November 05, 2020 pertaining to Co-Lending by Banks and NBFCs to Priority Sector which are akin to Direct assignment transaction.

10. All secured Non-Convertible Debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on receivables to the extent as stated in the respective offer document.

UGRO CAPITAL LIMITED

term sheet and debenture trust deed (together referred to as "transaction documents"). Further the Company has maintained asset cover as stated in the transaction documents which is sufficient to discharge the principal amount at all times for the said NCDs.

11. An Employee Benefit Trust viz. "UGRO Employee Benefit Trust" ("Trust") has been constituted pursuant to the "UGRO Capital Employee Stock Option Scheme-2022" ("the Scheme"), who holds the shares of the Company for the purpose of extending benefits of the Scheme to the Employees. The Trust is responsible for the purchase of shares of the Company from the secondary market for the purpose of this scheme. The Trust is treated as an extension of the Company, hence the shares held by the Trust are treated as treasury shares. Own equity instruments so reacquired (treasury shares) are recognised at face value and deducted from Equity Share Capital to the tune of Rs. 123.83 lakh. The amount received in excess of the face value is deducted from the Securities Premium Account. During the half year ended September 30, 2023, there has been no secondary market acquisition by the trust.

12. During the half year ended September 30, 2023, the Company has issued and allotted total 89,743 equity shares of face value of Rs. 10 per share at a premium of Rs. 120 per share pursuant to the exercise of options by the employees of the Company under the CSL Employee Stock Option Scheme 2017.

13. The Company had successfully raised equity share capital through Qualified Institutions Placement (QIP) in April 2023. The issue opened on April 10, 2023, closed on April 13, 2023, and Rs. 10,049.21 lakh was raised in lieu of the same. The Company issued and allotted 66,11,325 equity shares (face value of Rs. 10 per share) at a premium of Rs. 142 per share. These shares were allotted on April 13, 2023.

14. The Company had also successfully raised equity share capital through Preferential Issue to the tune of Rs. 24,000 lakh from Danish Sustainable Development Goals Investment Fund K/S represented by Investment Fund for Developing Countries. The said issue had been approved by the Board on April 11, 2023, and the shareholders through postal ballot on May 11, 2023. The Company issued and allotted 1,52,38,095 equity shares (face value of Rs. 10 per share) at a premium of Rs. 147.50 per share. These shares were allotted on May 17, 2023.

15. The figures for the quarter ended September 30, 2023, and September 30, 2022 are the balancing figures between reviewed figures in respect of the half year ended September 30, 2023 and September 30, 2022 and the reviewed figures for the quarter ended June 30, 2023 and June 30, 2022 respectively.

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

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

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

Shachindra Nath
Vice Chairman & Managing Director
DIN: 00510618
Mumbai
October 26, 2023

UGRO CAPITAL LIMITED

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at and for the half year ended September 30, 2023:

Sr. No	Particulars	Ratios
1	Debt - Equity Ratio [1]	2.77
2	Debt Service Coverage Ratio [2]	Not Applicable
3	Interest Service Coverage Ratio [2]	Not Applicable
4	Outstanding redeemable preference shares (quantity and value)	Nil
5	Capital redemption reserve (Rs. in Lakh) [3]	Not Applicable
6	Debenture redemption reserve (Rs. in Lakh) [3]	Not Applicable
7	Net worth [4] (Rs. in Lakh)	1,37,103.15
8	Net profit after Tax (Rs. in Lakh)	5,412.86
9	Current ratio [2]	Not Applicable
10	Long term debt to working capital [2]	Not Applicable
11	Bad debts to Account receivable ratio [2]	Not Applicable
12	Current liability ratio [2]	Not Applicable
13	Total debts to total assets [5]	0.71
14	Debtors turnover [2]	Not Applicable
15	Inventory turnover [2]	Not Applicable
16	Operating margin (%)[2]	Not Applicable
17	Net profit margin (%) [6]	11.47%
18	Sector specific equivalent ratios	
	a. Gross Stage 3 [7]	2.85%
	b. Net Stage 3 [8]	1.52%
	c. Capital to risk-weighted assets [9]	24.84%

UGRO CAPITAL LIMITED

Notes –

1. Debt - Equity Ratio = (Debt securities + Borrowings (other than debt securities)) / Total Equity.
2. The above-mentioned ratios are not relevant as the company is engaged in financing activities.
3. Capital redemption Reserve / Debenture redemption reserve is not required in respect of privately/publicly placed debentures in terms of Rule 18(7)(b)(iii) of Companies (Share Capital and Debentures) Rules, 2014.
4. Net worth = Equity Share Capital + Other Equity
5. Total debts to total assets = (Debt securities + Borrowings (other than debt securities)) / Total Assets
6. Net profit margin = Net profit after tax / total income
7. Gross Stage 3 = Gross Stage 3 Loans Exposure at Default (EAD) / Gross Total Loans EAD
8. Net Stage 3 = (Gross Stage 3 Loans EAD - Impairment loss allowance for Stage 3) / (Gross Total Loans EAD - Impairment loss allowance)
9. Capital to risk-weighted assets is calculated as per the RBI guidelines.

UGRO CAPITAL LIMITED

MSKA & Associates
Chartered Accountants

HO
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INDEPENDENT AUDITOR'S REPORT

To the Members of **UGRO Capital Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UGRO Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1.	**Impairment of loans including Expected Credit Losses** Total Loans as at March 31, 2023: Rs 3806.36 crores (net of ECL) Impairment Provision as at March 31, 2023: Rs. 87.99 crores (Refer Note 6 of the Ind AS financial statements) Ind AS 109 requires the Company to provide for impairment of its financial	In view of the significance of the matter, our audit procedures performed included and not limited to the following: Process understanding and Test of Controls: 1. Read the Company's Board approved ECL Policy and accounting policies for estimation of expected credit loss on financial assets as explained in Note 1 Para (20.4) 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").

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	assets using the expected credit loss (ECL) approach. The Company has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model. ECL model involves an estimation of probability of loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the loans and advances. In the process, a significant degree of judgement has been applied by the Management of the Company including but not limited to the following matters: a) Grouping of loan portfolio under various categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics; b) Estimation of losses in respect of groups of loans which had no/ minimal defaults in the past; c) Staging of loans and estimation of behavioural life; d) Models developed by the Company that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD). Since the impairment of loans including ECL requires a significant level of estimation and given its significance to the overall audit , we have ascertained impairment of loans including ECL as a key audit matter.	2. 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. Test of details: 3. Performed, on test check basis, procedures for testing of ECL model and computation of ECL amount including and not limited to the following: a. Evaluated underlying data related to estimates and judgements used for developing ECL models. b. Verified that PD is computed as per the internally developed model, which is a dynamic evaluation based on repayment history, corporate ratings, specific market estimates as applicable to the respective portfolio segments from time to time. Loss Given Default (LGD) is as per the Foundational-Internal Rating Based (F-IRB) approach and an internal model which factors post default recovery rates and collateral value in case of secured loans. c. Verified whether appropriate staging of assets have been performed basis their days past due. Ensured the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default ("PD") and loss given default ("LGD") rates. d. Verified the impairment provision for Stage 3 exposures considering the Management's estimate of future cash flows for those exposures and checked the resultant provision. e. Verified the adequacy of the adjustment including Management's assessment of additional provision on stressed loan. f. Verified the ECL provision on restructured cases pursuant to the RBI circular on a sample basis. g. Verified the computation of ECL by using PD and LGD and other qualitative factors to ensure arithmetical accuracy.

MSKA & ASSOCIATES * Chartered Accountants *

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		h. Verified the impairment provision under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning norms (IRACP) (including standard asset provisioning) to determine the need to create an Impairment Reserve. i. Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. j. Assessed the adequacy and appropriateness of the presentation and disclosures in compliance with the applicable Ind AS.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 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 - Refer Note 40 of the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 58 (p) to the financial statements;

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

      iv.

         A. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in Note 71(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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B. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in Note 71(b) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

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

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable during the year.

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

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVA6117

MSKA & ASSOCIATES Chartered Accountants

Mumbai
May 15, 2023

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2023

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

i.

(a)

A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

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

(b) Property, Plant and Equipment and right of use assets have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(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. However, the Company has repossessed properties under the Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Arbitration and Conciliation Act, 1996 from the borrowers who have defaulted their loan repayments. Such properties are acquired to recover the loans from the borrower and accordingly disclosed as non-current assets held for sale. Refer Note 12 of the financial statements.

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

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

ii.

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

(b) During the year the Company has been sanctioned working capital limits in excess of Rupees Five crores in aggregate from Banks/financial institutions on the basis of security of loans. Quarterly returns/ statements filed with such Banks/ financial institutions are in agreement with the unaudited books of account.

iii.

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

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

(c) The Company, being a Non-Banking Financial Company, is registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments schedules are stipulated

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basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of the amount, due date for repayment or receipt and extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid/paid when they were due or were repaid/ paid with a delay, in the normal course of lending business. - Refer Note 51(a) C to the financial statements.

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

No. of Cases*	Total overdue (Rs. In Lakhs)	Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest)
909	9,569.05	Yes#

* Amount overdue classified under stage 3 - Refer Note 51(a) C to the financial statements.
# The Company has taken all reasonable steps including legal actions to ensure recovery of the principal and interest.

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

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

iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security 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 nor 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. 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, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, cess or other statutory dues which have not been deposited on account of any dispute. Refer Note 40(a) to the financial statements.

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

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ix.

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

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

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

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

(e) The Company does not have any subsidiary, associate, or joint venture. Hence reporting under the clause (ix)(e) of the order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate, or joint venture. Hence, reporting under the clause 3(ix)(f) of the order is not applicable to the Company.

x.

(a) In our opinion and according to the information explanation given to us, money raised by way of initial public offer or further public offer (including debt instruments) during the year have been applied for the purpose for which they were raised.

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

xi.

(a) Based on our 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 report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statements for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

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

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

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xiv.

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

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

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

xvi.

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

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

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

(d) The Company does not have any Group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016). Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.

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

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

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.

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

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

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVA6117

MSKA & ASSOCIATES Chartered Accountants

Mumbai
May 15, 2023

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of UGRO Capital Limited on the Financial Statements for the year ended March 31, 2023]

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

Opinion

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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Meaning of Internal Financial Controls With reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls With reference to financial statements

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

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

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVA6117

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Mumbai
May 15, 2023

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UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2023

(Rupees in lakh)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	4,014.77	6,574.94
Bank balances other than cash and cash equivalents above	4	17,166.14	12,260.25
Derivative financial instruments	5	-	22.29
Loans	6	3,80,636.21	2,45,111.74
Investments	7	6,010.69	6,943.99
Other financial assets	8	2,531.23	789.62
		4,10,359.04	**2,71,702.83**
Non-financial assets			
Current tax assets (net)	9	203.78	164.23
Deferred tax assets (net)	10	2,547.36	4,381.63
Property, plant and equipment	11	379.30	430.43
Non-current assets held for sale	12	2,194.55	-
Right of use assets	13	3,364.08	2,538.28
Capital work in progress	14	2.82	20.25
Intangible assets under development	15	1,431.41	568.54
Other intangible assets	16	4,741.53	2,602.04
Other non-financial assets	17	5,334.81	3,081.83
		20,199.64	**13,787.23**
TOTAL ASSETS		**4,30,558.68**	**2,85,490.06**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	18	9.27	-
Payables	19		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		145.97	0.08
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		1,168.80	666.93
(B) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises		-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		96.78	42.21
Debt securities	20	1,14,434.45	70,441.43
Borrowings (other than debt securities)	21	2,00,459.00	1,09,783.21
Other financial liabilities	22	7,734.85	4,722.36
		3,24,049.12	**1,85,656.22**
Non-financial liabilities			
Current tax liabilities (net)	23	1,567.77	126.07
Provisions	24	5,776.71	2,687.22
Other non-financial liabilities	25	760.77	364.23
		8,105.25	**3,177.52**
TOTAL LIABILITIES		**3,32,154.37**	**1,88,833.74**
Equity			
Equity share capital	26	6,932.11	7,055.94
Other equity	27	91,472.20	89,600.38
TOTAL EQUITY		**98,404.31**	**96,656.32**
TOTAL LIABILITIES AND EQUITY		**4,30,558.68**	**2,85,490.06**

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

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

Swapnil Kale
Partner

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2023

(Rupees in lakh)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
Interest income	28	48,291.34	27,207.62
Net gain on derecognition of financial instruments under amortised cost category	29	15,407.22	2,693.46
Net gain on fair value changes	30	-	49.46
Fees and commission income	31	1,946.81	680.35
Total revenue from operations		**65,645.37**	**30,630.89**
Other Income	32	2,730.91	580.32
Total income		**68,376.28**	**31,211.21**
Expenses			
Finance costs	33	29,327.40	13,725.68
Net loss on fair value changes	34	640.11	15.79
Impairment on financial instruments	35	5,679.99	2,941.54
Employee benefits expenses	36	14,071.48	7,289.06
Depreciation, amortization and impairment	37	1,763.74	1,233.26
Other expenses	38	8,510.72	3,988.10
Total expenses		**59,993.44**	**29,193.43**
Profit before exceptional items and tax		**8,382.84**	**2,017.78**
Exceptional items		-	-
Profit before tax		**8,382.84**	**2,017.78**
Tax Expense:			
(1) Current tax:			
-Tax as per minimum alternate tax		2,298.62	660.90
(2) Deferred tax benefit (Net)		1,828.08	(98.18)
(3) Excess/ short provision of tax of earlier years		278.50	-
Total tax expenses		**4,405.20**	**562.72**
Profit for the year (A)		**3,977.64**	**1,455.06**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
- Remeasurements of the defined benefit obligations		(24.03)	25.67
- Income tax relating to items that will not be reclassified to profit and loss		7.00	(7.47)
Subtotal (B)		**(17.03)**	**18.20**
Items that will be reclassified to profit and loss:			
- The effective portion of gains and loss on hedging instrument in a cash flow hedge		45.33	9.00
- Income tax relating to items that will be reclassified to profit and loss		(13.20)	(2.62)
Subtotal (C)		**32.13**	**6.38**
Other comprehensive income for the year (net of tax) (D) = (B) + (C)		**15.10**	**24.58**
Total comprehensive income for the year (E)= (A) + (D)		**3,992.74**	**1,479.64**
Earnings per equity share of face value of Rs.10 each	39		
Basic (Rs.)		**5.69**	**2.06**
Diluted (Rs.)		**5.66**	**2.05**

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

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

Swapnil Kale
Partner

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Cash Flow Statement for the year ended March 31, 2023

(Rupees in lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities :		
Profit before tax	**8,382.84**	**2,017.78**
Adjustments for:		
Interest income on loans	(46,850.12)	(26,129.70)
Cash inflow from interest on loans	44,700.75	24,227.62
Interest income on debt securities	(248.42)	(214.29)
Interest on income tax	(6.29)	-
Employee stock option expense	256.41	(107.15)
Depreciation, amortisation and impairment	1,763.74	1,233.26
Impairment on financial instruments	5,679.99	2,941.54
Net gain on sale of financial instruments / fair valuation of financial instruments	(15,407.22)	(2,742.92)
Net loss on fair value changes	640.11	15.79
Finance cost on borrowings	25,257.97	11,066.91
Cash outflow towards finance costs	(21,763.21)	(10,116.46)
Provision for gratuity (net of payment)	64.15	38.19
Provision for compensated absences	316.58	116.66
Property, plant and equipment written-off	7.17	-
Operating profit before working capital changes	**2,794.45**	**2,347.23**
Changes in working capital:		
(Increase)/decrease in loans	(1,25,753.63)	(1,15,181.26)
(Increase)/decrease in other non-financial assets	(2,252.98)	(1,987.92)
(Increase)/decrease in other financial assets	(1,830.23)	(111.91)
(Increase)/decrease in derivative financial assets	22.29	(22.29)
Increase/(decrease) in derivative financial liabilities	9.27	-
Increase/(decrease) in trade payables	702.33	383.61
Increase/(decrease) in other non-financial liabilities	396.54	226.59
Increase/(decrease) in other financial liabilities	2,353.10	1,086.35
Increase/(decrease) in provisions	2,684.74	1,618.35
Cash (used in) operating activities	**(1,20,874.12)**	**(1,11,641.25)**
Income taxes paid	(1,168.70)	(843.21)
Net cash (used in) operating activities (A)	**(1,22,042.82)**	**(1,12,484.46)**
Cash flow from investing activities :		
Purchase of property, plant and equipment (including capital work in progress)	(133.36)	(154.09)
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	(4,906.08)	6,975.88
Sale/realisation of investments	259.08	4,327.30
Purchase of investments	-	(5,610.75)
Interest received from investments	282.54	109.33
Payments for intangible assets	(3,956.38)	(1,300.32)
Net cash generated from / (used in) investing activities (B)	**(8,454.20)**	**4,347.35**
Cash flow from financing activities :		
Proceeds from issuance of equity share capital during the year	-	40.00
Payment for purchase of treasury shares	(2,495.26)	-
Share issue expense	(5.90)	-
Principal payment of lease liabilities	(781.38)	(407.19)
Total borrowings and debt securities repaid	(1,26,315.31)	(65,300.15)
Total borrowings and debt securities availed	2,57,534.70	1,68,013.84
Net cash generated from financing activities (C)	**1,27,936.85**	**1,02,346.50**

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UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2023

A. Equity Share Capital (Refer Note 26)

As at March 31, 2023

(Rupees in lakh)

Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year*	Balance as at the end of the year
7,055.94	-	7,055.94	(123.83)	6,932.11

*Treasury shares issued during the year - refer note 26

As at March 31, 2022

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

B. Other equity (Refer Note 27)

As at March 31, 2023

(Rupees in lakh)

Particulars		Reserves & Surplus								
	Statutory reserve u/s 45-IC*	Capital Reserve	Securities Premium	Retained Earnings	Employee stock options scheme outstanding	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Total
Balance at the beginning of the current reporting period	2,401.48	1,046.00	77,723.91	7,975.75	446.86	-	-	6.38	-	89,600.38
Total Other Comprehensive Income for the current year	-	-	-	(17.03)	-	-	-	32.13	-	15.10
Transfer to retained earnings	-	-	-	3,977.64	-	-	-	-	-	3,977.64
Transfer to Reserve Fund u/s 45-IC of the Reserve Bank of India Act, 1934	795.53	-	-	(795.53)	-	-	-	-	-	-
Share based payment for the year	-	-	-	-	256.41	-	-	-	-	256.41
Premium on ESOP exercised during the year	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings on allotment of shares pursuant to ESOP Scheme	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings on lapse of vested options pursuant to ESOP Scheme	-	-	-	219.65	(219.65)	-	-	-	-	-
Share issue expenses on treasury shares	-	-	-	(5.90)	-	-	-	-	-	(5.90)
Premium on treasury shares	-	-	(2,371.43)	-	-	-	-	-	-	(2,371.43)
Balance at the end of the current reporting period	**3,197.01**	**1,046.00**	**75,352.48**	**11,354.58**	**483.62**	-	-	**38.51**	-	**91,472.20**

UGRO CAPITAL LIMITED

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UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Cash Flow Statement for the year ended March 31, 2023

(Rupees in lakh)

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Net increase /(decrease) in cash and cash equivalents (A)+(B)+(C)	**(2,560.17)**	**(5,790.61)**
Cash and cash equivalents as at the beginning of the year	**6,574.94**	**12,365.55**
Cash and cash equivalents as at the end of the year (Refer Note 3)	**4,014.77**	**6,574.94**
Components of cash and cash equivalents:		
Cash on hand	-	-
Balance with banks :		
in current accounts	4,014.77	6,174.61
in Fixed deposits (maturing within a period of three months)	-	400.33
TOTAL	**4,014.77**	**6,574.94**

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

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

Swapnil Kale
Partner

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Shachindra Nath
Vice Chairman &
Managing Director

DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended March 31, 2023

B. Other equity (Refer Note 27)
As at March 31, 2022

(Rupees in lakh)

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

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

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

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

Swapnil Kale
Partner
Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Shachindra Nath
Vice Chairman & Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Independent Director & Chairman - Audit Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

1. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13,2020.

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

(2) Basis of preparation

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

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

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

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

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UGRO CAPITAL LIMITED

(3) Application of new and revised Ind AS

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

(4) Presentation of financial statements

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

(5) Functional and presentation currency

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

(6) Use of estimates and judgements

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

(7) Property, plant and equipment (PPE)

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost thereof can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits/ functioning capability from/ of such assets. Advances paid towards acquisition of property, plant and equipment, outstanding at each balance

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UGRO CAPITAL LIMITED

sheet date is classified as capital advances under other non-financial assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress.

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

Estimated useful life of assets is as below:

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

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

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

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

(8) Intangible assets

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

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

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

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The estimated useful life of Softwares is considered as 5 years.

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

(9) Impairment of tangible and intangible assets

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

(10) Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Net gain or loss on 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 on fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses", in the statement of profit and loss.

(v) Advisory Fees and Other Income:
Advisory fees and Other Income are recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur. The Company recognises such revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

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

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UGRO CAPITAL LIMITED

(11) Leases

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

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

Company as a lessee

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

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

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

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

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

Finance Lease

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

As a lessor

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

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UGRO CAPITAL LIMITED

(12) Taxation

Income tax expense represents the sum of the tax currently payable, deferred tax and any excess/ short provision of earlier years.

(12.1) Current tax

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

(12.2) Deferred tax

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

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

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

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

(12.3) Current and deferred tax for the year

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

(12.4) Minimum alternate tax (MAT)

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

(13) Employee Benefits

(13.1) Retirement benefit costs and termination benefits

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

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The state governed Provident Fund Scheme, Employee State Insurance Scheme and National Pension Scheme (NPS) are defined contribution plans.

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

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and

- re-measurement

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

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

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

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

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

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

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

(13.3) Compensatory Payments (Loss of Earned Bonus)

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

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(13.4) Share based payments

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

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

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

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

(14) Finance costs

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

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

(15) Provisions, contingent liabilities and contingent assets

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

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

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

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

(16) Commitments

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

(17) Foreign Currencies

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

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

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

(18) Cash and cash equivalents

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

(19) Segment reporting

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

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(20) Financial Instruments

(20.1) Recognition of financial instruments

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

(20.2) Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

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

(20.3) Classification and subsequent measurement of financial instruments

(20.3.1) Financial assets

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

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

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

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial assets 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.

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Effective Interest Rate Method

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

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

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

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

• the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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(20.4) Impairment of financial asset

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

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

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

Impairment methodology:

Overall impairment methodology

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

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

a) Definition of default:

A default shall be considered to have occurred when any of the following criteria are met:

a) An account shall be tagged as NPA once the day end process is completed for the 91st day past due.

b) If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

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

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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):

An internally developed statistical model that computes rating at a loan level & categorizes them from Least Risk to High Risk is used for the computation of PD. These internal credit score bands along with external default performance from bureau have been observed & calibrated to derive benchmarked 12-month PD rates. These benchmarked 12-month PD rates have been categorized across 5 Bands viz Risk Band 1 (RB1 – Least Risk) to Risk Band 5 (RB5 – Highest Risk) for secured & unsecured asset types respectively.

Since PD benchmarks for each Risk band have been determined separately for "Secured" and "Unsecured" category, therefore, from a segmentation point, all the business segments are classified into either Secured or Unsecured category. Business segments, wherever risk coverage is available, is factored over and above the PD benchmarks depending on the nature of coverage.

The PD applied in the ECL (Expected Credit Loss) computation model is based on the recomputed/refreshed/updated Risk band/rating at a loan level. All the loans are rated & Risk Bands are recomputed every quarter using the latest credit bureau scrub. For the loan disbursed in the current/latest quarter, wherever the band from credit bureau scrub is not available, the Risk Band at point of origination is applied. Wherever the band is not available at a loan level (either at origination/scrub), the average PD across the 5 Risk Bands shall be applicable for the respective Secured & Unsecured categories.

The 12-month PD shall continue to be applicable in calculating expected credit loss for Stage 1 assets & Lifetime PD shall be applicable for Stage 2 assets.

Life-time PD:
Life-time PD is applied for Stage 2 accounts.
Life-time PDs are computed based on survival approach. Survival analysis is statistics for analysing the expected duration of time until default event happens.
Life-time PD is computed = (1 – (Probability of surviving in year 1) ^ remaining tenure)

d) Loss given default:

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

(20.5) Derecognition of financial assets

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss

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that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss.

(20.6) Financial liabilities and equity instruments

(20.6.1) Classification as debt or equity

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

(20.6.2) Equity instruments

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

(20.6.3) Compound financial instruments

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

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

(20.6.4) Financial Liabilities

A financial liability is any liability that is:

➢ Contractual obligation:

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

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

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

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(20.6.4.1) Derecognition of financial liabilities

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

(20.6.5) Write-off

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

(21) Derivative financial instruments

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

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

(22) Hedge accounting policy

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

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(23) Cash flow Hedges

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

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

(24) Non-current assets held for sale

Assets acquired in satisfaction of debt (SOD) are treated as non-current assets held for sale. Assets acquired in satisfaction of debts are disclosed in the Balance Sheet at outstanding principal loan amount or fair market value (as per valuation reports) whichever is lower. In case the fair market value of assets acquired is lower than the outstanding principal loan amount, difference is charged to the statement of Profit and loss under impairment on financial instruments. In case of sale of repossessed assets, the gain/ loss on sale is adjusted in the statement of profit and loss under impairment on financial instruments.

(25) 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.

(26) 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

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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.

(27) Cash Flow Statement

The Cash Flow Statement 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 Cash Flow Statement exclude items which are not available for general use as on the date of the Balance Sheet.

(28) Standards issued but not yet effective

No new standard as notified by the Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

2. Corporate Information

UGRO Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC-ND-SI') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 under registration no. 13.00325. The Company is engaged in the business of lending and primarily deals in financing MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

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CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

3. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks		
- in current accounts*	4,014.77	6,174.61
- in fixed deposits with banks (original maturity less than 3 months)	-	400.33
Total	**4,014.77**	**6,574.94**

*Above balances exclude Escrow balances operated for Direct Assignment, Co-lending and Co-origination.

4. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend on equity shares	1.36	1.43
Fixed deposits with banks*	17,167.83	12,261.68
Less: Impairment loss allowance**	3.05	2.86
Total	**17,166.14**	**12,260.25**

*Earmarked balances with Banks and Financial Institutions are to the tune of Rs. 17,167.83 lakh (previous year: Rs. 12,255.37 lakh)

**Impairment loss allowance is calculated on fixed deposits with Banks and Financial Institutions.

5. Derivative financial instruments

Particulars	As at March 31, 2023			As at March 31, 2022		
Part I	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**
(i) Currency derivatives:						
-Currency swaps*	-	-	-	3,109.43	22.29	-
(ii) Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	-	-	-	**3,109.43**	**22.29**	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
-Currency derivatives	-	-	-	-	-	-
(ii) Cash flow hedging:						
-Currency derivatives*	-	-	-	3,109.43	22.29	-
Total Derivative Financial Instruments	-	-	-	**3,109.43**	**22.29**	-

* This refers to Cross Currency Interest Rate Swap

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

6. Loans

Particulars	As at March 31, 2023	As at March 31, 2022
Loans at amortised cost		
(A)		
Supply chain receivables	45,887.83	25,021.38
Term loans	3,43,548.37	2,24,154.76
Total Gross Loans	**3,89,436.20**	**2,49,176.14**
Less: Impairment loss allowance	8,799.99	4,064.40
Total Net Loans	**3,80,636.21**	**2,45,111.74**
(B)		
Secured by book debts	50,686.61	27,988.88
Secured by property	1,31,600.04	1,04,885.65
Secured by machinery	56,091.96	23,066.06
Unsecured	1,51,057.59	93,235.55
Total Gross Loans	**3,89,436.20**	**2,49,176.14**
Less: Impairment loss allowance	8,799.99	4,064.40
Total Net Loans	**3,80,636.21**	**2,45,111.74**
(C)		
Loans in India		
Public sector	-	-
Others	3,89,436.20	2,49,176.14
Total Gross Loans	**3,89,436.20**	**2,49,176.14**
Less: Impairment loss allowance	8,799.99	4,064.40
Total - Net (a)	**3,80,636.21**	**2,45,111.74**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**3,80,636.21**	**2,45,111.74**

Note :
1. There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member as at and for the year ended March 31, 2023 and March 31, 2022.
2. The underlying securities for the assets secured by tangible assets are property, machinery and book debts.

7. Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investments - at FVTPL		
Security Receipts	1,748.92	2,648.11
Investments - at amortised cost		
Debt securities	4,262.60	4,296.72
Less: Impairment loss allowance	0.83	0.84
Total net investments	**6,010.69**	**6,943.99**
Investments in India	6,011.52	6,944.83
Investments outside India	-	-
Total – Gross investments	**6,011.52**	**6,944.83**
Less: Impairment loss allowance	0.83	0.84
Total – Net investments	**6,010.69**	**6,943.99**

Note : For valuation methodology Refer Note 54

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

8. Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	730.84	551.15
Other receivables	1,803.56	241.64
Less: Impairment loss allowance	3.17	3.17
Total	**2,531.23**	**789.62**

9. Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax Rs.55.96 lakh (Previous year: Rs.926.44 lakh))	203.78	164.23
Total	**203.78**	**164.23**

10. Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets		
Tax effect of timing differences on account of:		
Provision for compensated absences	175.91	83.72
Provision for gratuity	50.04	24.36
Processing fees received	1,740.14	836.37
Provision for impairment losses on financial instruments	2,628.18	1,249.12
Lease rentals expense under Ind AS 116	93.63	100.25
Preliminary expenses	7.13	69.81
Disallowance on account of Employee stock options scheme outstanding	217.44	217.44
Unutilised minimum alternate tax credit entitlement	4,105.37	1,587.34
Income tax losses carried forward	3,025.64	2,856.51
Provision for bonus	349.44	203.84
Provision for long term incentive plan	67.86	-
Others	-	1.36
Total (A)	**12,460.78**	**7,230.12**
Deferred tax liabilities		
Tax effect of timing differences on account of:		
Difference in written down value of property, plant and equipment and intangible assets	342.76	218.84
Direct assignment and Co-lending transactions	4,200.47	447.75
Prepaid fees / charges on debt securities allowed upfront in income tax	542.37	348.20
Prepaid fees / charges on borrowings allowed upfront in income tax	991.55	624.58
Deferred loan sourcing cost allowed upfront in income tax	3,819.62	1,209.12
Others	16.65	-
Total (B)	**9,913.42**	**2,848.49**
Deferred tax assets (net) (A-B)	**2,547.36**	**4,381.63**

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

11. Property, plant and equipment

Particulars	As at March 31, 2023				As at March 31, 2022			
	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total
At cost as at the beginning of the year	**502.23**	**375.75**	**28.30**	**906.28**	**381.99**	**375.75**	**14.70**	**772.44**
Additions during the year	74.94	-	75.85	150.79	120.24	-	13.60	133.84
Disposals/adjustments during the year	6.99	24.42	0.18	31.59	-	-	-	-
At cost as at the end of the year	**570.18**	**351.33**	**103.97**	**1,025.48**	**502.23**	**375.75**	**28.30**	**906.28**
Accumulated depreciation as at the beginning of the year	**206.54**	**264.71**	**4.60**	**475.85**	**118.71**	**182.10**	**3.03**	**303.84**
Depreciation/amortisation for the year	115.02	75.46	4.27	194.75	87.83	82.61	1.57	172.01
Disposals/adjustments during the year	2.45	21.90	0.07	24.42	-	-	-	-
Accumulated depreciation as at the end of the year	**319.11**	**318.27**	**8.80**	**646.18**	**206.54**	**264.71**	**4.60**	**475.85**
Net carrying amounts as at the end of the year	**251.07**	**33.06**	**95.17**	**379.30**	**295.69**	**111.04**	**23.70**	**430.43**

Note: No revaluation of any class of asset was carried out during the year.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

12 . Non-current assets held for sale

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current assets held for sale	2,194.55	-
Total	**2,194.55**	-

'Non-Current Assets held for sale' cover immovable properties and machinery which are repossessed in lieu of satisfaction of debts. These assets are classified as 'Non-Current Assets held for sale ' till the assets acquired are finally disposed-off.

13 . Right of use assets

Particulars	As at March 31, 2023	As at March 31, 2022
At fair value as at the beginning of the year	**3,896.26**	**1,971.28**
Remeasurement of assets	43.22	10.42
Additions during the year	1,632.02	1,914.56
Deletions during the year	(234.47)	-
At fair value as at the end of the year	**5,337.03**	**3,896.26**
Accumulated depreciation as at the beginning of the year	**1,357.98**	**876.97**
Depreciation for the year	614.97	481.01
Accumulated depreciation as at the end of the year	**1,972.95**	**1,357.98**
Net carrying amount as at the end of the year	**3,364.08**	**2,538.28**

14. Capital work in progress

Particulars	As at March 31, 2023	As at March 31, 2022
Capital work in progress	2.82	20.25
Total	**2.82**	**20.25**

The ageing for capital work in progress as at March 31, 2023 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.82	-	-	-	**2.82**
Projects temporarily suspended	-	-	-	-	-
TOTAL	**2.82**	-	-	-	**2.82**

The ageing for capital work in progress as at March 31, 2022 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	20.25	-	-	-	**20.25**
Projects temporarily suspended	-	-	-	-	-
TOTAL	**20.25**	-	-	-	**20.25**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

15. Intangible assets under development

Particulars	As at March 31, 2023	As at March 31, 2022
Softwares	1,431.41	568.54
Total	**1,431.41**	**568.54**

The ageing for Intangible assets under development as at March 31, 2023 is as follows

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	946.07	165.89	280.19	39.26	1,431.41
Projects temporarily suspended	-	-	-	-	-
TOTAL	**946.07**	**165.89**	**280.19**	**39.26**	**1,431.41**

The ageing for Intangible assets under development as at March 31, 2022 is as follows

Particulars	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	208.85	276.94	72.33	10.42	568.54
Projects temporarily suspended	-	-	-	-	-
TOTAL	**208.85**	**276.94**	**72.33**	**10.42**	**568.54**

16. Other intangible assets

Particulars	As at March 31, 2023	As at March 31, 2022
Software :		
At cost as at the beginning of the year	**4,092.98**	**2,972.79**
Additions during the year	3,093.51	1,136.78
Disposal/ adjustments during the year	-	(16.59)
At cost as at the end of the year	**7,186.49**	**4,092.98**
Accumulated amortisation as at the beginning of the year	**1,490.94**	**910.77**
Amortisation for the year	954.02	588.76
Disposals/ adjustments during the year	-	(8.59)
Accumulated amortisation as at the end of the year	**2,444.96**	**1,490.94**
Net carrying amount as at the end of the year	**4,741.53**	**2,602.04**

Note: No revaluation of any class of asset was carried out during the year.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

17. Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to vendors and employees	2,616.33	1,190.04
Goods and services tax input credit receivable	1,022.57	693.63
Prepaid expenses	1,695.91	1,198.14
Deferred staff loan cost	-	0.02
Total	**5,334.81**	**3,081.83**

18. Derivative financial instruments

Particulars	As at March 31, 2023			As at March 31, 2022		
Part I	Notional Amounts	Fair value - Assets	Fair value - Liabilities	Notional Amounts	Fair value - Assets	Fair value - Liabilities
(i) Currency derivatives:						
-Currency swaps*	23,746.43	-	9.27	-	-	-
(ii) Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	**23,746.43**	-	**9.27**	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
-Currency derivatives	-	-	-	-	-	-
(ii) Cash flow hedging:						
-Currency derivatives*	23,746.43	-	9.27	-	-	-
Total Derivative Financial Instruments	**23,746.43**	-	**9.27**	-	-	-

* This refers to Cross Currency Interest rate Swap and Full Currency Swap.

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

19. Payables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
Due to micro and small enterprises	145.97	0.08
Due to others	1,168.80	666.93
Other payables		
Due to micro and small enterprises	-	-
Due to others		
- Accrued employee benefits	78.92	27.17
- Payable to customers	17.86	15.04
Total	**1,411.55**	**709.22**

The ageing for trade payables as at March 31, 2023 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
MSME	145.97	-	-	-	-	145.97
Others	1,032.70	0.41	110.00	18.73	6.96	1,168.80
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**1,178.67**	**0.41**	**110.00**	**18.73**	**6.96**	**1,314.77**

The ageing for trade payables as at March 31, 2022 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	0.08	-	-	-	0.08
Others	530.84	38.59	53.80	39.60	4.10	666.93
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**530.84**	**38.67**	**53.80**	**39.60**	**4.10**	**667.01**

Details of dues to micro, small and medium enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled the required memorandum with the prescribed authorities. Out of the confirmations sent to the parties, some confirmations have been received till the date of finalisation of the Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under the Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2023	As at March 31, 2022
1.The principal amount remaining unpaid at the end of the accounting year.	145.97	0.08
2. 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	**145.97**	**0.08**

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

20. Debt securities

Particulars	As at March 31, 2023		As at March 31, 2022	
	At amortised cost	Total	At amortised cost	Total
Secured				
Redeemable non-convertible debentures	85,495.83	85,495.83	54,621.07	54,621.07
Liabilities arising out of securitization transactions	16,130.24	16,130.24	3,358.04	3,358.04
Unsecured				
Commercial Paper	12,146.52	12,146.52	11,472.03	11,472.03
Redeemable non-convertible debentures	661.86	661.86	990.29	990.29
Total	**1,14,434.45**	**1,14,434.45**	**70,441.43**	**70,441.43**
Debt securities in India	1,14,434.45	1,14,434.45	70,441.43	70,441.43
Debt securities outside India	-	-	-	-
Total	**1,14,434.45**	**1,14,434.45**	**70,441.43**	**70,441.43**

Security and other terms of debt securities :

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %	7,000.00	-	-	-	-	**7,000.00**
9.00 - 10.99 %	46,290.63	5,185.10	9,401.06	2,500.00	-	**63,376.79**
11.00 - 13.00 %	1,166.67	3,666.67	9,928.11	10,700.00	-	**25,461.45**
Total	**54,457.30**	**8,851.77**	**19,329.17**	**13,200.00**	**-**	**95,838.24**

(ii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %	8,000.00	2,000.00	-	-	-	**10,000.00**
9.00 - 10.99 %	18,136.65	16,833.35	2,500.00	-	-	**37,470.00**
11.00 - 13.00 %	1,166.66	1,166.66	1,166.68	5,000.00	10,700.00	**19,200.00**
Total	**27,303.31**	**20,000.01**	**3,666.68**	**5,000.00**	**10,700.00**	**66,670.00**

The above secured debt securities are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its debt securities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

(i) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 8.50 % to 11.50%*	11,618.47	4,316.18	405.34	-	-	**16,339.99**
Total	**11,618.47**	**4,316.18**	**405.34**	**-**	**-**	**16,339.99**

(ii) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as at March 31, 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 9.75 % to 11.04%*	1,036.54	927.10	924.94	531.03	-	**3,419.61**
	1,036.54	**927.10**	**924.94**	**531.03**	**-**	**3,419.61**

* Rate of interest is considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of debt securities are as follows :

(a) Out of the the above, Non-convertible debentures as at March 31, 2023 are not guaranteed by directors. Non-convertible debentures amounting to Rs 5,000 lakh as at March 31, 2022 are guaranteed by directors.

(b) Debt Securities were used fully for the purpose for which the same were obtained.

(c) There are no default in repayment of debt securities.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

21. Borrowings (other than debt securities)

Particulars	As at March 31, 2023		As at March 31, 2022	
	At amortised cost	Total	At amortised cost	Total
(a) Term loans				
From banks	1,39,220.73	1,39,220.73	67,444.47	67,444.47
From other parties	33,531.96	33,531.96	36,657.03	36,657.03
External Commercial borrowings	24,228.38	24,228.38	3,137.88	3,137.88
(b) Loans repayable on demand				
Cash credit	-	-	-	-
Bank overdraft	3,477.93	3,477.93	2,543.83	2,543.83
Total	**2,00,459.00**	**2,00,459.00**	**1,09,783.21**	**1,09,783.21**
Borrowings in India	1,76,230.62	1,76,230.62	1,06,645.33	1,06,645.33
Borrowings outside India	24,228.38	24,228.38	3,137.88	3,137.88
Total	**2,00,459.00**	**2,00,459.00**	**1,09,783.21**	**1,09,783.21**
Secured	1,95,964.10	1,95,964.10	1,03,778.60	1,03,778.60
Unsecured	4,494.90	4,494.90	6,004.61	6,004.61
Total	**2,00,459.00**	**2,00,459.00**	**1,09,783.21**	**1,09,783.21**

Terms of repayment of the term loans

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 8.10 % to 13.75%*	55,269.39	45,217.53	23,584.60	17,425.92	95.00	**1,41,592.44**
For Other Parties :						
Rate of Interest 10.50 % to 13.20%*	21,603.07	8,856.23	2,246.31	1,270.13	-	**33,975.74**
Total	**76,872.46**	**54,073.76**	**25,830.91**	**18,696.05**	**95.00**	**1,75,568.18**

(ii) Terms of repayment of External commercial borrowings in foreign currency as at March 31, 2023:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 11.12% to 12.67%*	-	3,391.45	12,616.36	7,937.87	-	**23,945.68**
Total	**-**	**3,391.45**	**12,616.36**	**7,937.87**	**-**	**23,945.68**

The Company had availed total External Commercial Borrowings (ECBs) of USD 14.125 million and USD 15 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time.The borrowings have a maturity of three years and five years respectively. In terms of the RBI guidelines, the borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps and full currency swaps. The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECBs.

(iii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 6 % to 12.00%*	25,303.53	19,848.93	15,402.65	7,695.37	250.00	**68,500.48**
For Other Parties :						
Rate of Interest 10.85 % to 12.75%*	18,696.31	13,737.48	3,456.02	1,238.08	-	**37,127.89**
Total	**43,999.84**	**33,586.41**	**18,858.67**	**8,933.45**	**250.00**	**1,05,628.37**

(iv) Terms of repayment of External commercial borrowings in foreign currency as at March 31, 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 11.12%*	-	-	3,131.29	-	-	**3,131.29**
Total	**-**	**-**	**3,131.29**	**-**	**-**	**3,131.29**

The Company had availed total External Commercial Borrowing (ECB) of USD 4.125 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time.The borrowing has a maturity of three years. In terms of the RBI guidelines, the borrowing has been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps .The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECB.

*Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of borrowings are as follows :

(a) Rate of interest of the bank overdraft ranges from 4.65% per annum to 10.60% per annum and the same is secured against fixed deposits and book debt.

(b) The above borrowings other than Bank overdraft and unsecured borrowings are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its secured borrowings.

(c) Out of the the above, borrowings amounting to Rs. 76,500 lakh as at March 31, 2023 (Previous Year: 30,714 lakh) is guaranteed by a director.

(d) Term Loans were used fully for the purpose for which the same were obtained.

(e) There were no default in the repayment of borrowings.

(f) Periodic statements of securities filed with the lending institutions are as per the books of accounts.

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

22. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend payable on equity shares	1.36	1.43
Others payables :		
Collateral margin money received	32.37	1.67
Deferred consideration on direct assignment	23.81	23.81
Lease liabilities (Refer Note 47)	3,518.15	2,858.76
Other liabilities	3,335.59	1,437.51
Book overdraft	598.40	174.01
Provision on unrealised gain*	225.17	225.17
Total	**7,734.85**	**4,722.36**

*The unrealised gain is on account of sale of loan to ARC.

23. Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax and tax deducted at source Rs. 730.85 lakh (Previous year: Rs. 534.81 lakh))	1,567.77	126.07
Total	**1,567.77**	**126.07**

24. Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits :		
-Provision for gratuity (Refer Note 45b(iii))	171.83	83.65
-Provision for compensated absences (Refer Note 45c(ii))	604.09	287.52
-Provision for bonus	1,200.00	700.00
Provision for expenses	3,800.79	1,616.05
Total	**5,776.71**	**2,687.22**

25. Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	760.77	364.23
Total	**760.77**	**364.23**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

26. Equity

a. Details of authorised, issued and subscribed share capital:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Authorised capital				
Equity shares of Rs.10 each	8,15,00,000	8,150.00	8,15,00,000	8,150.00
Preference shares of Rs.10 each	2,05,00,000	2,050.00	2,05,00,000	2,050.00
Issued, subscribed and fully paid-up (A)				
Equity shares of Rs.10 each, fully paid-up	7,05,59,319	7,055.94	7,05,59,319	7,055.94
Less:Treasury shares held through ESOP Trust (B)				
Equity shares of Rs.10 each, fully paid-up	(12,38,252)	(123.83)	-	-
Equity shares (Net of Treasury shares) (A-B)	**6,93,21,067**	**6,932.11**	**7,05,59,319**	**7,055.94**

b. Reconciliation of number of shares and amount outstanding as at the beginning and as at the end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding as at the beginning of the year	7,05,59,319	7,055.94	7,05,28,550	7,052.86
Add: equity shares issued during the year *	-	-	30,769	3.08
Shares outstanding as at the end of the year	**7,05,59,319**	**7,055.94**	**7,05,59,319**	**7,055.94**

*During the year, the Company has not allotted equity shares (Previous year: 30,769 equity shares of Rs. 10 each) under the ESOP schemes.

c. Reconciliation of the number of treasury shares outstanding as at the beginning and end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding as at the beginning of the year	-	-	-	-
Add: equity shares acquired from secondary market	12,38,252	123.83	-	-
Shares outstanding as at the end of the year	**12,38,252**	**123.83**	**-**	**-**

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

d. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their holding.

e. Particulars of shareholders holding more than 5% of the equity share capital:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	1,51,16,279	21.42%	1,51,16,279	21.42%
Clearsky Investment Holdings Pte Limited	1,51,16,279	21.42%	1,51,16,279	21.42%
DBZ (Cyprus) Limited	26,79,758	3.80%	65,07,687	9.22%
Samena Fidem Holdings	59,56,757	8.44%	59,56,757	8.44%
Total	**3,88,69,073**	**55.08%**	**4,26,97,002**	**60.50%**

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For the year ended March 31, 2023

(Rupees in lakh)

26. Equity (continued)

f. Shares reservation:

Particulars	As at March 31, 2023	As at March 31, 2022
	No. of Shares	No. of Shares
Equity shares of Rs.10 each		
Number of Shares reserved for ESOPs (Refer Note 46)	33,45,238	29,91,097

g. 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 the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

h. Shareholding of Promoters Disclosure:

Shares held by promoters as at the end of the year:

Promoter Name	As at March 31, 2023			As at March 31, 2022		
	No.of Shares	% of total shares	% Change during the year	No.of Shares	% of total shares	% Change during the year
1. Poshika Advisory Services LLP	20,27,709	2.87%	-	20,27,709	2.87%	-
Total	**20,27,709**	**2.87%**	**-**	**20,27,709**	**2.87%**	**-**

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

27. Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Securities premium account	75,352.48	77,723.91
(ii) Employee stock options scheme outstanding account	483.62	446.86
(iii) Reserve Fund u/s 45-IC (1) of the Reserve Bank of India Act, 1934	3,197.01	2,401.48
(iv) Capital reserve	1,046.00	1,046.00
(v) Retained earnings - other than remeasurement of post-employment benefit obligations	11,371.61	7,957.55
(vi) Retained earnings - Remeasurement of post- employment benefit obligations	(17.03)	18.20
(vii) Cash flow hedges reserve	38.51	6.38
Total	**91,472.20**	**89,600.38**

Nature and purpose of reserves :

(i) Securities premium account:

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee stock options scheme outstanding:

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under the stock option schemes of the Company.

(iii) Statutory reserves u/s 45-IC of The RBI Act, 1934:

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of the Reserve Bank of India.

(iv) Capital Reserve:

Capital reserve comprises of the amount received on share warrants and which are forfeited by the Company for non-payment of call money.

(v) Retained earnings - other than remeasurement of post employement benefit obligations:

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

(vi) Retained earnings - Remeasurement of post employement benefit obligations:

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as a part of the retained earnings.

(vii) Cash Flow Hedges Reserve:

It represents the cumulative gains/ (losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

28. Interest income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
At Amortised Cost:		
Interest on loans	46,850.12	26,129.70
Interest on deposits with banks	930.48	696.50
Interest on other financial assets	41.35	61.70
Other interest income	220.97	105.43
Interest on debt securities	248.42	214.29
Total	**48,291.34**	**27,207.62**

29. Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on derecognition of financial instruments	15,407.22	2,693.46
Total	**15,407.22**	**2,693.46**

30. Net gain on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at fair value through profit and loss:		
(a) On trading portfolio		
- Gain on sale of investments	-	49.46
Total	**-**	**49.46**
Fair value changes:		
Realised	-	62.89
Unrealised	-	(13.43)
Total	**-**	**49.46**

31. Fees and commission income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fees and commission income	1,946.81	680.35
Total	**1,946.81**	**680.35**

32. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing advisory fees	707.50	-
Technology support fees	1,686.93	400.00
Web display fees	330.00	180.00
Insurance commission income	0.02	0.32
Interest on income tax refund	6.46	-
Total	**2,730.91**	**580.32**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

33. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest cost		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	17,346.36	8,090.88
(b) Interest on debt securities		
Interest on redeemable non-convertible debentures/ discount on commercial paper	11,476.56	5,403.56
(c) Interest on lease liabilities		
Interest on lease liabilities	504.48	225.38
(d) Other interest expenses		
Interest on other financial liabilities	-	5.86
Total	**29,327.40**	**13,725.68**

34. Net loss on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Loss on financial instruments at fair value through profit or loss		
-On financial instruments	640.11	15.79
Total	**640.11**	**15.79**
Fair value changes:		
Realised	-	-
Unrealised	640.11	15.79
Total	**640.11**	**15.79**

35. Impairment on financial instruments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial instruments measured at amortised cost:		
Impairment on financial instruments		
- Loans	5,591.20	2,934.67
- Other assets	88.62	3.17
- Fixed deposits	0.18	2.86
- Debt securities	(0.01)	0.84
Total	**5,679.99**	**2,941.54**

36. Employee benefits expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, other allowances and bonus	13,186.28	7,074.49
Contribution to provident and other funds (Refer Note 45a)	437.82	236.77
Gratuity expenses (Refer Note 45b(ii))	64.23	38.19
Staff welfare expenses	126.74	46.76
Share based payments to employees (Refer Note 46)	256.41	(107.15)
Total	**14,071.48**	**7,289.06**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

37. Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment	194.75	172.08
Amortization on intangible assets	954.02	580.17
Depreciation on right of use assets	614.97	481.01
Total	**1,763.74**	**1,233.26**

38. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	334.00	222.22
Rates and taxes	1,350.83	598.97
Directors' sitting fees	189.00	171.00
Legal and professional fees	2,612.41	1,248.09
Computer maintenance and software	588.60	580.38
Communication	746.33	229.19
Payments to auditor **	67.80	75.20
Advertisement and publicity	29.69	15.95
Printing and stationery	98.70	49.71
Insurance	285.18	152.29
Marketing and brand promotion	62.29	36.95
Meeting and event expenses	113.75	18.02
Travelling, lodging and boarding	669.89	151.81
Brokerage	0.75	2.85
CSR expenditure (Refer Note 42)	52.50	39.12
Miscellaneous	1,309.00	396.35
Total	**8,510.72**	**3,988.10**

**** Payments to auditor includes :**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. As Auditor	57.00	47.00
b. For taxation matters	3.00	2.00
c. For company law matters	2.00	7.00
d. For other services	5.80	17.70
e. For reimbursement of expenses	-	1.50
Total	**67.80**	**75.20**

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(Rupees in lakh)

39. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with the Indian Accounting Standard (Ind AS) 33 'Earnings per share' :

Basic EPS is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders (after adjusting the profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic		
Profit after tax [A]	3,977.64	1,455.06
Weighted average number of equity shares outstanding during the year (Nos.) [B]	69,900,472	70,535,715
Basic earnings per share Rs. [A/B]	**5.69**	**2.06**
Diluted		
Profit after tax [A]	3,977.64	1,455.06
Weighted average number of equity shares outstanding during the year (Nos.)	69,900,472	70,535,715
Weighted average number of potential equity shares on account of employee stock options and share warrants	422,923	573,817
Weighted average number of shares outstanding for diluted earning per share [B]	70,323,395	71,109,532
Diluted earnings per share Rs. [A/B]	**5.66**	**2.05**
Face value per share Rs.	10.00	10.00

40. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by the existing promoters of the Company with the erstwhile promoters. Further, there are no other contingent liabilities other than those covered under the deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments not provided for :		
- Commitments related to loans sanctioned but partially undrawn	4,477.45	882.60
- Other commitments*	5,141.44	872.99
- Amount of contracts remaining to be executed on capital account	760.50	185.00
Total	**10,379.39**	**1,940.59**

*Other commitments represent financial guarantees given for Co-origination arrangements entered by the Company during the year.

41. Segment Reporting

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

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UGRO CAPITAL LIMITED

(Rupees in lakh)

42. Corporate Social Responsibility

The average net profit as per Section 198 of Companies Act, 2013 of the Company for the last three financial years was Rs.2,362.46 lakh, basis which the Company was required to spend Rs.47.25 lakh towards Corporate Social Responsibility (CSR) during the current financial year.

a) Amount spent during the year on :

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Amount Spent	Amount unpaid/provision	Total	Amount Spent	Amount unpaid/provision	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	52.50	-	52.50	39.12	-	39.12

b) In case of Section 135(5) unspent amount :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-	-

c) In case of Section 135(5) excess amount spent :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	47.25	52.50	5.25

d) In case of Section 135(6) details of ongoing projects :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-	-

e) The additional disclosures with regard to CSR activities are summarized below:
(i) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year - Nil
(ii) The total of previous years' shortfall amounts - Nil
(iii) The reason for above shortfalls - Not applicable.

f) Nature of CSR activities:

The Company is required to contribute to corporate social responsibility activities as per CSR Rules under the Companies Act, 2013. During the year the Company has spent Rs. 52.50 lakh against the Rs. 47.25 lakh which was the required amount to be spent under CSR activities. The amount is spent towards healthcare and education of the under-privileged through NGOs.

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(Rupees in lakh)

43. Related party

a. List of related parties and their relationships:

(i) Key managerial personnel (KMP):

- Vice Chairman & Managing Director	Shachindra Nath
- Chief Financial Officer (upto September 01, 2022)	Amit Gupta
- Chief Financial Officer (from September 15, 2022)	Kishore Kumar Lodha
- Company Secretary (upto June 13, 2022)	Aniket Karandikar
- Company Secretary (from July 22, 2022)	Namrata Sajnani

(ii) Enterprises over which KMP has control:

- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP

(iii) Other related parties:

- Livfin India Private Limited
- Orbis Financial Corporation Limited
- Qwazent Health Search Private Limited

b. Transactions with related parties are as enumerated below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Transactions during the year:		
Income		
Recovery of transaction fees *		
Livfin India Private Limited	94.28	33.81
Expenses		
Arranger Fees Paid *		
Livfin India Private Limited	33.44	20.57
Reimbursement of expenses		
Aniket Karandikar	0.02	0.17
Amit Gupta	0.03	0.99
Shachindra Nath	0.08	9.43
Kishore Kumar Lodha	1.34	-
Remuneration paid **		
Shachindra Nath	466.22	295.60
Abhijit Ghosh	-	11.38
Sandeepkumar Zanvar	-	44.48
Amit Gupta	50.60	53.68
Kishore Kumar Lodha	180.19	-
Namrata Sajnani	25.77	-
Aniket Karandikar	8.76	30.49

* The above figures are excluding GST.
**The above figures do not include provision towards gratuity.

c. Balance outstanding:

Particulars	As at March 31, 2023	As at March 31, 2022
Other financial assets		
Livfin India Private Limited	11.44	7.89

d. ESOPs held with Key Managerial Personnel:

Particulars	As at March 31, 2023 (No. of options)	As at March 31, 2022 (No. of options)
Amit Gupta	-	3,00,000
Kishore Kumar Lodha	3,99,010	-
Aniket Karandikar	-	15,000

44. Expenditure in foreign currency:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Other expenses	533.81	79.49
Total	**533.81**	**79.49**

45. Disclosure pursuant to Ind AS 19 'Employee benefits'

a. Defined contribution plans :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employer's contribution to provident fund	291.18	140.11
Employer's contribution to national pension scheme	146.29	96.61
Employer's contribution to labour welfare fund	0.35	0.05
Total	**437.82**	**236.77**

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(Rupees in lakh)

45. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

b. Defined benefit plan (Gratuity)

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	Gratuity plans	
	As at March 31, 2023	As at March 31, 2022
Discount rate	7.29%	5.66%
Expected rate of return on plan assets	NA	NA
Salary escalation	5.00%	5.00%
Attrition rate	22.00%	22.00%
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

(ii). Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	Gratuity plans	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Service cost:		
Current service cost	59.50	34.50
Net interest expense	4.73	3.69
Components of defined benefit costs recognised in the Statement of profit or loss	**64.23**	**38.19**
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	(0.02)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(13.06)	(1.94)
Actuarial (Gains)/Losses on Obligations - Due to Experience	37.09	(23.71)
Components of defined benefit costs recognised in other comprehensive income	**24.03**	**(25.67)**
Total	**88.26**	**12.52**

(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, 2023	As at March 31, 2022
Present value of defined benefit obligation	171.83	83.65
Net liability arising from defined benefit obligation	**171.83**	**83.65**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	Gratuity plans	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	**83.65**	**71.13**
Current service cost	59.50	34.50
Interest cost	4.73	3.69
Remeasurement (gains)/Loss	24.03	(25.67)
Benefits paid	(0.08)	-
Closing defined benefit obligation	**171.83**	**83.65**

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	As at March 31, 2023	As at March 31, 2022
1st following year	17.43	0.39
2nd following year	21.55	11.55
3rd following year	18.02	14.19
4th following year	23.78	11.81
5th following year	31.80	14.28
Sum of years 6 To 10	91.83	40.89
Sum of years 11 and above	43.90	19.52

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

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(Rupees in lakh)

45. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(7.20)	7.80	(3.81)	4.13
Future salary growth (1% movement)	7.19	(6.77)	3.67	(3.44)
Attrition rate (1% movement)	(3.03)	3.07	(1.88)	1.91

Note :

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined 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 defined 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 defined benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

c. Compensated absences

(i). The principal assumptions used for the purposes of the actuarial valuations towards Privilege Leave liability were as follows :

Particulars	Compensated absences	
	As at March 31, 2023	As at March 31, 2022
Demographic Assumptions		
Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Attrition Rate	22.00% p.a. for all service groups.	22.00% p.a. for all service groups.
Retirement Age	60 years	60 years
Financial Assumptions		
Salary Escalation Rate	5.00% p.a.	5.00% p.a.
Discount Rate	7.29% p.a.(Indicative G.Sec referenced on 31-03-2023)	5.66% p.a.(Indicative G.Sec referenced on 31-03-2022)

(ii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Compensated absences	
	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	604.09	287.52
Net liability arising from defined benefit obligation	**604.09**	**287.52**

Particulars	Compensated absences	
	As at March 31, 2023	As at March 31, 2022
Discontinuance liability	648.30	293.61
Defined benefit obligation	604.09	287.52
Funding status	Unfunded	Unfunded
Fund balance	N.A.	N.A.
Current liability	143.95	67.38
Non-current liability	460.15	220.14

The average expected future service is 3.00 years

A distribution of the above liability over different ranges of past service intervals is provided below :

Past Service Interval	Distribution of DBO
9 and below	100%
10 to 19	0%
20 to 29	0%
30 and above	0%

(iii). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(17.01)	18.34	(8.64)	9.36
Future salary growth (1% movement)	18.57	(17.53)	9.32	(8.77)
Attrition rate (1% movement)	2.20	(2.37)	(0.32)	0.34

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(Rupees in lakh)

46. Disclosure relating to employee stock option scheme

The Company has two employee stock option schemes viz. CSL Employee Stock Option Scheme 2017 ("ESOS 2017") and UGRO Employee Stock Option Scheme 2022 ("ESOS 2022").

The ESOS 2017 was approved by the board of directors on August 13, 2018 and by the shareholders through postal ballot on May 7, 2018. Further, the shareholders of the Company at the Extra Ordinary General Meeting held on September 18, 2018 approved ratification of the number of Options under the ESOS 2017.

The ESOS 2022 was approved by the board of directors on July 22, 2022 and by the shareholders through postal ballot on September 4, 2022.

During the year, the Company had issued 15,01,929 (previous year 270,769) options representing equal numbers of equity shares of Rs. 10 each.

The activity in the CSL employee stock option scheme 2017 and CSL employee stock option scheme 2022 during the year ended March 31, 2023 and March 31, 2022 is set below :

Particulars	**As at March 31, 2023**	**Exercise price range**	**As at March 31, 2022**	**Exercise price range**
	In numbers		**In numbers**	
CSL employee stock option scheme 2017 and CSL employee stock option scheme 2022: (face value of Rs. 10 each)				
Options outstanding as at the beginning of the year	**29,91,097**	**Rs. 130**	**32,57,033**	**Rs. 130 - Rs. 180**
Add: Options granted	15,01,929	Rs. 137.4 - Rs. 202	13,78,039	Rs. 130
Less: Options exercised	-	-	30,769	Rs. 130
Less: Options lapsed	11,47,788	-	16,13,206	-
Options outstanding as at the end of the year	**33,45,238**	**Rs. 130 - Rs. 202**	**29,91,097**	**Rs. 130**
Exercisable as at the end of the year	**1,38,461**		**2,17,949**	

The Company follows accounting policy of fair value method for employee stock options (ESOPs) valuation. Accordingly, the accumulated expense of Rs. 256.41 lakh (previous year expense reversal Rs. 107.15 lakh) has been debited (previous year credited) to the Statement of profit and loss for the year ended March 31, 2023.

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46. Disclosure relating to employee stock option scheme (continued)

Particulars	CSL employee stock option scheme 2017 - Grant XXVI	CSL employee stock option scheme 2017 - Grant XXVII	CSL employee stock option scheme 2017 - Grant XXVIII	CSL employee stock option scheme 2017 - Grant XXIX	CSL employee stock option scheme 2017 - Grant XXX
Date of the grant	April 19, 2022	June 9, 2022	July 1, 2022	September 9, 2022	October 18, 2022
Number of options granted	30,000	30,000	10,000	300,000	20,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant
Vesting pattern	1) 50% (April 1st, 2023 – March 31st, 2024) 2) 50% (April 1st, 2025 – March 31st, 2026)				
Weighted average remaining contractual life					
Granted but not vested (in years)	2.00	2.00	2.00	2.00	2.00
Vested but not exercised	Nil	Nil	Nil	Nil	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	NA	NA	NA	NA	NA
Exercise period	Can be exercised within a period of 3 (three) years from the date of vesting.				
Vesting conditions	Graded vesting based on fulfilment of IRR target mentioned in the scheme.				
Weighted average fair value of options as on the grant date (in Rs)	84.23	73.36	86.04	66.07	134.11

46. Disclosure relating to employee stock option scheme (continued)

Particulars	UGRO Capital employee stock option scheme 2022 - Grant I
Date of the grant	October 10, 2022
Number of options granted	1,111,929
Method of settlement	Equity shares
Vesting period	Vesting Period shall commence from the grant date, subject to minimum of 1 (One) year from the grant date and to a maximum of 3 (Three) years from the grant date
Vesting pattern	100%
Weighted average remaining contractual life	
Granted but not vested (in years)	2.53
Vested but not exercised	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	NA
Exercise period	Options can be exercised within maximum of 6 (Six) months from the date of respective vesting.
Vesting conditions	Time Based
Weighted average fair value of options as on grant date (in Rs)	75.15

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(Rupees in lakh)

46. Disclosure relating to employee stock option scheme (continued)

Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 and employee stock option scheme 2022 is as under :
The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :
The binomial model of valuation is more advanced and involves the use of computational techniques. In this model, the share price is projected from the date of grant to the date of exercise using upward and downward probabilities. The probabilities are estimated from the share price volatility assumption.

The key assumptions used in Binomial model for calculating fair value under CSL employee stock option scheme 2017 and CSL employee stock option scheme 2022 with respect to various grants :

Particulars	CSL employee stock option scheme 2017 - Grant XXVI	CSL employee stock option scheme 2017 - Grant XXVII	CSL employee stock option scheme 2017 - Grant XXVIII	CSL employee stock option scheme 2017 - Grant XXIX	CSL employee stock option scheme 2017 - Grant XXX
Risk-free interest rate	6.60%	7.24%	7.10%	6.91%	7.43%
Expected volatility of share price*	56.88%	56.29%	55.59%	55.10%	54.91%
Time to maturity (in years)	4.03	3.89	3.83	3.89	3.79
Dividend yield	-	-	-	-	-
The price of equity share as on the grant date considered for valuation (Rs.)	191.82	165.59	156.7	164.05	182.43

*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	UGRO Capital employee stock option scheme 2022 - Grant I
Risk-free interest rate	7.41%
Expected volatility of share price*	54.56%
Time to maturity (in years)	3.25
Dividend yield	-
The price of equity share as on grant date considered for valuation in (Rs.)	180.25

*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.

(Rupees in lakh)

47. Leases (entity as a lessee)

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation/ impairment losses. The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU asset has been included after the line "Property, Plant & Equipment" and lease liabilities has been included under "Other Financial Liabilities" in the Balance Sheet.

a. Right of use asset :

Particulars	As at March 31, 2023	As at March 31, 2022
Office Premises :		
At fair value as at the beginning of the year	**3,896.26**	**1,971.28**
Additions during the year	1,632.02	1,914.56
Deletions during the year	(234.47)	
Remeasurement of assets	43.22	10.42
At fair value as at the end of the year	**5,337.03**	**3,896.26**
Accumulated depreciation as at the beginning of the year	**1,357.98**	**876.97**
Depreciation for the year	614.97	481.01
Accumulated depreciation as at the end of the year	**1,972.95**	**1,357.98**
Net carrying amount as at the end of the year	**3,364.08**	**2,538.28**

b. Amount recognised in Statement of Profit and loss :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense on right-of-use assets	614.97	481.01
Interest expense on lease liabilities	504.48	225.38
Total expenses recognised in Statement of profit and loss	**1,119.45**	**706.39**

The total cash outflow on account of lease rentals amounting for the current year Rs. 781.38 lakh (previous year : Rs. 407.19 lakh).

The average lease term for the rented office premises is ranging between 3 to 5 years.

c. Lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities	3,518.15	2,858.76
Total	**3,518.15**	**2,858.76**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022
Not later than 1 year	788.96	597.97
Later than 1 year and not later than 5 years	2,706.62	2,185.39
Later than 5 years	22.57	75.40
Total	**3,518.15**	**2,858.76**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitors and pays lease rentals on a timely manner as per the terms of the respective leave and license agreement.

The Company has the right to extend the lease term as per mutually agreed terms laid down in the respective leave and license agreement. The Company takes into account the effect of the extended lease term while recording the lease assets and lease liabilities accordingly.

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48. Disclosure under Clause 28 of the Listing Agreement for Debt Securities :

Particulars	**March 31, 2023**	**March 31, 2022**
a) Loans and advances in the nature of loans to Subsidiaries		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
b) Loans and advances in the nature of loans to Associates		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
c) Loans and advances in the nature of loans to Firms/Companies in which directors are interested		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
d) Investments by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	Not Applicable	Not Applicable

(Rupees in lakh)

49 Impact of Hedging activities

a) Disclosure of effects of hedge accounting on the financial position:

As at March 31, 2023

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	Assets	Liabilities	Assets	Liabilities				
Currency Derivative (Cross Currency Interest Rate Swaps)	3,109.43	-	340.07	-	December 06, 2024	317.78	317.78	Borrowings (other than debt securities)
Currency Derivative (Full Currency Swap)	4,095.00	-	-	34.15	September 28, 2027	34.15	34.15	Borrowings (other than debt securities)
Currency Derivative (Full Currency Swap)	8,272.00	-	-	198.22	November 07, 2025	198.22	198.22	Borrowings (other than debt securities)
Currency Derivative (Full Currency Swap)	8,270.00	-	-	116.98	February 16, 2028	116.98	116.98	Borrowings (other than debt securities)

As at March 31, 2022

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	Assets	Liabilities	Assets	Liabilities				
Currency Derivative (Cross Currency Interest Rate Swaps)	3,109.43	-	22.29	-	December 06, 2024	22.29	22.29	Borrowings (other than debt securities)

b) Disclosure of effects of hedge accounting on the financial performance:

As at March 31, 2023

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	45.33	-	-	Finance Cost

As at March 31, 2022

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	9.00	-	-	Finance Cost

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50. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2023				As at March 31, 2022			
	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total
Financial assets								
Cash and cash equivalents	4,014.77	-	-	**4,014.77**	6,574.94	-	-	**6,574.94**
Bank balances other than cash and cash equivalents above	17,166.14	-	-	**17,166.14**	12,260.25	-	-	**12,260.25**
Derivative financial instruments	-	-	-	-	-	-	22.29	**22.29**
Loans	380,636.21	-	-	**380,636.21**	245,111.74	-	-	**245,111.74**
Investments	4,261.77	1,748.92	-	**6,010.69**	4,295.88	2,648.11		**6,943.99**
Other financial assets (Refer Note 8)	2,531.23	-	-	**2,531.23**	789.62	-	-	**789.62**
Total	**408,610.12**	**1,748.92**	-	**410,359.04**	**269,032.43**	**2,648.11**	**22.29**	**271,702.83**
Financial liabilities								
Derivative financial instruments	-	-	9.27	**9.27**	-	-	-	-
Payables :								
(A) Trade payables								
(I) Total outstanding dues of micro enterprises and small enterprises	145.97	-	-	**145.97**	0.08	-	-	**0.08**
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,168.80	-	-	**1,168.80**	666.93	-	-	**666.93**
(B) Other payables							-	
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	96.78	-	-	**96.78**	42.21	-	-	**42.21**
Debt securities	114,434.45	-	-	**114,434.45**	70,441.43	-	-	**70,441.43**
Borrowings (other than debt securities)	200,459.00	-	-	**200,459.00**	109,783.21	-	-	**109,783.21**
Other financial liabilities (Refer Note 22)	7,509.68	225.17	-	**7,734.85**	4,497.19	225.17	-	**4,722.36**
Total	**323,814.68**	**225.17**	**9.27**	**324,049.12**	**185,431.05**	**225.17**	-	**185,656.22**

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51. Financial risk management

The Company has exposure to the following risks from financial instruments:

a. Credit Risk
b. Liquidity Risk
c. Market Risk
d. Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk etc. The Company has therefore, invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks. The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

a. Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the Company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The Company believes in positive sector/sub-sector selection to source its business. The same is done primarily through analytics and survey. Further, the Company has also developed sophisticated sector/sub-sector scorecards, both statistical and expert. The proposals are appraised based on the understanding of these sector/sub-sectors. A fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

Management of Credit Risk

Write-off policy:

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instruments in the Statement of profit and loss. The write-off decisions are taken by the management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis:

The Company's policies for computation of expected credit loss (ECL) are set out below:

(I) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company:

Loan portfolio:

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of the group of borrowers.

Definition of default:

A default shall be considered to have occurred when any of the following criteria is met:
a) An account shall be tagged as NPA once the day end process is completed for the 91st day past due.
b) If one facility of a borrower is NPA, all the facilities of that borrower are to be treated as NPA.

Significant increase in credit risk (SICR) criteria:

(a) External credit rating going below investment grade rating.
(b) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.
(c) Other qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.
(d) Any other qualitative parameter.

Definition of low credit risk:

A case which has scores above cut-off norms as set by the Company from time to time and current status is Stage 1 is termed as low credit risk.

Forward looking factors:

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria:

Following staging criteria is used for loans:
(i) Stage 1: 0-30 DPD;
(ii) Stage 2: 31-90 DPD and
(iii) Stage 3: > 90 DPD

Any deviation to the above classification, except as per the RBI Circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarification dated November 12, 2021 shall be approved by the audit committee of the board (ACB).

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(Rupees in lakh)

51. Financial risk management (continued)

Probability of default (PD%)

PDs are determined using internally developed model, which is a dynamic evaluation based on repayment history, corporate ratings, specific market estimates as applicable to the respective portfolio segments from time to time.

Loss given default (LGD%)

Loss given default (LGD) represents recovery from defaulted assets.
LGD computation for secured loans is based on an internal model which factors post default recovery rates and collateral value; for unsecured loans, LGD is taken as a standard estimate in line with the Foundational-Internal Rating Based (F-IRB) approach. LGD for stage 1 & 2 assets, thus determined, is subject to a minimum floor of 20%. For Stage 3 loans, the Company determines ECL requirement based on cash flows expected over the future time period.

Exposure at default (EAD)

Exposure at default represents the outstanding balance at the reporting date taking into account expected drawdowns on committed facilities, including repayments of principal and interest, and accrued interest from missed payments.

(II) ECL on fixed deposits, investments, trade and other receivables

With respect to the fixed deposits and investments held by the Company, ECL provisioning has been computed taking guidance from the RBI's IRB approach.
The Company has followed simplified approach of ECL provisioning on its trade and other receivables.

Applicable provisions for NBFCs covered under Ind AS:

RBI vide circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, provides that NBFCs which are required to comply with Indian Accounting Standards (Ind As) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per the ICAI guidelines for recognition of the impairments. The Company follows the aforesaid circular.

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51. 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, 2022	**2,481.66**	**93.91**	**1,215.04**	-	**273.79**	**4,064.40**
Changes in the loss allowance during the year:						
Transfer to Stage 1	5.33	(3.44)	(1.89)	-	-	-
Transfer to Stage 2	(202.42)	205.34	(2.92)	-	-	-
Transfer to Stage 3	(1,727.12)	(395.09)	2,122.21	-	-	-
New loans originated during the year	2,222.79	166.92	337.66	-	-	2,727.37
Other movements (on account of changes in EAD)	1,065.74	306.30	909.97	-	-	2,282.01
Management overlay*	-	-	-	-	(273.79)	(273.79)
Closing balance as at March 31, 2023	**3,845.98**	**373.94**	**4,580.07**	-	-	**8,799.99**
Opening balance as at April 01, 2021	**1,197.28**	**75.03**	**1,011.00**	-	**270.00**	**2,553.31**
Changes in the loss allowance during the year:						
Transfer to Stage 1	2.95	(2.44)	(0.51)	-	-	-
Transfer to Stage 2	(64.73)	64.90	(0.17)	-	-	-
Transfer to Stage 3	(887.16)	(34.09)	921.25	-	-	-
New loans originated during the year	2,156.49	28.68	168.15	-	-	2,353.32
Other movements (on account of changes in EAD)	76.83	(38.17)	(884.68)	-	-	(846.02)
Management overlay	-	-	-	-	3.79	3.79
Closing balance as at March 31, 2022	**2,481.66**	**93.91**	**1,215.04**	-	**273.79**	**4,064.40**

* There is no reversal on account of management overlay, the same has been incorporated in the ECL Model itself during the year ended March 31, 2023.

B. Movement of expected credit loss (ECL) on loan commitments:

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2022	-	-	-	-
Changes in the loss allowance during the year:				-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of changes in EAD)	-	-	-	-
Closing balance as at March 31, 2023	-	-	-	-
Opening balances as at April 01, 2021	**8.69**	-	-	**8.69**
Changes in the loss allowance during the year:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of changes in EAD)	(8.69)	-	-	(8.69)
Closing balance as at March 31, 2022	-	-	-	-

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, 2022	**240,279.65**	**3,255.34**	**5,641.15**	-	**249,176.14**
Changes in the gross carrying amount during the year:					
Transfer to Stage 1	1,384.17	(1,164.23)	(219.94)		-
Transfer to Stage 2	(5,647.62)	5,742.82	(95.20)		-
Transfer to Stage 3	(4,284.81)	(715.97)	5,000.78		-
New loans originated during the year	266,582.08	4,562.11	709.85		271,854.04
Other movements (on account of changes in EAD)	(128,893.77)	(1,232.62)	(1,467.59)		(131,593.98)
Closing balance as at March 31, 2023	**369,419.70**	**10,447.45**	**9,569.05**		**389,436.20**
Opening balance of gross carrying amount as at April 01, 2021	**124,036.19**	**3,751.00**	**3,044.42**	-	**130,831.61**
Changes in the gross carrying amount during the year:					
Transfer to Stage 1	430.59	(289.11)	(141.48)		-
Transfer to Stage 2	(2,004.44)	2,010.61	(6.17)		-
Transfer to Stage 3	(4,175.51)	(277.22)	4,452.73		-
New loans originated during the year	194,319.04	1,198.16	843.55		196,360.75
Other movements (on account of changes in EAD)	(72,326.22)	(3,138.10)	(2,551.90)		(78,016.22)
Closing balance as at March 31, 2022	**240,279.65**	**3,255.34**	**5,641.15**	-	**249,176.14**

(Rupees in lakh)

51. Financial risk management (continued)

D. Movement in loan commitments:

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2022	**882.60**	-	-	**882.60**
Changes in loan commitments during the year:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	4,477.45	-	-	4,477.45
Other changes	-	-	-	-
Other movements (on account of changes in EAD)	(882.60)			(882.60)
Closing balance as at March 31, 2023	**4,477.45**	-	-	**4,477.45**
Opening balance as at April 01, 2021	**1,381.88**	-	-	**1,381.88**
Changes in loan commitments during the year:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	882.60	-	-	882.60
Other changes	-	-	-	-
Other movements (on account of changes in EAD)	(1,381.88)			(1,381.88)
Closing balance as at March 31, 2022	**882.60**	-	-	**882.60**

E. Details of collaterals received against loan portfolio:

Nature of security against advances:

Underlying securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collaterals for the below calculation is taken at the date of inception of the loan

Advances other than credit impaired advances (LTV band-wise):

LTV ratio	As at March 31, 2023		As at March 31, 2022	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	51,968.44	1,247.82	152,906.62	1,563.92
51% - 70%	740.40	2.04	-	-
71%-90%	181,887.88	933.51	-	-
> 90%	-	-	-	-

Credit impaired advances (LTV band-wise):

LTV ratio	As at March 31, 2023		As at March 31, 2022	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	2,086.38	502.21	3,033.97	325.26
71%-90%	4.89	1.43	-	-
> 90%	1,690.62	299.90	-	-

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(Rupees in lakh)

51. Financial risk management (continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line-up of committed credit facilities. The Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset liability management framework. The Company continues to maintain a positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2023:

Particulars	Carrying amount*	Gross nominal	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Later than five years
Financial assets (inflow):							
Cash and cash equivalents	4,014.77	4,014.77	4,014.77	-	-	-	-
Bank balances other than cash and cash equivalents above	17,169.19	17,169.19	3,412.54	988.26	6,432.63	6,334.40	1.36
Derivative financial instruments	-	-	-	-	-	-	-
Loans	389,436.20	384,849.48	31,274.12	51,371.24	63,369.04	173,134.43	65,700.65
Investments	6,011.52	6,011.52	-	-	-	6,011.52	-
Other financial assets (Refer Note 8)	2,534.41	2,534.41	-	1,803.57	-	730.84	-
Financial liabilities (outflow):							
Derivative financial instruments	9.27	9.27	-	-	9.27	-	-
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	145.97	145.97	-	145.97	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,168.80	1,168.80	-	1,168.80	-	-	-
(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	96.78	96.78	-	96.78	-	-	-
Debt securities	114,434.45	116,296.98	4,134.04	17,096.13	48,270.31	46,796.50	-
Borrowings (other than debt securities)	200,459.00	203,864.05	6,151.02	20,367.12	54,704.52	122,546.39	95.00
Other financial liabilities (Refer Note 22)	7,734.85	8,524.00	95.20	4,110.26	859.76	3,430.89	27.89

*Carrying amount reported above is on a gross basis.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2022:

Particulars	Carrying amount*	Gross Nominal	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Later than five years
Financial assets (Inflow):							
Cash and cash equivalents	6,574.94	6,574.94	6,574.94	-	-	-	-
Bank balance other than cash and cash equivalents	12,263.11	12,263.11	562.29	5,061.49	755.98	5,881.92	1.43
Derivative financial instruments	22.29	22.29	-	-	22.29	-	-
Loans	249,176.14	244,841.52	14,557.20	18,930.32	46,775.13	123,644.55	40,934.32
Investments	6,944.83	6,854.27	-	-	2,663.90	4,190.37	-
Other financial assets (Refer Note 8)	792.79	792.79	-	139.20	228.38	425.21	-
Financial liabilities (outflow):							
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	0.08	0.08	-	0.08	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	666.93	-	666.93	-	-	-
(B) Other payables							
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	42.21	15.04	-	15.04	-	-	-
Debt securities	70,441.43	71,924.34	5,479.87	6,255.99	18,438.72	31,049.76	10,700.00
Borrowings (other than debt securities)	109,783.21	111,572.30	3,242.70	10,458.32	33,111.47	64,509.81	250.00
Other financial liabilities (Refer Note 22)	4,722.36	5,470.75	78.07	1,753.94	639.48	2,902.39	96.87

*Carrying amount reported above is on a gross basis.

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(Rupees in lakh)

51. Financial risk management (continued)

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2023:

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	4,477.45	4,477.45	-	-
Other commitments	-	5,141.44	5,141.44	-	-
Capital commitments (outflow)	-	760.50	373.50	387.00	-

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2022:

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	882.60	882.60	-	-
Other commitments	-	872.99	-	872.99	-
Capital commitments (outflow)	-	185.00	185.00	-	-

The Company has disclosed the below information as stated in the RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 that enables the market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings):

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI).
The Company had not raised any public deposits.
The details of the borrowings are given below:

Sr.No.	Number of Significant counterparties	Amount (₹ lakh)*	% of Total Liabilities
1	27	230,164.77	69.29%

* The Principal outstanding amounts as on March 31, 2023 have been considered above.

(ii) Top 20 large deposits (amount in ₹ lakh and % of total deposits):

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI). The Company had not accepted any deposits during the year.

(iii) Top 10 borrowings (amount in ₹ lakh and % of total borrowings):

Particulars	As at March 31, 2023	As at March 31, 2022
Total borrowings from ten largest lenders *	142,894.94	84,607.78
Percentage of borrowings from ten largest lenders to total borrowings of the Company	45.34%	46.62%

* The amount considered above excludes unamortised borrowing costs.

(iv) Funding concentration based on significant instrument/ product:

Sr No.	Name of instrument/ product	As at March 31, 2023		As at March 31, 2022	
		Amount (₹ lakh)	% of total liabilities	Amount (₹ lakh)	% of total liabilities
1	Term loans facilities	175,568.18	52.86%	105,628.37	55.96%
2	Cash credit / overdraft facilities	3,477.93	1.05%	2,567.71	1.36%
3	Non-convertible debentures	83,338.23	25.09%	54,670.00	28.96%
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	16,339.99	4.92%	3,419.61	1.81%
5	Commercial paper	12,500.00	3.76%	12,000.00	6.36%
6	External Commercial borrowing	23,945.67	7.21%	3,131.29	1.66%
Total		**315,170.00**	**94.89%**	**181,416.98**	**96.11%**

(v) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets:

Particulars	As at March 31, 2023			As at March 31, 2022		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Commercial papers	3.97%	3.76%	2.90%	6.61%	6.36%	4.20%

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :

The Company does not have borrowings through non-convertible debentures with original maturity of less than one year in the current and previous year.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets:

Particulars	As at March 31, 2023			As at March 31, 2022		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Cash credit/ overdraft facilities	1.10%	1.05%	0.81%	1.42%	1.36%	0.90%
Working capital	1.89%	1.79%	1.38%	0.00%	0.00%	0.00%

The Principal outstanding amounts as on March 31, 2023 and March 31, 2022 have been considered above.

(vi) Institutional set-up for liquidity risk management:

The Company has an asset liability management committee (ALCO) that is formed in accordance with the Directions issued by the Reserve Bank of India. The asset liability committee takes into account interest rate forecasts and spreads, the internal cost of funds, operating results, projected funding needs, projected loan disbursements, liquidity position, loan loss reserves to outstanding loans, funding strategies. This committee reviews the fund position, asset liability maturity profile, variance between forecast and actuals of the concluded quarter, analysis of sensitivity of interest rates variation in various buckets, what if scenario analysis, etc. The Company maintains a positive cumulative mismatch in all buckets.

(Rupees in lakh)

51. Financial risk management (continued)

c. Market risk:

Market risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates.

The Company primarily deploys funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing/ lending cost including proportion of fixed and floating rate borrowings/ loans so as to manage the impact of changes in interest rates.

Exposure to price risk:

The Company's exposure to price risk arises from investments held by the Company and is classified in the Balance Sheet through fair value through statement of Profit and Loss.

Interest rate risk:

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from the two perspectives as mentioned below:
a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rates.
b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off-balance sheet positions due to variation in interest rates.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure that the positions are maintained within the established limits.

The exposure of the Company's borrowings to interest rate changes as at the end of the reporting period are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate borrowings	165,035.27	69,642.00
Fixed rate borrowings	150,134.73	111,774.98
Total borrowings	**315,170.00**	**181,416.98**

The Company had the following variable rate borrowings outstanding:

Particulars	As at March 31, 2023	As at March 31, 2022
Weighted average cost	10.60%	9.78%
Outstanding balance	165,035.27	69,642.00
% of total borrowings	52.36%	38.39%
Sensitivity :	**Impact on profit or loss**	
Particulars	**As at March 31, 2023**	**As at March 31, 2022**
*Interest rate - increase by 1%	(1,166.67)	(602.80)
*Interest rate - decrease by 1%	1,166.67	602.80

* Impact on Statement of Profit and Loss up to 1 year, holding all other variables constant.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises mainly on account of the foreign currency borrowings. The Company manages this foreign currency risk by entering into cross-currency interest rate swaps/ full currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds the derivative financial instruments such as cross-currency interest rate swaps, full currency swaps to mitigate the risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on the quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

d. Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Capital Management:

The Company's capital management objective is primarily to safeguard the business continuity. The Company's capital raising policy is aligned to the macro-economic situations and incidental risk factors. The Company's cashflows are regularly monitored in sync with the annual operating plans and the long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes that this approach would create shareholder value in the long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present, a large portion of the company's resource base is equity. Therefore, the company enjoys a low gearing.

The Company maintains its capital structure in line with the economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio:

Particulars	As at March 31, 2023	As at March 31, 2022
The gearing ratio at each date were as follows:		
*Debt (I)	318,411.60	183,083.40
Less: Cash and cash equivalents (II) (Refer Note 3)	4,014.77	6,574.94
Net debt (I - II)	**314,396.83**	**176,508.46**
Total equity	**98,404.31**	**96,656.32**
Net debt to equity ratio	**3.19**	**1.83**

* Debt includes debt securities, borrowings and lease liabilities.

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(Rupees in lakh)

52.Details of all collaterals used as security for liabilities

Particulars	Carrying amount of financial assets pledged	
	As at March 31, 2023	As at March 31, 2022
Assets type:		
Loans receivable as collateral under lending agreements	342,953.54	180,756.52
Loans receivable as collateral under PTC agreements	2,306.96	348.88
Fixed deposits with original maturity of less than 3 months as collateral under lending agreements	-	100.30
Fixed deposits as collateral under lending agreements	9,124.95	11,493.08
Fixed deposits as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	2,096.91	762.29

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(Rupees in lakh)

53. Income tax

a. **The major components of tax expense for the year ended March 31, 2023 and March 31, 2022:**

Sr.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	**Statement of profit and loss:**		
	Profit and loss section:		
	Current income tax:		
	Tax for current year as per minimum alternate tax	2,298.62	660.90
	Deferred tax :		
	Tax expense on origination and (elimination) of temporary differences	1,828.08	(98.18)
	Excess/ short provision of tax of earlier years:		
	Tax expense for earlier years as per minimum alternate tax	278.50	-
	Income tax expense reported in the Statement of profit and loss	**4,405.20**	**562.72**
2	**Other comprehensive income (OCI) section:**		
	Deferred tax:		
	Net (loss)/ gain on remeasurement of defined benefit obligations	(7.00)	7.47
	The effective portion of gains and loss on hedging instrument in a cash flow hedge	13.20	2.62
	Income tax expense reported in the OCI section	**6.20**	**10.09**

b. **Reconciliation of effective tax rate:**

Sr.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Profit before tax as per books	8,382.84	2,017.78
2	Book profit as per MAT	13,156.03	3,782.60
3	Applicable income tax rate	29.12%	29.12%
4	Tax rate as per MAT	17.47%	17.47%
5	**Tax at the applicable income tax rate on profit before tax (A)**	2,441.08	587.58
6	**Tax effect of amounts not deductible/not taxable while calculating taxable income**		
	-Corporate social responsibility	15.29	5.70
	-Excess interest spread receivable on direct assignment and Co-lending transactions	-	(20.48)
	-Interest /penalty on TDS	-	0.02
	-Other adjustments	59.21	(10.10)
	-Impact on account of brought forward losses	1,889.62	-
	Total of adjustments (B)	**1,964.12**	**(24.86)**
7	**Total tax impact (excl. MAT related adjustments) (C) = (A) - (B)**	**4,405.20**	**562.72**
8	Tax under MAT (Current Tax)	2,577.12	660.90
9	**Less: MAT credit entitlement (D)**	**(2,577.12)**	**(660.90)**
10	**Total Deferred tax (E) = (D) - (C)**	**1,828.08**	**(98.17)**
11	**Total Tax expense/(refund)**	**4,405.20**	**562.72**

* The applicable tax rate is the rate prescribed under the Income tax act, 1961.

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(Rupees in lakh)

53. Income tax (continued)

c. Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss:

Sr.	Particulars	Balance sheet		Statement of profit and loss and other comprehensive income	
		As at March 31, 2023	As at March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
A	Deferred tax assets (DTA)				
1	Provision for compensated absences	175.91	83.72	92.19	33.97
2	Provision for gratuity	50.04	24.36	25.68	3.65
3	Deferred revenue income - processing fees allowed upfront in income tax	1,740.14	836.37	903.77	478.03
4	Provision for impairment losses on financial instruments	2,628.18	1,249.12	1,379.06	503.07
5	Lease rentals expense under Ind AS 116	93.63	100.25	(6.62)	28.26
6	Preliminary expenses (gross)	7.13	69.81	(62.69)	(62.69)
7	ESOS expenses disallowance	217.44	217.44	(0.00)	(31.20)
8	Unutilised minimum alternate tax credit entitlement	4,105.37	1,587.34	2,518.03	660.90
9	Income tax losses carried forward	3,025.64	2,856.51	169.13	107.59
10	Others	417.30	205.20	212.10	176.33
11	**Total (A)**	**12,460.78**	**7,230.12**	**5,230.65**	**1,897.91**
B	Deferred tax liabilities (DTL)				
1	Difference in written down value of property, plant and equipment and intangible assets	342.76	218.84	123.92	61.05
2	Receivables on EIS Direct assignment and Co-lending transactions	4,200.47	447.75	3,752.72	425.48
3	Unrealised gain/ (loss) on investments	-	(0.00)	0.00	(3.91)
4	Prepaid fees/ charges on debt securities allowed upfront in income tax	542.37	348.20	194.17	234.59
5	Prepaid fees/ charges on borrowings allowed upfront in income tax	991.55	624.58	366.97	263.46
6	Deferred loan sourcing cost allowed upfront in income tax	3,819.62	1,209.12	2,610.51	829.15
7	Others	16.65	-	16.65	-
8	**Total (B)**	**9,913.42**	**2,848.49**	**7,064.94**	**1,809.82**
C	**Deferred tax asset/ (liability)**	**2,547.36**	**4,381.63**	-	-
D	**Deferred tax expense/ (benefit)**	-	-	**1,834.29**	**(88.09)**

d. Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

There are no deductible temporary differences, unused tax losses and unused tax credits for which deferred tax assets have not been recognised.

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(Rupees in lakh)

54. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

Ind AS 107, 'Financial Instruments - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance sheet using a three-level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on the entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a. Fair value hierarchy of financial instruments classified in amortised cost category:

Particulars	Fair value as on March 31, 2023			Carrying value as on March 31, 2023	Fair Value as on March 31, 2022			Carrying value as on March 31, 2022
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Loans	-	-	380,707.90	389,436.20	-	-	240,905.99	249,176.14
Investments	4,069.86	-	-	4,262.60	3,972.12	-	-	4,296.72
Other financial assets (Refer Note 8)	-	-	2,534.41	2,534.41	-	-	792.79	792.79
Total	**4,069.86**	**-**	**383,242.31**	**396,233.21**	**3,972.12**	**-**	**241,698.78**	**254,265.65**
Liabilities								
Debt securities	-	113,013.35	-	114,434.45	-	74,189.29	-	70,441.43
Borrowings (other than debt securities)	-	204,193.98	-	200,459.00	-	101,864.90	-	109,783.21
Other financial liabilities (Refer Note 22)	-	-	7,734.85	7,734.85	-	-	4,722.36	4,722.36
Total	**-**	**317,207.33**	**7,734.85**	**322,628.30**	**-**	**176,054.19**	**4,722.36**	**184,947.00**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value:

Short-term financial assets and liabilities:

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, are a reasonable approximation of their fair value. Such instruments include: 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.

Debt securities and 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, 2023			Carrying value as on March 31, 2023	Fair Value as on March 31, 2022			Carrying value as on March 31, 2022
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Investments in mutual funds	-	-	-	-	-	-	-	-
Investments in security receipts	-	1,748.92	-	1,748.92	-	2,648.11	-	2,648.11
Total	**-**	**1,748.92**	**-**	**1,748.92**	**-**	**2,648.11**	**-**	**2,648.11**

There were no transfers between Level 1 and Level 2 during the year.

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(Rupees in lakh)

55. Maturity profile of assets and liabilities:

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets:						
Financial assets:						
Cash and cash equivalents	4,014.77	-	4,014.77	6,574.94	-	6,574.94
Bank balances other than cash and cash equivalents above	10,831.75	6,334.39	17,166.14	6,379.17	5,881.08	12,260.25
Derivative financial instruments	-	-	-	22.29	-	22.29
Loans	143,460.05	237,176.16	380,636.21	77,786.65	167,325.09	245,111.74
Investments	-	6,010.69	6,010.69	2,648.11	4,295.88	6,943.99
Other financial assets (Refer Note 8)	1,800.39	730.84	2,531.23	364.41	425.21	789.62
Non-financial assets:						
Current tax assets (net)	203.78	-	203.78	164.23	-	164.23
Deferred tax asset (net)	-	2,547.36	2,547.36	-	4,381.63	4,381.63
Property, plant and equipment	-	379.30	379.30	-	430.43	430.43
Non-current assets held for sale	2,194.55	-	2,194.55			
Right of use asset	922.46	2,441.62	3,364.08	631.68	1,906.60	2,538.28
Capital work in progress	2.82	-	2.82	20.25	-	20.25
Intangible assets under development	1,431.41	-	1,431.41	568.54	-	568.54
Other intangible assets	-	4,741.53	4,741.53	-	2,602.04	2,602.04
Other non-financial assets (Refer Note 17)	4,721.27	613.54	5,334.81	278.27	2,803.56	3,081.83
Total	**169,583.25**	**260,975.43**	**430,558.68**	**95,438.54**	**190,051.52**	**285,490.06**
Liabilities:						
Financial liabilities:						
Derivative financial instruments	9.27	-	9.27	-	-	-
(A) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	145.97	-	145.97	0.08	-	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,168.80	-	1,168.80	569.43	97.50	666.93
(B) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	96.78	-	96.78	15.04	27.17	42.21
Debt securities	68,107.94	46,326.51	114,434.45	29,037.79	41,403.64	70,441.43
Borrowings (other than debt securities)	79,954.55	120,504.45	200,459.00	46,027.44	63,755.77	109,783.21
Other financial liabilities (Refer Note 22)	4,756.68	2,978.17	7,734.85	2,212.59	2,509.77	4,722.36
Non-financial liabilities:						
Provisions	5,000.79	775.92	5,776.71	2,316.05	371.17	2,687.22
Current tax liabilities (net)	1,567.77	-	1,567.77	126.07	-	126.07
Other non-financial liabilities (Refer Note 25)	760.77	-	760.77	364.23	-	364.23
Total	**161,569.32**	**170,585.05**	**332,154.37**	**80,668.72**	**108,165.02**	**188,833.74**

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56. Disclosure pursuant to IndAS 7 ' Statement of Cash Flows' - changes in liabilities arising from financing activities:

Particulars	As at April 01, 2022	Cash inflow/ (outflow)	Creation of right of use assets*	As at March 31, 2023
Debt securities	70,376.77	44,057.68	-	114,434.45
Borrowings (other than debt securities)	109,807.09	90,651.91	-	200,459.00
Other financial liabilities				
Lease liabilities	2,858.76	(781.38)	1,440.77	3,518.15

*The figures represent net of creation, remeasurement and deletion of right of use assets.

Particulars	As at April 01, 2021	Cash inflow/ (outflow)	Creation of right of use assets	As at March 31, 2022
Debt securities	31,557.55	38,819.22	-	70,376.77
Borrowings (other than debt securities)	45,011.94	64,795.15	-	109,807.09
Other financial liabilities				
Lease liabilities	1,340.97	(407.17)	1,924.96	2,858.76

57. Financial assets are transferred but not derecognised in their entirety:

a. Securitisation

Particulars	As at March 31, 2023		As at March 31, 2022	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of assets	18,252.35	-	3,633.76	-
Carrying amount of associated Liabilities	16,339.99	-	3,419.61	-
For those liabilities that have recourse only to the transferred financial assets				
Fair value of assets (A)	18,348.09	-	3,657.84	-
Fair value of associated liabilities (B)	16,385.17	-	3,426.42	-
Net position (C) = (A - B)	**1,962.92**	-	**231.42**	-

b. Assignment and Colending

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment and colending, 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, 2023	As at March 31, 2022
Carrying amount of de-recognised financial asset	144,807.71	50,558.53
Carrying amount of retained asset at amortised cost	31,866.75	6,945.20
Net gain on sale of the de-recognised financial asset*	15,407.22	2,693.46

*It represents net gain on derecognition of financial asset for the year ended March 31, 2023 and March 31, 2022.

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58. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk assets ratio (CRAR)

Particulars		As at March 31, 2023	As at March 31, 2022
i)	CRAR (%)	20.23	34.37
ii)	CRAR - Tier I capital (%)	19.63	33.61
iii)	CRAR - Tier II capital (%)	0.60	0.76
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

b. Investments

Particulars		As at March 31, 2023	As at March 31, 2022
(1)	Value of investments		
	i. Gross value of investments		
	(a) In India	6,011.52	6,944.83
	(b) Outside India,	-	-
	ii. Provision for depreciation		
	(a) In India	0.83	0.84
	(b) Outside India,	-	-
	iii. Net value of investments		
	(a) In India	6,010.69	6,943.99
	(b) Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.		
	Opening balance	0.84	
	Add : provisions made during the year	-	0.84
	Less : Write-off/ write-back of excess provisions during the year	0.01	-
	Closing balance	0.83	0.84

c. Derivatives

1. Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
I	The Notional principal of swap agreement	23,746.43	3,109.43
II	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
III	Collateral required by the Company upon entering into swaps	-	-
IV	Concentration of credit risk arising from the swaps	-	-
V	The fair value of the swap book (Asset/(liability))	(9.27)	22.29

2. Exchange traded interest rate (IR) derivatives

The Company has not entered into any exchange traded derivative.

3. Disclosures on risk exposure and derivatives

Qualitative disclosures

I. The Company undertakes the derivative transactions to prudently hedge the risk in context of a particular borrowing or diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transaction. The Company reviews the proposed transaction and outlines any consideration associated with the transaction, including identification of the benefits and potential risks (worst case scenario) ; an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz. , counter party risk , market risk, operational risk, basis risk etc.

II. Credit risk is controlled by restricting the counter parties that the Company deals with, to those who either have banking relationship with the Company or are internationally reowned or can provide sufficient information. Market/ price risk arising from the fluctuation of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counter parties to those who have adequate facility, sufficient information and sizable trading capacity and capability to enter into transactions in any market around the world.

III. The respective functions of trading, confirmation and settlement should be performed by different personnel. The front-office and the back-office roles are well defined and segregated. All the derivative transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the Board of Directors on every quarterly board meetings including their financial positions.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

Quantitative Disclosures

Sr. No.	Particulars	As at March 31, 2023		As at March 31, 2022	
		Currency Derivatives**	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
I	Derivative (Notional Principal Amount) - For Hedging	23,746.43	-	3,109.43	-
II	Market to market position (a) Asset [+] Estimated Gain	-	-	22.29	-
	(b) Liability [-] Estimated Loss	(9.27)	-	-	-
III	Credit Exposure	23,737.16	-	3,131.72	-
IV	Unhedged exposures	-	-	-	-

* Cross-currency interest rate swap

** Cross-currency interest rate swap and full currency swap

d. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/85 Master Direction DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (the "Notification"), as updated from time to time.

Details of securitization:

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	10.00	3.00
2	Total amount of securitized assets as per books of the SPVs sponsored	18,252.35	3,633.76
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	2,306.96	348.88
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	b. On - balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	2,096.91	762.29
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

d. Disclosures relating to securitization (continued)

Details of financial assets sold to securitization/ reconstruction company for assets reconstruction:

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization/ reconstruction company for assets reconstruction.

Details of assignment transactions undertaken during the year:

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
1.	No. of accounts	2,641	1,853
2.	Aggregate value (net of provisions) of accounts assigned*	47,746.89	29,135.80
3.	Aggregate consideration*	47,746.89	29,135.80
4.	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.	Aggregate gain/ loss over net book value	-	-

*Details pertaining to direct assignment transactions entered during the year.

Details of non-performing financial assets purchased/ sold:

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Also Refer Note no. 63.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2023 as follow:

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	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*	10,495.73	3,542.47	17,234.03	22,353.02	26,466.63	24,592.81	38,775.37	127,824.46	45,309.97	72,841.71	389,436.20
Investments**								3,311.04	2,700.43		6,011.52
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	2,734.91	149.66	3,153.01	9,158.79	10,977.88	19,640.91	34,139.40	94,418.75	25,991.54	94.15	200,459.00
Market borrowings (Debt Securities)	-	-	3,917.39	4,812.51	11,922.07	8,270.72	39,185.25	33,039.57	13,286.94	-	114,434.45

* Impairment loss allowance of Rs 8,799.99 lakh on advances is not a part of the above disclosure.
** Impairment loss allowance of Rs 0.83 lakh on investments is not a part of the above disclosure.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2022 as follow :

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	7,819.67	2,199.02	4,609.91	7,962.82	10,994.70	20,887.39	26,011.27	89,636.76	30,686.00	48,368.60	249,176.14
Investments	-	-	-	-	-	-	2,648.11	-	4,296.72	-	6,944.83
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	542.51	992.33	1,651.26	5,588.46	4,673.27	12,406.70	20,172.91	54,633.62	8,874.21	247.94	109,783.21
Market borrowings (Debt Securities)	1,801.10	76.83	3,459.12	4.27	6,003.58	6,529.34	11,163.56	25,173.80	5,530.86	10,698.97	70,441.43

* Impairment loss allowance of Rs 4,064.40 lakh on advances is not a part of the above disclosure.
** Impairment loss allowance of Rs 0.84 lakh on investments is not a part of the above disclosure.

(Rupees in lakh)

f. Exposures:

Category			As at March 31, 2023	As at March 31, 2022
a)	**Exposure to real estate sector:**			
	A. 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. Exposure would also include non-fund based (NFB) limits.	1,25,965.38*	100,526.69*
	(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 would also include non-fund based (NFB) limits.	-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures:**		
		a. Residential	-	-
		b. Commercial real estate	-	-
	B. Indirect exposure			
	(i)	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
Total exposure to real estate sector			**125,965.38**	**100,526.69**

* These comprise of properties held as underlying security at gross exposure at default.

Particulars			As at March 31, 2023	As at March 31, 2022
b)		**Exposure to capital market:**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products:

The Company does not have any parent company hence, this clause is not applicable.

h. Details of single borrower limit (SBL)/ group borrower limit (GBL) exceeded by the Company:

Particulars	As at March 31, 2023	As at March 31, 2022
Single borrower limit (SBL)/ group borrower limit (GBL) exceeded by the Company.	-	-

Notes forming part of the financial statements (continued)
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(Rupees in lakh)

i. Unsecured advances:

Details of unsecured advances the rights, licenses, authorisations,etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2023	As at March 31, 2022
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators:

Particulars	Type	Number Reference
IRDA	Corporate Agent	CA0733

k. Disclosure of penalties imposed by RBI and other regulators:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nil	-	-

During the current year and the previous year, there are no penalties imposed by the RBI and other regulators.

l. Related party transactions:

Details of all material transactions with related parties has been given in note 43 of the financial statements.

m. Ratings assigned by credit rating agencies and migration of ratings for the year ended March 31, 2023:

Rating agency	Type	Rating FY 22-23	Rating FY 21-22
India Ratings & Research Private Limited	Bank loans (long term)	IND A/Stable	-
CRISIL Ratings Limited	Bank loans (long term)	CRISIL A-/Positive	-
CRISIL Ratings Limited	Tier II Bond	CRISIL A-/Positive	-
CRISIL Ratings Limited	Non-Convertible Debentures	CRISIL A-/Positive	-
CRISIL Ratings Limited	Principal Protected Market Linked Debentures (Long Term)	CRISIL PPMLD A-/Positive	-
CRISIL Ratings Limited	Commercial paper	CRISIL A1	-
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A/Stable	ACUITE A+/Stable
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1	ACUITE A1+
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE AA-/CE/Stable	PP-MLD/ACUITE AA+/CE/Stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE A/Stable	PP-MLD/ACUITE A+/Stable
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A / stable	ACUITE A+ / stable

n. Remuneration of directors:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Transactions with the Independent directors Directors' Sitting Fees	189.00	171.00

Refer Note 43 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, 2023	As at March 31, 2022
Provision towards NPA	4,580.07	1,488.83
Provision made towards income tax	1,567.77	126.07
Provision for depreciation on investments	0.83	0.84
Provision for depreciation on fixed deposits	3.05	2.86
Provision for depreciation on other receivables	3.17	3.17
Provision for gratuity	171.83	83.65
Provision for compensated absences	604.09	287.52
Provision for bonus	1,200.00	700.00
Provision for expenses	3,800.79	1,616.05
Provision for standard assets	4,219.92	2,575.57

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

(Rupees in lakh)

q. Draw down from reserves:

During the year, the Company has not drawn any amount from the reserves.

r. Concentration of deposits, advances, exposures and NPAs:

(i) Concentration of advances:

Particulars	As at March 31, 2023	As at March 31, 2022
Total advance to twenty largest borrowers	12,050.35	12,099.18
Percentage of advances to twenty largest borrowers to total advances of the Company	3.32%	4.98%

(ii) Concentration of exposures:

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers	12,079.77	12,099.18
Percentage of exposures to twenty largest borrowers to total exposure of the Company	3.20%	4.98%

(iii) Concentration of NPAs:

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	1,447.12	1,454.67

s. Sector-wise NPAs:

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2023	As at March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	2.41%	2.11%
3	Corporate borrowers	100.00%	87.07%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

Note :The base considered for calculation of sector-wise NPA for Corporate borrowers has decreased from 2 customers amounting to Rs 547.88 lakh as at March 31, 2022 to 1 customer amounting to Rs 471.14 lakh as at March 31, 2023 resulting in a higher percentage of NPA as at March 31, 2023.

t. Movement of NPAs:

Particulars			As at March 31, 2023	As at March 31, 2022
(i)	Net NPAs to net advances (%)		1.31%	1.70%
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	5,641.15	3,647.71
	(b)	Additions during the year	5,720.50	4,671.57
	(c)	Reductions during the year	1,792.60	2,678.13
	(d)	Closing balance	9,569.05	5,641.15
(iii)	Movement of Net NPAs			
	(a)	Opening balance	4,152.32	2,297.45
	(b)	Additions during the year	3,530.19	3,364.96
	(c)	Reductions during the year	2,693.53	1,510.09
	(d)	Closing balance	4,988.98	4,152.32
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1,488.83	1,350.25
	(b)	Provisions made during the year	3,357.50	242.63
	(c)	provisions	266.26	104.05
	(d)	Closing balance	4,580.07	1,488.83

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(Rupees in lakh)

u. Overseas assets (for those with joint ventures and subsidiaries abroad):

There are no overseas assets.

v. Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

There are no off-balance sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

w. Customer complaints:

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
(a)	No. of complaints pending as at the beginning of the year	1	Nil
(b)	No. of complaints received during the year	175	30
(c)	No. of complaints redressed during the year	171	29
(d)	No. of complaints pending as at the end of the year	5	1

x. Revenue recognition:

There is no postponement of revenue due to pending resolution of significant uncertainties.

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UGRO CAPITAL LIMITED *

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

y. Restructured accounts for the year ended March 31, 2023:

Sr.	Type of restructuring		Under CDR Mechanism/ SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2022	No. of borrowers	-	-	-	-	-	-	4	-	-	4
		Amount outstanding	-	-	-	-	-	-	636.34	-	-	636.34
		Provision thereon	-	-	-	-	-	-	79.14	-	-	79.14
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
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.	Others*	No. of borrowers	-	-	-	-	-	-	4	-	-	4.00
		Amount outstanding	-	-	-	-	-	-	(32.31)	-	-	(32.31)
		Provision thereon	-	-	-	-	-	-	141.65	-	-	141.65
8.	Restructured accounts as on March 31, 2023	No. of borrowers	-	-	-	-	-	-	4	-	-	4
		Amount outstanding	-	-	-	-	-	-	604.03	-	-	604.03
		Provision thereon	-	-	-	-	-	-	220.79	-	-	220.79

* It represents recovery against the existing 4 accounts and increase in provision thereon.

Restructured accounts For the year ended March 31, 2022:

Sr.	Type of restructuring		Under CDR Mechanism/ SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2021	No. of borrowers	-	-	-	-	-	5	-	-	-	5
		Amount outstanding	-	-	-	-	-	597.76	-	-	-	597.76
		Provision thereon	-	-	-	-	-	69.25	-	-	-	69.25
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	3	-	-	3
		Amount outstanding	-	-	-	-	-	-	159.29	-	-	159.29
		Provision thereon	-	-	-	-	-	-	23.24	-	-	23.24
3.	Upgradation	No. of borrowers	-	-	-	-	-		-	-	-	-
		Amount outstanding	-	-	-	-	-		-	-	-	-
		Provision thereon	-	-	-	-	-		-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	4	-	-	-	4
		Amount outstanding	-	-	-	-	-	101.63	-	-	-	101.63
		Provision thereon	-	-	-	-	-	6.87	-	-	-	6.87
5.	Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	(1)	1	-	-	-
		Amount outstanding	-	-	-	-	-	(496.13)	477.05	-	-	(19.08)
		Provision thereon	-	-	-	-	-	(62.38)	55.90	-	-	(6.48)
6.	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7.	Restructured accounts as on March 31, 2022	No. of borrowers	-	-	-	-	-	-	4	-	-	4
		Amount outstanding	-	-	-	-	-	-	636.34	-	-	636.34
		Provision thereon	-	-	-	-	-	-	79.14	-	-	79.14

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC:

		Particulars	As at March 31, 2023		As at March 31, 2022	
			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	85,495.83	-	54,621.07	-
	ii	Unsecured	661.86	-	990.29	-
		(other than falling within the meaning of public deposits)				
	b	Deferred credits	-	-	-	-
	c	Term loans	196,981.07	-	107,239.38	-
	d	Inter - corporate loans and borrowings	-	-	-	-
	e	Commercial paper	12,146.52	-	11,472.03	-
	f	Public deposits	-	-	-	-
	g	Other loans	19,608.17	-	5,901.87	-
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, 2023	As at March 31, 2022
3		**Break - up of gross loans and advances including bills receivables (other than those included in (4) below):**		
	a	Secured	238,378.61	155,940.59
	b	Unsecured	151,057.59	93,235.55
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	NA	NA
		ii. Operating lease	NA	NA
	b	Stock on hire including hire charges under sundry debtors		
		i. Assets on hire	NA	NA
		ii. Repossessed assets	NA	NA
	c	Other loans counting towards asset financing activities		
		i. Loans where assets have been repossessed	NA	NA
		ii. Loans other than (a) above	NA	NA
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	-	-

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC (continued):

Assets Side			As at March 31, 2023	As at March 31, 2022
5	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-
	Long term investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	4,261.77	4,295.88
		(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	1,748.92	2,648.11

			As at March 31, 2023		As at March 31, 2022	
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross):**					
	Category		**Amount**			
			Secured	**Unsecured**	**Secured**	**Unsecured**
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	238,378.61	151,057.59	155,940.59	93,235.55
		Total	**238,378.61**	**151,057.59**	**155,940.59**	**93,235.55**
	** 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	6,010.69	6,943.99
		Total	**6,010.69**	**6,943.99**
	** As per accounting standard issued by ICAI.			
8	**Other information**			
	Particulars			
		Gross non-performing assets:	**9,569.05**	**5,641.15**
	a	i. Related parties		-
		ii. Other than related parties	9,569.05	5,641.15
		Net non-performing assets:	**4,988.98**	**4,152.32**
	b	i. Related parties		-
		ii. Other than related parties	4,988.98	4,152.32
		Assets acquired in satisfaction of debt	**2,194.55**	-

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2023:

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	362,278.62	3,845.98	358,432.64	1,780.62	2,065.36
	Stage 2	10,447.45	373.94	10,073.51	109.34	264.60
Non-performing assets (NPA)						
Substandard	Stage 3	6,740.56	2,893.34	3,847.22	715.05	2,178.29
Doubtful - up to 1 year	Stage 3	2,711.80	1,648.58	1,063.22	2,674.13	(1,025.55)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	116.68	38.15	78.53	115.99	(77.84)
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	4,477.45	-	4,477.45	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**366,756.07**	**3,845.98**	**362,910.09**	**1,780.62**	**2,065.36**
	Stage 2	**10,447.45**	**373.94**	**10,073.51**	**109.34**	**264.60**
	Stage 3	**9,569.04**	**4,580.07**	**4,988.97**	**3,505.17**	**1,074.90**
	Total	**386,772.56**	**8,799.99**	**377,972.57**	**5,395.13**	**3,404.86**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2022 (Continued):

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per IndAS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	239,025.36	2,481.66	236,543.70	1,856.21	625.45
	Stage 2	3,255.34	93.91	3,161.43	50.52	43.39
Non-performing assets (NPA)						
Substandard	Stage 3	5,451.73	1,299.41	4,152.32	623.40	676.01
Doubtful - up to 1 year	Stage 3	189.42	189.42	-	184.06	5.36
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	882.60	-	882.60	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**239,907.96**	**2,481.66**	**237,426.30**	**1,856.21**	**625.45**
	Stage 2	**3,255.34**	**93.91**	**3,161.43**	**50.52**	**43.39**
	Stage 3	**5,641.15**	**1,488.83**	**4,152.32**	**807.46**	**681.37**
	Total	**248,804.45**	**4,064.40**	**244,740.05**	**2,714.19**	**1,350.21**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

59.Disclosures as required by Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and Disclosures in Financial Statements- Notes to Accounts of NBFCs vide Notification No. DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022.

A. Exposure

1 Exposure to real estate sector (Refer Note 58f)

2. Exposure to capital market

The Company does not have any capital market exposure.

3. Sectoral exposure

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied activities	**6,095.31**	-	**0.00%**	-	-	**0.00%**
2. Industry						
i. Food processing	19,182.57	431.00	2.25%	8,243.71	184.24	2.23%
ii. Textiles	15,220.40	171.76	1.13%	1,317.10	-	0.00%
iii. Paper & paper products	7,612.24	49.89	0.66%	376.68	-	0.00%
iv. Rubber, plastic & their products	10,023.23	95.40	0.95%	2,208.10	102.61	4.65%
v. Basic metal & metal product	16,957.80	93.31	0.55%	681.52	1.76	0.26%
vi. All engineering	20,177.70	859.32	4.26%	35,982.95	658.76	1.83%
vii.Others	116,225.46	3,070.15	2.64%	62,745.24	2,780.61	4.43%
Total of industry (i+ii+iii+iv+v+vi+vii)	**205,399.40**	**4,770.83**	**2.32%**	**111,555.30**	**3,727.98**	**3.34%**
3. Services						
i. Tourism, hotel and restaurants	12,913.13	406.24	3.15%	5,884.55	265.92	4.52%
ii.Professional services	12,200.10	160.00	1.31%	6,604.10	46.76	0.71%
iii. Wholesale trade (other than food procurement)	26,388.21	767.44	2.91%	12,808.36	41.87	0.33%
iv. Retail trade	33,668.87	1,577.76	4.69%	44,768.92	687.01	1.53%
v. Others	85,543.64	1,886.70	2.21%	63,540.45	882.54	1.39%
Total of services (i+ii+iii+iv+v)	**170,714.03**	**4,798.22**	**2.81%**	**133,606.46**	**1,924.10**	**1.44%**

4. Intra-group exposures

The Company is a standalone entity hence there is no intra group exposure.

5. Unhedged foreign currency exposure

The Company does not have any unhedged foreign currency exposure.

B. Related Party (Refer Note 43 for KMP and other related parties except directors)

The Company has not granted loans or advances to promoters, directors and KMPs , either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2023 and March 31, 2022.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

C. Disclosure of complaints

1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman:

Particulars	As at March 31, 2023	As at March 31, 2022
Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	1	-
2. Number of complaints received during the year	148	24
3. Number of complaints disposed during the year	145	23
3.1 Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	4	1
5. Number of maintainable complaints received by the NBFC from Office of Ombudsman	27	6
5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	26	6
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	3	-
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

1. Top five grounds of complaints received by the NBFCs from customers.#

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
		Current Year			
Loans and advances	1	43	438.00%	1	1
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	50	900.00%	1	1
Difficulty in operation of accounts	-	4	(20.00%)	-	-
Recovery Agents/ Direct Sales Agents	-	9	800.00%	-	-
Other	-	69	527.00%	3	1
		Previous Year			
Loans and advances	-	8	NA*	1	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	5	NA*	-	-
Difficulty in operation of accounts	-	5	NA*	-	-
Recovery Agents/ Direct Sales Agents	-	1	NA*	-	-
Other	-	11	NA*	-	-

* There were nil complaints during FY 2020-21.
# This also includes complaints raised with RBI.

D. Corporate Governance (refer Corporate Governance section in the annual report)

E. Breach of covenant

Breach in terms of covenant in respect of loan availed by the Company is as follows:

JM Financial Products Limited had sanctioned a Term Loan of Rs. 4,000 lakh and had stipulated to maintain a CRAR of >20.24%, which was marginally breached by 0.01%, since the CRAR of the Company stood at 20.23% as of March 31, 2023. However, the Company has raised fresh Equity in April 2023 and therefore considering the impact of this event occurring after the Balance Sheet date (Refer Note 60), there is no breach of the covenant. The maturity of the term loan is due on September 29, 2023. There is no material impact on the cost or liquidity of the Company as the Company has already complied with the covenant on a post balance sheet event basis.

F. Divergence in asset classification and provisioning

During the current year the Company underwent routine RBI supervision for the year ended March 31, 2019, March 31, 2020 and March 31, 2021 and no divergence in asset classification and provisioning has been reported.

G. There is no modification of opinion expressed by the auditors.

H. There are no items of income and expenditure of exceptional nature.

MSKA & ASSOCIATES Chartered Accountants

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(Rupees in lakh)

60 Events after the reporting period

Non-adjusting events after the reporting period that require disclosure are as follows:

The Company raised equity share capital through Qualified Institutional Placement (QIP) in April 2023. The issue remained open from April 10, 2023, to April 13, 2023, and Rs. 10,049.21 lakh was raised in lieu of the same. The Company issued and allotted 66,11,325 equity shares (face value of Rs. 10 per share) at a premium of Rs. 142 per share. These shares were allotted on April 13, 2023.

The Company has entered into definitive investment agreement interalia with Danish Sustainable Development Goals Investment Fund K/S, a limited liability partnership incorporated under the laws of Denmark, represented by Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark, to the tune of Rs. 24,000 lakh ('Issue'). It is a Danish Development Finance Institution (independent Denmark government owned fund) and an impact investor which invests to support sustainable development in developing countries and contributes to the realization of the sustainable development goals (SDGs) by creating better opportunities for people in low and middle-income countries. The said Issue has been approved by the Board on April 11, 2023, and the shareholders through postal ballot on May 11, 2023. The allotment of shares under the said issue will be done within 15 days from the date of passing resolution by the shareholders.

61 Total Fixed deposits stand at Rs 2,096.91 lakh as at March 31, 2023 (previous year Rs 762.29 lakh) on account of securitisation transactions.

62 Disclosure on frauds pursuant to the RBI Master direction- Monitoring of Frauds in NBFCs, Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016 detected and reported to RBI:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Number of Frauds	-	1
Amount involved (Rs. in Lakh)	-	400.14

63 The Company has neither purchased any credit impaired financial assets nor has the company transferred any credit impaired assets to the Asset Reconstruction Company during the financial year 2022-23 in terms of guidelines issued by RBI circular number DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021. Further, the Company has also not sold any credit impaired financial asset to institutions other than to securitization/reconstruction company (SC/RC).

64 Title deeds of immovable property not held in the name of the Company as at March 31, 2023:

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company*
PPE	Land	-	-	-	-	-
PPE	Building	-	-	-	-	-
Investment property	Land	-	-	-	-	-
Investment property	Building	-	-	-	-	-
Non-current assets held for sale	Land	348.88	Borrower	No	-	-
Non-current assets held for sale	Building	1,782.95	Borrower	No	-	-
Others	-	-	-	-	-	-

*The Borrowers had mortgaged the immovable properties with the Company to secure the loan facility. Consequent to default in repayment of secured loan upon classification of the account as Non-Performing Asset ("NPA"), the proceedings under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("The SARFAESI Act, 2002") are initiated, whereby the immovable property mortgaged by the Borrower, is taken into possession of the Company with or without intervention of Court. The said properties will be sold to the prospective buyer(s) and the sale proceeds shall be appropriated towards the dues in the respective loan account. Meanwhile, if the borrower/co-borrower approaches to settle the dues and closes the loan account, the property may be released to them.

65 During the year ended March 31, 2023, there was one company with whom the Company had a transaction whose status is reflected as "struck-off" as at March 31, 2023 as shown below under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. Further the Company did not have any such transactions during the year ended March 31, 2022.

Name of struck-off company with whom Company had transaction during FY 2022-23

Name of the Company	Northern Aircool Private Limited*
Nature of transaction	Loan Disbursement
Balance outstanding as at March 31, 2023	Nil
Relation with struck-off company	Customer

*The Company had transaction with the above Company before the Company was struck-off as per the ROC records.

66 No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2023 and March 31, 2022.

67 The Company is not declared wilful defaulter by any bank or financial institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India during the year ended March 31, 2023 and March 31, 2022.

68 a.The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

b. Instances of delayed filing of registration of charges or satisfaction with Registrar of Companies (ROC) during the year ended March 31, 2023.

Brief description of charge	Location of registrar	Period by which charge has been registered	Reason for delay
CHG-1 Nabsamruddhi Term Loan- Rs. 15,00,00,000/- Charge ID 100603629 DOH Date-05.08.2022	Mumbai	06.09.2022 (Form Filed with MCA) 13.09.2022 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.

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(Rupees in lakh)

CHG-4 Beacon Trusteeship Limited Charge ID-100493809 NOC Date-02.08.2022	Mumbai	23.09.2022 (Form Filed with MCA) 27.09.2022 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 Catalyst Trusteeship Limited- Rs.31,09,00,000/- Charge ID:100518344 List of Receivables Date-31.12.2022	Mumbai	02.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 Catalyst Trusteeship Limited- Rs.12,40,80,000/- Charge ID:100628374 List of Receivables Date-31.12.2022	Mumbai	01.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 Catalyst Trusteeship Limited- Rs.14,48,00,000/- Charge ID: 100628373 List of receivables:31.12.2022	Mumbai	02.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 Catalyst Trusteeship Limited- Rs. 82,70,00,000/- Charge ID: 100688034 Resubmission Date- 10-02-2023	Mumbai	21.03.2023 (Form filed with MCA) 22.03.2023 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 Canara Bank Term Loan- Rs. 75,00,00,000/- Charge ID-100684349 DOH Date-21.01.2023	Mumbai	10.03.2023 (Form filed with MCA) 15.03.2023 (Charge Certificate Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.
CHG-1 IDFC First Bank Term Loan- Rs. 100,00,00,000/- Charge ID-100692382 DOH Date-30.01.2023	Mumbai	24.03.2023 (Form filed with MCA) 30.03.2023 (Charge Certification Date)	The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal.

69 There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2023 and 31 March 2022 in tax assessments under the Income tax act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of accounts during the year ended March 31, 2023 and March 31, 2022.

70 The Company has not traded or invested in crypto currency or virtual currency during the year ended March 31, 2023 and March 31, 2022.

71 Disclosure under rule 11(e) of the Companies (Audit and Auditors) Rules, 2014:

(a) - The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- provide any guarantee, security or the like to or on behalf of ultimate beneficiaries;

(b) - The company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
- provide any guarantee, security or the like to or on behalf of ultimate beneficiaries;

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(Rupees in lakh)

72 Gold Loans

The Company does not provide any loans on collateral of gold and gold jewellery.

73 RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021.

Under the Circular all the lending institutions were required to refund/adjust the "interest on interest" charged to the borrower during the moratorium period i.e. March 1, 2020 to August 31, 2020 in conformity with the Supreme Court judgement. The status of the same is mentioned in below table.

Sr. No	Particulars	March 31, 2023	March 31, 2022
1	Aggregate amount	14.59	54.71
2	Refunded/adjusted	-	40.12
3	Outstanding balance	14.59	14.59

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

a. Details of transfer through Assignment in respect of loans not in default during the year ended March 31, 2023*:

Sr. No	Particulars	To Banks/ NBFCs
1	Aggregate principal outstanding of loans transferred through assignment (Rs. in lakh)	47,746.89
2	Aggregate consideration received (Rs. in lakh)	47,746.89
3	Weighted average Maturity of Loans (in years)	7.95
4	Weighted average Holding period of Loans (in years)	1.03
5	Retention of Beneficial economic interest (in %)	11.16%
6	Coverage of Tangible security (in %) **	228.90%
7	Rating- wise distribution of rated loans	Non- Rated

Note

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

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

b.The Company has not acquired loans not in default during the year ended March 31, 2023.

c.The Company has neither transferred nor acquired any stressed loans during the year ended March 31, 2023.

d. The rating wise distribution of Security Receipts (SRs) held by the Company as on March 31, 2023 is given below:

Ratings	Rating Agency	Amount (in Lakh)
IVR RR1	Infomerics Valuation and Ratings Private Limited	943.48
BW RR3	Brick Works Rating India Private Limited	805.44

Notes forming part of the financial statements (continued)
For the year ended March 31, 2023

(Rupees in lakh)

75 Disclosure pursuant to Reserve Bank of India RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19 related stress read with RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048/2021-22 dated May 5, 2021, pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of individuals and Small Businesses.

Type of borrower	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2023	Of (A), amount written off during the half year ended March 31, 2023	Of (A), amount paid by the borrowers during the half year ended March 31, 2023	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2023*
Personal loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSMEs	5,646.45	39.77	-	1,465.73	4,140.95
Others	-	-	-	-	-
Total	5,646.45	39.77	-	1,465.73	4,140.95

* Total ECL Provision for the above loans as on March 31, 2023 is Rs 414.09 Lakh.

76 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 dated August 06, 2020 and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 on "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)":

Type of borrower	Year	No. of accounts restructured	Amount outstanding
MSMEs	As at March 31, 2023	144	4,121.34
	As at March 31, 2022	184	6,623.10

77 Previous year figures have been reclassified/ regrouped wherever necessary to conform to/ with the current year classification/ disclosure.

As per our report of even date attached

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

Swapnil Kale

Swapnil Kale
Partner

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

MSKA & ASSOCIATES Chartered Accountants

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

Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Independent Director &
Chairman - Audit Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore

Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

UGRO CAPITAL LIMITED

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

INDEPENDENT AUDITOR'S REPORT

To the Members of **UGRO Capital Limited**

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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iv.

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

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

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

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

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

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

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AJMCIV7951

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
May 24, 2022

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

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

i.

(a)

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

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

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

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

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

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

ii.

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

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

iii.

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

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

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

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

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

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

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

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

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

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

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

vii.

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

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

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

MSKA & ASSOCIATES * Chartered Accountants *

ix.

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

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

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

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

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

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

x.

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

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

xi.

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

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

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

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

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

MSKA & ASSOCIATES * Chartered Accountants *

xiv.

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

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

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

xvi.

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

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

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

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

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

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

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

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

MSKA & ASSOCIATES Chartered Accountants

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

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

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AJMCIV7951

Mumbai
May 24, 2022

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

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

MSKA & ASSOCIATES Chartered Accountants

Meaning of Internal Financial Controls With reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls With reference to financial statements

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

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

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

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
May 24, 2022

UGRO CAPITAL LIMITED

CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2022

(Rupees in lakh)

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

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

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

Swapnil Kale

Swapnil Kale
Partner

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

MSKA & ASSOCIATES Chartered Accountants

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

UGRO CAPITAL LIMITED

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

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

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

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

(Rupees in lakh)

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

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

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

Swapnil Kale

Swapnil Kale
Partner

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

MSKA & ASSOCIATES * Chartered Accountants *

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

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

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

UGRO CAPITAL LIMITED

Amit

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Karandikar

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Cash Flow Statement for the year ended March 31, 2022

(Rupees in lakh)

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

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

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

Swapnil Kale
Partner

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

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

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

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

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

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

A. Equity Share Capital (Refer Note 24 below)

As at March 31, 2022

(Rupees in lakh)

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

As at March 31, 2021

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

B. Other equity (Refer Note 25 below)

As at March 31, 2022

(Rupees in lakh)

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

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

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

B. Other equity (Refer Note 25 below)

As at March 31, 2021

(Rupees in lakh)

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

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

Significant accounting policies	1
Corporate information	2

See accompanying notes forming part of the financial statements

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

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

MSKA & ASSOCIATES * Chartered Accountants *

Swapnil Kale

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

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

UGRO CAPITAL LIMITED *

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

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

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

1. Significant Accounting Policies

(1) Statement of compliance

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

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

(2) Basis of preparation

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

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

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

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

(3) Application of new and revised Ind AS

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

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(4) Presentation of financial statements

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

(5) Functional and presentation currency

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

(6) Use of estimates and judgements

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

(7) Property, plant and equipment

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

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

Estimated useful life of assets is as below:

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

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

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

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

(8) Intangible assets

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

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

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

Estimated useful life of Software is 5 years.

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

(9) Impairment of tangible and intangible assets

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

(10) Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Net gain or fair value change:

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

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(v) Advisory Fees and Other Income:

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

(vi) Income from de-recognition of assets:

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

(11) Leases

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

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

Company as a lessee

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

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

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

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

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

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

As a lessor

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

(12) Taxation

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

(12.1) Current tax

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

(12.2) Deferred tax

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

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

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

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

(12.3) Current and deferred tax for the year

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

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(12.4) Minimum alternate tax (MAT)

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

(13) Employee Benefits

(13.1) Retirement benefit costs and termination benefits

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

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

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

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

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

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

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

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

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

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

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

(13.3) Compensatory Payments (Loss of Earned Bonus)

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

(13.4) Share based payments

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

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

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

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

(14) Finance costs

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

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

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(15) Provisions, contingent liabilities and contingent assets

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

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

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

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

(16) Commitments

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

(17) Foreign Currencies

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

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

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

(18) Cash and cash equivalents

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

(19) Segment reporting

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

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(20) Financial Instruments

(20.1) Recognition of financial instruments

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

(20.2) Initial measurement of financial instruments

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

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

(20.3) Classification and subsequent measurement of financial instruments

(20.3.1) Financial assets

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

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

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

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

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

Effective Interest Rate Method

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

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

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

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

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

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

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

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

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

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

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

(20.4) Impairment of financial asset

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

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

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

Impairment methodology:

Overall impairment methodology

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

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

a) Definition of default:

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

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

b) Portfolio segmentation:

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

c) Probability of Default (PD):

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

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

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

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

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

d) Loss given default:

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

(20.5) Derecognition of financial assets

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

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

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

(20.6) Financial liabilities and equity instruments

(20.6.1) Classification as debt or equity

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

(20.6.2) Equity instruments

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

(20.6.3) Compound financial instruments

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

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

(20.6.4) Financial Liabilities

A financial liability is any liability that is:

- Contractual obligation:

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

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

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

The Company has not designated any financial liabilities at FVTPL.

(20.6.4.1) Derecognition of financial liabilities

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

(20.6.5) Write-off

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

(21) Derivative financial instruments

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

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

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(22) Hedge accounting policy

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

(23) Cash flow Hedges

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

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

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

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

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(25) Earnings per share

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

(26) Cash flow statement

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

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

(27) Standards issued but not yet effective

No new standard as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

2. Corporate Information

UGRO Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC-ND-SI') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is registered with effect from March 11, 1998 having Registration No. 13.00325. The Company is engaged in the business of lending and primarily deals in financing MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

3. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	-
Balances with banks		
- in current accounts	6,174.61	6,764.51
- in fixed deposits with banks (original maturity less than 3 months)	400.33	5,601.04
Total	**6,574.94**	**12,365.55**

4. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend on equity shares	1.43	1.43
Fixed deposits with Banks and Financial Institution*	12,261.68	19,237.56
Less: Impairment loss allowance**	2.86	-
Total	**12,260.25**	**19,238.99**

* Earmarked balances with Banks and Financial Institution are to the tune of Rs 12,255.37 lakh (previous year : Rs 871.21 lakh)
**Impairment Loss allowance is calculated on Fixed Deposits with Banks and Financial Institution

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

5. Derivative financial instruments

	As at March 31, 2022			As at March 31, 2021		
Part I	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**	**Notional Amounts**	**Fair value - Assets**	**Fair value - Liabilities**
(i)Currency derivatives:						
-Currency swaps*	3,109.43	22.29	-	-	-	-
(ii)Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	**3,109.43**	**22.29**	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Fair value hedging:						
-Currency derivatives	-	-	-	-	-	-
(ii)Cash flow hedging:						
-Currency derivatives*	3,109.43	22.29	-	-	-	-
Total Derivative Financial Instruments	**3,109.43**	**22.29**	-	-	-	-

* This refers to Cross Currency Interest rate swaps

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

6. Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Loans at amortised cost		
(A)		
Supply chain receivables	25,021.38	18,660.24
Term loans	2,24,090.54	1,12,159.42
Loans to employees	0.82	11.95
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total Net Loans	**2,45,048.34**	**1,28,269.61**
(B)		
Secured by book debts	27,925.48	24,983.39
Secured by property	1,04,885.65	56,383.46
Secured by machinery	23,066.06	7,089.63
Unsecured	93,235.55	42,375.13
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total Net Loans	**2,45,048.34**	**1,28,269.61**
(C)		
Loans in India		
Public sector	-	-
Others	2,49,112.74	1,30,831.61
Total Gross Loans	**2,49,112.74**	**1,30,831.61**
Less: Impairment loss allowance	4,064.40	2,562.00
Total - Net (a)	**2,45,048.34**	**1,28,269.61**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**2,45,048.34**	**1,28,269.61**

Note :
1. There are no loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member as at and for the year ended March 31, 2022 and March 31, 2021.
2. The underlying securities for the assets secured by tangible assets are property, machinery and book debts.

7. Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Investments - at FVTPL		
Mutual funds (unquoted)	-	4,014.54
Security Receipts	2,648.11	-
Investments - at amortised cost		
Debt securities	4,296.72	1,508.21
Less: Impairment loss allowance	0.84	-
Total Net Investments	**6,943.99**	**5,522.75**
Investments in India	6,944.83	5,522.75
Investments outside India	-	-
Total – Gross Investments	**6,944.83**	**5,522.75**
Less: Impairment loss allowance	0.84	-
Total – Net Investments	**6,943.99**	**5,522.75**

Note : For valuation methodology Refer Note 51

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UGRO CAPITAL LIMITED *

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

8. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	551.15	323.11
Other receivables	241.64	357.77
Less: Impairment loss allowance	3.17	-
Total	**789.62**	**680.88**

9. Current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax Rs.926.44 lakh (Previous year: Nil))	164.23	-
Total	**164.23**	**-**

10. Deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets		
Tax effect of timing differences on account of -		
Provision for compensated absences	83.72	49.75
Provision for gratuity	24.36	20.71
Processing fees received	836.37	358.33
Provision for impairment loss on financial instruments	1,249.12	746.06
Lease rentals expense under Ind AS 116	100.25	71.99
Preliminary expense	69.81	132.50
Disallowance on account of Employee stock options scheme outstanding	217.44	248.64
Unutilised minimum alternate tax credit entitlement	1,587.34	926.44
Income tax losses carried forward	2,856.51	2,748.92
Others	205.20	28.88
Total (A)	**7,230.12**	**5,332.22**
Deferred tax liabilities		
Tax effect of timing differences on account of -		
Difference in written down value of property, plant and equipment and intangible assets	218.84	157.79
Adjustment on account of direct assignment transactions	447.75	22.27
Unrealised gains on investments	-	3.91
Prepaid fees / charges on debt securities allowed upfront in income tax	348.20	113.61
Prepaid fees / charges on borrowings allowed upfront in income tax	624.58	361.12
Deferred loan sourcing cost allowed upfront in income tax	1,209.12	379.97
Total (B)	**2,848.49**	**1,038.67**
Deferred tax assets (net) (A-B)	**4,381.63**	**4,293.55**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

11. Property, plant and equipment

Particulars	As at March 31, 2022				As at March 31, 2021			
	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total
At cost at the beginning of the year	**381.99**	**375.75**	**14.70**	**772.44**	**347.36**	**375.64**	**14.70**	**737.70**
Additions during the year	120.24	-	13.60	133.84	34.63	0.11	-	**34.74**
Disposals/adjustments during the year	-	-	-		-	-	-	-
At cost at the end of the year	**502.23**	**375.75**	**28.30**	**906.28**	**381.99**	**375.75**	**14.70**	**772.44**
Accumulated depreciation as at the beginning of the year	**118.71**	**182.10**	**3.03**	**303.84**	**54.12**	**95.13**	**1.63**	**150.88**
Depreciation/amortisation for the year	87.83	82.61	1.57	172.01	64.59	86.97	1.40	**152.96**
Disposals/adjustments during the year	-	-	-	-	-	-	-	-
Accumulated depreciation as at the end of the year	**206.54**	**264.71**	**4.60**	**475.85**	**118.71**	**182.10**	**3.03**	**303.84**
Net carrying amounts as at the end of the year	**295.69**	**111.04**	**23.70**	**430.43**	**263.28**	**193.65**	**11.67**	**468.60**

Note: No revaluation of any class of asset was carried out during the year.

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(Rupees in lakh)

12 . Right of use assets

Particulars	As at March 31, 2022	As at March 31, 2021
At fair value at the beginning of the year	**1,971.28**	**1,854.97**
Remeasurement of assets	10.42	24.21
Additions during the year	1,914.56	92.10
At fair value at the end of the year	**3,896.26**	**1,971.28**
Accumulated depreciation as at the beginning of the year	**876.97**	**510.96**
Depreciation for the year	481.01	366.01
Accumulated depreciation as at the end of the year	**1,357.98**	**876.97**
Net carrying amount as at the end of the year	**2,538.28**	**1,094.31**

13. Capital work in progress

Particulars	As at March 31, 2022	As at March 31, 2021
Capital work in progress	20.25	-
Total	**20.25**	**-**

The ageing for capital work in progress as on 31 March, 2022 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	20.25	-	-	-	**20.25**
Projects temporarily suspended	-	-	-	-	-
Total	**20.25**	**-**	**-**	**-**	**20.25**

14. Intangible assets under development

Particulars	As at March 31, 2022	As at March 31, 2021
Softwares	568.54	388.41
Total	**568.54**	**388.41**

The ageing for Intangible assets under development as on 31 March, 2022 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	208.85	276.94	72.33	10.42	568.54
Projects temporarily suspended	-	-	-	-	-
Total	**208.85**	**276.94**	**72.33**	**10.42**	**568.54**

The ageing for Intangible assets under development as on 31 March, 2021 is as follows

Particulars	Amount in Capital Work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	305.66	72.33	10.42	-	388.41
Projects temporarily suspended	-	-	-	-	-
Total	**305.66**	**72.33**	**10.42**	-	**388.41**

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

15. Other intangible assets

Particulars	As at March 31, 2022	As at March 31, 2021
Software* :		
At cost at the beginning of the year	**2,972.79**	**2,095.18**
Additions during the year	1,136.78	877.61
Disposal/ adjustments during the year	(16.59)	-
At cost at the end of the year	**4,092.98**	**2,972.79**
Accumulated amortisation as at the beginning of the year	**910.77**	**255.84**
Amortisation for the year	588.76	654.93
Disposals/ adjustments during the year	(8.59)	-
Accumulated amortisation as at the end of the year	**1,490.94**	**910.77**
Net carrying amounts as at the end of the year	**2,602.04**	**2,062.02**

* No revaluation of any class of asset was carried out during the year.

16. Other non-financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advances to vendors and employees	1,162.05	410.07
Goods and services tax input credit receivable	693.63	468.40
Prepaid expenses	1,222.03	215.14
Deferred staff loan cost	0.02	0.30
Total	**3,077.73**	**1,093.91**

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

17. Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
Due to micro and small enterprises	0.08	0.01
Due to others	666.93	218.24
Other payables		
Due to micro and small enterprises	-	-
Due to others		
- Accrued employee benefits	-	52.65
- Payable to Customers	15.04	54.71
Total	**682.05**	**325.61**

The ageing for trade payables as on 31 March, 2022 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	0.08	-	-	-	0.08
Others	530.84	38.59	53.80	39.60	4.10	666.93
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**530.84**	**38.67**	**53.80**	**39.60**	**4.10**	**667.01**

The ageing for trade payables as on 31 March, 2021 is as follows:

Particulars	Outstanding for the following periods from the due date of payment					
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	0.01	-	-	-	-	0.01
Others	206.67	8.73	0.62	2.22		218.24
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**206.68**	**8.73**	**0.62**	**2.22**	**-**	**218.25**

Details of dues to micro, small and medium enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled the required memorandum with the prescribed authorities. Out of the confirmations sent to the parties, some confirmations have been received till the date of finalisation of the Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under the Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2022	As at March 31, 2021
1. The principal amount remaining unpaid at the end of the accounting year.	0.08	0.01
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year.	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
The balance of MSMED parties as at the end of the year	**0.08**	**0.01**

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(Rupees in lakh)

18. Debt securities

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
Secured				
Redeemable non-convertible debentures	54,621.07	54,621.07	24,670.81	24,670.81
Liabilities arising out of securitization transactions	3,293.38	3,293.38	1,616.85	1,616.85
Unsecured				
Commercial paper	11,472.03	11,472.03	5,269.88	5,269.88
Redeemable non-convertible debentures	990.29	990.29	-	-
Total	**70,376.77**	**70,376.77**	**31,557.55**	**31,557.55**
Debt securities in India	70,376.77	70,376.77	31,557.55	31,557.55
Debt securities outside India	-	-	-	-
Total	**70,376.77**	**70,376.77**	**31,557.55**	**31,557.55**

Security and other terms of debt securities :

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %	8,000.00	2,000.00	-	-	-	10,000.00
9.00 - 10.99 %	18,136.65	16,833.35	2,500.00	-	-	37,470.00
11.00 - 13.00 %	1,166.66	1,166.66	1,166.68	5,000.00	10,700.00	19,200.00
Total	**27,303.31**	**20,000.01**	**3,666.68**	**5,000.00**	**10,700.00**	**66,670.00**

(ii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
6.75 - 8.99 %*	5,600	-	-	-	-	5,600.00
9.00 - 10.99 %*	10,000	6,500	5,000	-	-	21,500.00
11.00 - 13.00 %*	-	833.33	833.33	833.34	-	2,500.00
Total	**15,600.00**	**7,333.33**	**5,833.33**	**833.34**	-	**29,600.00**

The above secured debt securities are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its debt securities. Minimum security cover of 1.1 times is required to be maintained throughout of the year.

(i) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
Rate of Interest 9.75 % to 11.04%*	1,036.54	927.10	924.94	531.03	-	**3,419.61**
Total	**1,036.54**	**927.10**	**924.94**	**531.03**	-	**3,419.61**

(ii) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Rate of Interest	0-12 months	12-24 months	24-26 months	36-60 months	More than 60 Months	Total
Rate of Interest 10.00 % to 10.48%*	1,330.02	319.38	-	-	-	**1,649.40**
	1,330.02	**319.38**	-	-	-	**1,649.40**

* Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of loans are as follows :

(a) Out of the the above, Non-convertible debentures amounting to Rs 5,000 lakh as at March 31, 2022 are guaranteed by directors.

(b) Debt Securities were used fully for the purpose for which the same were obtained.

(c) There are no default in repayment of debt securities.

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(Rupees in lakh)

19. Borrowings (other than debt securities)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
(a) Term loans				
From banks	67,444.47	67,444.47	18,223.33	18,223.33
From other parties	36,657.03	36,657.03	22,702.07	22,702.07
External commercial borrowings	3,137.88	3,137.88	-	-
(b) Loans repayable on demand	-	-	-	-
Bank overdraft	2,567.71	2,567.71	4,086.54	4,086.54
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**
Borrowings in India	**1,06,669.21**	**1,06,669.21**	**45,011.94**	**45,011.94**
Borrowings outside India	**3,137.88**	**3,137.88**	-	-
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**
Secured	1,03,802.48	1,03,802.48	43,637.23	43,637.23
Unsecured	6,004.61	6,004.61	1,374.71	1,374.71
Total	**1,09,807.09**	**1,09,807.09**	**45,011.94**	**45,011.94**

Terms of repayment of the term loans

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2022:

Redeemable within (Payable in monthly instalments)	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 6 % to 12.00%*	25,303.53	19,848.93	15,402.65	7,695.37	250.00	68,500.48
For Other Parties :						
Rate of Interest 10.85 % to 12.75%*	18,696.31	13,737.48	3,456.02	1,238.08	-	37,127.89
Total	**43,999.84**	**33,586.41**	**18,858.67**	**8,933.45**	**250.00**	**1,05,628.37**

(ii) Terms of repayment of External commercial borrowings in foreign currency as on 31 March 2022:

Rate of Interest	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
Rate of Interest 11.12%*	-	-	3,131.29	-	-	3,131.29
Total	-	-	**3,131.29**	-	-	**3,131.29**

The Company had availed total External Commercial Borrowing (ECBs) of USD 4.125 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time.The borrowing has a maturity of three years. In terms of the RBI guidelines, the borrowing has been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps .The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECB.

(iii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as on 31 March 2021:

Redeemable within (Payable in monthly instalments)	0-12 months	12-24 months	24-36 months	36-60 months	More than 60 Months	Total
For Banks :						
Rate of Interest 10.78 % to 12.75%*	5,763.63	5,656.27	4,946.00	2,159.72	-	18,525.62
For Other Parties :						
Rate of Interest 11.75 % to 12.00%*	10,078.59	8,961.55	3,965.72	-	-	23,005.86
Total	**15,842.22**	**14,617.82**	**8,911.72**	**2,159.72**	-	**41,531.48**

*Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of the loans are as follows :

(a) Rate of interest of the bank overdraft ranges from 7.30% per annum to 9.70% per annum and the same is secured against fixed deposits.

(b) The above borrowings other than Bank overdraft and unsecured borrowings are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its secured borrowings.

(c) Out of the the above, borrowings amounting to Rs 30,714 lakh as at March 31, 2022 are guaranteed by directors.

(d) Term Loans were used fully for the purpose for which the same were obtained.

(e) There were no default in the repayment of borrowings.

(f) Periodic statements of securities filed with the lending institutions are as per the books of accounts.

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

20. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend payable on equity shares	1.43	1.43
Others payables :		
Collateral margin money received	1.67	199.67
Deferred consideration on direct assignments	23.81	156.87
Lease liabilities (Refer Note 44)	2,858.76	1,340.97
Other liabilities	1,437.96	389.09
Book overdraft	174.01	30.19
Provision on unrealised gain*	225.17	-
Total	**4,722.81**	**2,118.22**

*The unrealised gain is on account of sale of loan to ARC.

21. Current tax liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of advance tax and tax deducted at source Rs. 534.81 lakh (Previous year: Rs. 782.31 lakh))	126.07	144.13
Total	**126.07**	**144.13**

22. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits :		
-Provision for gratuity (Refer Note 42b)	83.65	71.13
-Provision for compensated absences (Refer Note 42c)	287.52	170.85
-Provision for bonus	700.00	180.00
Provision for Expenses	1,616.05	517.69
Total	**2,687.22**	**939.67**

23. Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	364.23	137.64
Total	**364.23**	**137.64**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

24. Equity

a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorised capital				
Equity shares of Rs 10 each	8,15,00,000	8,150.00	8,15,00,000	8,150.00
Preference shares of Rs 10 each	2,05,00,000	2,050.00	2,05,00,000	2,050.00
Issued, subscribed and fully paid-up				
Equity shares of Rs 10 each, fully paid-up	7,05,59,319	7,055.94	7,05,28,550	7,052.86
Total	**7,05,59,319**	**7,055.94**	**7,05,28,550**	**7,052.86**

b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	7,05,28,550	7,052.86	7,05,28,550	7,052.86
Add: Shares issued during the year*	30,769	3.08	-	-
Outstanding at the end of the year	**7,05,59,319**	**7,055.94**	**7,05,28,550**	**7,052.86**

*During the year the Company has allotted 30,769 equity shares of Rs 10 each under the ESOP scheme.

c. Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having a face value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

d. Particulars of shareholders holding more than 5% of the equity share capital :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	1,51,16,279.00	21.42%	1,51,16,279.00	21.43%
Clearsky Investment Holdings Pte Limited	1,51,16,279.00	21.42%	1,51,16,279.00	21.43%
DBZ (Cyprus) Limited	65,07,687.00	9.22%	1,35,65,891.00	19.23%
Samena Fidem Holdings	59,56,757.00	8.44%	59,56,757.00	8.45%
Total	**4,26,97,002.00**	**60.50%**	**4,97,55,206.00**	**70.54%**

e. Shares reservation :

Particulars	As at March 31, 2022	As at March 31, 2021
	No. of Shares	No. of Shares
Equity shares of Rs 10 each Number of Shares reserved for ESOPs (Refer Note 43)	29,91,097	32,57,033

f. Objectives for managing capital :

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by the RBI.

g. Shareholding of Promoters Disclosure :

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	**No.of Shares**	**% of total shares**	
1. Poshika Advisory Services LLP	20,27,709	2.87%	-
Total	**20,27,709**	**2.87%**	

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

25. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Securities premium account	77,723.91	77,673.45
(ii) Employee stock options scheme outstanding account	446.86	853.86
(iii) Reserve Fund u/s 45-IC (1) of Reserve Bank of India Act, 1934	2,401.48	2,110.47
(iv) Capital Reserve	1,046.00	1,046.00
(v) Retained Earnings - other than Remeasurement of Post Employment Benefit Obligations	7,957.55	6,493.58
(vi) Retained Earnings - Remeasurement of Post Employment Benefit Obligations	18.20	13.60
(vii) Cash Flow Hedges Reserve	6.38	-
Total	**89,600.38**	**88,190.96**

Nature and purpose of reserves :

(i) Securities Premium Account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under the stock option schemes of the Company.

(iii) Statutory reserves u/s 45-IC of the RBI Act, 1934

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with the authorisation of the Reserve Bank of India.

(iv) Capital Reserve

Capital reserve comprises of the amount received on share warrants & which are forfeited by the Company for non-payment of call money.

(v) Retained earnings - other than Remeasurement of Post Employment Benefit Obligations

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

(vi) Retained earnings - Remeasurement of Post Employment Benefit Obligations

The Company recognises the change on account of remeasurement of the net defined benefit liabilities (assets) as a part of the retained earnings.

(vii) Cash Flow Hedges Reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through the other comprehensive income (OCI).

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

26. Interest income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At Amortised Cost:		
Interest on loans	26,137.36	13,214.00
Interest on deposits with Banks	696.50	1,425.78
Interest on other financial assets	61.70	25.42
Other interest income	105.43	16.85
Interest on debt securities	214.29	1.38
Total	**27,215.28**	**14,683.43**

27. Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gain on derecognition of financial instruments	2,852.50	129.42
Total	**2,852.50**	**129.42**

28. Net gain on fair value changes

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit and loss :-		
(a) On trading portfolio		
- Gain on sale of investments	49.46	34.68
(b) On financial instruments	(15.79)	-
Total	**33.67**	**34.68**
Fair value changes:		
Realised	62.89	153.65
Unrealised	(29.22)	(118.97)
Total	**33.67**	**34.68**

29. Fees and commission income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fees and commission income	626.01	133.54
Total	**626.01**	**133.54**

30. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Technology support fees	433.81	300.00
Web display fees	180.00	50.00
Insurance commission income	0.32	2.77
Total	**614.13**	**352.77**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

31. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Costs		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	8,090.88	2,331.37
(b) Interest on debt securities		
Interest on redeemable non-convertible debentures / Discount on Commercial paper	5,416.80	1,934.05
(c) Interest on lease liabilities		
Interest on lease liabilities	225.38	171.20
(d) Other interest expense		
Interest expense on other financial liabilities	5.86	19.62
Total	**13,738.92**	**4,456.24**

32. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial instruments measured at amortised cost:		
Impairment on financial instruments		
- Loans	2,934.67	1,961.71
- Other receivables	3.17	-
- Fixed deposits	2.86	-
- Investments	0.84	-
Total	**2,941.54**	**1,961.71**

33. Employee benefits expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, other allowances and bonus	7,074.49	4,159.92
Contribution to provident and other funds (Refer Note 42a)	236.77	120.15
Gratuity expenses (Refer Note 42b)	38.19	37.62
Staff welfare expenses	46.76	9.87
Share based payments to employees (Refer Note 43)	(107.15)	205.11
Total	**7,289.06**	**4,532.67**

34. Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	172.08	152.96
Amortization on intangible assets	580.17	654.93
Depreciation on right of use assets	481.01	366.02
Total	**1,233.26**	**1,173.91**

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

35. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent expenses	222.22	92.82
Communication expenses	229.19	71.04
Printing and stationery expenses	49.71	14.20
Advertisement and publicity expenses	15.95	3.03
Directors' sitting fees	171.00	123.38
Payments to auditor *	75.20	46.03
Legal and professional fees	1,393.88	741.84
Insurance expenses	152.29	46.82
Rates and taxes	598.97	256.35
Computer maintenance and software expenses	580.38	320.39
Marketing and brand promotion expenses	36.95	6.73
Power and fuel expenses	12.97	10.65
Meeting and events expenses	18.02	14.91
Travelling, lodging and boarding expenses	151.81	35.24
Brokerage expenses	2.85	0.09
Miscellaneous expenses	370.52	193.83
CSR expenditure (Refer Note 39)	39.12	19.05
Total	**4,121.03**	**1,996.40**

* Payments to auditor includes:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Statutory audit	24.00	23.21
b. Limited review	19.00	15.77
c. Certification matters	30.70	7.05
d. Out-of-pocket expenses	1.50	-
Total	**75.20**	**46.03**

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(Rupees in lakh)

36. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per share' :
Basic EPS is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.
Diluted EPS is calculated by dividing the profit attributable to equity holders (after adjusting the profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.) [B]	7,05,35,715	7,05,28,550
Basic earnings per share Rs. [A/B]	**2.06**	**4.07**
Diluted		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.)	7,05,35,715	7,05,28,550
Weighted average number of potential equity shares on account of employee stock options and share warrants	5,73,817	-
Weighted average number of shares outstanding for diluted earning per share [B]	7,11,09,532	7,05,28,550
Diluted earnings per share Rs. [A/B]	**2.05**	**4.07**
Face value per share Rs.	10.00	10.00

The dilutive effect on the earnings per share is caused by the potential shares that would be issued upon the exercise of the ESOP options. As a result of the dilution, the denominator increased by 5,73,817 shares (Previous year : nil). During the year ended March 31, 2021 the potential equity shares were anti-dilutive in nature, hence the impact of the same was ignored for the purpose of computation of the diluted earnings per share.

37. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by the existing promoters with the erstwhile promoters. Further, there are no other contingent liabilities other than those covered under the deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments not provided for :		
- Commitments related to loans sanctioned but partially undrawn	882.60	1,381.88
- Other commitments*	872.99	-
- Amount of contracts remaining to be executed on capital account	185.00	47.00
Total	**1,940.59**	**1,428.88**

*Other commitments represent financial guarantees given for Co-lending arrangement entered by the Company during the year.

38. Segment Reporting

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

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39. Corporate Social Responsibility

The average profit before tax of the Company for the last three financial years was Rs.1,956.03 lakh, basis which the Company was required to spend Rs.39.12 lakh towards Corporate Social Responsibility (CSR) during the current financial year.

a) Amount spent during the year on :

Particulars	31-Mar-22			31-Mar-21		
	Amount Spent	Amount unpaid/provision	Total	Amount Spent	Amount unpaid/provision	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	39.12	-	39.12	19.05	-	19.05

b) In case of Section 135(5) unspent amount :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Amount required to be spent during the year
-	-	39.12	39.12	-

c) In case of Section 135(5) excess amount spent :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Amount required to be spent during the year
-	-	39.12	39.12	-

d) In case of Section 135(6) details of ongoing projects :

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Amount required to be spent during the year
-	-	-	-	-

e) The additional disclosure with regard to CSR activities are summarized below:
(i) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year - Nil
(ii) The total of previous years' shortfall amounts - Nil
(iii) The reason for above shortfalls - Not applicable.

f) Nature of CSR activities

The Company is required to contribute to corporate social responsibility activities as per CSR Rules under the Companies Act, 2013. During the year the Company has spent ₹ 39.12 lakh which was the required amount to be spent under CSR activity. The amount is spent towards healthcare and education of the under-privileged through an NGO.

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

40. Related party

a. List of related parties and their relationship :

(i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer (upto 30th April 2021)	Abhijit Ghosh
- Chief Financial Officer (upto 2nd November 2021)	Sandeepkumar Zanvar
- Chief Financial Officer (from 3rd November 2021)	Amit Gupta
- Company Secretary	Aniket Karandikar

(ii) Enterprises over which KMP has control :

- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP
- Livfin India Private Limited

b. Transactions with related parties are as enumerated below:

Particulars	As at March 31, 2022	As at March 31, 2021
Transactions during the year		
Expenses		
Arranger Fees Paid		
Livfin India Private Limited	20.57	-
Arranger Fees Received		
Livfin India Private Limited	33.81	-
Reimbursement of expenses		
Aniket Karandikar	0.17	-
Amit Gupta	0.99	-
Shachindra Nath	9.43	-
Remuneration paid *		
Shachindra Nath	295.60	269.35
Abhijit Ghosh	11.38	136.52
Kalpeshkumar Ojha	-	65.04
Sandeepkumar Zanvar	44.48	23.87
Amit Gupta	53.68	-
Aniket Karandikar	30.49	23.83

*The above figures do not include provision towards gratuity.

c. Balance outstanding

Particulars	As at March 31, 2022	As at March 31, 2021
Other financial assets		
Livfin India Private Limited	7.89	-

d. ESOPs held with Key Managerial Personnel

Particulars	As at March 31, 2022 (No. of options)	As at March 31, 2021 (No. of options)
Abhijit Ghosh	-	7,24,615
Sandeepkumar Zanvar	-	1,00,000
Amit Gupta	3,00,000	-
Aniket Karandikar	15,000	-

41. Expenditure in foreign currency

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other expenses	79.49	0.87
Total	**79.49**	**0.87**

42. Disclosure pursuant to Ind AS 19 'Employee benefits'

a. Defined contribution plans :

Particulars	As at March 31, 2022	As at March 31, 2021
Employer's contribution to provident fund	140.11	84.44
Employer's contribution to national pension scheme	96.61	35.58
Employer's contribution to labour welfare fund	0.05	0.13
Total	**236.77**	**120.15**

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(Rupees in lakh)

42. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

b. Defined benefit plan (Gratuity)

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	Gratuity plans	
	As at March 31, 2022	As at March 31, 2021
Discount rate	5.66%	5.18%
Expected rate of return on plan asset	NA	NA
Salary escalation	5.00%	5.00%
Attrition rate	22.00%	22.00%
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)

(ii). Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	Gratuity plans	
	As at March 31, 2022	As at March 31, 2021
Service cost:		
Current service cost	34.50	34.75
Net interest expense	3.69	2.87
Components of defined benefit costs recognised in the Statement of profit or loss	**38.19**	**37.62**
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.02)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(1.94)	(5.85)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(23.71)	(13.34)
Components of defined benefit costs recognised in other comprehensive income	**(25.67)**	**(19.19)**
Total	**12.52**	**18.43**

(iii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity plans	
	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation	83.65	71.13
Net liability arising from defined benefit obligation	**83.65**	**71.13**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	Gratuity plans	
	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	**71.13**	**52.70**
Current service cost	34.50	34.75
Interest cost	3.69	2.87
Remeasurement (gains)	(25.67)	(19.19)
Closing defined benefit obligation	**83.65**	**71.13**

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	As at March 31, 2022	As at March 31, 2021
1st following year	0.39	0.41
2nd following year	11.55	0.37
3rd following year	14.19	12.70
4th following year	11.81	15.13
5th following year	14.28	12.87
Sum of years 6 To 10	40.89	37.21
Sum of years 11 and above	19.52	16.45

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

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(Rupees in lakh)

42. Disclosure pursuant to Ind AS 19 'Employee benefits' (continued)

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.81)	4.13	(3.53)	3.83
Future salary growth (1% movement)	3.67	(3.44)	3.37	(3.21)
Attrition rate (1% movement)	(1.88)	1.91	(2.05)	2.09

Note :

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

c. Compensated absences

(i). The principal assumptions used for the purposes of the actuarial valuations towards Privilege Leave liability were as follows :

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Demographic Assumptions		
Mortality Rate:	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Attrition Rate:	22.00% p.a. for all service groups.	22.00% p.a. for all service groups.
Retirement Age:	60 years	60 years
Financial Assumptions		
Salary Escalation Rate:	5.00% p.a.	5.00% p.a.
Discount Rate:	5.66% p.a.(Indicative G.Sec referenced on 31-03-2022)	5.18% p.a.(Indicative G.Sec referenced on 31-03-2021)

(ii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation	287.52	170.85
Net liability arising from defined benefit obligation	**287.52**	**170.85**

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
Discontinuance Liability	293.61	171.84
Defined Benefit Obligation	287.52	170.85
Funding Status	Unfunded	Unfunded
Fund Balance	N.A.	N.A.
Current Liability	67.38	38.23
Non-Current Liability	220.14	132.62

The average expected future service is 3.00 years

A distribution of the above liability over different ranges of past service intervals is provided below :

Past Service Interval	Distribution of DBO
9 and below	100%
10 to 19	-
20 to 29	-
30 and above	-

(iii). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2022	
	Increase	Decrease
Discount rate (1% movement)	(8.64)	9.36
Future salary growth (1% movement)	9.32	(8.77)
Attrition rate (1% movement)	(0.32)	0.34

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(Rupees in lakh)

43. Disclosure relating to employee stock option scheme

The Company has one stock option scheme 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by the board of directors on August 13, 2018 and by the shareholders in the EGM dated September 18, 2018. During the year the Company has issued 270,769 (previous year 3,530,759) options representing equal numbers of equity shares of Rs. 10 each.

The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2022 and March 31, 2021 is set below :

Particulars	**As at March 31, 2022**	**Exercise price range**	**As at March 31, 2021**	**Exercise price range**
	In numbers		**In numbers**	
CSL employee stock option scheme 2017 : (face value of Rs. 10 each)				
Options outstanding at the beginning of the year	**32,57,033**	**Rs. 130 - Rs. 180**	**38,01,528**	**Rs. 130**
Add: Granted	13,78,039	Rs. 130	5,97,617	Rs. 130
Less: Exercised	30,769	Rs. 130	-	-
Less: Lapsed	16,13,206	-	11,42,112	-
Option outstanding at the end of the year	**29,91,097**	**Rs. 130**	**32,57,033**	**Rs. 130 - Rs. 180**
Exercisable at the end of the year	**29,91,097**		**32,57,033**	

The Company follows accounting policy of fair value method for employee stock options (ESOPs) valuation. Accordingly, the accumulated expense reversal of Rs. 107.15 lakh (previous year expense Rs. 205.11 lakh) has been credited (previous year debited) to the Statement of profit and loss of the year ended March 31, 2022.

Particulars	**CSL employee stock option scheme 2017 - Grant XVI**	**CSL employee stock option scheme 2017 - Grant XVII**	**CSL employee stock option scheme 2017 - Grant XVIII**	**CSL employee stock option scheme 2017 - Grant XIX**	**CSL employee stock option scheme 2017 - Grant XX**
Date of the grant	April 1, 2021	September 08, 2021	October 7 ,2021	October 21 ,2021	November 1, 2021
Number of options granted	65,000	50,000	25,90,328	35,000	40,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	50:50:00	50:50:00	50:50:00
Weighted average remaining contractual life					
Granted but not vested (in years)	2.00	2.44	1.02	1.06	1.09
Vested but not exercised	Nil	Nil	Nil	Nil	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of three years from the date of vesting		Tranche 1 can be vested within one year and Tranche can be vested within two years from date of vesting		
Vesting conditions	Graded vesting based on fulfillment of IRR target mentioned in the scheme.				
Weighted average fair value of options as on grant date (in Rs)	42.11	48.83	33.06	41.31	47.54

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

43. Disclosure relating to employee stock option scheme (continued)

Particulars	CSL employee stock option scheme 2017 - Grant XXI	CSL employee stock option scheme 2017 - Grant XXII	CSL employee stock option scheme 2017 - Grant XXIII	CSL employee stock option scheme 2017 - Grant XXIV	CSL employee stock option scheme 2017 - Grant XXV
Date of the grant	December 13, 2021	January 06, 2022	January 21, 2022	January 25, 2022	January 27, 2022
Number of options granted	40,000	40,000	40,000	30,769	60,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant	Graded vesting - starting from 1 year from the date of the grant
Vesting pattern	50:50:00	50:50:00	50:50:00	50:50:00	50:50:00
Weighted average remaining contractual life					
Granted but not vested (in years)	1.20	1.27	1.31	1.32	1.33
Vested but not exercised	Nil	Nil	Nil	Nil	Nil
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Tranche 1 can be vested within one year and Tranche 2 can be vested within two years from date of vesting				
Vesting conditions	Graded vesting based on fulfillment of IRR target mentioned in the scheme.				
Weighted average fair value of options as on grant date (in Rs)	106.63	107.53	131.27	133.67	135.32

(Rupees in lakh)

43. Disclosure relating to employee stock option scheme (continued)

Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 is as under :

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :

The binomial model of valuation is more advanced and involves the use of computational techniques. In this model, the share price is projected from the date of grant to the date of exercise using upward and downward probabilities. The probabilities are estimated from the share price volatility assumption.
Keeping in view the multiple rules and events during vesting period, the Company switched to binomial method for valuation of it's Share Options as the model is robust model and allows for more complicated rules and events during the vesting period.
The fair value of options have been estimated on the date of the grant using Black-Scholes Model (For Grants XVI and XVII) and Binomial model(For Grants XVIII onwards) :

The key assumptions used in Black-Scholes and Binomial models for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants :

Particulars	CSL employee stock option scheme 2017 - Grant XVI	CSL employee stock option scheme 2017 - Grant XVII	CSL employee stock option scheme 2017 - Grant XVIII	CSL employee stock option scheme 2017 - Grant XIX	CSL employee stock option scheme 2017 - Grant XX
Risk-free interest rate	4.80%	4.60%	5.53%	5.53%	5.57%
Expected volatility of share price*	55.50%	53.60%	58.76%	59.17%	59.56%
Time to maturity (in years)	2.50	2.50	3.30	3.30	3.30
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation (in Rs)	106.10 **	116.50 **	130 **	130 **	130 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

** The QIP issue price has been considered as the current market price for computing the fair value of ESOP since the market value on the date of grant of ESOP was not representative of the fair value of the share.

Particulars	CSL employee stock option scheme 2017 - Grant XXI	CSL employee stock option scheme 2017 - Grant XXII	CSL employee stock option scheme 2017 - Grant XXIII	CSL employee stock option scheme 2017 - Grant XXIV	CSL employee stock option scheme 2017 - Grant XXV
Risk-free interest rate	5.46%	6.03%	6.10%	6.09%	6.14%
Expected volatility of share price*	59.37%	58.82%	58.50%	58.43%	58.40%
Time to maturity (in years)	3.30	3.30	3.30	3.30	3.30
Dividend yield	-	-	-	-	-
The price of equity share as on grant date considered for valuation in (Rs.)	130 **	130 **	130 **	130 **	130 **

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

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UGRO CAPITAL LIMITED

(Rupees in lakh)

44. Leases (entity as a lessee)

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses. The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU asset has been included after the line "Property, Plant & Equipment" and lease liabilities has been included under "Other Financial Liabilities" in the Balance Sheet.

a. Right of use asset :

Particulars	As at March 31, 2022	As at March 31, 2021
Office Premises :		
At cost at the beginning of the year	**1,971.28**	**1,854.97**
Additions during the year	1,914.56	92.10
Remeasurement of assets	10.42	24.21
At cost at the end of the year	**3,896.26**	**1,971.28**
Accumulated depreciation as at the beginning of the year	**876.97**	**510.96**
Depreciation for the year	481.01	366.01
Accumulated depreciation as at the end of the year	**1,357.98**	**876.97**
Net carrying amounts as at the end of the year	**2,538.28**	**1,094.31**

b. Amount recognised in Statement of Profit and loss :

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation expense for the year on right-of-use assets	481.01	366.01
Interest expense for the year on lease liabilities	225.38	171.20
Total expenses recognised in Statement of profit and loss	**706.39**	**537.21**

The total cash outflow on account of lease rentals amounting for the current year Rs. 587.61 lakh (previous year : Rs. 447.99 lakh).
The average lease term for the rented office premises is ranging between 5 to 12 years.

c. Lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liabilities	2,858.76	1,340.97
Total	**2,858.76**	**1,340.97**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than 1 year	597.97	404.82
Later than 1 year and not later than 5 years	2,185.39	884.64
Later than 5 years	75.40	51.51
Total	**2,858.76**	**1,340.97**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitors and pays lease rentals on a timely manner as per the terms of the respective leave and license agreement.

The Company has the right to extend lease term as per mutually agreed terms laid down in the respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

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(Rupees in lakh)

45. Disclosure under Clause 28 of the Listing Agreement for Debt Securities :

Particulars	**March 31, 2022**	**March 31, 2021**
a) Loans and advances in the nature of loans to Subsidiaries		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
b) Loans and advances in the nature of loans to Associates		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
c) Loans and advances in the nature of loans to Firms/Companies in which director are interested		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
d) Investments by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	Not Applicable	Not Applicable

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(Rupees in lakh)

46 Impact of Hedging activities

a) Disclosure of effects of hedge accounting on the financial position:

March 31, 2022

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	Assets	Liabilities	Assets	Liabilities				
Currency Derivative (Cross Currency Interest Rate Swaps)	3,109.43	-	22.29	-	December 06, 2024	22.29	22.29	Borrowings (other than debt securities)

March 31, 2021

Type of hedge and risk	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instruments	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in the Balance Sheet
Cashflow Hedge	Assets	Liabilities	Assets	Liabilities				
Currency Derivative (Cross Currency Interest Rate Swaps)	-	-	-	-	-	-	-	-

b) Disclosure of effects of hedge accounting on the financial performance:

March 31, 2022

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	9.00	-	(61.58)	Finance Cost

March 31, 2021

Type of Hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in the statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in the statement of profit and loss because of the reclassification
Cash flow hedge				
-Foreign exchange risk and interest rate risk	-	-	-	N.A.

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47. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2022				As at March 31, 2021			
	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total	Amortised cost	At fair value through profit and loss account	At fair value through other comprehensive income	Total
Financial assets								
Cash and cash equivalents	6,574.94	-	-	**6,574.94**	12,365.55	-	-	**12,365.55**
Bank balances other than cash and cash equivalents above	12,260.25	-	-	**12,260.25**	19,238.99	-	-	**19,238.99**
Derivative financial instruments	-	-	22.29	**22.29**	-	-	-	-
Loans	2,45,048.34	-	-	**2,45,048.34**	1,28,269.61	-	-	**1,28,269.61**
Investments	4,295.88	2,648.11		**6,943.99**	1,508.21	4,014.54	-	**5,522.75**
Other financial assets (Refer Note 8)	789.62	-	-	**789.62**	680.88	-	-	**680.88**
Total	**2,68,969.03**	**2,648.11**	**22.29**	**2,71,639.43**	**1,62,063.24**	**4,014.54**	-	**1,66,077.78**
Financial liabilities								
Payables :								
(A) Trade payables								
(I) Total outstanding dues of micro enterprises and small enterprises	0.08	-	-	**0.08**	0.01	-	-	**0.01**
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	-	-	**666.93**	218.24	-	-	**218.24**
(B) Other payables			-					
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	-	-	**15.04**	107.36	-	-	**107.36**
Debt securities	70,376.77	-	-	**70,376.77**	31,557.55	-	-	**31,557.55**
Borrowings (other than debt securities)	1,09,807.09	-	-	**1,09,807.09**	45,011.94	-	-	**45,011.94**
Other financial liabilities (Refer Note 20)	4,497.64	225.17	-	**4,722.81**	2,118.22	-	-	**2,118.22**
Total	**1,85,363.54**	**225.17**	-	**1,85,588.72**	**79,013.32**	-	-	**79,013.32**

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UGRO CAPITAL LIMITED

(Rupees in lakh)

48. Financial risk management

The Company has exposure to the following risks from financial instruments:

a. Credit Risk
b. Liquidity Risk
c. Market Risk
d. Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc. The Company has therefore, invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks. The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

a. Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business. The same is done primarily through analytics and survey. Further, the company has also developed sophisticated sector/sub-sector scorecards, both statistical and expert. The proposals are appraised based on the understanding of these sector/sub-sectors. A fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

Management of Credit Risk

Write-off policy :

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instruments in the Statement of profit and loss. The write-off decisions are taken by the management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis :

The Company's policies for computation of expected credit loss (ECL) are set out below:

(I) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company :

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of the group of borrowers.

Definition of default :

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

Significant increase in credit risk (SICR) criteria :

(a) External credit rating going below investment grade rating.
(b) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.
(c) Other Qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.
(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cut-off norms as set by the Company from time to time and current status is Stage 1 is termed as low credit risk.

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :
(i) Stage 1: 0-30 DPD;
(ii) Stage 2: 31-89 DPD and
(iii) Stage 3: >= 90 DPD
Any deviation to the above classification shall be approved by the audit committee of the board (ACB).

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48. Financial risk management (continued)

Probability of Default (PD%)

PDs are determined depending on the risk profile of the pool of loans based on the internal rating models, credit bureau models, corporate ratings, specific market estimates as applicable to the respective portfolio segments.

Loss given default (LGD%)

Loss given default (LGD) represents recovery from defaulted assets.
LGD computation is based on the Foundational-Internal Rating Based (F-IRB) approach or basis cashflows from post default workout and collections, as applicable to the respective portfolio segments.

LGD is determined based on F-IRB approach for Stage 1 and Stage 2 loans. For Stage 3, loans the Company estimates the cash flows expected over a time period.

Exposure at Default (EAD)

Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered the following for EAD computation :
a.On books principal exposure
b.Accumulated interest exposure
c.Excluding FLDG amount, if any
The Company actively participates in co-lending with other NBFC partners. In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee. In such scenarios, while arriving at EAD, FLDG amount is subtracted. In case of default in such arrangements, if the trigger event occurs for both unsecured and secured loans on the 89th day, the POS plus accumulated interest would be adjusted from the FLDG. The interest accumulation to stop in the accounting books for such assets in case there is no principal outstanding.

(II) ECL on fixed deposits, investments, trade and other receivables

With respect to the Fixed Deposits and Investments held by the Company, ECL provisioning has been computed taking guidance from the RBI's IRB approach. The Company has followed Simplified Approach of ECL provisioning on its Trade and other receivables.

Applicable provisions for NBFCs covered under Ind AS:

RBI vide circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 provides that NBFCs which are required to comply with Indian Accounting Standards (Ind AS) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per the ICAI guidelines for recognition of the impairments. The Company follows the aforesaid circular.

Portfolio default and loss estimates :

To arrive at an early estimation of loss, an internally developed methodology has been adopted.

i) For term loans, the method combines macroeconomic outlook of the sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.

ii) For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focusing on the key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow.

iii) For onward lending , the estimates are based on a client level assessment.

iv) For direct assignment, the estimates are based on partner assessment and high-level multipliers.

Further, the management will continue to review the situation and do this analysis at regular intervals during FY 2023 as the Company will have more data points and keep updating the analysis and make appropriate adjustments, as warranted and reflect the same in the financials also considering further regulatory guidance as may be forthcoming.

Impact of Covid – 19 on expected credit loss :

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, MSME lending and the efficiency in collection efforts resulting in increase in the delinquency rates and consequent increase in provisions therefor.

India has now emerged from the COVID-19 pandemic and we have witnessed significant revival in the MSME sector in terms of demand resulting in increased disbursements and improved collection efficiency. The extent to which any new wave of COVID-19 will impact the Company's results is estimated to be minimal with the increasing vaccination coverage in the country which will help in mitigating the risks associated with the pandemic and its impact thereof.

In view of the above, the Management estimates that in future there would be minimal impact of the pandemic on the Company.

Management Overlay :

The Company has maintained management overlay of Rs. 273.79 lakh towards its restructured loans and advances as at March 31, 2022.

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48. Financial risk management (continued)

A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Management Overlay	Total
Opening balances as at April 01, 2021	**1,197.28**	**75.03**	**1,011.00**	**-**	**270.00**	**2,553.31**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.95	(2.44)	(0.51)	-	-	-
Transfer to Stage 2	(64.73)	64.90	(0.17)	-	-	-
Transfer to Stage 3	(887.16)	(34.09)	921.25	-	-	-
New loans originated during the year	2,156.49	28.68	168.15	-	-	2,353.32
Other movements (on account of changes in EAD)	76.83	(38.17)	(884.68)	-	-	(846.02)
Management overlay	-	-	-	-	3.79	3.79
Closing balance as at March 31, 2022	**2,481.66**	**93.91**	**1,215.04**	**-**	**273.79**	**4,064.40**
Opening balance as at April 01, 2020	**633.25**	**52.10**	**359.68**	**-**	**-**	**1,045.03**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.56	(2.30)	(0.26)	-	-	-
Transfer to Stage 2	(43.87)	43.89	(0.02)	-	-	-
Transfer to Stage 3	(669.50)	(165.61)	835.11	-	-	-
New loans originated during the year	920.10	30.62	56.60	-	-	1,007.32
Other movements (on account of changes in EAD)	354.74	116.33	(240.11)	-	-	230.96
Management overlay	-	-	-		270.00	270.00
Closing balance as at March 31, 2021	**1,197.28**	**75.03**	**1,011.00**	**-**	**270.00**	**2,553.31**

B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2021	**8.69**	**-**	**-**	**8.69**
Changes in the loss allowance during the year :				-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	-	-	-	-
Other movements (on account of changes in EAD)	(8.69)	-	-	(8.69)
Closing balance as at March 31, 2022	**-**	**-**	**-**	**-**
Opening balances as at April 01, 2020	**2.77**	**-**	**-**	**2.77**
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	8.69	-	-	8.69
Other movements (on account of changes in EAD)	(2.77)	-	-	(2.77)
Closing balance as at March 31, 2021	**8.69**	**-**	**-**	**8.69**

C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balance of gross carrying amount as at April 01, 2021	**1,24,036.19**	**3,751.00**	**3,044.42**	**-**	**1,30,831.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	430.59	(289.11)	(141.48)		-
Transfer to Stage 2	(2,004.44)	2,010.61	(6.17)		-
Transfer to Stage 3	(4,175.51)	(277.22)	4,452.73		-
New loans originated during the year	1,94,319.04	1,198.16	843.55		1,96,360.75
Other movements (on account of changes in EAD)	(72,389.62)	(3,138.10)	(2,551.90)		(78,079.62)
Closing balance as at March 31, 2022	**2,40,216.25**	**3,255.34**	**5,641.15**		**2,49,112.74**
Opening balance of gross carrying amount as at April 01, 2020	**82,372.14**	**1,820.71**	**817.76**	**-**	**85,010.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	74.76	(64.58)	(10.18)	-	-
Transfer to Stage 2	(1,641.66)	1,651.52	(9.86)	-	-
Transfer to Stage 3	(1,932.42)	(525.88)	2,458.30	-	-
New loans originated during the year	81,548.14	2,023.61	286.61	-	83,858.36
Other movements (on account of changes in EAD)	(36,384.77)	(1,154.38)	(498.21)	-	(38,037.36)
Closing balance as at March 31, 2021	**1,24,036.19**	**3,751.00**	**3,044.42**		**1,30,831.61**

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48. Financial risk management (continued)

D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2021	**1,381.88**	-	-	**1,381.88**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	882.60	-	-	882.60
Other changes	-	-	-	-
Other movements (on account of changes in EAD)	(1,381.88)			(1,381.88)
Closing balance as at March 31, 2022	**882.60**	-	-	**882.60**
Opening balance as at April 01, 2020	**593.91**	-	-	**593.91**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	1,381.88	-	-	1,381.88
Other changes				
Other movements (on account of changes in EAD)	(593.91)	-	-	(593.91)
Closing balance as at March 31, 2021	**1,381.88**	-	-	**1,381.88**

E. Details of collaterals received against loan portfolio :

Nature of security against advances :

Underlying securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collaterals for the below calculation is taken at the date of inception of the loan

Advances (LTV band-wise) :

LTV ratio	As at March 31, 2022		As at March 31, 2021	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	1,52,843.22	1,563.92	20,109.68	132.49
51% - 70%	-	-	21,100.79	183.50
71%-90%	-	-	17,935.08	126.71
> 90%	-	-	28,256.91	419.90

Credit impaired advances (LTV band-wise) :

LTV ratio	As at March 31, 2022		As at March 31, 2021	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	3,033.97	325.26	374.80	30.30
71%-90%	-	-	99.29	5.08
> 90%	-	-	579.93	89.59

There is no collateral repossessed by the Company during the year.

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48. Financial risk management (continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line-up of committed credit facilities. The Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability Management framework. The Company continues to maintain a positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2022 :

Particulars	Carrying amount*	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five years	later than five years
Financial assets (inflow) :							
Cash and cash equivalents	6,574.94	6,574.94	6,574.94	-	-	-	-
Bank balances other than cash and cash equivalents above	12,263.11	12,263.11	562.29	5,061.49	755.98	5,881.92	1.43
Derivative financial instruments	22.29	22.29	-	-	22.29	-	-
Loans	2,49,112.74	2,44,841.52	14,557.20	18,930.32	46,775.13	1,23,644.55	40,934.32
Investments	6,944.83	6,854.27	-	-	2,663.90	4,190.37	-
Other financial assets (Refer Note 8)	792.79	792.79	-	139.20	228.38	425.21	-
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	0.08	0.08	-	0.08	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	666.93	-	666.93	-	-	-
(B) Other payables							
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	15.04	-	15.04	-	-	-
Debt securities	70,376.77	71,924.34	5,479.87	6,255.99	18,438.72	31,049.76	10,700.00
Borrowings (other than debt securities)	1,09,807.09	1,11,572.30	3,242.70	10,458.32	33,111.47	64,509.81	250.00
Other financial liabilities (Refer Note 20)	4,722.81	5,470.75	78.07	1,753.94	639.48	2,902.39	96.87

*Carrying amount reported above is on gross basis.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2021 :

Particulars	Carrying amount*	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five years	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	12,365.55	12,365.55	12,365.55	-	-	-	-
Bank balance other than cash and cash equivalents	19,238.99	19,987.06	7,110.55	5,054.95	6,835.16	986.40	-
Loans	1,30,831.61	1,61,434.82	3,347.20	8,853.06	30,334.89	82,615.22	36,284.45
Investments	5,522.75	6,033.90	4,055.46	-	66.83	1,397.95	513.66
Other financial assets (Refer Note 8)	680.88	680.88	-	357.77	94.97	222.88	5.26
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) Total outstanding dues of micro enterprises and small enterprises	0.01	0.01	0.01	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	218.24	228.20	32.64	62.39	133.17	-	-
(B) Other payables							
(I) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(II) Total outstanding dues of creditors other than micro enterprises and small enterprises	107.36	107.36	-	-	107.36	-	-
Debt securities	31,557.55	35,885.48	242.92	1,581.38	18,023.08	16,038.10	-
Borrowings (other than debt securities)	45,011.94	48,288.24	1,951.34	3,274.99	14,501.89	28,560.02	-
Other financial liabilities (Refer Note 20)	2,118.22	2,408.11	47.41	498.44	408.22	1,381.66	72.38

*Carrying amount reported above is on gross basis.

(Rupees in lakh)

48. Financial risk management (continued)

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2022 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	882.60	882.60	-	-
Other commitments	-	872.99	-	872.99	-
Capital commitments (outflow)	-	185.00	185.00	-	-

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2021 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,381.88	1,381.88	-	-
Other commitments	-	-	-	-	-
Capital commitments (outflow)	-	47.00	47.00	-	-

The Company has disclosed the below information as stated in RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 that enables the market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI).
The Company had not raised any public deposit.
The details of the borrowings are given below:

Sr.No.	Number of Significant counterparties	Amount*	% of Total Liabilities
1	35	1,64,579.97	87.19%

* The Principal outstanding amounts as on March 31, 2022 have been considered above.

(ii) Top 20 large deposits (amount in ₹ lakh and % of total deposits) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI). The Company has not accepted any deposit during the year.

(iii) Top 10 borrowings (amount in ₹ lakh and % of total borrowings) :

Particulars	As at March 31, 2022	As at March 31, 2021
Total borrowings from ten largest lenders	84607.78*	54,775.47*
Percentage of borrowings from ten largest lenders to total borrowings of the Company	46.62%	71.26%

* The amount considered above excludes unamortised borrowing costs.

(iv) Funding concentration based on significant instrument/ product :

Sr No.	Name of instrument/ product	As at March 31, 2022		As at March 31, 2021	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loans facilities	1,05,628.37	55.96%	40,925.39	51.26%
2	Cash credit / overdraft facilities	2,567.71	1.36%	4,086.54	5.12%
3	Non-convertible debentures	54,670.00	28.96%	24,670.81	30.90%
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	3,419.61	1.81%	1,616.85	2.02%
5	Commercial paper	12,000.00	6.36%	5,269.88	6.60%
6	External Commercial borrowing	3,131.29	1.66%	-	-
Total		**1,81,416.98**	**96.11%**	**76,569.47**	**95.90%**

(v) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2022			As at March 31, 2021		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Commercial papers	6.61%	6.36%	4.20%	5.88%	7.01%	3.20%

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :

The Company does not have borrowings through non-convertible debentures with original maturity of less than one year in the current and previous years.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2022			As at March 31, 2021		
	% of total public funds	% of total liabilities	% of total assets	% of total public funds	% of total liabilities	% of total assets
Cash credit / overdraft facilities	1.42%	1.36%	0.90%	4.29%	5.12%	2.33%

The Principal outstanding amounts as on March 31, 2022 have been considered above.

(vi) Institutional set-up for liquidity risk management :

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in the assets and liabilities in various buckets. The ALM is tabled and evaluated in the ALCO on a monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in G-Secs/ T-Bills/ Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments including Term Loans, Lines of Credit, Non-Convertible Debentures, External Commercial Borrowings and other market instruments.

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48. Financial risk management (continued)

c. Market risk

Market risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company does not have any direct exposure to foreign currency (refer foreign currency risk note below).

The Company primarily deploys funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :

The Company's exposure to price risk arises from investments held by the Company and is classified in the Balance Sheet through fair value through profit and loss account.

Sensitivity :

The table below summarises the impact of increases / decreases of the NAV of the Company's investments in mutual fund schemes on profit for the period.

Sensitivity :	Impact on Statement of Profit and Loss	
Particulars	As at March 31, 2022	As at March 31, 2021
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	-	-
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	-	-
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	-	46.17
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	-	(46.17)
* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.		

Interest rate risk :

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from the two perspectives as mentioned below:
a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rates.
b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off-Balance Sheet positions due to variation in interest rates.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure that the positions are maintained within the established limits.

The exposure of the Company's borrowings to interest rate changes as at the end of the reporting period are as follows :

Particulars	As at March 31, 2022	As at March 31, 2021
Variable rate borrowings	69,642.00	30,331.48
Fixed rate borrowings	1,11,774.98	46,535.94
Total borrowings	**1,81,416.98**	**76,867.42**

The Company had the following variable rate borrowings outstanding :

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average cost	9.78%	11.03%
Outstanding balance	69,642.00	30,331.48
% of total borrowings	38.39%	39.46%
Sensitivity :	**Impact on profit or loss**	
Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
*Interest rate - increase by 1%	(602.80)	(262.85)
*Interest rate - decrease by 1%	602.80	262.85

* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the company arises mainly on account of the foreign currency borrowings. The company manages this foreign currency risk by entering into cross currency interest rate swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The company holds the derivative financial instruments such as cross currency interest rate swaps to mitigate the risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on the quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

d. Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Capital Management :

The Company's capital management objective is primarily to safeguard the business continuity. The Company's capital raising policy is aligned to the macro-economic situations and incidental risk factors. The Company's cashflows are regularly monitored in sync with the annual operating plans and the long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes that this approach would create shareholder value in the long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present, a large portion of the company's resource base is equity. Therefore, the company enjoys a low gearing.

The Company maintains its capital structure in line with the economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio :

Particulars	As at March 31, 2022	As at March 31, 2021
The gearing ratio at each date were as follows :		
*Debt (I)	1,83,042.62	77,910.47
Less: Cash and cash equivalents (II) (Refer Note 3)	6,574.94	12,365.55
Net debt (I - II)	**1,76,467.68**	**65,544.92**
Total equity	**96,656.32**	**95,243.82**
Net debt to equity ratio	**1.83**	**0.69**

* Debt includes debt securities, borrowings and lease liabilities.

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(Rupees in lakh)

49. Details of all collaterals used as security for liabilities

Particulars	Carrying amount of financial assets pledged	
	As at 31st March, 2022	As at 31st March, 2021
Assets type		
Loans receivable as collateral under lending agreements	1,80,756.52	84,052.22
Loans receivable as collateral under PTC agreements	348.88	582.12
Fixed deposits with original maturity of less than 3 months as collateral under lending agreements	100.30	-
Fixed deposits as collateral under lending agreements	11,493.08	241.11
Fixed deposits as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	762.29	630.10

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(Rupees in lakh)

50. Income tax

a. The major components of tax expense for the year ended March 31, 2022 and March 31, 2021 :

Sr.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	**Statement of profit and loss :**		
	Profit and loss section :		
	Current income tax :		
	Tax for current year as per minimum alternate tax	660.90	482.99
	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(98.18)	(2,142.83)
	Income tax expense reported in the Statement of profit and loss	**562.72**	**(1,659.84)**
2	**Other comprehensive income (OCI) section :**		
	Deferred tax :		
	Net loss on remeasurement of defined benefit obligations	7.47	5.59
	- The effective portion of Gains and Loss on hedging instrument in a cash flow hedge	2.62	-
	Income tax expense reported in the OCI section	**10.09**	**5.59**

b. Reconciliation of effective tax rate :

Sr.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Profit before tax as per books	2,017.78	1,212.91
2	Taxable Income	(369.47)	(634.90)
3	Book profit as per MAT	3,782.60	2,764.68
4	Applicable income tax rate	29.12%	29.12%
5	Tax rate as per MAT	17.47%	17.47%
6	**Tax at the applicable income tax rate on profit before tax (A)**	587.58	353.20
7	**<u>Tax effect of amounts not deductible/not taxable while calculating taxable income</u>**		
	-Corporate Social Responsibility	5.70	2.77
	-Excess Interest Spread receivable on direct assignment transactions	(20.48)	-
	-Interest /penalty on TDS	0.02	0.11
	-Differences on account of WDV	-	(179.32)
	-Bonus Disallowed	-	(32.19)
	-Preliminary Expenses	-	207.28
	-Other adjustments	-	1.75
	-Impact on account of brought forward losses	-	(1,927.82)
	-Impact on account of change in surcharge rate	-	(80.03)
	- Tax impact on Other Comprehensive Income	(10.10)	(5.59)
	Total of adjustments (B)	**(24.86)**	**(2,013.04)**
8	**Total Tax Impact (Excl. MAT related adjustments) (C) = (A) - (B)**	**562.72**	**(1,659.84)**
9	Tax under MAT (Current Tax)	660.90	482.99
10	**Less: MAT credit entitlement (D)**	**(660.90)**	**(482.99)**
11	**Total Deferred tax (E) = (D) - (C)**	**(98.18)**	**(2,142.83)**
12	**Total Tax expense/(refund)**	**562.72**	**(1,659.84)**

* The applicable tax rate is the rate prescribed under the Income Tax Act, 1961.

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Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

50. Income tax (continued)

c. **Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss :**

Sr.	Particulars	Balance Sheet		Statement of profit and loss and other comprehensive income	
		As at March 31, 2022	As at March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
A	**Deferred tax assets (DTA)**				
1	Provision for compensated absences	83.72	49.75	33.97	8.85
2	Provision for gratuity	24.36	20.71	3.65	6.05
3	Others	205.20	28.88	176.33	27.36
4	Deferred revenue income - processing fees allowed upfront in income tax	836.37	358.33	478.03	163.24
5	Provision for impairment losses on financial instruments	1,249.12	746.06	503.07	454.56
6	Lease rentals expense under IndAS 116	100.25	71.99	28.26	15.76
7	Preliminary expense (gross)	69.81	132.50	(62.69)	117.34
8	ESOS expenses disallowance	217.44	248.64	(31.20)	68.16
9	Unutilised minimum alternate tax credit entitlement	1,587.34	926.44	660.90	482.99
10	Income tax losses carried forward	2,856.51	2,748.92	107.59	1,357.92
11	**Total (A)**	**7,230.12**	**5,332.22**	**1,897.91**	**2,702.23**
B	**Deferred tax liabilities (DTL)**				
1	Difference in written down value of property, plant and equipment and intangible assets	218.84	157.79	61.05	134.53
2	Receivable On EIS DA	447.75	22.27	425.48	22.27
3	Unrealised gain / (loss) on investments	(0.00)	3.91	(3.91)	(32.92)
4	Prepaid fees / charges on debt securities allowed upfront in income tax	348.20	113.61	234.59	102.91
5	Prepaid fees / charges on borrowings allowed upfront in income tax	624.58	361.12	263.46	233.71
6	Deferred loan sourcing cost allowed upfront income tax	1,209.12	379.97	829.15	104.49
7	**Total (B)**	**2,848.49**	**1,038.67**	**1,809.82**	**564.99**
C	**Deferred tax asset / (liability)**	**4,381.63**	**4,293.55**	-	-
D	**Deferred tax expense / (benefit)**		-	**(88.09)**	**(2,137.24)**

Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

There are no deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

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(Rupees in lakh)

51. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

Ind AS 107, 'Financial Instruments - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet using a three-level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on the entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a. Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2022			Carrying value as on March 31, 2022	Fair Value as on March 31, 2021			Carrying value as on March 31, 2021
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Loans	-	-	2,40,905.99	2,49,112.74	-	-	1,32,300.59	1,30,831.61
Investments	3,972.12	-	-	4,296.72	1,476.71	-	-	1,508.21
Other financial assets (Refer Note 8)	-	-	792.79	792.79	-	-	680.88	680.88
Total	**3,972.12**	**-**	**2,41,698.78**	**2,54,202.25**	**1,476.71**	**-**	**1,32,981.47**	**1,33,020.70**
Liabilities								
Debt securities	-	74,189.29	-	70,376.77	-	31,812.13	-	31,557.55
Borrowings (other than debt securities)	-	1,01,864.90	-	1,09,807.09	-	45,693.66	-	45,011.94
Other financial liabilities (Refer Note 20)	-	-	4,497.64	4,497.64	-	-	2,118.22	2,118.22
Total	**-**	**1,76,054.19**	**4,497.64**	**1,84,681.49**	**-**	**77,505.79**	**2,118.22**	**78,687.71**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value :

Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents ,payables, debt securities, other financial assets and other financial liabilities .

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.
Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure.

Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

b. Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2022			Carrying value as on March 31, 2022	Fair Value as on March 31, 2021			Carrying value as on March 31, 2021
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Investments in mutual funds	-	-	-	-	4,014.54	-	-	4,014.54
Investments in security receipts	-	2,648.11	-	2,648.11	-	-	-	-
Total	**-**	**2,648.11**	**-**	**2,648.11**	**4,014.54**	**-**	**-**	**4,014.54**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments measured at fair value :
Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

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52. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets :						
Financial assets :						
Cash and cash equivalents	6,574.94	-	6,574.94	12,365.55	-	12,365.55
Bank balances other than cash and cash equivalents above	6,379.17	5,881.08	12,260.25	18,480.05	758.94	19,238.99
Derivative financial instruments	22.29	-	22.29	-	-	-
Loans	77,762.41	1,67,285.93	2,45,048.34	44,719.27	83,550.34	1,28,269.61
Investments	2,648.11	4,295.88	6,943.99	4,014.54	1,508.21	5,522.75
Other financial assets (Refer note 8)	364.41	425.21	789.62	452.74	228.14	680.88
Non-financial assets :						
Current tax assets (net)	164.23	-	164.23	-	-	-
Deferred tax asset (net)	-	4,381.63	4,381.63	-	4,293.55	4,293.55
Property, plant and equipment	-	430.43	430.43	-	468.60	468.60
Right of use asset	631.68	1,906.60	2,538.28	-	1,094.31	1,094.31
Capital work in progress	20.25	-	20.25	-	-	-
Intangible assets under development	568.54	-	568.54	-	388.41	388.41
Other intangible assets	-	2,602.04	2,602.04	-	2,062.02	2,062.02
Other non-financial assets (Refer note 16)	301.34	2,776.39	3,077.73	1,093.91	-	1,093.91
Total	**95,437.37**	**1,89,985.19**	**2,85,422.56**	**81,126.06**	**94,352.52**	**1,75,478.58**
Liabilities :						
Financial liabilities :						
(A) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.08	-	0.08	0.01	-	0.01
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	569.43	97.50	666.93	215.40	2.84	218.24
(B) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	-	15.04	107.36	-	107.36
Debt securities	29,012.29	41,364.48	70,376.77	17,420.49	14,137.06	31,557.55
Borrowings (other than debt securities)	46,051.32	63,755.77	1,09,807.09	19,795.67	25,216.27	45,011.94
Other financial liabilities (Refer note 20)	2,213.04	2,509.77	4,722.81	825.53	1,292.69	2,118.22
Non-financial liabilities :						
Provisions	2,316.05	371.17	2,687.22	735.90	203.77	939.67
Current tax liabilities (net)	126.07	-	126.07	144.13	-	144.13
Other non-financial liabilities (Refer note 23)	364.23	-	364.23	137.64	-	137.64
Total	**80,667.55**	**1,08,098.69**	**1,88,766.24**	**39,382.13**	**40,852.63**	**80,234.76**

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53. Disclosure pursuant to IndAS 7 ' Statement of Cash Flows' - changes in liabilities arising from financing activities :

Particulars	As at April 01, 2021	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2022
Debt securities	31,557.55	38,819.22	-	70,376.77
Borrowings (other than debt securities)	45,011.94	64,795.15	-	1,09,807.09
Other financial liabilities				
Lease liabilities	1,340.97	(407.17)	1,924.96	2,858.76

Particulars	As at April 01, 2020	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2021
Debt securities	5,009.41	26,548.14	-	31,557.55
Borrowings (other than debt securities)	20,444.46	24,567.48	-	45,011.94
Other financial liabilities				
Lease liabilities	1,545.55	(320.89)	116.31	1,340.97

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2022

(Rupees in lakh)

54. Financial assets are transferred but not derecognised in their entirety :

a. Securitisation

Particulars	As at March 31, 2022		As at March 31, 2021	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	3,633.76	-	2,089.55	-
Carrying amount of associated Liabilities	3,419.61	-	1,649.40	-
For those liabilities that have recourse only to the transferred financial assets				
Fair value of assets (A)	3,657.84	-	2,050.63	-
Fair value of associated liabilities (B)	3,426.42	-	1,632.39	-
Net Position (C) = (A - B)	**231.42**	-	**418.24**	-

b. Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.
As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet.
The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of de-recognised financial asset	50,558.53	1,251.63
Carrying amount of retained asset at amortised cost	6,945.20	312.91
Gain on sale of the de-recognised financial asset	2,852.50	129.42

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55. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk assets ratio (CRAR)

Particulars		As at March 31, 2022	As at March 31, 2021
i)	CRAR (%)	34.37	65.55
ii)	CRAR - Tier I capital (%)	33.61	65.15
iii)	CRAR - Tier II capital (%)	0.76	0.40
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

b. Investments

Particulars				As at March 31, 2022	As at March 31, 2021
(1)	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	6,944.83	5,522.75
		(b)	Outside India,	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	0.84	-
		(b)	Outside India,	-	-
	(iii)	Net value of investments			
		(a)	In India	6,943.99	5,522.75
		(b)	Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance			-
	(ii)	Add : provisions made during the year		0.84	-
	(iii)	Less : write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		0.84	-

c. Derivatives

1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	Particulars	31st March 2022	31st March 2021
I	The Notional Principal of swap agreement	3,109.43	-
II	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreement	-	-
III	Collateral required by the Company upon entering into swaps	-	-
IV	Concentration of credit risk arising from the swaps	-	-
V	The fair value of the swap book (Asset/(Liability))	22.29	-

2. Exchange traded interest rate (IR) derivatives

The Company has not entered into any exchange traded derivative.

3. Disclosures on risk exposure and derivatives

Qualitative Disclosures

I. The Company undertakes the derivative transactions to prudently hedge the risk in context of a particular borrowing or diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transaction. The Company reviews the proposed transaction and outlines any consideration associated with the transaction, including identification of the benefits and potential risks (worst case scenario) ; an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz. , counter party risk , market risk, operational risk, basis risk, etc.

II. Credit risk is controlled by restricting the counter parties that the Company deals with, to those who either have banking relationship with the Company or are internationally reowned or can provide sufficient information. Market/ price risk arising from the fluctuation of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counter parties to those who have adequate facility, sufficient information and sizable trading capacity and capability to enter into transactions in any market around the world.

III. The respective functions of trading, confirmation and settlement should be performed by different personnel. The front-office and the back-office roles are well defined and segregated. All the derivative transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the Board of Directors on every quarterly board meetings including their financial positions.

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Quantitaive Disclosures

Sr. No.	Particulars	31 March 2022		31 March 2021	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
I	Derivative (Notional Principal Amount) - For Hedging	3,109.43	-	-	-
II	Market to market position (a) Asset [+] Estimated Gain	22.29	-	-	-
	(b) Liability [-] Estimated Loss	-	-	-	-
III	Credit Exposure	3,131.72	-	-	-
IV	Unhedged exposures	-	-	-	-

* Cross currency interest rate swap

d. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/85 Master Direction DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (the "Notification"), as updated from time to time.

Details of securitization :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	3.00	2.00
2	Total amount of securitized assets as per books of the SPVs sponsored	3,633.76	2,055.74
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off - Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	First loss	348.88	582.12
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	762.29	630.10
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

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d. Disclosures relating to securitization (continued)

Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction.

Details of assignment transactions undertaken during the year :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
1.	No. of accounts	1,853	107
2.	Aggregate value (net of provisions) of accounts assigned*	29,135.80	1,439.68
3.	Aggregate consideration*	29,135.80	1,439.68
4.	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.	Aggregate gain / loss over net book value	-	-

*Details pertaining to direct assignment transactions entered during the year.

Details of non-performing financial assets purchased / sold :

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets, except for those mentioned in note no. 60.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2022 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	7,820.00	2,198.53	4,608.79	7,960.65	10,993.05	20,880.96	25,998.58	89,597.59	30,686.00	48,368.60	2,49,112.74
Investments**	-	-	-	-	-	-	2,648.11	-	4,296.72	-	6,944.83
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	542.51	992.33	1,651.26	5,612.34	4,673.27	12,406.70	20,172.91	54,633.62	8,874.21	247.94	1,09,807.09
Market borrowings (Debt Securities)	1,800.61	76.34	3,458.01	2.10	6,001.48	6,522.91	11,150.85	25,134.64	5,530.86	10,698.97	70,376.77

* Impairment loss allowance of Rs 4,064.40 lakh on advances is not a part of the above disclosure.
** Impairment loss allowance of Rs 0.84 lakh on investments is not a part of the above disclosure.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2021 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	2,275.34	1,882.51	3,018.98	10,560.36	6,218.19	9,540.61	12,690.69	42,035.32	14,774.32	27,835.29	1,30,831.61
Investments	4,014.54	-	-	-	-	-	-	-	1,017.87	490.34	5,522.75
Liabilities											
Borrowings :											
Borrowings from banks and financial Institutions	4,256.32	731.67	818.42	1,199.99	1,255.50	3,674.88	7,858.90	23,115.78	2,100.48	-	45,011.94
Market borrowings (Debt Securities)	-	192.82	37.16	180.25	960.50	3,720.54	12,329.22	13,326.68	810.38	-	31,557.55

*Impairment loss allowance of Rs 2,562 lakh is not a part of the above disclosure.

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

f. Exposures :

Category				As at March 31, 2022	As at March 31, 2021
a)	**Exposure to real estate sector :**				
	Direct exposure				
	(i)	**Residential mortgages :**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		100,526.69*	56,012.71*
	(ii)	**Commercial real estate :**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures :**			
		a.	Residential	-	-
		b.	Commercial real estate	-	-
Total exposure to real estate sector				**1,00,526.69**	**56,012.71**

* These include properties held as underlying security

Particulars			As at March 31, 2022	As at March 31, 2021
b)		**Exposure to capital market :**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(III)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products :

The Company does not have any parent company hence, this clause is not applicable.

h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2022	As at March 31, 2021
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company.*	-	-

*The Company had acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of Rs 6,793.97 lakh in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to Ind AS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2022

(Rupees in lakh)

i. Unsecured advances :

Details of unsecured advances the rights, licenses, authorisations,etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators :

Particulars	Type	Number Reference
IRDA	Corporate Agent	CA0733

k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2022	As at March 31, 2021
	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 40 of the financial statements

m. Ratings assigned by credit rating agencies and migration of ratings for the year ended March 31, 2022 :

Rating agency	Type	Rating FY 21-22	Rating FY 20-21
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A+	ACUITE A / stable
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1+/ Upgraded	ACUITE A1
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE AA+/CE/Reaffirmed	-
Acuite Rating & Research Limited	Non- convertible debentures (long term) (Market Linked Debentures)	PP-MLD/ACUITE A+/Stable/Reaffirmed	-
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A+ / stable / assigned	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term)	ACUITE A+ / stable / reaffirmed	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 – Series 1	-	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 – Series 2	-	Acuite AA -(SO)

n. Remuneration of directors :

Particulars	As at March 31, 2022	As at March 31, 2021
Transactions with the Independent directors* Director Sitting Fees	171.00	123.38

* Payment to non-executive directors is NIL during the year ended March 31, 2022 and March 31, 2021 .

Refer Note 40 for remuneration to executive directors.

o. During the year there are no changes in the accounting policies and no prior period items (Refer Note 1)

p. Provisions and contingencies :

Particulars	As at March 31, 2022	As at 31st March, 2021
Provision towards NPA	1,488.83	1,350.25
Provision made towards income tax	126.07	144.13
Provision for depreciation on investments	0.84	-
Provision for depreciation on fixed deposits	2.86	-
Provision for depreciation on other receivables	3.17	-
Provision for gratuity	83.65	71.13
Provision for compensated absences	287.52	170.85
Provision for bonus	700.00	180.00
Provision for expenses	1,616.05	517.68
Provision for standard assets	2,575.57	1,211.75

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UGRO CAPITAL LIMITED

(Rupees in lakh)

q. Draw down from reserves :

During the year, the Company has drawn down Rs 107.15 lakh on account of change in the method for ESOPs option valuation from Black-Scholes Model to Binomial model. On account of same the Employee Stock Option Scheme Outstanding Account has been drawn down to the Statement of Profit & Loss.

r. Concentration of deposits, advances, exposures and NPAs :

(i) Concentration of advances :

Particulars	As at March 31, 2022	As at March 31, 2021
Total advance to twenty largest borrowers	12,099.18	12,055.60
Percentage of advances to twenty largest borrowers to total advances of the company	4.98%	8.98%

(ii) Concentration of exposures :

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers	12,099.18	12,055.60
Percentage of exposures to twenty largest borrowers to total exposure of the company	4.98%	8.98%

(iii) Concentration of NPAs :

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top four NPA accounts	1,454.67	763.01

s. Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	2.11%	2.40%
3	Corporate borrowers	87.07%	16.82%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

Note :The base considered for calculation of sector-wise NPA for Corporate borrowers has decreased from Rs 2,974.52 Lakh in FY21 to Rs 547.88 lakh in FY22 resulting in a higher percentage of NPA as at 31st March, 2022.

t. Movement of NPAs :

Particulars			As at March 31, 2022	As at March 31, 2021
(i)	Net NPAs to Net Advances (%)		1.70%	1.75%
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	3,647.71	817.76
	(b)	Additions during the year	4,671.57	3,328.15
	(c)	Reductions during the year	2,678.13	498.21
	(d)	Closing balance	5,641.15	3,647.71
(iii)	Movement of Net NPAs			
	(a)	Opening balance	2,297.45	458.08
	(b)	Additions during the year	3,364.96	2,097.47
	(c)	Reductions during the year	1,510.09	258.10
	(d)	Closing balance	4,152.32	2,297.45
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1,350.25	359.68
	(b)	Provisions made during the year	242.63	1,212.21
	(c)	provisions	104.05	221.64
	(d)	Closing balance	1,488.83	1,350.25

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UGRO CAPITAL LIMITED *

(Rupees in lakh)

u. Overseas assets (for those with joint ventures and subsidiaries abroad) :
There are no overseas assets.

v. Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :
There are no off-Balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

w. Customer complaints :

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	30	Nil
(c)	No. of complaints redressed during the year	29	Nil
(d)	No. of complaints pending at the end of the year	1	Nil

x. Revenue recognition :
There are no postponement of revenue due to pending resolution of significant uncertainties.

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(Rupees in lakh)

y. Restructured accounts :

Sr.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2021	No. of borrowers	-	-	-	-	-	5	-	-	-	**5**
		Amount outstanding	-	-	-	-	-	597.76	-	-	-	**597.76**
		Provision thereon	-	-	-	-	-	69.25	-	-	-	**69.25**
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	3	-	-	**3**
		Amount outstanding	-	-	-	-	-	-	159.29	-	-	**159.29**
		Provision thereon	-	-	-	-	-	-	23.24	-	-	**23.24**
3.	Upgradation	No. of borrowers	-	-	-	-	-		-	-	-	-
		Amount outstanding	-	-	-	-	-		-	-	-	-
		Provision thereon	-	-	-	-	-		-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	4	-	-	-	**4**
		Amount outstanding	-	-	-	-	-	101.63	-	-	-	**101.63**
		Provision thereon	-	-	-	-	-	6.87	-	-	-	**6.87**
5.	Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	(1)	1	-	-	-
		Amount outstanding	-	-	-	-	-	(496.13)	477.05	-	-	**(19.08)**
		Provision thereon	-	-	-	-	-	(62.38)	55.90	-	-	**(6.48)**
6.	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7.	Restructured accounts as on March 31 , 2022	No. of borrowers	-	-	-	-	-	-	**4**	-	-	**4**
		Amount outstanding	-	-	-	-	-	-	**636.34**	-	-	**636.34**
		Provision thereon	-	-	-	-	-	-	**79.14**	-	-	**79.14**

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC :

		Particulars	As at March 31, 2022		As at March 31, 2021	
			Amount outstanding	**Amount overdue**	**Amount outstanding**	**Amount overdue**
Liabilities side :						
1		**Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :**				
	a	Debentures :				
	i	Secured	54,621.07	-	24,670.81	-
	ii	Unsecured	990.29	-	-	-
		(other than falling within the meaning of public deposits)				
	b	Deferred credits		-	-	-
	c	Term loans	1,07,239.38	-	40,925.40	-
	d	Inter - corporate loans and borrowings		-	-	-
	e	Commercial paper	11,472.03	-	5,269.88	-
	f	Public deposits	-	-	-	-
	g	Other Loans	5,861.09	-	5,703.39	-
2		**Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	a	In the form of unsecured debentures	-	-	-	-
	b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	c	Other public deposits	-	-	-	-

		Particulars	As at March 31, 2022	As at March 31, 2021
Assets Side :				
3		**Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :**		
	a	Secured	1,55,877.19	88,456.48
	b	Unsecured	93,235.55	42,375.13
4		**Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :**		
	a	Lease assets including lease rentals under sundry debtors		
		i. Finance lease	-	-
		ii. Operating lease	-	-
	b	Stock on hire including hire charges under sundry debtors		
		i. Assets on hire	-	-
		ii. Repossessed assets	-	-
	c	Other loans counting towards asset financing activities		
		i. Loans where assets have been repossessed	-	-
		ii. Loans other than (a) above	-	-
5		**Break - up of investments :**		
		Current investments		
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

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CIN:L67120MH1993PLC070739

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

z. Schedule to the Balance Sheet of a NBFC (continued) :

Assets Side			As at March 31, 2022	As at March 31, 2021
5	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	4,014.54
		(iv) Government securities	-	-
		(v) Others	-	-
	Long term investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	4,295.88	1,508.21
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	2,648.11	-
	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

			As at March 31, 2022		As at March 31, 2021	
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**					
	Category		**Amount**			
			Secured	**Unsecured**	**Secured**	**Unsecured**
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	1,55,877.19	93,235.55	88,456.48	42,375.13
		Total	**1,55,877.19**	**93,235.55**	**88,456.48**	**42,375.13**
	** As per accounting standard issued by ICAI.					

			As at March 31, 2022	As at March 31, 2021
7	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**			
	Category			
	1	Related parties **		
		a. Subsidiaries	-	-
		b. Companies in the same group	-	-
		c. Other related parties	-	-
	2	Other than related parties	6,943.99	5,522.75
		Total	**6,943.99**	**5,522.75**
	** As per accounting standard issued by ICAI.			
8	Other information			
	Particulars			
	a	**Gross non performing assets :**	**5,641.15**	**3,647.71**
		i. Related parties	-	-
		ii. Other than related parties	5,641.15	3,647.71
	b	**Net non performing assets :**	**4,152.32**	**2,297.45**
		i. Related parties	-	-
		ii. Other than related parties	4,152.32	2,297.45
	c	**Assets acquired in satisfaction of debt**	-	-

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2022 :

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	2,39,025.36	2,481.66	2,36,543.70	1,856.21	625.45
	Stage 2	3,255.34	93.91	3,161.43	50.52	43.39
Non-performing assets (NPA)						
Substandard	Stage 3	5,451.73	1,299.41	4,152.32	623.40	676.01
Doubtful - up to 1 year	Stage 3	189.42	189.42	-	184.06	5.36
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	882.60	-	882.60	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**2,39,907.96**	**2,481.66**	**2,37,426.30**	**1,856.21**	**625.45**
	Stage 2	**3,255.34**	**93.91**	**3,161.43**	**50.52**	**43.39**
	Stage 3	**5,641.15**	**1,488.83**	**4,152.32**	**807.46**	**681.37**
	Total	**2,48,804.45**	**4,064.40**	**2,44,740.05**	**2,714.19**	**1,350.21**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

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UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2022

(Rupees in lakh)

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2021 :

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per IndAS*	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	1,25,395.07	1,128.03	1,24,267.04	497.85	630.18
	Stage 2	3,751.00	75.03	3,675.98	14.94	60.08
Non-performing assets (NPA)						
Substandard	Stage 1	603.27	69.25	534.02	62.17	7.08
Substandard	Stage 3	3,044.42	1,281.00	1,763.41	1,109.58	171.41
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	1,381.88	8.69	1,373.19	-	8.69
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**1,27,380.22**	**1,205.97**	**1,26,174.25**	**560.02**	**645.95**
	Stage 2	**3,751.00**	**75.03**	**3,675.97**	**14.94**	**60.09**
	Stage 3	**3,044.42**	**1,281.00**	**1,763.42**	**1,109.58**	**171.42**
	Total	**1,34,175.64**	**2,562.00**	**1,31,613.64**	**1,684.54**	**877.46**

*The above numbers are reported at gross excluding effective interest rate impact on the same.

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UGRO CAPITAL LIMITED

(Rupees in lakh)

56 Note on Social Security Code

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

57 Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

58 Total Fixed Deposits stand at Rs 762.29 lakh as at March 31, 2022 (Previous year Rs 630.10 lakh) on account of securitisation transactions.

59 Disclosure on frauds pursuant to RBI Master direction detected and reported to RBI:

Particulars	As at March 31, 2022	As at March 31, 2021
Number of Frauds	4	1
Amount involved (Rs in Lakh)	400.14	500.00

60 The company has not purchased any credit impaired financial assets during the financial year 2021-22. However, the company has transferred certain credit impaired assets to the Asset Reconstruction Company in terms of guidelines issued by RBI circular number DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021. Further, the company has not sold any credit impaired financial asset to institutions other than to securitization/reconstruction Company (SC/RC) [refer note no. 71(c)].

61 The Company does not hold any immovable property as at 31st March 2022 and 31st March 2021. All the lease agreements are duly executed in the favour of the Company for properties where the Company is the lessee.

62 The Company does not have any transactions with the Companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

63 No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.

64 The Company is not a declared wilful defaulter by any bank or financial institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.

65 Registration of charges or satisfaction with Registrar of Companies (ROC)

Brief Description of Charge	Location of Registrar	Period by which charge has been registered	Reason for delay
Canara Bank- Term Loan- Rs. 25,00,00,000/- Charge ID- 100480997 DOH Date- 18/08/2021	Mumbai	22-09-2021 (form filed with MCA) 24-09-2021 (Charge certificate date)	There was delay from the bank's end in providing signed form. Therefore there was delay in filing of the Form.
ECB Charge Form-. Rs. 31,09,42,500/- Charge ID- 100518344 DOH Date- 02/12/2021	Mumbai	06-01-2022 (form filed with MCA) 06-01-2022 (Charge certificate date)	The list of receivable (mandatory part of form) could not be finalized within prescribed timeline of filing of form by the investors who are based out of India. Hence there was delay in filing of Form.
NCD- Rs. 15,00,00,000/- Charge ID- 100542449 DOH Date- 30/11/2021	Mumbai	28-02-2022 (form filed with MCA) 09-03-2022 (Charge certificate date)	The delay in filing form was inadvertent.

66 There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.

67 The Company has not traded or invested in crypto currency or virtual currency during the year ended 31 March 2022 and 31 March 2021.

68 Disclosure under rule 11(e) of the Companies (Audit and Auditors) Rules, 2014:

(a) - The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries;

(b) - The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries;

MSKA & ASSOCIATES * Chartered Accountants *

UGRO CAPITAL LIMITED *

(Rupees in lakh)

69 Gold Loans

The Company does not provide any loans on collateral of gold and gold jewellery.

70 RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 07 April 2021.

Under the circular all the lending institutions were required to refund/adjust the "interest on interest" charged to the borrower during the moratorium period i.e. March 1, 2020 to August 31, 2020 in conformity with the Supreme Court judgement. The status of the same is mentioned in below table.

Sr. No	Particulars	31 March 2022	31 March 2021
1	Aggregate amount	54.71	54.71
2	Refunded/Adjusted	40.12	-
3	Outstanding Balance	14.59	54.71

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

a. Details of transfer through Assignment in respect of loans not in default during the year ended March 31, 2022*

Sr. No	Particulars	To Banks / NBFCs
1	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	33,372.84
2	Aggregate consideration received (Rs. in Lakh)	33,372.84
3	Weighted average residual tenor of loans sold (in years)	3.74
4	Weighted average Maturity of Loans (in years)	4.97
5	Weighted average Holding period of Loans (in years)	1.23
6	Retention of Beneficial economic interest (in %)	11.10%
7	Coverage of Tangible security (in %) **	188.22%
8	Rating- wise distribution of rated loans	Non- Rated

Note

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

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

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

b. Details of loans acquired in respect of loans not in default during the year ended March 31, 2022

Sr. No	Particulars	From NBFCs
1	Aggregate principal outstanding of loans acquired (Rs. in Lakh)	12,199.68
2	Aggregate consideration paid (Rs. in Lakh)	12,199.68
3	Weighted average residual tenor of loans acquired (in years)	1.35
4	Weighted average Maturity of Loans (in years)	1.96
5	Weighted average Holding period of Loans (in years)	0.67
6	Retention of Beneficial economic interest (in %)	88.57%
7	Coverage of Tangible security (in %) *	709%
8	Rating- wise distribution of rated loans (in Lakh)	a. A-(SO) – 1,438.79 b. BBB+(SO) – 8,456.59 c. BBB (SO) – 2,304.30

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

c. Details of stressed loans transferred during the year ended March 31, 2022
NPAs as on the date of Transfer **

Sr. No	Particulars	To Assest Reconstruction Companies (ARCs)
1	No. of accounts	3,377
2	Aggregate principal outstanding of loans transferred (Rs. In Lakh)	4,385.77
3	Weighted average residual tenor of the loans transferred (in years)	0.81
4	Net book value of loans transferred (at the time of transfer) (Rs. in Lakh)	3,264.50
5	Aggregate consideration (Rs. in Lakh)	3,394.00
6	Additional consideration realized in respect of accounts transferred in earlier years	-
7	Excess Provision reversed on account of sale	-

** The Company has not transferred any SMA loans in the above category during the year ended 31 March 2022.

d. The Company has not acquired any Stressed loans during the year ended March 31, 2022.

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

Ratings	Rating Agency	Amount (in Lakh)
BW RR1	Brick Works Rating India Private Limited	1,217.47
In Process	Brick Works Rating India Private Limited	1,430.64

(Rupees in lakh)

72 **a. Disclosure as per the format prescribed under circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021**

Type of borrower	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2022	Of (A), amount written off during the half year ended March 31, 2022	Of (A), amount paid by the borrowers during the half year ended March 31, 2022	Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2022*
Personal Loans	Nil	Nil	Nil	Nil	Nil
Corporate persons	Nil	Nil	Nil	Nil	Nil
Of which, MSMEs	6,297.90	Nil	Nil	7.59	6,290.31
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

* Total ECL Provision for the above loans as on March 31, 2022 is Rs 629.03 Lakh.

72 **b. Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" having exposure less than or equal to Rs. 25 crores for the year ended March 31, 2022:**

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current Year	184	6,623.10
	Previous Year	156	7,356.11

73 Previous year figures have been reclassified / regrouped wherever necessary to conform to / with the current year classification / disclosure.

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

Swapnil Kale

Swapnil Kale
Partner

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

MSKA & ASSOCIATES
Chartered Accountants

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

UGRO CAPITAL LIMITED

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

Abhijit Sen

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

Amit

Amit Gupta
Chief Financial Officer
Mumbai
May 24, 2022

Karandikar

Aniket Karandikar
Company Secretary
Mumbai
May 24, 2022

MSKA
& Associates
Chartered Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Members of UGRO Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UGRO Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 53 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the financial statements will depend on uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Classification and Measurement of Loans and Provision for Expected Credit Loss (ECL) on Financial Assets – Loans Total ECL Provision as at March 31, 2021 – INR 2562.01 Lakhs Charge to the Statement of Profit and Loss – INR 1961.71 Lakhs

<table>
<tr><td colspan="2">Refer Note 1 on Significant Accounting Policies and Refer Note 6 and 30 to the Financial Statements.</td></tr>
<tr><th>Key Audit Matter</th><th>How the Key Audit Matter was addressed in our audit</th></tr>
<tr><td>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.</td><td>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.</td></tr>
</table>

	▪ Probability of Default (PD) is as per the above scorecards provided by the External Credit Rating agency. ▪ Loss Given Default (LGD) is as per the Foundational-Internal Rating Based (F-IRB) approach, including the appropriateness of the use of collateral and the resultant arithmetical calculations. We also evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. ▪ Exposures determined to be individually impaired, examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. ▪ Verified the computation of ECL by using PD and LGD (EAD*PD*LGD*) to ensure arithmetical accuracy. ▪ Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. 6. Verified the ratings for a sample of PD and LGD of External Credit Rating agency and F-IRB respectively to test the accuracy of input for calculation of ECL. 7. Verified the advances to test the accuracy of inputs for calculation of ECL on test check basis. 8. Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due and other loss indicators considering the various Covid-19 Regulatory Packages related to moratorium, restructuring as per RBI circular dated August 06, 2020, MSME restructuring etc. 9. Performed procedures over segmentation of financial assets related to the advances as per their various products and models and risk characteristics.

	10. We also verified the adequacy of the adjustment including management's assessment of additional provision on stressed loan accounts due to the Covid-19 pandemic. 11. Assessed the adequacy and appropriateness of the related presentation disclosures in compliance with the applicable Ind AS.

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

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

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

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

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Other Matter

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor whose report dated June 13, 2020 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.

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

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2021

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

i.

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

(b) The Company has a programme of verification of fixed assets to cover all items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

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

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

iii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has granted loans to one company covered in the register maintained under section 189 of the Act.

(a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loans granted to the company listed in the register maintained under section 189 of the Act, the borrowers have been, where stipulated, regular in the payment of principal and interest.

(c) There are no overdue amounts in respect of the loans granted to the company listed in the register maintained under Section 189 of the Act.

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

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

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

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Laws	Income Tax	2,74,130	AY 2012-13	Assessing Officer	
Income Tax Laws	Income Tax	37,41,900	AY 2009-10	Commissioner of Income Tax (Appeals)	
Income Tax Laws	Income Tax	5,26,334	AY 2016-17	Assessing Officer	
Income Tax Laws	Income Tax	37,78,234	AY 2008-09	High court	

All the above tax matters are covered by a deed of indemnity entered by existing promoters with erstwhile promoters and hence no provision/disclosure as contingent liability is required to be made in books of accounts.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

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

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 21117812AAAAHL7098

Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	**12,365.55**	874.64
Bank balances other than cash and cash equivalents	4	**19,238.99**	14,091.31
Trade receivables	5	**357.77**	657.93
Loans	6	**127,880.52**	83,238.19
Investments	7	**5,522.75**	7,250.81
Other financial assets	8	**323.11**	8,328.15
		165,688.69	**114,441.03**
Non-financial assets			
Current tax assets (net)	9	**-**	143.72
Deferred tax assets (net)	10	**4,293.55**	2,156.31
Property, plant and equipment	11	**468.60**	586.82
Right of use asset	12	**1,094.31**	1,344.01
Intangible assets under development	13	**388.41**	93.96
Other intangible assets	14	**2,062.02**	1,839.34
Other non-financial assets	15	**1,093.91**	641.06
		9,400.80	6,805.22
TOTAL ASSETS		**175,089.49**	**121,246.25**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	16		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		**0.01**	10.14
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		**735.93**	1,039.00
(B) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises		**-**	
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		**287.36**	371.36
Debt securities	17	**29,940.69**	5,009.41
Borrowings (other than debt securities)	18	**46,628.79**	20,444.46
Other financial liabilities	19	**1,729.13**	1,870.87
		79,321.91	**28,745.24**

URGO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Balance Sheet as at March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Non-financial liabilities			
Current tax liabilities (net)	9	**144.13**	-
Provisions	20	**241.99**	199.72
Other non-financial liabilities	21	**137.64**	148.93
		523.76	348.65
TOTAL LIABILITIES		**79,845.67**	**29,093.89**
Equity			
Equity share capital	22	**7,052.86**	7,052.86
Other equity	23	**88,190.96**	85,099.50
TOTAL EQUITY		**95,243.82**	92,152.36
TOTAL LIABILITIES AND EQUITY		**175,089.49**	**121,246.25**

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57

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

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

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

Shachindra Nath
Executive Chairman & MD
DIN : 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman -Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particulars	**Note No.**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Revenue from operations			
Interest income	24	**14,812.85**	7,889.19
Dividend income	25	**-**	17.40
Net gain on fair value changes	26	**34.68**	1,693.66
Other operating income	27	**133.54**	69.12
Total revenue from operations		**14,981.07**	**9,669.37**
Other Income	28	**352.77**	845.00
Total income		**15,333.84**	**10,514.37**
Expenses			
Finance costs	29	**4,456.24**	1,367.30
Impairment on financial instruments	30	**1,961.71**	1,023.41
Employee benefits expenses	31	**4,532.67**	4,714.80
Depreciation and amortisation	32	**1,173.91**	739.35
Other expenses	33	**1,996.40**	2,337.72
Total expenses		**14,120.93**	**10,182.58**
Profit before exceptional items and tax		**1,212.91**	**331.79**
Exceptional items	34	**-**	**-**
Profit before tax		**1,212.91**	**331.79**
Tax Expense:			
(1) Current tax			
Tax for current year as per minimum alternate tax		**482.99**	296.31
(2) Deferred tax benefit (Net)		**(2,142.83)**	(1,916.38)
Total tax expenses		**(1,659.84)**	**(1,620.07)**
Profit for the year (A)		**2,872.75**	**1,951.86**

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Profit and Loss for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit obligations		**19.19**	0.03
- Income tax relating to items that will not be reclassified to profit and loss		(5.59)	(0.01)
Subtotal (A)		**13.60**	0.02
Other comprehensive income for the year (net of tax) (B)		**13.60**	0.02
Total comprehensive income for the year (C)= (A+B)		**2,886.35**	**1,951.88**
Earnings per equity share of face value of ₹ 10 each	35		
Basic (₹)		**4.07**	**2.95**
Diluted (₹)		**4.07**	**2.87**

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

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

Shachindra Nath
Executive Chairman
& MD
DIN : 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman
-Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Cash Flow for the year ended March 31, 2021

(Currency : ₹ in lacs)

Particular	For the year ended March 31, 2021	For Year Ended March 31, 2020
Cash flow from operating activities :		
Net profit before tax	1,212.91	331.79
Adjustments for:		
Employee stock option expense	205.11	348.74
Dividend income	-	(17.40)
Depreciation expense	1,173.91	739.35
Impairment on financial instruments	1,961.71	1,023.41
Net gain on sale of financial instruments / fair valuation of financial instruments	(34.68)	(1,693.66)
Provision for gratuity	37.62	31.27
Provision for compensated absences	23.84	99.60
Operating profit before working capital changes	4,580.42	863.10
Movements in working capital:		
(Increase) / Decrease in Assets		
(Increase) / Decrease in Loans	(46,604.03)	(76,372.13)
(Increase) / Decrease in Receivable	300.15	(425.93)
(Increase) / Decrease in Other Non - Financial Assets	(452.85)	(160.55)
(Increase) / Decrease in Other Financial Assets	8,005.03	(4,162.82)
Increase (Decrease) in Liability		
Increase / (Decrease) in Trade payable	(397.20)	386.13
Increase / (Decrease) in other non-financial liabilities	(11.29)	(7.41)
Increase / (Decrease) in other financial liabilities	62.85	289.95
Cash used in operations	(34,516.92)	(79,589.66)
Income taxes paid	(195.14)	(290.96)
Net cash used in operating activities (A)	(34,712.06)	(79,880.62)
Cash flow from investing activities :		
Payments for property, plant and equipment	(34.74)	(335.18)
Dividend income	-	17.40
Proceeds / (Investment) in bank deposits of maturity greater than 3 months	(5,147.68)	13,333.01
Sale of investments	7,285.50	197,373.62
Purchase of investments	(5,522.75)	(192,251.91)
Proceeds / (Investment) in bank deposits of maturity greater than 12 months (net)	-	395.81
Payments for intangible assets	(1,172.06)	(659.96)
Net cash (used in) / generated from investing activities (B)	(4,591.73)	17,872.79
Cash flow from financing activities :		
Proceeds received against partly paid share warrants	-	6,612.00
Principal payment of lease liabilities	(320.89)	(246.98)
Proceeds from borrowings through secured NCDs and Commercial paper	24,931.26	5,009.41
Proceeds from borrowings from banks and financial institutions (net of repayment)	26,184.33	19,470.87
Share issue expenses	-	(17.50)
Net cash generated from financing activities (C)	50,794.70	30,827.80
Net Increase / (decrease) in cash and cash equivalents (A) +(B) + (C)	11,490.91	(31,180.04)

UGRO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of Cash Flow for the year ended March 31, 2021

(Currency : ₹ in lacs)

Cash and cash equivalents at the beginning of the year	874.64	32,086.98
Cash and cash equivalents at the end of the year	**12,365.55**	**874.64**
Components of cash and cash equivalents (Refer Note 3)		
Cash on hand	-	-
Balance with banks :		
in current accounts	6,764.51	874.64
in Fixed deposit (maturing within a period of three months)	5,601.04	-
TOTAL	**12,365.55**	**874.64**

Significant accounting policies 1
See accompanying notes forming part of the financial statements 2-57
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

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

Shachindra Nath
Executive Chairman
& MD
DIN : 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman
-Audit Committee
DIN : 00002593
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended Mar 31, 2021

(Currency ₹ in lacs)

a. Equity share capital (refer note 22 below)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital of face value of Rs.10/- each		
Balance at the beginning of the year	7,052.86	2,333.15
Issued during the year	-	1,356.59
Converted during the year :		
- From compulsorily convertible preference shares	-	1,383.72
- From compulsorily convertible debentures	-	1,383.72
- From share warrants	-	595.68
Balance as at the end of the year	**7,052.86**	**7,052.86**

b. Other equity (refer note 23 below)

Particulars	Compulsorily convertible preference shares	Share under issuance	Compulsorily convertible debentures	Money received against share warrants	Reserves and surplus					Total
					Statutory reserve u/s 45-IC	Capital reserve	Securities premium account	Employee stock options scheme outstanding	Retained earnings	
Balance as at April 1, 2019	**1,383.72**	**17,500.00**	**1,383.72**	**3,250.00**	**1,145.55**	**-**	**53,327.22**	**300.01**	**2,666.19**	**80,956.41**
Converted during the year	(1,383.72)	-	(1,383.72)	-	-	-	-	-	-	**(2,767.44)**
Issued during the year	-	(17,500.00)	-	-	-	-	-	-	-	**(17,500.00)**
Conversion of share warrants	-	-	-	(2,204.00)	-	-	8,220.32	-	-	**6,016.32**
Transfer to capital reserve for warrants lapsed	-	-	-	(1,046.00)		1,046.00	-	-	-	**-**
Securities premium on equity shares issued	-	-	-	-	-	-	16,143.40	-	-	**16,143.40**
Addition / (Reduction) during the year	-	-	-	-	390.37	-	-	348.74	(390.37)	**348.74**
Utilized during the year (net of taxes)*	-	-	-	-	-	-	(17.50)	-	-	**(17.50)**
Share conversion expenses	-	-	-	-	-	-	-	-	(32.31)	**(32.31)**
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	0.02	**0.02**
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	1,951.86	**1,951.86**
Balance as at March 31, 2020	-	-	-	-	**1,535.92**	**1,046.00**	**77,673.44**	**648.75**	**4,195.39**	**85,099.50**

URGO CAPITAL LIMITED

UGRO CAPITAL LIMITED
CIN:L67120MH1993PLC070739

Statement of changes in equity for the year ended Mar 31, 2021

(Currency : ₹ in lacs)

Balance as at April 1, 2020	-	-	-	-	1,535.92	1,046.00	77,673.44	648.75	4,195.39	85,099.50
Addition / (Reduction) during the year	-	-	-	-	574.55	-	-	205.11	(574.55)	205.11
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	13.60	13.60
Transferred from statement of profit and loss	-	-	-	-	-	-	-	-	2,872.75	2,872.75
Balance as at Mar 31, 2021	-	-	-	-	2,110.47	1,046.00	77,673.44	853.86	6,507.19	88,190.96

In terms of our report attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No : 105047W

Swapnil Kale
Swapnil Kale
Partner
Membership No : 117812

Mumbai
June 29, 2021

For and on behalf of the Board of Directors of
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Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

2. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

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

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) at the end of each reporting period.

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

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

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

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

(3) Application of new and revised Ind AS

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

(4) Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in lacs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

(5) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost there of can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets

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

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life
Office Equipment	5 years - 6 years
Computer	3 years
Leasehold improvements	2years - 9 years (Primary period of lease of premises)
Furniture fixture and fittings	10 years

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

UGRO CAPITAL LIMITED

(6) Intangible assets

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

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

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.
Estimated useful life of Software is 5 years.

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

(7) Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(8) Revenue Recognition

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

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

UGRO CAPITAL LIMITED

(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

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date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

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

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

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

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the retrospective method and has taken the cumulative adjustment to Retained Earning, on the date of application. Consequently, the Company recorded lease liability at present value of future lease payments discounted at the incremental borrowing rate and corresponding right of use asset at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

As a lessee

Operating Lease

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of lease of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognise right of use asset and lease liabilities with less than 12 months of lease term remaining on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Weighted average incremental borrowing rate is applied to lease liabilities as at April 1, 2019.

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(Currency : ₹ in lacs)

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

As a lessor

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

(10) Taxation

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

(10.1) Current tax

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

(10.2) Deferred tax

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

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

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

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

(10.3) Current and deferred tax for the year

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

(10.4) Minimum Alternate Tax (MAT)

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

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For the year ended March 31, 2021

(Currency : ₹ in lacs)

(11) Employee Benefits

(11.1) Retirement benefit costs and termination benefits

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

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

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

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

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

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

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

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

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

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

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(Currency : ₹ in lacs)

(11.3) Compensatory Payments (Loss of Earned Bonus)

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

(12) Borrowing Costs

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

Finance costs are charged to the Statement of Profit and Loss

(13) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

(14) Commitments

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

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(Currency : ₹ in lacs)

(15) Foreign Currencies

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

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

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

(16) Cash and Bank balances

Cash and bank balances also include fixed deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(17) Segment reporting

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

(18) Financial Instruments

(18.1) Recognition of Financial Instruments

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

(18.2) Initial Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.
A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

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(Currency : ₹ in lacs)

(18.3) Subsequent Measurement of Financial Instruments

(18.3.1) Financial Assets

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

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

(18.3.1.1) Financial Assets carried at Amortised Cost (AC)

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

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

Effective Interest Method

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

(18.3.1.2) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

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

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

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

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Interest income is recognised in profit or loss for FVTOCI debt instruments. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

(18.3.1.3) Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

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

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

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

(18.4) Impairment of Financial Asset

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

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

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

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Notes forming part of the financial statements (Continued)
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(Currency : ₹ in lacs)

Impairment methodology:

Overall Impairment Methodology

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

A) For Loans , Cash Credit and Term Loans Measured at Amortised Cost

a) Definition of Default:

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

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

b) Portfolio Segmentation:

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

c) Probability of Default (PD):

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

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

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

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(Currency : ₹ in lacs)

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

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

d) Loss Given Default :

Loss Given Default (LGD) represents recovery from defaulted assets. Foundational-Internal Rating Based (F-IRB) approach detailed in the guidelines is used for the LGD computation.

(18.5) Derecognition of Financial Assets

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

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

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

(18.6) Financial Liabilities and Equity Instruments

(18.6.1) Classification as Debt or Equity

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

(18.6.2) Equity Instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(18.6.3) Compound Financial Instruments

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

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

(18.6.4)Financial Liabilities

A financial liability is any liability that is:

- Contractual obligation :
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Company has not designate any financial liabilities at FVTPL.

(18.6.4.1) Derecognition of financial liabilities

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

(19) Write off

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

(20) Share-based payment arrangements

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

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

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settled employee benefits reserve. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

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

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

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

(22) Earnings Per Share

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

(23) Cash Flow Statement

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

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

(24) Operating cycle for current and non-current classification

Based on the nature of products / activities of the Company entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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(Currency ₹ in lacs)

2. Corporate Information

Ugro Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 2013 The Company is a non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 The Company is registered with effect from March 5, 1998 having Registration No. A-13.00243. The Company is engaged in the business of lending and primarily deals in financing SME and MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

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3. Cash and cash equivalents

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Cash on hand	-	-
Balances with banks		
- in current accounts	6,764.51	874.64
- in fixed deposits with banks (original maturity less than 3 months)	5,601.04	-
	12,365.55	**874.64**

4. Bank balances other than cash and cash equivalents

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Unclaimed dividend on equity shares	1.43	1.43
Fixed deposits with banks (original maturity between 3 to 12 months)*	2,014.14	320.54
Fixed deposits with bank (original maturity more than 12 months)*	17,034.33	13,359.13
Cash collateral*	189.09	410.21
	19,238.99	**14,091.32**

* Earmarked balances of ₹ 871.21 lacs (previous year - ₹ 987.00 lacs) (Refer Note 46)

5. Trade receivables

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Receivables		
Unsecured considered good	357.77	657.93
	357.77	**657.93**

1. The average credit period ranges between 1 to 3 months.
2. The Company measures trade receivables at amortised cost. Trade receivables are measured at transaction price.
3. Expected credit loss on trade receivables: The Company applies the simplified approach for computation of expected credit loss on trade receivables as allowed under IndAS 109. The Company is recognizing lifetime expected credit loss for trade receivables, as applicable.
4. The carrying amount of trade receivables approximates the fair value because of their short term nature.
5. The average ageing period ranges between 1 to 3 months.
6. There are no due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

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(Currency : ₹ in lacs)

6. Loans

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Loans at amortised cost		
(A)		
Supply chain receivables	18,660.24	16,548.03
Term loans	111,770.33	67,733.73
Loans to employees	11.95	4.23
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**127,880.52**	**83,238.19**
(B)		
Secured by book debts	23,457.14	24,815.34
Secured by property	56,383.46	33,959.68
Secured by machinery	7,089.63	138.30
Unsecured	43,512.29	25,372.67
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total Net Loans	**127,880.52**	**83,238.19**
(C)		
Loans in India		
Public sector	-	-
Others	130,442.52	84,285.99
Total Gross Loans	**130,442.52**	**84,285.99**
Less: Impairment loss allowance	2,562.00	1,047.80
Total - Net (a)	**127,880.52**	**83,238.19**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**127,880.52**	**83,238.19**

Note :

1. There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.
2. Underlying securities for the assets secured by tangible assets are property, machinery and book debts.

Notes forming part of the financial statements (Continued)

For the year ended Mar 31, 2021

(Currency : ₹ in lacs)

7. Investments

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Investments - at fair value through profit and loss account		
Mutual funds (unquoted)	4,014.54	7,250.81
Debt securities	1,508.21	-
Total – Gross	**5,522.75**	**7,250.81**
Investments in India	5,522.75	7,250.81
Investments outside India	-	-
Total – Gross	**5,522.75**	**7,250.81**
Less: Impairment loss allowance	-	-
Total – Net	**5,522.75**	**7,250.81**

Note :

1. For valuation methodology Refer Note 48.

2. For dividend received on investments Refer Note 25.

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Notes forming part of the financial statements (Continued)
For the year ended Mar 31, 2021

(Currency : ₹ in lacs)

8. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	323.11	197.71
Sale proceeds of mutual fund receivable	0.00	4,130.44
Indemnified assets	-	4,000.00
	323.11	**8,328.15**

9. Current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets		
Advance Tax	782.31	587.17
Total (A)	**782.31**	**587.17**
Current tax liabilities		
Income tax payable as per minimum alternate tax	926.44	443.45
Total (B)	**926.44**	**443.45**
Net (A-B)	**(144.13)**	**143.72**

10. Deferred tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
Provision for compensated absence	49.75	40.90
Provision for gratuity	20.71	14.66
Deferred revenue income - processing fees allowed upfront in income tax	358.33	195.07
Provision for impairment losses on financial instruments	746.06	291.50
Lease rentals expense under IndAS 116	71.99	56.23
Preliminery expense	132.50	15.16
Employee stock options scheme outstanding expenses disallowance	248.64	180.48
Unutilised minimum alternate tax credit entitlement	926.44	443.45
Income tax losses carried forward	2,748.92	1,391.00
Others	28.88	1.54
Total (A)	**5,332.22**	**2,629.99**
Deferred tax liabilities		
Difference in written down value of property, plant and equipment and intangible assets	157.79	23.26
Receivable On EIS DA	22.27	-
Unrealised gain on investments	3.91	36.83
Prepaid fees / charges on debt securities allowed upfront in income tax	113.61	10.70
Prepaid fees / charges on borrowings allowed upfront in income tax	361.12	127.41
Deferred loan sourcing cost allowed upfront in income tax	379.97	275.48
Total (B)	**1,038.67**	**473.68**
Net (A-B)	**4,293.55**	**2,156.31**

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Notes forming part of the financial statements (Continued)
For the year ended Mar 31, 2021

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11. Property, plant and equipment

Particulars	As at March 31, 2021				As at March 31, 2020			
	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total	IT and Office equipments	Leasehold improvements	Furniture and fixtures	Total
At cost at the beginning of the year	**347.36**	**375.64**	**14.70**	737.70	**97.34**	**292.25**	**12.93**	**402.52**
Additions during the year	34.63	0.11	-0.00	**34.74**	250.01	83.39	1.77	335.18
At cost at the end of the year	**381.99**	**375.75**	**14.70**	**772.44**	**347.36**	**375.64**	**14.70**	**737.70**
Accumulated depreciation as at the beginning of the year	**54.12**	**95.13**	**1.63**	**150.88**	**3.17**	**7.91**	**0.31**	**11.39**
Depreciation for the year	64.59	86.97	1.40	**152.96**	50.95	87.22	1.32	**139.49**
Accumulated depreciation as at the end of the year	**118.71**	**182.10**	**3.03**	**303.84**	**54.12**	**95.13**	**1.63**	**150.88**
Net carrying amounts as at the end of the year	**263.28**	**193.65**	**11.67**	**468.60**	**293.24**	**280.51**	**13.07**	586.82

URGO CAPITAL LIMITED

(Currency ₹ in lacs)

12 . Right of use asset

Particulars	As at March 31, 2021	As at March 31, 2020
At cost at the beginning of the year	**1,854.97**	**1,794.60**
Remeasurment of Assets	24.21	-
Additions during the year	92.10	60.37
At cost at the end of the year	**1,971.28**	**1,854.97**
Accumulated depreciation as at the beginning of the year	**510.96**	**166.94**
Depreciation for the year	366.01	344.02
Accumulated depreciation as at the end of the year	**876.97**	**510.96**
Net carrying amount as at the end of the year	**1,094.31**	**1,344.01**

13. Intangible assets under development

Particulars	As at March 31, 2021	As at March 31, 2020
Softwares	388.41	93.96
Total	**388.41**	**93.96**

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Notes forming part of the financial statements (Continued)
For the year ended Mar 31, 2021

(Currency : ₹ in lacs)

14. Other intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
Software :		
At cost at the beginning of the year	**2,095.18**	-
Additions during the year	877.61	2,095.18
At cost at the end of the year	**2,972.79**	**2,095.18**
Accumulated amortisation as at the beginning of the year	**255.84**	-
Amortisation for the year	654.93	255.84
Accumulated amortisation as at the end of the year	**910.77**	**255.84**
Net carrying amounts as at the end of the year	**2,062.02**	**1,839.34**

15. Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Advances to vendors and employees	410.07	77.02
Goods and service tax input credit receivable	468.40	291.70
Prepaid expenses	215.14	196.74
Prepaid rental charges	-	74.88
Deferred staff loan cost	0.30	0.72
Total	**1,093.91**	**641.06**

16. Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Micro and small enterprises (Refer Note 43)	0.01	10.14
Due to others	735.93	1,039.00
Other payables		
Micro and small enterprises (Refer Note 43)	-	-
Due to others		
- Accrued employee benefits	232.65	371.36
- Payable to Customer	54.71	-
Total	**1,023.30**	**1,420.50**

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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**

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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.

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(Currency : ₹ in lacs)

18. Borrowings (Continued)

(e) Terms of repayment of term loans

(i) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) as on 31 March 2021:

Redeemable within (Payable in monthly installments)	**0-12 months**	**12-24 months**	**24-36 months**	**36-60 months**	**Total**
## For Banks :					
Rate of Interest 8.74 % to 12.00%*	5,763.63	5,656.27	4,946.00	2,159.72	18,525.62
# For Other Parties :					
Rate of Interest 06.57 % to 12.75%*	10,078.59	8,961.55	3,965.72	-	23,005.86
For liabilities arising out of securitization transactions resulting into recording of borrowings :					
Rate of Interest 10.00 % to 10.48%*	1,330.02	319.38	-	-	1,649.40
Total	**17,172.23**	**14,937.19**	**8,911.72**	**2,159.72**	**43,180.87**

(ii) Terms of repayment (repayment schedule mentioned below excludes unamortised borrowing cost) as on 31 March 2020:

Redeemable within (Payable in monthly	**0-12 months**	**12-24 months**	**24-36 months**	**36-60 months**	**Total**
## For Banks :					
Rate of Interest 10.78 % to 12.75%*	1,192.86	1,230.71	193.95	-	2,617.53
# For Other Parties :					
Rate of Interest 11.75 % to 12.00%*	6,869.94	2,222.01	1,546.51	-	10,638.46
For liabilities arising out of securitization transactions resulting into recording of borrowings :					
Rate of Interest 10.00 % to 10.48%*	2,360.32	1,618.50	282.01	-	4,260.83
Total	**10,423.13**	**5,071.22**	**2,022.47**	**-**	**17,516.82**

*Rate of interest on term loans considered annualised payable monthly for reporting purpose.

(f) The rate of interest for the variable borrowings is linked to lender base rate (+) / (-) spread for borrowing made from financial institutions(#). Similarly for variable borrowing from banks(##) linked to external benchmark rates like T-bill, banks base rate, repo rates, MCLR, etc. (+) / (-) spread. The above categorisation is based on the interest rates prevalent as on the respective reporting dates.

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(Currency : ₹ in lacs)

19. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend payable on equity shares	1.43	1.43
Others payables :		
Collateral margin money received	199.67	219.81
Deferred consideration on direct assignment	156.87	95.63
Lease liabilities	1,340.97	1,545.55
Book Overdraft	30.19	-
Other payables	-	8.45
Total	**1,729.13**	**1,870.87**

20. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits :		
Provision for gratuity (Refer Note 40b)	71.14	52.70
Provision for compensated absences	170.85	147.02
Total	**241.99**	**199.72**

21. Other non financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	137.64	148.93
Total	**137.64**	**148.93**

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Notes forming part of the financial statements (Continued)
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22. Equity

a. Details of authorised, issued and subscribed share capital :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised capital				
Equity shares of ₹10 each	81,500,000	8,150.00	81,500,000	8,150.00
Preference shares of ₹10 each	20,500,000	2,050.00	20,500,000	2,050.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each, fully paid up	70,528,550	7,052.86	70,528,550	7,052.86
Total	**70,528,550**	**7,052.86**	**70,528,550**	**7,052.86**

b. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	70,528,550	7,052.86	23,331,482	2,333.15
Add: shares issued during the year *	-	-	13,565,891	1,356.59
Add : converted during the year :				
From compulsorily convertible preference shares **	-	-	13,837,210	1,383.72
From compulsorily convertible debentures**	-	-	13,837,210	1,383.72
From compulsorily convertible warrants**	-	-	5,956,757	595.68
Outstanding at the end of the year	**70,528,550**	**7,052.86**	**70,528,550**	**7,052.86**

*During the previous year the Company has allotted 1,35,65,891 equity shares of ₹ 10 each for consideration of ₹ 17,500 lacs on preferential basis.

**During the previous year, the Company has converted 1,38,37,210 compulsorily convertible debentures into equal numbers of equity shares.

** During the previous year, the Company has converted 1,38,37,210 compulsorily convertible preference shares into equal numbers of equity shares.

** During the previous year, the Company has converted 59,56,757 into equal numbers of equity shares and balance stand forfeited.

c. Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding.

UGRO CAPITAL LIMITED

d. Particulars of shareholders holding more than 5% of the share capital :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Newquest Asia Investments III Limited	15,116,279	21.43%	15,116,279	21.43%
Clearsky Investment Holdings Pte Limited	15,116,279	21.43%	15,116,279	21.43%
DBZ (Cyprus) Limited	13,565,891	19.23%	13,565,891	19.23%
Samena Fidem Holdings	5,956,757	8.45%	5,956,757	8.45%
PNB Metlife India Insurance Company Limited	1,428,600	2.03%	1,428,600	2.03%
Chhattisgarh Investments Limited	1,320,372	1.87%	1,381,372	1.96%
Samena Special Situations Mauritius	3,321,500	4.71%	3,321,500	4.71%
Indgrowth Capital Fund I	3,443,640	4.88%	3,474,086	4.93%
Poshika Advisory Services LLP	2,027,709	2.88%	3,019,817	4.28%
Abakkus Growth Fund- 1	1,078,000	1.53%	1,091,635	1.55%
Total	**62,375,027**	**88.44%**	**63,472,216**	**90.00%**

e. Shares reservation :

As at March 31, 2021 - 32,57,033 shares (as at March 31, 2020 - 38,01,528 Shares) were reserved for issuance as below :

a. 32,57,033 (previous year 38,01,528) shares of ₹ 10 each towards outstanding employee stock options granted (Refer Note 41)

f. Objective for managing capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

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23. Other equity

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Compulsorily convertible preference shares	-	-
Share under issuance	-	-
Compulsorily convertible debentures	-	-
Money received against share warrants	-	-
Statutory reserve	2,110.47	1,535.92
Capital reserve	1,046.00	1,046.00
Securities premium account	77,673.44	77,673.44
Employee stock options scheme outstanding	853.86	648.75
Retained earnings	6,507.19	4,195.39
Total	**88,190.96**	**85,099.50**

Nature and purpose of reserves :
Statutory reserves u/s 45-IC of The RBI Act, 1934
Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Capital reserve

Capital reserve comprises of the amount received on share warrants & which are forfeited by the Company for non-payment of call money.

Securities premium account
Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Employee stock options scheme outstanding

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings
Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

24. Interest income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans		
- Loan portfolio	13,360.27	7,112.74
Interest on other financial assets		
- Other financial assets	25.42	34.64
Interest on investment		
- Interest on fixed deposits with banks	1,425.78	741.81
- Interest on bonds	1.38	-
Total	**14,812.85**	**7,889.19**

25. Dividend income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income on investment	-	17.40
Total	-	**17.40**

26. Net gain on fair value changes

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit and loss :-		
On trading portfolio		
- Gain on sale of investments	34.68	1,693.66
Total	**34.68**	**1,693.66**
Fair value changes :		
Realised	153.65	1,569.71
Unrealised	(118.97)	123.95
Total	**34.68**	**1,693.66**

27. Other operating revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Processing fees income	55.63	51.43
Other miscellaneous income	77.91	17.69
Total	**133.54**	**69.12**

28. Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Marketing advisory fees	-	220.00
Technology support fees	300.00	625.00
Web display fees	50.00	-
Incurance commission Income	2.77	-
Total	**352.77**	**845.00**

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(Currency : ₹ in lacs)

29. Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Costs		
Interest expense on financial liabilities measured at amortised cost:		
(a) Interest on borrowings		
Interest on borrowings from banks and financial institutions	2,662.99	834.74
(b) Interest on debt securities		
Interest on redeemable non convertible debentures / Discount on Commercial paper	1,602.43	308.59
(c) Interest on lease liabilities		
Interest on lease liabilities	171.20	198.48
(d) Other interest expense		
Interest expense on other financial liabilities	19.62	25.49
Total	**4,456.24**	**1,367.30**

30. Impairment losses on financial instruments

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On financial instruments measured at amortised cost:		
Impairment on loans		
Provision for expected credit loss	1,961.71	1,023.41
Total	**1,961.71**	**1,023.41**

31. Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, other allowances and bonus	4,159.92	4,211.33
Contribution to provident and other funds (Refer Note 40a)	120.15	93.03
Gratuity expenses (Refer Note 40b)	37.62	31.27
Staff welfare expenses	9.87	30.43
Share based payments to employees (Refer Note 41)	205.11	348.74
Total	**4,532.67**	**4,714.80**

32. Depreciation and amortisation

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	152.96	139.49
Amortization on intangible assets	654.93	255.84
Depreciation on right of use asset	366.02	344.02
Total	**1,173.91**	**739.35**

(Currency ₹ in lacs)

33. Other expenses

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Rent expenses	92.82	92.69
Communication expenses	71.04	95.31
Printing and stationery expenses	14.20	23.96
Advertisement and publicity expenses	3.03	6.02
Directors sitting fees	123.38	141.00
Payment to auditor **	46.03	51.28
Legal and professional expenses	741.84	714.28
Insurance expenses	46.82	102.11
Rates and taxes expenses	256.35	256.31
Computer maintenance and software expenses	320.39	403.78
Marketing and brand promotion expenses	6.73	11.25
Power and fuel expenses	10.65	20.96
Meeting and event expenses	14.91	20.10
Travelling, lodging and boarding expenses	35.24	186.90
Brokerage expenses	0.09	4.45
Miscellaneous expenses	193.83	203.55
CSR expenditure	19.05	3.77
Total	**1,996.40**	**2,337.72**

** Payment to auditor includes :

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
a. Statutory audit	23.21	31.00
b. Limited review	15.77	15.00
c. Certification matter	7.05	4.35
d. Out of pocket expenses	-	0.93
Total	**46.03**	**51.28**

34. Corporate Social Responsibility

Company is required to contribute to corporate social responsibility activity as per CSR Rules under the Companies Act, 2013. During the year ended 31st March 2021 Company has spent ₹ 19.05 lacs whereas required sum to be spent was ₹ 18.57 lacs. The amount is spent towards Skill Training in Healthcare for Under-priveleged youth through NGO.

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(Currency : ₹ in lacs)

35. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (IndAS) 33 'Earnings per share' :
Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic		
Profit after tax [A]	2,872.75	1,951.86
Weighted average number of equity shares outstanding during the year (Nos.) [B]	70,528,550	66,248,148
Basic earnings per share (₹) [A/B]	**4.07**	**2.95**
Diluted		
Profit after tax [A]	2,872.75	1,951.86
Weighted average number of equity shares outstanding during the year (Nos.)	70,528,550	66,248,148
Weighted average number of potential equity shares on account of employee stock options and share warrants	-	1,831,840
Weighted average number of shares outstanding for diluted earning per share [C]	70,528,550	68,079,988
Diluted earnings per share (₹) [A/C]	**4.07**	**2.87**
Face value of shares (₹)	10	10

36. Contingent liabilities and capital commitments:
a. Contingent liabilities
All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by existing promoters with erstwhile promoters. Further, there are no other contingent liability other than those covered under deed of indemnity.

b. Capital commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	-	-
- Commitments related to loans sanction but partially undrawn	1,381.88	593.06
- Amount of contracts remaining to be executed on capital account	47.00	188.12
Total	**1,428.88**	**781.18**

37. Operating segments

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

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38. Related party

a. List of related parties and their relationship :

(i) Key managerial personnel (KMP) :

- Executive Chairman & Managing Director	Shachindra Nath
- Whole Time Director & Chief Executive Officer	Abhijit Ghosh
- Chief Financial Officer (up to 12th November 2020)	Kalpeshkumar Ojha
- Chief Financial Officer (from 13th November 2020)	Sandeepkumar Zanvar
- Company Secretary	Aniket Karandikar

(ii) Enterprises over which KMP has control :

- Poshika Financial Ecosystem Private Limited
- Poshika Advisory Services LLP

Transactions with related parties are as enumerated below:

Particulars	As at March 31, 2021	As at March 31, 2020
Transaction during the year		
Remuneration paid *		
Shachindra Nath	269.35	319.45
Abhijit Ghosh	136.52	302.26
Kalpeshkumar Ojha	65.04	117.69
Sandeepkumar Zanvar	23.87	-
Aniket Karandikar	23.83	32.11

*The above figures does not include provision towards gratuity.

39.Expenditure in foreign currency

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other expenses	0.87	1.30
Total	**0.87**	**1.30**

40. Disclosure pursuant to IndAS 19 'Employee benefits'

a. Defined contribution plans :

Particulars	As at March 31, 2021	As at March 31, 2020
Employer's contribution to provident fund	84.44	68.81
Employer's contribution to national pension scheme	35.58	24.16
Employer's contribution to labour welfare fund	0.13	0.06
Total	**120.15**	**93.03**

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40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)
b. Defined benefit plan
The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Discount rate	5.18%	5.45%
Expected rate of return on plan asset	NA	NA
Salary escalation	5.00%	7.00%
Attrition rate	22.00%	22.00%
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

(ii). Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Service cost:		
Current service cost	34.75	29.66
Expected Contributions by the employees	-	-
Past Service Cost (Amortised) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Net interest expense	2.88	1.61
Components of defined benefit costs recognised in Statement of profit or loss	**37.63**	**31.27**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) on defined benefit obligations	(19.19)	(0.03)
Components of defined benefit costs recognised in other comprehensive income	**(19.19)**	**(0.03)**
Total	**18.44**	**31.24**

(iii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Present value of defined benefit obligation	71.14	52.70
Net liability arising from defined benefit obligation	**71.14**	**52.70**

(iv). Movements in the present value of the defined benefit obligation is as follows :

Particulars	**Gratuity plans**	
	As at March 31, 2021	**As at March 31, 2020**
Opening defined benefit obligation	**52.70**	**21.46**
Current service cost	34.75	29.66
Interest cost	2.88	1.61
Remeasurement (gains)	(19.19)	(0.03)
Closing defined benefit obligation	**71.14**	**52.70**

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(Currency : ₹ in lacs)

40. Disclosure pursuant to IndAS 19 'Employee benefits' (Continued)

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	As at March 31, 2021	As at March 31, 2020
1st following year	0.41	0.30
2nd following year	0.37	0.27
3rd following year	12.70	0.25
4th following year	15.13	9.98
5th following year	12.87	11.89
Sum of years 6 To 10	37.21	34.24
Sum of years 11 and above	16.45	19.08

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

(vi). Sensitivity analysis (defined benefit obligation) :

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.53)	3.83	(3.12)	3.42
Future salary growth (1% movement)	3.37	(3.21)	3.16	(2.98)
Attrition rate (1% movement)	(2.05)	2.09	(2.24)	2.32

Note :

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

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41. Disclosure relating to employee stock option scheme

The Company has one stock option schemes 'CSL Employee Stock Option Scheme 2017'. The said scheme was approved by board of directors on August 13, 2018 and by the shareholders in EGM dated September 18, 2018. During the year the Company has issued 270,769 (previous year 3,530,759) options representing equal numbers of equity shares of ₹ 10 each

The activity in the CSL employee stock option scheme 2017 during the year ended March 31, 2021 and March 31, 2020 is set below :

Particulars	As at March 31, 2021	Exercise price range	As at March 31, 2020	Exercise price range
	In numbers		In numbers	
CSL employee stock option scheme 2017 (face value of ₹ 10 each)				
Option outstanding at the beginning of the year	**3,801,528**	**₹ 130**	3,530,759	₹ 130
Add Granted	597,617	₹ 130	270,769	₹ 130 - ₹ 180
Less Exercised	-	-	-	-
Less Lapsed	1,142,112	-	-	-
Option outstanding at the end of the year	**3,257,033**	**₹ 130 - ₹ 180**	**3,801,528**	**₹ 130 - ₹ 180**
Exercisable at the end of the year	**3,257,033**		**3,801,528**	

The Company follows accounting policy of fair value method for employee stock option (ESOPs) valuation. Accordingly accumulated expense of ₹ 205.11 lacs (previous year ₹ 348.74 lacs)- has been debited to the Statement of profit and loss of the year ended March 31, 2021

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Date of grant	August 13, 2018	September 26, 2018	November 02, 2018	November 14, 2018	December 26, 2018
Number of options granted	2,749,223	289,229	246,154	61,538	184,615
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/08/2019, 13/08/2020, 13/08/2021, 13/08/2022	26/09/2019, 26/09/2020, 26/09/2021, 26/09/2022	02/11/2019, 02/11/2020, 02/11/2021, 02/11/2022	14/11/2019, 14/11/2020, 14/11/2021, 14/11/2022	26/12/2019, 26/12/2020, 26/12/2021, 26/12/2022
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
Weighted average remaining contractual life					
Granted but not vested	1.12 years	1.24 years	1.34 years	1.37 years	1.49 years
Vested but not exercised	1.87 years	1.99 years	2.09 years	2.12 years	2.24 years
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				

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41. Disclosure relating to employee stock option scheme (Continued)

Vesting conditions	50 % of the vesting of options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	61.91	63.69	62.92	62.78	62.54

Particulars	**CSL employee stock option scheme 2017 - Grant VI**	**CSL employee stock option scheme 2017 - Grant VII**	**CSL employee stock option scheme 2017 - Grant VIII**	**CSL employee stock option scheme 2017 - Grant IX**	**CSL employee stock option scheme 2017 - Grant X**
Date of grant	August 09, 2019	August 16, 2019	October 14, 2019	February 05, 2020	May 21, 2020
Number of options granted	169,230	46,154	15,385	40,000	191,924
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	09/08/2020, 09/08/2021, 09/08/2022, 09/08/2023	16/08/2020, 16/08/2021, 16/08/2022, 16/08/2023	14/10/2020, 14/10/2021, 14/10/2022, 14/10/2023	05/02/2021, 05/02/2022, 05/02/2023, 05/02/2024	21/05/2021, 21/05/2022, 21/05/2023, 21/05/2024
Vesting pattern	16.66 16.66 16.66 50	16.66 16.66 16.66:50	16.66 16.66 16.66:50	16.66 16.66:16.66 50	16.66 16.66 16.66 50
Weighted average remaining contractual life					
Granted but not vested	1.76 years	1.78 years	1.94 years	2.25 years	2.14 years
Vested but not exercised	2.36 years	2.38 years	2.54 years	2.85 years	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	74.80	81.44	77.38	66.37	46.98

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(Currency ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)

Particulars	CSL employee stock option scheme 2017 - Grant XI	CSL employee stock option scheme 2017 - Grant XII	CSL employee stock option scheme 2017 - Grant XIII	CSL employee stock option scheme 2017 - Grant XIV	CSL employee stock option scheme 2017 - Grant XV
Date of grant	13 November 2020	01 January 2021	09 February 2021	24 February 2021	01 March 2021
Number of options granted	115,385	78,000	61,538	20,000	100,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	13/11/2021, 13/11/2022, 13/11/2023, 13/11/2024	1/1/2022, 1/1/2023, 1/1/2024, 1/1/2025	9/2/2022, 9/2/2023, 9/2/2024, 9/2/2025	24/2/2022, 24/2/2023, 24/2/2024, 24/2/2025	1/3/2022, 1/3/2023, 1/3/2024, 1/3/2025
Vesting pattern	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50	16.66:16.66:16.66:50
Weighted average remaining contractual life					
Granted but not vested	2.62 years	2.76 years	2.86 years	2.91 years	2.92 years
Vested but not exercised	-	-	-	-	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil	Nil	Nil	Nil	Nil
Exercise period	Within a period of 3 years from date of vesting				
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company				
Weighted average fair value of options as on grant date in (₹)	31.37	35.47	37.46	38.16	38.41

Particulars	CSL employee stock option scheme 2017 - Grant XII
Date of grant	31 March 2021
Number of options granted	30,770
Method of settlement	Equity shares
Vesting period	31/3/2022, 31/3/2023, 31/3/2024, 31/3/2025
Vesting pattern	16.66:16.66:16.66:50
Weighted average remaining contractual life	
Granted but not vested	3.00 years
Vested but not exercised	-
Weighted average share price at the date of exercise for stock options exercised during the year	Nil
Exercise period	Within a period of 3 years from date of vesting
Vesting conditions	50 % of the Vesting of Options would be subject to continued employment with the Company and shall vest in equal installments over period of three years on the first, second and third anniversary of the grant date. 50 % of vesting of option would depend on pre determined parameters laid down in scheme i.e. ROA and AUM along with passage of time of 3 years continuous employment in the company
Weighted average fair value of options as on grant date in (₹)	41.46

Note - During the year certain employees of the company has surrendered their 2,39,999 ESGP which was issued on August 06, 2019 and January 20, 2020 having an exercise price of Rs. 180 and Rs. 165 respectively. The company has re-issued the same number of ESOPs with the same vesting conditions at an exercise price of Rs. 130

(Currency ₹ in lacs)

41. Disclosure relating to employee stock option scheme (Continued)
Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 are as under :
The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :
The fair value of options have been estimated on the date of grant using Black-Scholes model
The key assumptions used in Black-Scholes model for calculating fair value under CSL employee stock option scheme 2017 with respect to various grants

Particulars	CSL employee stock option scheme 2017 - Grant I	CSL employee stock option scheme 2017 - Grant II	CSL employee stock option scheme 2017 - Grant III	CSL employee stock option scheme 2017 - Grant IV	CSL employee stock option scheme 2017 - Grant V
Risk-free interest rate	7.75%	8.02%	7.56%	7.48%	7.09%
Expected volatility of share price	39.71% *	41.40% *	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

(Currency : ₹ in lacs)

42. Leases (entity as a lessee)
The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses.

a. Right of use asset :

Particulars	As at March 31, 2021	As at March 31, 2020
Office Premises :		
At cost at the beginning of the year	**1,854.97**	1,794.60
Additions during the year	92.10	60.37
Remeasurment of Assets	24.21	-
At cost at the end of the year	**1,971.28**	**1,854.97**
Accumulated depreciation as at the beginning of the year	**510.96**	**166.94**
Depreciation for the year	366.01	344.02
Accumulated depreciation as at the end of the year	**876.97**	**510.96**
Net carrying amounts as at the end of the year	**1,094.31**	**1,344.02**

b. Amount recognised in Statement of Profit and loss :

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense for the year on right-of-use assets	366.01	344.02
Interest expense for the year on lease liabilities	24.47	198.48
Total expenses recognised in Statement of profit and loss	**390.48**	**542.50**

The total cash outflow on account of lease rental amounting for the current year ₹ 447.99 lacs (previous year : ₹ 445.44 lacs).

The average lease term for the rented office premises is ranging between 5 to 12 years.

c. Lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liabilities	1,340.97	1,545.55
Total	**1,340.97**	**1,545.55**

d. Maturity analysis of lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than 1 year	404.82	294.10
Later than 1 year and not later than 5 years	884.64	1,190.00
Later than 5 years	51.51	61.45
Total	**1,340.97**	**1,545.55**

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Company has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Company takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

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(Currency : ₹ in lacs)

43. Details of dues to micro and small enterprises
The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006 are given below :

Particulars	As at March 31, 2021	As at March 31, 2020
1. The principal amount remaining unpaid at the end of the accounting year.	0.01	10.14
2. The interest amount remaining unpaid at the end of the accounting year.	-	-
3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006.	-	-
The balance of MSMED parties as at the end of the year	**0.01**	**10.14**

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(Currency : ₹ in lacs)

44. Summarised classification of financial assets and liabilities :

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At fair value through profit and loss account	Total	Amortised cost	At fair value through profit and loss account	Total
Financial assets						
Cash and cash equivalents	12,365.55	-	**12,365.55**	874.64	-	**874.64**
Bank balance other than cash and cash equivalents	19,233.99	-	**19,238.99**	14,091.31	-	**14,091.31**
Trade receivables	357.77	-	**357.77**	657.93	-	**657.93**
Loans	127,880.52	-	**127,880.52**	83,238.19	-	**83,238.19**
Investments	1,503.21	4,014.54	**5,522.75**	-	7,250.81	**7,250.81**
Other financial assets (Refer Note 8)	323.11	-	**323.11**	8,328.15	-	**8,328.15**
Total	**161,674.14**	**4,014.54**	**165,688.68**	**107,190.21**	**7,250.81**	**114,441.02**
Financial liabilities						
Payables :						
(A) Trade payables						
(I) total outstanding dues of micro enterprises and small enterprises	0.01	-	**0.01**	10.14	-	**10.14**
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	735.93	-	**735.93**	1,039.00	-	**1,039.00**
(B) Other payables						
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	-	**287.36**	371.36	-	**371.36**
Debt securities	29,940.69	-	**29,940.69**	5,009.41	-	-
Borrowings (other than debt securities)	46,628.79	-	**46,628.79**	20,444.46	-	**20,444.46**
Other financial liabilities (Refer Note 19)	1,729.13	-	**1,729.13**	1,870.87	-	**1,870.87**
Total	**79,321.91**	-	**79,321.91**	**28,745.24**	-	**28,745.24**

(Currency : ₹ in lacs)

45. Financial risk management

The Company has exposure to the following risks from financial instruments:

a Credit Risk
b Liquidity Risk
c Market Risk
d Operational Risk

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk, etc The Company has therefore invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities The Board of Directors has constituted a Risk Management Committee to address these risks The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks.The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions

(A) Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the company The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The company believes in positive sector/sub-sector selection to source its business Same is done primarily through Analytics and survey Further the company has also developed sophisticated sector/sub-sector scorecards both statistical and expert The proposals are appraised based on understanding of these sector/sub-sectors Fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended

Management of Credit Risk

Write off policy :

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery Any subsequent recoveries are credited to impairment on financial instrument in Statement of profit and loss The write off decisions will be taken by management which would be based on suitable justification notes presented by the responsible business / collections team

Credit quality analysis :

The Company's policies for computation of expected credit loss (ECL) are set out below:

(A) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company :

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of group of borrowers.
As a result, Portfolio Segmentation considered for ECL computation for seventeen segments

Definition of default :

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

Significant increase in credit risk (SICR) criteria :

(a) External credit rating going below investment grade rating.
(b) significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.
(c) Other Qualitative parameters :
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations
(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cutoff norms as set by Company from time to time and current status is Stage I is termed as low credit risk

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :
(i) 0 - 30 days past due (DPD) as Stage I;
(ii) 31 - 90 DPD as Stage II, and
(iii) outstanding > 90 DPD as Stage III.
Any deviation to the above classification shall be approved by audit committee of the board (ACB)

45. Financial risk management (Continued)

Probability of Default (PD%)
PD are determined depending on the risk profile of the pool of loans based internal rating models, credit bureau models, corporate ratings, specific market estimates as applicable to the respective portfolio segments

Loss given default (LGD%)
Loss given default (LGD) represents recovery from defaulted assets
LGD computation is based on Foundational-Internal Rating Based (F-IRB) approach or basis cashflows from post default workout and collections, as applicable to respective portfolio segments

LGD is determined based on FIRB approach for Stage 1 and Stage 2, for Stage 3 loans the Company estimates the cash flows expected over a time period

Exposure at Default (EAD)
Exposure at default represents the outstanding balance at the reporting date plus expected drawdowns on committed facilities. UGRO Capital Ltd has considered following for EAD computation
a On books principle exposure
b Accumulated interest exposure
c Excluding FLDG amount, if any
The Company actively participates in co-lending with other NBFC partners, In many of these deals there is a FLDG in the form of FD (or equivalent) or corporate guarantee
In such scenario, while arriving at EAD, FLDG amount would be subtracted
In case of default in such arrangements, if the trigger event occurs for both unsecured and Secured loans on 89th day the POS plus accumulated interest would be adjusted from FLDG. The interest accumulation to stop in accounting books for such assets as there would not be principal outstanding

(B) Undrawn exposure
In case of ECL on undrawn exposure , the EAD is computed after considering credit conversion factor (CCF) of 50% (percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to Stage 1 assets considering PD% and LGD% of the respective categories of loans and advances

Applicable provisions for NBFC covered under IndAS :
RBI under this circular provide that NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per ICAI guidelines for recognition of the impairments.

Portfolio default and loss estimates :
To arrive at an early estimation of loss, an internally developed methodology has been adopted
i) For term loans, the method combines macroeconomic outlook of sector demand, entities' cash in hand and losses incurred during/immediately after the lockdown period, to arrive at a projection of delinquency and loss.

ii) For SCF portfolio, the assessment is based on evaluation of anchors basis personal interviews conducted by the Company officers, focussing on key business aspects such as capacity utilization, production impact, fixed costs v/s cash flow

iii) For onward lending , the estimates are based on client level assessment

iv) For direct assignment, the estimates are based on partner assessment and high-level multipliers

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

45. Financial risk management (Continued)

A. Movement of expected credit loss on advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Management Overlay	Total
Opening balances as at April 01, 2020	**633.25**	**52.10**	**359.68**	-	-	**1,045.03**
Changes in the loss allowance during the year :						
Transfer to Stage 1	2.56	(2.30)	(0.26)	-	-	-
Transfer to Stage 2	(43.87)	43.89	(0.02)	-	-	-
Transfer to Stage 3	(669.50)	(165.61)	835.11	-	-	-
New loan originated during the year	920.10	30.62	56.60	-	-	1,007.32
Other movements (on account of change in EAD)	354.74	116.33	(240.11)	-	-	230.96
Management overlay	-	-	-	-	270.00	270.00
Closing balance as at March 31, 2021	**1,197.28**	**75.03**	**1,011.01**	-	**270.00**	**2,553.31**
Opening balance as at April 01, 2019	**23.56**	**0.80**	-	-	-	**24.36**
Changes in the loss allowance during the year :						
Transfer to Stage 1	0.80	(0.80)	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
New loan originated during the year	611.41	52.67	359.68	-	-	1,023.76
Other movements (on account of change in EAD)	(2.52)	(0.57)	-	-	-	(3.09)
Closing balance as at March 31, 2020	**633.25**	**52.10**	**359.68**	-	-	**1,045.03**

B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balances as at April 01, 2020	**2.77**	-	-	**2.77**
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-
New loan commitments originated during the year	8.69	-	-	8.69
Other movements (on account of change in EAD)	(2.77)	-	-	(2.77)
Closing balance as at March 31, 2021	**8.69**	-	-	**8.69**
Opening balances as at April 01, 2019	-	-	-	-
Changes in the loss allowance during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	2.77	-	-	2.77
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	**2.77**	-	-	**2.77**

C. Movement in gross carrying amount of advances :

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Opening balance of gross carrying amount as at April 01, 2020	**82,372.14**	**1,820.71**	**817.76**	-	**85,010.61**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	74.76	(64.58)	(10.18)	-	-
Transfer to Stage 2	(1,641.66)	1,651.52	(9.86)	-	-
Transfer to Stage 3	(1,932.42)	(525.88)	2,458.30	-	-
New loan originated during the year	81,536.19	2,023.61	286.61	-	83,846.41
Other movements (on account of change in EAD)	(34,410.67)	(1,154.38)	(498.21)	-	(36,063.26)
Closing balance as at March 31, 2021	**125,998.34**	**3,751.00**	**3,044.42**	-	**132,793.76**
Opening balance of gross carrying amount as at April 01, 2019	**7,943.71**	**19.63**	-	-	**7,963.34**
Changes in the gross carrying amount during the year :					
Transfer to Stage 1	10.31	(10.31)	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(111.72)	-	111.72	-	-
New loan originated during the year	78,270.04	1,820.70	706.04	-	80,796.78
Other movements (on account of change in EAD)	(3,740.20)	(9.31)	-	-	(3,749.51)
Closing balance as at March 31, 2020	**82,372.14**	**1,820.71**	**817.76**	-	**85,010.61**

(Currency : ₹ in lacs)

45. Financial risk management (Continued)
D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 01, 2020	**593.91**	-	-	**593.91**
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	1,381.88	-	-	1,381.88
Other movements (on account of change in EAD)	(593.91)	-	-	(593.91)
Closing balance as at March 31, 2021	**1,381.88**	-	-	**1,381.88**
Opening balance as at April 01, 2019	-	-	-	-
Changes in loan commitments during the year :				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New loan commitments originated during the year	593.91	-	-	593.91
Other movements (on account of change in EAD)	-	-	-	-
Closing balance as at March 31, 2020	**593.91**	-	-	**593.91**

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collateral for the below calculation is taken at the date of loan inception.

Advances (LTV band wise) :

LTV ratio	As at March 31, 2021		As at March 31, 2020	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	21,738.07	132.49	10,583.87	65.66
51% - 70%	21,100.79	183.50	14,683.58	123.69
71%-90%	17,935.08	126.71	9,046.87	67.07
> 90%	28,256.91	419.90	98.64	0.07

Credit impaired advances (LTV band wise) :

LTV ratio	As at March 31, 2021		As at March 31, 2020	
	Gross carrying amount of advances	Cumulative loss allowance	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	374.80	30.30	122.11	1.41
71%-90%	99.29	5.08	-	-
> 90%	579.93	89.59	-	-

*There is no collateral repossessed by the Company during the year

UGRO CAPITAL LIMITED

(Currency: ₹ in lacs)

45. Financial risk management (Continued)

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. Our Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset Liability management framework. Company continues to maintain positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2021 :

Particulars	Carrying amount	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	12,365.55	12,365.55	12,365.55	-	-	-	-
Bank balance other than cash and cash equivalents	19,238.99	19,987.06	7,110.55	5,054.95	6,835.16	986.40	-
Trade receivables	357.77	357.77	-	357.77	-	-	-
Loans	130,442.52	161,045.73	3,347.20	8,463.97	30,334.89	82,615.22	36,284.45
Investments	5,522.75	6,033.90	4,055.46	-	66.83	1,397.95	513.66
Other financial assets	323.11	323.11	-	-	94.97	222.88	5.26
Financial liabilities (outflow) :							
Payables							
(A) Trade payables							
(I) total outstanding dues of micro enterprises and small enterprises	0.01	0.01	0.01	-	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	735.93	745.88	32.64	580.07	133.17	-	-
(B) Other payables							
(I) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	287.36	-	-	287.36	-	-
Debt securities	29,940.69	34,226.07	48.72	1,234.19	17,224.43	15,718.73	-
Borrowings (other than debt securities)	46,628.79	49,947.65	2,145.53	3,622.18	15,300.54	28,879.40	-
Other financial liabilities	1,729.13	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2020 :

Particulars	Carrying amount	Gross Nominal	Not later than one month	Later than one month and not later than three months	later than three months and not later than one year	later than one year and not later than five year	later than five years
Financial assets (Inflow) :							
Cash and cash equivalents	874.64	874.64	874.64	-	-	-	-
Bank balance other than cash and cash equivalents	14,091.31	338.58	1.43	-	4,672.54	10,494.69	-
Trade receivables	657.93	657.93	-	657.93	-	-	-
*Loans	83,238.19	112,088.44	1,790.38	14,873.31	25,510.24	45,452.40	24,462.11
Investments	7,250.81	7,250.81	7,250.81	-	-	-	-
Other financial assets	8,328.14	8,328.14	4,130.44	4,000.00	-	191.55	6.16
Financial liabilities (outflow) :							
(A) Trade payables							
(I) total outstanding dues of micro enterprises and small enterprises	10.14	10.14	-	10.14	-	-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	1,039.00	1,061.58	38.61	702.50	110.06	123.29	-
(B) Other payables							
(I) total outstanding dues of creditors other than m	371.36	371.36	-	-	371.36	-	-
Debt securities	5,009.41	5,061.40	5,061.40	-	-	-	-
Borrowings (other than debt securities)	20,441.46	22,775.15	1,306.12	1,692.98	9,081.20	7,695.15	-
Other financial liabilities	1,870.87	2,317.44	37.95	84.33	351.96	1,756.90	86.30

* Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement

UGRO CAPITAL LIMITED

45. Financial risk management (Continued)

Undiscounted cash flows by contractual maturities for off Balance Sheet items as at March 31, 2021 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	1,381.88	1,381.88	-	-
Capital commitments (outflow)	-	47.00	47.00	-	-

Undiscounted cash flows by contractual maturities for off Balance Sheet items as at March 31, 2020 :

Particulars	Carrying Amount	Gross Nominal	Less than one year	Between 1 - 5 years	over 5 years
Loan commitments (outflow)	-	593.06	593.06	-	-
Capital commitments (outflow)	-	188.12	188.12	-	-

The Company has disclosed below information as stated in RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated november 04, 2019 that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :
The Company is a non deposit taking non banking finance company (NBFC). The Company had not invested in any public deposit.

Sr.No.	Number of Significant counterparties	Amount	% of Total Liabilities
1	10	54775.47*	71.26%

* The amount considered above excludes unmortised borrowing cost.

(ii) Top 20 large deposits (amount in ₹ lacs and % of total deposits) :
The Company is a non deposit taking non banking finance company (NBFC).

(iii) Top 10 borrowings (amount in ₹ lacs and % of total borrowings) :

Particulars	As at March 31, 2021	As at March 31, 2020
Total borrowing from ten largest lenders	54775.47*	25688.75*
Percentage of borrowing from ten largest lenders to total borrowing of the Company	71.26%	100%

* The amount considered above excludes unmortised borrowing cost.

(iv) Funding concentration based on significant instrument / product :

Sr No.	Name of instrument / product	As at March 31, 2021		As at March 31, 2020	
		Amount	% of total liabilities	Amount	% of total liabilities
1	Term loan facilities	40,925.39	51.26%	13,216.88	45.43%
2	Cash credit / overdraft facilities	4,086.54	5.12%	3,236.71	11.13%
3	Non convertible debenture	24,670.81	30.90%	5,000.00	17.19%
4	From liabilities arising out of securitization transactions resulting into recording of borrowings	1,616.85	2.02%	4,235.17	14.56%
5	Commercial paper	5,269.88	6.60%	-	-
Total		76,569.47	95.90%	25,688.76	88.30%

(v) Stock Ratios :

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

Particulars	As at March 31, 2021			As at March 31, 2020		
	% of total public funds *	% of total liabilities	% of total assets	% of total public funds *	% of total liabilities	% of total assets
Commercial papers	5.88%	7.01%	3.20%	-	-	-

(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

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

45. Financial risk management (Continued)

c. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company does not have any direct exposure to foreign currency.

The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :

The Company's exposure to price risk arises from investment held by the Company and is classified in the Balance Sheet through fair value through profit and loss account.

Sensitivity :

The table below summarises the impact of increases / decreases of the NAV Company's investment of mutual fund schemes on profit for the period

Sensitivity :	**Impact on Statement of Profit and Loss**	
Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Liquid plus scheme - NAV rate - increase by 0.50% respectively at the reporting period *	-	25.74
Liquid plus scheme - NAV rate - decrease by 0.50% respectively at the reporting period *	-	(25.74)
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	46.17	21.03
Liquid scheme - NAV rate - increase by 1.15% and 1% respectively at reporting period *	(46.17)	(21.03)
* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.		

Interest rate risk :

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from below two perspectives :

a. Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rate.

b. Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off Balance Sheet positions due to variation in interest rate.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure positions are maintained within the established limits.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Variable rate borrowings	30,331.48	14,209.98
Fixed rate borrowings	46,535.94	11,478.77
Total borrowings	**76,867.42**	**25,688.75**

*excluding other borrowing cost

The Company had the following variable rate borrowings outstanding :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Weighted average cost	11.03%	11.43%
Outstanding balance (excluding other borrowing cost)	30,331.48	14,209.98
% of total borrowings	39.46%	55.32%
Sensitivity :	**Impact on profit or loss**	
Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
*Interest rate - increase by 1%	262.85	84.49
*Interest rate - decrease by 1%	(262.85)	(84.49)

* Impact on Statement of profit and loss up to 1 year, holding all other variables constant.

d. Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

During the year, the the Company has not come across any instances of fraud.

Capital Management :

Company's capital management objective is primarily to safeguard business continuity. The Company's capital raising policy is aligned to macro economic situation and incidental risk factors. The Company's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes this approach would create shareholder value in long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the company's resource base is equity. Therefore the company enjoys a low gearing.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
The gearing ratio at each date were as follows :		
*Debt (I)	77,910.45	26,999.42
Cash and bank balances (II) (Refer Note 3)	12,365.55	874.64
Net debt (I - II)	**65,544.90**	**26,124.78**
Total equity	**95,243.82**	**92,152.36**
Net debt to equity ratio	**0.69**	**0.28**

* Debt includes debt securities, borrowings and lease liabilities.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

46. Details of all collateral used as security for liabilities

Particulars	**Carrying amount of financial assets pledged**	
	As at 31st March, 2021	**As at 31st March, 2020**
Assets type		
Loans receivable as collateral under lending agreements	84,052.22	22,131.21
Loans receivable as collateral under PTC agreements	582.12	324.92
Cash collateral under lending agreements	189.09	400.00
Fixed deposit (original maturity between 3 to 12 months) as collateral under lending agreements	52.02	-
Fixed deposit (original maturity between 3 to 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	332.36	312.00
Fixed deposit (original maturity more than 12 months) as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings	297.74	275.00

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

47. Income tax

Table A **The major components of tax expense for the year ended March 31, 2021 and March 31, 2020 :**

Sr.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Statement of profit and loss :		
(a)	**(i) Profit and loss section :**		
	Current income tax :		
	Tax for current year as per minimum alternate tax	482.99	296.31
	Deferred tax :		
	Tax expense on origination and reversal of temporary differences	(2,142.83)	(1,916.38)
	Income tax expense reported in the Statement of profit and loss	**(1,659.84)**	**(1,620.07)**
(b)	**Other comprehensive income (OCI) section :**		
	Current income tax :		
	Net loss on remeasurement of defined benefit obligations	-	-
	Deferred tax :		
	Net loss on remeasurement of defined benefit obligations	5.59	0.01
	Income tax expense reported in the OCI section	**5.59**	**(0.01)**

Table B **Reconciliation of effective tax rate :**

Sr.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	**Profit before tax (PBT)**	1,212.91	331.79
2	Applicable tax rate*	29.12%	27.82%
3	PBT * applicable tax rate (1*2)	353.20	92.30
4(a)	**Add : Provisions and contingencies not allowed under income tax**		
(i)	Provision for impairment losses on financial instruments	440.94	284.71
(ii)	Provision for gratuity	5.37	8.70
(iii)	Provision for compensated absences	6.94	27.71
	Sub total	**453.25**	**321.12**
4(b)	**Add: Non deductible expense under income tax**		
(i)	Interest on TDS / penalty	0.11	0.14
(ii)	Provision for share based payments to employees	59.73	180.48
(iii)	Lease rentals expense under IndAS 116	13.19	27.00
(iv)	Preliminary expense disallowed (gross)		-
(v)	Booking of unrealised loss	34.65	-
(vi)	Others	5.84	0.99
	Sub total	**113.52**	**208.62**
4(c)	**Less : Income not chargeable under income tax**		
(i)	Dividend income	-	(4.84)
(ii)	Booking of unrealised gain	-	(34.48)
	Sub total	**0.00**	**(39.32)**
4(d)	**Add : Income chargeable under income tax**		
(i)	Upfront booking of processing fees collected on loans	156.53	172.51
	Sub total	**156.53**	**172.51**
4(e)	**Less : Tax deductible expenses**		
(i)	Tax benefit of preliminary expense	(62.69)	(5.05)
(ii)	Upfront booking of borrowing expenses	(329.07)	(138.11)
(iii)	Upfront booking of loan sourcing cost	(93.38)	(268.19)
(iv)	Depreciation of property, plant and equipment and intangible assets	73.84	(19.84)
	Others	(27.53)	-
	Sub total	**(438.83)**	**(431.19)**
4(f)	**Less : Brought forward tax losses under income tax**		
	Brought forward tax losses set off during the year	(637.66)	(324.03)
	Sub total	**(637.66)**	**(324.03)**
5	Add :Tax for current year as per minimum alternate tax	482.99	296.31
6	Less :Unutilised minimum alternate tax credit entitlement	(482.99)	(296.31)
7	**Tax expense recognised during the year (Total 1 to 6)**	0.00	0.00
8	Effective tax rate	-	-

* The applicable tax is the rate prescribed under the Income - tax Act, 1961.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

47. Income tax (Continued)

Table C **Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss :**

Particulars	Balance Sheet		Statement of profit and loss and other comprehensive income	
	As at March 31, 2021	As at March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred tax assets (DTA)				
Provision for compensated absences	49.75	40.90	8.85	27.71
Provision for gratuity	20.71	14.66	6.05	8.69
Others	28.88	1.54	27.34	0.99
Deferred revenue income - processing fees allowed upfront in income tax	358.33	195.07	163.24	172.51
Provision for impairment losses on financial instruments	746.06	291.50	454.56	284.71
Lease rentals expense under IndAS 116	71.99	56.23	15.76	27.16
Preliminary expense (gross)	132.50	15.16	117.34	(5.05)
ESOS expenses disallowance	248.64	180.48	68.16	180.48
Unutilised minimum alternate tax credit entitlement	926.44	443.45	482.99	296.31
Income tax losses carried forward	2,748.92	1,391.00	1,357.92	1,391.00
Total (A)	**5,332.22**	**2,629.99**	**2,702.21**	**2,384.51**
Deferred tax liabilities (DTL)				
Difference in written down value of property, plant and equipment and intangible assets	157.79	23.26	134.53	19.84
Receivable On EIS DA	22.27	-	22.27	-
Unrealised gain / (loss) on investments	3.91	36.83	(32.92)	34.48
Prepaid fees / charges on debt securities allowed upfront in income tax	113.61	10.70	102.91	10.70
Prepaid fees / charges on borrowings allowed upfront in income tax	361.12	127.41	233.71	134.93
Deferred loan sourcing cost allowed upfront income tax	379.97	275.48	104.49	268.19
Total (B)	**1,038.67**	**473.68**	**564.98**	**468.14**
Deferred tax asset / (liability)	**4,293.55**	**2,156.31**	-	-
Deferred tax expense / (benefit)	-	-	**(2,137.24)**	**(1,916.37)**

Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax losses :		
AY 2015-16 (Expiry - AY 2023-24)	-	3,573.56
AY 2016-17 (Expiry - AY 2024-25)	-	2,372.92
AY 2017-18 (Expiry - AY 2025-26)	-	0.11

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

48. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique

IndAS 107, Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements) The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements) The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1 Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level This is the case for unlisted equity securities included in level 3

a) Fair value hierarchy of financial instruments classified in amortised cost category :

Particulars	Fair value as on March 31, 2021			Carrying value as on March 31, 2021	Fair Value as on March 31, 2020			Carrying value as on March 31, 2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Cash and cash equivalents	12,365.55	-	-	12,365.55	-	874.64	-	874.64
Bank balances other than cash and cash equivalents	19,238.99	-	-	19,238.99	-	14,091.32	-	14,091.31
Trade receivables	-		357.77	357.77	-	657.93	-	657.93
Loans	-	-	131,247.25	127,880.52	-	-	85,074.47	83,238.19
Investments	1,476.71			1,508.21	-	-	-	-
Other financial assets	-	-	323.11	323.11	-	8,328.15	-	8,328.15
Total	**33,081.25**	**-**	**131,928.13**	**161,674.15**	**-**	**23,952.04**	**85,074.47**	**107,190.21**
Liabilities								
Payables								
(A) Trade payables								
(I) total outstanding dues of micro enterprises and small enterprises	-	-	0.01	0.01	-	10.14	-	10.14
(II) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	735.93	735.93	-	1,039.00	-	1,039.00
(B) Other payables								
(I) total outstanding dues of creditors other than micro enterprises and small enterprises		-	287.36	287.36		371.36	-	371.36
Debt securities	-	30,179.74	-	29,940.69	-	5,009.41	-	5,009.41
Borrowings	-	47,326.05	-	46,628.79	-	21,051.81	-	20,444.46
Other financial liabilities	-	-	1,729.13	1,729.13	-	1,870.87	-	1,870.87
Total	**-**	**77,505.79**	**2,752.43**	**79,321.91**	**-**	**29,352.59**	**-**	**28,745.24**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value :
Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents ,payables, debt securities, other financial assets and other financial liabilities

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.
Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure

Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value

b) Fair value hierarchy of financial instruments classified in FVTPL category :

Particulars	Fair value as on March 31, 2021			Carrying value as on March 31, 2021	Fair Value as on March 31, 2020			Carrying value as on March 31, 2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets								
Investments in mutual funds	4,014.54	-	-	4,014.54	7,250.81	-	-	7,250.81
Total	**4,014.54**	**-**	**-**	**4,014.54**	**7,250.81**	**-**	**-**	**7,250.81**

There were no transfers between Level 1 and Level 2 during the year

Valuation methodologies of financial instruments measured at fair value :
Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1

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49. Maturity profile of assets and liabilities :

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets :						
Financial assets :						
Cash and cash equivalents	12,365.55	-	12,365.55	874.64	-	874.64
Bank balance other than cash and cash equivalents	18,480.05	758.94	19,238.99	321.97	-	321.97
Trade receivables	357.77	-	357.77	657.93	-	657.93
Loans	45,798.56	84,643.96	130,442.52	33,522.09	49,716.10	83,238.19
Investments	4,014.54	1,508.21	5,522.75	7,250.81	-	7,250.81
Other financial assets	94.97	228.14	323.11	12,210.47	9,887.02	22,097.49
Non-financial assets :						
Current tax assets (net)	-	-	-	143.72	-	143.72
Deferred tax asset (net)	-	4,293.55	4,293.55	-	2,156.31	2,156.31
Property, plant and equipment	-	468.60	468.60	-	586.82	586.82
Right of use asset	-	1,094.31	1,094.31	-	1,344.01	1,344.01
Intangible assets under development	-	388.41	388.41	-	93.96	93.96
Other intangible assets	-	2,062.02	2,062.02	-	1,839.34	1,839.34
Other non-financial assets	1,093.91	-	1,093.91	566.18	74.88	641.06
Total	**82,205.35**	**95,446.14**	**177,651.49**	**55,547.81**	**65,698.44**	**121,246.25**
Liabilities :						
Financial liabilities :						
(A) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.01	-	0.01	10.14	-	10.14
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises	735.93	-	735.93	921.79	117.21	1,039.00
(B) Other payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	287.36	-	287.36	371.36	-	371.36
Debt securities	16,112.25	13,828.44	29,940.69	5,009.41		5,009.41
Borrowings (other than debt securities)	21,103.91	25,524.88	46,628.79	13,464.32	6,980.14	20,444.46
Other financial liabilities	436.44	1,292.69	1,729.13	303.99	1,566.88	1,870.87
Non-financial liabilities :						
Provisions	38.22	203.77	241.99	31.39	168.33	199.72
Current tax liabilities (net)	144.13	-	144.13	-	-	-
Other non-financial liabilities	137.64	-	137.64	148.93	-	148.93
Total	**38,995.89**	**40,849.78**	**79,845.67**	**20,261.33**	**8,832.56**	**29,093.89**

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

50. Disclosure pursuant to IndAS 7 ' Statement of Cash Flows' - changes in liabilities arising from financing activities :

Particulars	As at April 01, 2020	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2021
Debt securities	5,009.41	24,931.28	-	29,940.69
Borrowings (other than debt securities)	20,444.46	26,184.33	-	46,628.79
Other financial liabilities				
Lease liabilities	1,545.55	(320.89)	116.31	1,340.97

Particulars	As at April 01, 2019	Cash inflow / (outflow)	Creation of right of use assets	As at March 31, 2020
Debt securities	-	5,009.41	-	5,009.41
Borrowings (other than debt securities)	973.60	19,470.86	-	20,444.46
Other financial liabilities				
Lease liabilities	1,732.15	(246.98)	60.38	1,545.55

URGO CAPITAL LIMITED

(Currency : ₹ in lacs)

51. Financial assets are transferred but not derecognised in their entirety :

a) Securitisation

Particulars	As at March 31, 2021		As at March 31, 2020	
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at amortised cost	Financial assets at FVTPL
Carrying amount of Assets	2,089.55	-	4,560.09	-
Carrying amount of associated Liabilities	1,649.40	-	4,235.17	-
For those liabilities that have recourse only to the transferred financial assets				
Fair value of assets (A)	2,050.63	-	4,852.13	-
Fair value of associated liabilities (B)	1,632.39	-	4,282.84	-
Net Position (C) = (A - B)	**418.24**	-	**569.29**	-

b) Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.
As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet.
The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of de-recognised financial asset	1,251.63	Nil
Carrying amount of retained asset at amortised cost	312.91	Nil
Gain on sale of the de-recognised financial asset	Nil	Nil

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Notes forming part of the financial statements (Continued)
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52. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk

Particulars		As at March 31, 2021	As at March 31, 2020
i)	CRAR (%)	65.55	88.25
ii)	CRAR - Tier I capital (%)	65.15	88.07
iii)	CRAR - Tier II capital (%)	0.40	0.18
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of perpetual debt instruments	-	-

b. Investments

Particulars					As at March 31, 2021	As at March 31, 2020
(1)	Value of investments					
	(i)	Gross value of investments				
			(a)	In India	5,522.75	7,250.81
			(b)	Outside India.	-	-
	(ii)	Provisions for depreciation				
			(a)	In India	-	-
			(b)	Outside India.	-	-
	(iii)	Net value of investments				
			(a)	In India	5,522.75	7,250.81
			(b)	Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments					
	(i)	Opening balance			-	-
	(ii)	Add : provisions made during the year			-	-
	(iii)	Less : write-off / write-back of excess provisions during the year			-	-
	(iv)	Closing balance			-	-

c. Derivatives

During the current and previous year, the Company has not entered into any derivative contract and at the year end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

d. Disclosures relating to securitization

Details of securitization :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No of SPVs sponsored by the applicable NBFC for securitization transactions*	2	2.00
2	Total amount of securitized assets as per books of the SPVs sponsored	2,055.74	4,560.09
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off - Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	b. On - Balance Sheet exposures		
	First loss	582.12	324.92
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a. Off - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-
	a. On - Balance Sheet exposures		
	i) Exposure to own securitizations		
	First loss	630.10	587.00
	Others	-	-
	ii) Exposure to third party securitization		
	First loss	-	-
	Others	-	-

*Only the SPVs relating to outstanding securitization transactions.

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
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(Currency : ₹ in lacs)

d. Disclosures relating to securitization (Continued)
Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction. Therefore, disclosures pertaining to it are not applicable

Details of assignment transactions undertaken during the year :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
1.	No. of accounts	107	-
2.	Aggregate value (net of provisions) of accounts assigned	1,439.68	-
3.	Aggregate consideration	1,439.68	-
4.	Additional consideration realized in respect of accountstransferred in earlier years	-	-
5.	Aggregate gain / loss over net book value	-	-

Details of non-performing financial assets purchased / sold :
During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Therefore disclosures pertaining to it are not applicable.

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2021 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	2,275.34	1,882.51	3,018.98	10,171.27	6,218.19	9,540.61	12,690.69	42,035.32	14,774.32	27,835.29	130,442.52
Investments	4,014.54	-	-	-	-	-	-	-	1,017.87	490.34	5,522.75
Liabilities	-	-	-	-	-	-	-	-	-	-	-
Borrowings :	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks and financial Institutions	4,256.32	924.49	815.85	1,380.24	1,416.43	3,954.36	8,355.23	23,424.39	2,100.48	-	46,628.79
Market borrowings (Debt Securities)	-	-	38.74	-	799.57	3,441.05	11,832.89	13,018.06	810.38	-	29,940.69

*Impairment loss allowance of ₹ 2,562.01 lacs and adjustments related to effective interest rate are not part of above disclosure

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2020 as follow :

Particulars	1 to 7 days	8 to 14 days	Over 14 days to one month	Over 1 month & upto 2 Months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Assets											
Advances*	932.61	237.60	401.52	717.00	12,803.81	9,199.10	10,028.52	23,657.77	7,689.50	19,110.88	84,778.31
Investments	7,250.81	-	-	-	-	-	-	-	-	-	7,250.81
Liabilities	-	-	-	-	-	-	-	-	-	-	
Borrowings :	-	-	-	-	-	-	-	-	-	-	
Borrowings from banks and financial Institutions	3,343.15	285.54	563.43	666.57	715.57	2,505.33	5,580.24	7,093.69	-	-	20,753.53
Market borrowings (Debt Securities)	45.68	5,000.00	-	-	-	-	-	-	-	-	5,045.68

*Impairment loss allowance of ₹ 1,047.80 lacs and adjustments related to effective interest rate are not part of above disclosure. Moratorium status for the months of April 20 and May 20 has been taken as on the date of signing the financial statement.

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Notes forming part of the financial statements (Continued)
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(Currency ₹ in lacs)

f. Exposures :

Category				As at March 31, 2021	As at March 31, 2020
a)	**Exposure to real estate sector :**				
	Direct exposure				
	(i)	**Residential mortgages :**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		56,012.71*	34,669.33*
	(ii)	**Commercial real estate :**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		-	-
	(iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures :**			
		a.	Residential	-	-
		b.	Commercial real estate	-	-
Total exposure to real estate sector				**56,012.71**	**34,669.33**

* These include properties held as underlying security

Particulars			As at March 31, 2021	As at March 31, 2020
b)		**Exposure to capital market :**		
	(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt.	-	-
	(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	-	-
	(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
	(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
	(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
	(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
	(vii)	bridge loans to companies against expected equity flows / issues.	-	-
	(viii)	all exposures to venture capital funds (both registered and unregistered).	-	-
Total exposure to capital market			-	-

g. Details of financing of parent company products :

There are no parent company products which are financed by the Company during the current and previous year.

h. Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company :

Particulars	As at March 31, 2021	As at March 31, 2020
Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the Company *	-	-

*The Company has acquired ("acquisition") from Avanse Financial services limited ("Avanse"), by way of assignment it's unsecured MSME financing business, for a consideration of ₹ 6793.97 lacs in respect of 391 loan agreements vide transaction document executed between the Company and Avanse on July 8, 2019. Due to IndAS 109 implication the same has been treated as single loan to Avanse. The Company has not exceeded exposure towards single borrower / group borrower limit.

UGRO CAPITAL LIMITED

(Currency : ₹ in lacs)

i. Unsecured advances :

a) Details of unsecured advances the rights, licenses, authorisations.etc.charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Advances against securities of intangible assets	-	-

j. Registration obtained from other financial sector regulators :

Particulars	Type	Number Reference
IRDA	Corporate Agent	CA0733

k. Disclosure of penalties imposed by RBI and other regulators :

Particulars	As at March 31, 2021	As at March 31, 2020
	-	-

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 38 of the financial statements

m. Ratings assigned by credit rating agencies and migration of ratings during the year :

Rating agency	Type	Rating
Acuite Rating & Research Limited	Commercial paper (short term)	ACUITE A1
Acuite Rating & Research Limited	Bank loans (long term)	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 1	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 2	ACUITE A / stable
Acuite Rating & Research Limited	Non- convertible debentures (long term) - Series 3	ACUITE A / stable
Acuite Rating & Research Limited	PTC (long term) for SME190930 – Series 1	Acuite A - (SO)
Acuite Rating & Research Limited	PTC (long term) for SME200130 – Series 2	Acuite AA -(SO)

* There is no migration in rating during the current year.

n. Remuneration of directors :

Particulars	As at March 31, 2021	As at March 31, 2020
Transactions with the non-executive	123.38	141.00

Refer Note 38 for remuneration to executive directors.

o. During the year there are no changes in the accounting policies and no prior period items (Refer Note 1)

p. Provisions and contingencies :

Particulars	As at March 31, 2021	As at 31st March, 2020
Provision towards NPA	1,350.25	359.68
Provision made towards income tax	926.44	443.45
Provision for standard assets	1,211.75	688.12

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

q. Draw down from reserves :

During the year, the Company has not drawn down any amount from reserves

Concentration of deposits, advances, exposures and NPAs :

r. Concentration of advances :

Particulars	As at March 31, 2021	As at March 31, 2020
Total advance to twenty largest borrowers	12,055.60	13,908.44
Percentage of advances to twenty largest borrowers to total advances of the company	8.98%	16.25%

s. Concentration of exposures :

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers	12,055.60	13,908.44
Percentage of exposures to twenty largest borrowers to total exposure of the company	8.98%	16.25%

t. Concentration of NPAs :

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	763.01	598.06

u. Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2021	As at March 31, 2020
1	Agriculture & allied activities	-	-
2	MSME	2.40%	0.96%*
3	Corporate borrowers	16.82%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

v. Movement of NPAs :

Particulars			As at March 31, 2021	As at March 31, 2020
(i)	Net NPAs to Net Advances (%)		1.75%	0.54%
(ii)	Movement of NPAs (gross)			
	(a)	Opening balance	817.76	-
	(b)	Additions during the year	3,328.15	817.76
	(c)	Reductions during the year	498.21	-
	(d)	Closing balance	3,647.71	817.76
(iii)	Movement of Net NPAs			
	(a)	Opening balance	458.08	-
	(b)	Additions during the year	2,097.47	458.08
	(c)	Reductions during the year	258.10	-
	(d)	Closing balance	2,297.45	458.08
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	359.68	-
	(b)	Provisions made during the year	1,212.21	359.68
	(c)	Write-off / write-back of excess	221.64	-
	(d)	Closing balance	1,350.25	359.68

w. Overseas assets (for those with joint ventures and subsidiaries abroad) :

There are no overseas assets.

x. Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :

There are no off-Balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

y. Customer complaints :

Sr No.	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	11	Nil
(c)	No. of complaints redressed during the year	11	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

z. Revenue recognition :

There are no postponement of revenue due to pending resolution of significant uncertainties.

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

aa. Restructured accounts :

Sr.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others				
	Asset classification		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
1.	Restructured accounts as on April 1, 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2.	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	5	-	-	-	5
		Amount outstanding	-	-	-	-	-	597.76	-	-	-	597.76
		Provision thereon	-	-	-	-	-	69.25	-	-	-	69.25
3.	Upgradation	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5.	Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6.	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7.	Restructured accounts as on March 31, 2021	No. of borrowers	-	-	-	-	-	**5**	-	-	-	**5**
		Amount outstanding	-	-	-	-	-	**597.76**	-	-	-	**597.76**
		Provision thereon	-	-	-	-	-	**69.25**	-	-	-	**69.25**

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

ab. Schedule to the Balance Sheet of a NBFC :

		Particulars	**As at March 31, 2021** Amount outstanding	**As at March 31, 2021** Amount overdue	**As at March 31, 2020** Amount outstanding	**As at March 31, 2020** 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	-	-

(Currency : ₹ in lacs)

ab. Schedule to the Balance Sheet of a NBFC (Continued) :

Assets Side			As at March 31, 2021	As at March 31, 2020
5	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	
		(iii) Units of mutual funds	4,014.54	7,250.81
		(iv) Government securities	-	-
		(v) Others	-	-
	Long term investments			
	a	Quoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	1,508.21	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-
	b	Unquoted		
		(i) Shares		
		a. Equity	-	-
		b. Preference	-	-
		(ii) Debentures and bonds	-	-
		(iii) Units of mutual funds	-	-
		(iv) Government securities	-	-
		(v) Others	-	-

			As at March 31, 2021		As at March 31, 2020	
6	**Borrower group wise classification of assets financed in (3) and (4) above (gross) :**					
	Category		Amount			
			Secured	Unsecured	Secured	Unsecured
	a	Related parties **				
		i. Subsidiaries	-	-	-	-
		ii. Companies in the same group	-	-	-	-
		iii. Other related parties	-	-	-	-
	b	Other than related parties	86,930.23	43,512.29	58,913.32	25,372.67
		Total	**86,930.23**	**43,512.29**	**58,913.32**	**25,372.67**
	** As per accounting standard issued by ICAI.					

			As at March 31, 2021	As at March 31, 2020
7	**Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**			
	Category			
	1	Related parties **		
		a. Subsidiaries	-	-
		b. Companies in the same group	-	-
		c. Other related parties	-	-
	2	Other than related parties	5,522.75	7,250.81
		Total	**5,522.75**	**7,250.81**
	** As per accounting standard issued by ICAI.			
8	Other information			
	Particulars			
	a	**Gross non performing assets :**	**3,647.71**	**817.76**
		i. Related parties	-	-
		ii. Other than related parties	3,647.71	817.76
	b	**Net non performing assets :**	**2,297.45**	**458.08**
		i. Related parties	-	-
		ii. Other than related parties	2,297.45	458.08
	c	**Assets acquired in satisfaction of debt**	-	-

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

ac. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2021 :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	125,395.07	1,128.03	124,267.04	497.85	630.18
	Stage 2	3,751.00	75.03	3,675.98	14.94	60.08
Non-performing assets (NPA)						
Substandard	Stage 1	603.27	69.25	534.02	62.17	7.08
Substandard	Stage 3	3,044.42	1,281.00	1,763.41	1,109.58	171.41
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms	Stage 1	1,381.88	8.69	1,373.19	-	8.69
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**127,380.22**	**1,205.97**	**126,174.25**	**560.02**	**645.95**
	Stage 2	**3,751.00**	**75.03**	**3,675.97**	**14.94**	**60.08**
	Stage 3	**3,044.42**	**1,281.00**	**1,763.42**	**1,109.58**	**171.42**
	Total	**134,175.64**	**2,562.00**	**131,613.64**	**1,684.54**	**877.46**

URGO CAPITAL LIMITED

ac. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31,2020 :

Asset classification as per RBI norms	Asset classification as per IndAS 109	Gross carrying amount as per IndAS	Loss allowances (provisions) as required under IndAS 109	Net carrying amount	Provisions required as per IRAC norms	Difference between Ind AS 109 provisions and IRAC norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	82,372.14	632.68	81,739.46	330.94	301.75
	Stage 2	1,820.70	52.67	1,768.03	63.01	(10.34)
Non-performing assets (NPA)						
Substandard	Stage 3	817.76	359.68	458.08	81.78	277.90
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income	Stage 1	593.91	2.77	591.14	-	2.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**82,966.05**	**635.45**	**82,330.60**	**330.94**	**304.51**
	Stage 2	**1,820.70**	**52.67**	**1,768.03**	**63.01**	**(10.34)**
	Stage 3	**817.76**	**359.68**	**458.08**	**81.78**	**277.90**
	Total	**85,604.51**	**1,047.80**	**84,556.71**	**475.73**	**572.07**

URGO CAPITAL LIMITED

53 Impact of COVID 19 pandemic

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations

As a matter of prudence, the Company has made a provision of Rs. 295.59 lacs towards recoverability of its loans and advances.

b. Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular") :

In accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Company, in line with its board approved policy, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

Period	Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
As on 31st March 2020	1,211.37	1,211.37	60.57	NA
As on 31st March 2021	1,797.29	Nil*	Nil**	NA

* There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

**The Company had made adequate provision for impairment loss under ECL model for the year ended March 31, 2021. Further, the Company has created an additional Covid provision in Q4 FY2020 and Q1 FY2021 amounting to Rs 448.86 lacs. The residual provisions had been written back/ adjusted by the Company in March 2021 as per the circular

54 Note on Social Security Code

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

55 Supreme Court Order dated 23 March 2021

The Honorable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr.), vide an interim order dated September 03, 2020 ("Interim Order"), had directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders which was subsequently vacated vide final order dated March 23, 2021. Accordingly, the Company has classified and recognised provision as at 31 March 2021 in accordance with the Company's Expected Credit Loss policy.

Pursuant to the order passed by the Honourable Supreme Court read along with the instructions received from RBI circular dated April 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated April 19, 2021 the Company has put in place a Board approved policy and the methodology for calculation of the amount to be refunded/ adjusted by way of the interest on interest / penal interest' charged to borrowers during the moratorium period i.e., March 01, 2020 to August 31, 2020. The Company has estimated the said amount, considering the relevant portfolio, and has accordingly recognised a charge of Rs. 54.71 lacs in its Statement of Profit and Loss for the year ended March 31, 2021.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

UGRO CAPITAL LIMITED

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

56 a Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	Nil	Nil	Nil	Nil	Nil
Corporate persons*	Nil	Nil	Nil	Nil	Nil
Of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

56 b Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" having exposure less than or equal to Rs. 25 crores for the year ended March 31, 2021:

No. of accounts restructured	Amount
156	7,356.11

56 c Disclosure on frauds pursuant to RBI Master direction
During the year 2020-21, one fraud instance aggregating to Rs. 500 Lacs (Previous Year : Nil) was detected and reported to RBI

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Notes forming part of the financial statements (Continued)
For the year ended March 31, 2021

(Currency : ₹ in lacs)

57 Previous year figures have been reclassified / regrouped wherever necessary to confirm to / with the current year classification / disclosure

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm's Registration No 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No 117812

Mumbai
June 29, 2021

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

Shachindra Nath
Executive Chairman
& MD
DIN 00510618
Gurugram
June 29, 2021

Abhijit Sen
Director & Chairman
- Audit Committee
DIN 00002593
Mumbai
June 29, 2021

UGRO CAPITAL LIMITED

Sandeepkumar Zanvar
Chief Financial Officer
Mumbai
June 29, 2021

Aniket Karandikar
Company Secretary
Mumbai
June 29, 2021