

19<sup>th</sup> July 2022

**BSE Limited**  
**Phiroze Jeejeebhoy Towers**  
**Dalal Street, Mumbai 400 001**

**National Stock Exchange of India Limited**  
**Exchange Plaza, 5th Floor, Plot No. C/1,**  
**G Block, Bandra - Kurla Complex,**  
**Bandra (E), Mumbai - 400 051**

**Dear Sir/ Madam,**

**Sub: Annual Report for the FY 2021-22 and Notice of 29<sup>th</sup> Annual General Meeting**

Pursuant to Regulation 34(1) and 53 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has sent today, i.e. Tuesday, 19<sup>th</sup> July 2022, soft copy of the Notice of the 29<sup>th</sup> Annual General Meeting along with Annual Report for the F.Y. 2021-22 via e-mail to those members who have registered their email addresses with the Company, Depositories and Registrar and Transfer Agent.

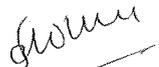
Accordingly, please find enclosed herewith the Annual Report for the financial year 2021-22 along with the Notice of 29<sup>th</sup> Annual General Meeting of the Company, scheduled to be held on Friday, 12<sup>th</sup> August 2022 at 11.00 a.m. (IST) through Video Conferencing/ Other Audio Visual Means.

The same are also available on the website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com)

Request you to take the above on your records.

Thanking You,  
Yours faithfully,

**For UGRO Capital Limited**

  
**Sunil Lotke**  
**Chief Legal and Compliance Officer**



Enc: a/a

**UGRO CAPITAL LIMITED**

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

**CIN:** L67120MH1993PLC070739

**Telephone:** +91 22 48918686 | **E-mail:** yougrow@ugrocapital.com | **Website:** www.ugrocapital.com



**ANNUAL  
REPORT** **2022**



# CORPORATE INFORMATION

## Board of Directors

Mr. Satyananda Mishra – *Non-Executive Chairman and Independent Director*  
Mr. Shachindra Nath – *Vice Chairman and Managing Director*  
Mr. S Karuppasamy – *Independent Director*  
Mr. Abhijit Sen – *Independent Director*  
Mr. Karnam Sekar – *Independent Director*  
Mr. Hemant Bhargava – *Independent Director*  
Mr. Rajeev K. Agarwal – *Independent Director*  
Mrs. Smita Aggarwal – *Independent Director*  
Mr. Amit Gupta – *Non-Executive Director*  
Mr. Chetan Gupta – *Non-Executive Director*  
Mr. Manoj Sherawat – *Non-Executive Director*

## Management Team

Mr. Amit Mande – *Chief Revenue Officer*  
Mr. Anuj Pandey – *Chief Risk Officer*  
Mr. Amit Gupta – *Chief Financial Officer*  
Mr. Sunil Lotke – *Chief Legal and Compliance Officer*  
Mr. J. Sathiyam – *Chief Business Officer*  
Ms. Pia Shome – *Chief People Officer*  
Mr. Nirav B Shah – *Chief Strategy Officer & Head of Investor Relations*  
Mr. Rishabh Garg – *Chief Technology Officer*  
Mr. Subrata Das – *Chief Innovation Officer*

## Company Secretary

Mr. Aniket Karandikar (*resigned w.e.f. 13th June 2022*)

## Audit Committee

Mr. Abhijit Sen – *Chairman*  
Mr. Satyananda Mishra  
Mr. Rajeev K Agarwal  
Mr. Karuppasamy Singam  
Mr. Karnam Sekar  
Mrs. Smita Aggarwal  
Mr. Shachindra Nath  
Mr. Amit Gupta

## Nomination and Remuneration Committee

Mr. Satyananda Mishra – *Chairman*  
Mr. Rajeev K Agarwal  
Mr. Abhijit Sen  
Mr. Karuppasamy Singam  
Mr. Karnam Sekar  
Mrs. Smita Aggarwal  
Mr. Shachindra Nath  
Mr. Amit Gupta  
Mr. Manoj Kumar Sehrawat

## Stakeholders Relationship Committee

Mr. Rajeev K Agarwal – *Chairman*  
Mr. Karuppasamy Singam  
Mr. Satyananda Mishra

## Corporate Social Responsibility Committee

Mr. Satyananda Mishra – *Chairman*  
Mrs. Rajeev K Agarwal  
Mr. Shachindra Nath

## Risk Management Committee

Mrs. Smita Aggarwal – *Chairperson*  
Mr. Satyananda Mishra  
Mr. Abhijit Sen  
Mr. Karuppasamy Singam  
Mr. Manoj Kumar Sehrawat  
Mr. Shachindra Nath  
Mr. Amit Gupta  
Mr. Chetan Gupta

### Asset Liability Committee

Mr. Shachindra Nath – *Chairman*  
Mr. Satyananda Mishra  
Mr. Abhijit Sen  
Mr. Karnam Sekar  
Mrs. Smita Aggarwal  
Mr. Manoj Kumar Sehrawat  
Mr. Amit Gupta  
Mr. Chetan Gupta

### IT Strategy Committee

Mrs. Smita Aggarwal – *Chairperson*  
Mr. Abhijit Sen  
Mr. Shachindra Nath  
Mr. Rishabh Garg

### Compliance Committee

Mr. Karuppasamy Singam – *Chairman*  
Mr. Satyananda Mishra  
Mr. Rajeev K Agarwal

### Registered and Corporate Office

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

### Registrar and Share Transfer Agents

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

### Statutory Auditors

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

### Debenture Trustees

Beacon Trusteeship Limited  
4C & D, Siddhivinayak Chambers  
Gandhi Nagar, Opposite MIG Cricket Club  
Bandra (East), Mumbai 400051, INDIA  
Tel: +91 22 2655 8759

Catalyst Trusteeship Limited  
Windsor, 6th floor, Office No. 604  
CST Road, Kalina, Santacruz  
Mumbai 400098, INDIA  
Tel: +91 22 4922 0555

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor  
17, R. Kamani Marg, Ballard Estate  
Mumbai 400001, INDIA  
Tel: +91 22 4080 7022

MITCON Credentia Trusteeship Services Limited  
1402/1403, Dalamal Tower  
Free Press Journal Marg, 211, Nariman Point  
Mumbai 400021, INDIA  
Tel: +91 22 2282 8200



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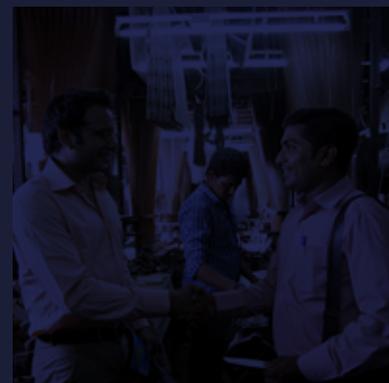
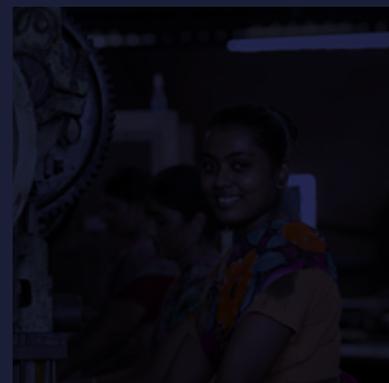


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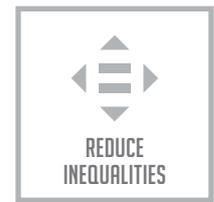


**U GRO is at the forefront of using Data Analytics and Technology to serve the underserved MSME segment and enable creation of deep impact across multiple SDGs.**

# SOCIAL IMPACT THROUGH DATA AND TECHNOLOGY

The Micro, Small and Medium Enterprises (MSME) sector is the backbone of our economy and is the key driver to India's economic growth. There are currently 6.3+ crore MSMEs in India, of which 51% are in rural areas and 20% are led by women. It generates employment for more than 11 crore people in India which is next to only agriculture sector. MSMEs produce a diverse range of products and services to meet demands of domestic as well as global markets and foster innovation and entrepreneurship in the country, to do so effectively they require access to formal source of credit to build their business and scale

operations. 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 USD 300 Bn of credit gap. Catering to MSME aid directly to address multiple SDGs stated by the United Nations (No Poverty, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reduce Inequalities).



U GRO has been on the forefront of ESG with a strong resolute towards sustainability. We carried out an industry first vendor impact assessment report by partnering with Sattva, an impact consulting firm in the development sector. The results of this study reaffirmed our strong resolve to promote sustainability and create an impact through our business operations. Our business has impacted thousands of MSMEs which makes us a significant contributor towards fulfilling the above SDGs. In addition, U GRO's 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.





# KEY ASSESSMENT FINDINGS

## Improved Revenue and Increased Availability of Working Capital



### MSME Business & Operations



#### Liquidity

**73%**

MSMEs showcased healthier average bank balances



**13,000+**

Estimated customers with improved cash-flow situations



#### Revenue

**80%**

MSMEs reported increased annual revenue by ~5-20%



**13,000+**

Estimated customers with increased annual turnover



#### Geographical Expansion

**17%**

MSMEs reported geographical expansion



**3,000+**

Estimated customers with new branches/ stores

## Inclusive Employment Generation at scale



### Employment Generation & Diversity



#### Employment Generation

**7.0**

Average additional permanent hires by MSMEs



**1,16,000+**

Estimated additional employment generated by customers

**3.7**

Average additional female hires by MSMEs



**64,000+**

Estimated additional female employment generated by customers

**10.4**

Average additional daily wage labourers employed



**1,72,000+**

Estimated additional employment generated for daily wage labourers by customers



#### Employee Salaries

**48%**

MSMEs increased employee salaries



**7,900+**

Estimated customers who have increased employee salaries

\* Findings of the report are based on data as on Dec'21

## Enhanced Credit worthiness and Improved Entrepreneurial spirit



### Credit-taking Ability



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



#### Credit Score

**2.2**

Average increase in CMR Score\*



#### Additional Loans Availed

**INR 1.1 Cr**

Average Increase in amount of loans taken per MSME



**INR 18,000+ Cr**

Estimated amount of additional loans taken across all customers



#### First-time loan borrowers

**12%**

First time MSME loan borrowers



**1280+**

Number of MSMEs brought into the formal credit fold



### Entrepreneurial Confidence



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



#### Risk Appetite

**79%**

Entrepreneurs reported increase in risk taking abilities



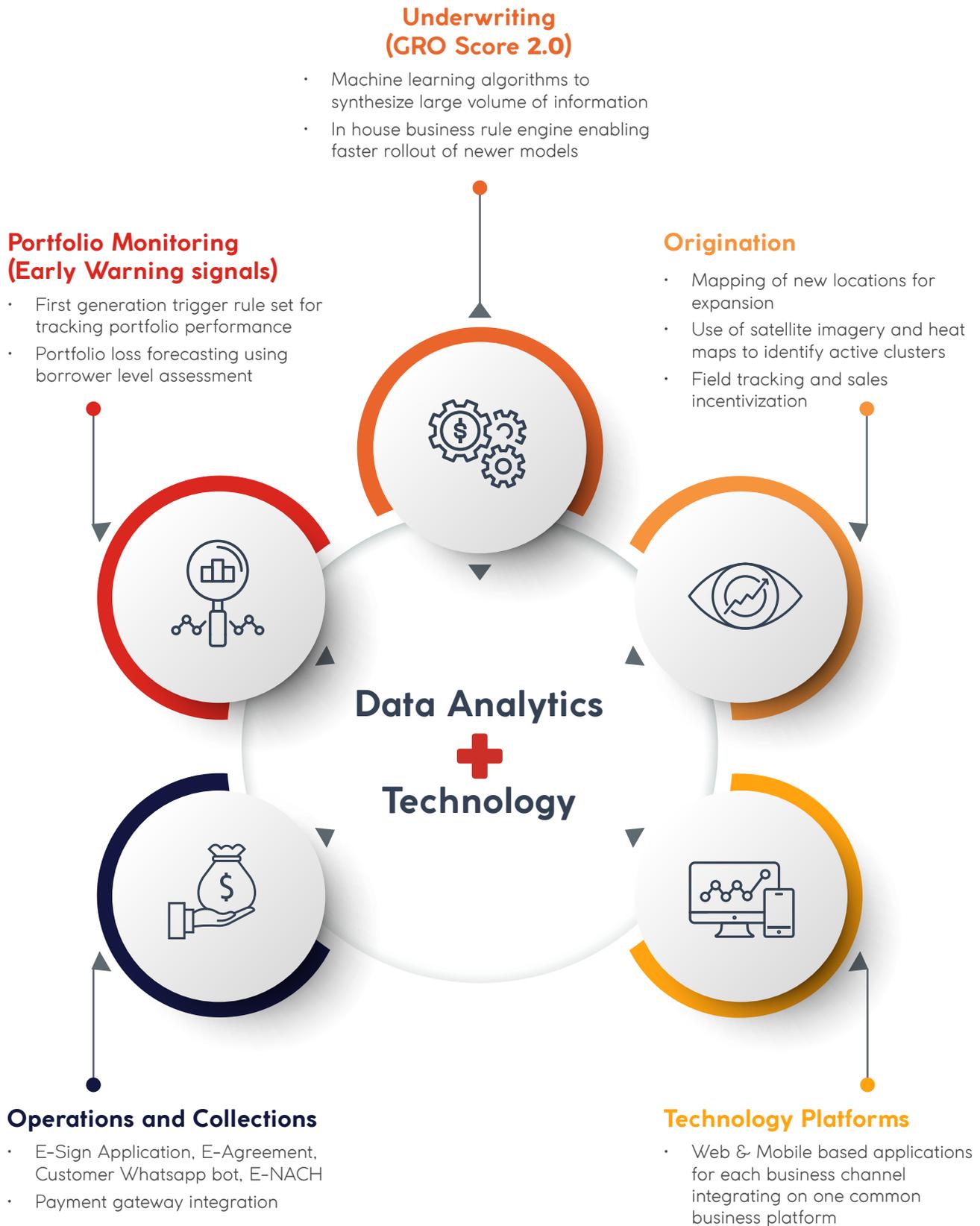
**13,000+**

Estimated entrepreneurs with improved risk taking abilities

\* Findings of the report are based on data as on Dec'21

## OUR CORE PHILOSOPHY

# DATA



U GRO capital was incorporated on the bedrock of the belief that MSME credit gap in India could be solved by use of Data and Technology. Back in 2018 the management was of the opinion that the 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.

Our view is that data is more powerful than it is presumed to be and within the lending universe, use of data is very less. Use of technology has become prominent and sometimes we combine and understand that tech is data but that's not true. Data is your ability to look at information, analyse and use it for decisioning, monitoring, and future performance whereas tech is enabling the process flow.

The management was confident that the digital wave would democratize data through India stack including OCEN and Account Aggregation Network which would support new age underwriting business models for MSME lending which would reduce customer TAT.

With the above backdrop U GRO's endeavour was to leverage the shift towards digital ecosystem to make MSME lending more efficient and to design an underwriting framework by complementing the existing lending infrastructure which is (A) Scalable and is (B) Templated. This problem statement internally was coined as "To solve the Unsolved".

The major challenge to build such an underwriting framework was the heterogeneous nature of MSME sector where two entities showcased disjoint trends with respect to their cash flow and repayment behaviour pattern and thus data analytics became of prime importance for U GRO.

The key to developing such an underwriting framework was in depth understanding of MSME's business models and thus U GRO decided to become a specialized MSME lending by adopting sectoral focus. We shortlisted 8 sectors after careful filtration of 180+ sectors in an 18-month process involving extensive study of macro and microeconomic parameters carried out alongside market experts like CRISIL. Our eight shortlisted sectors include Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment and Components, Auto Components and Light Engineering. The company further narrowed down on selected sub-sectors based on contribution to overall sector credit demand and risk profiling.

For very small businesses we realised that their behaviour was influenced by cash flow availability rather than broad sector trends and thus Micro Enterprises was adopted as the 9th sector. These 9 sectors together constituted 50%+ of SME credit demand and thus was a sizeable opportunity to operate in within MSME lending.

With our sectoral approach back by our Data analytics prowess, we could measure homogeneity of cash flows among various chosen subsector and could also observe the same getting translated into homogeneity of repayment behaviour. This eventually became the denominator on which our statistical models are built and they have demonstrated far superior results as compared to the traditional touch and feel models. The strength of our data analytics enabled us to incorporate complex codes around financial statements in our statistical models using large data sets from different sources like Banking statements, Bureau data and GST data.

In order to achieve our goal of revolutionizing MSME lending and aligning it with fast and scalable consumer financing model we realised that we have to imbibe this data backed approach not only in our underwriting but across all facets of our business. We thus identified various other business aspects where data analytics could be leveraged to build in efficiencies and today it is widely used across our organization. The major challenge in order to adopt data driven approach is the human inertia to let go of the traditional intuitive business approach and believe in the data output.

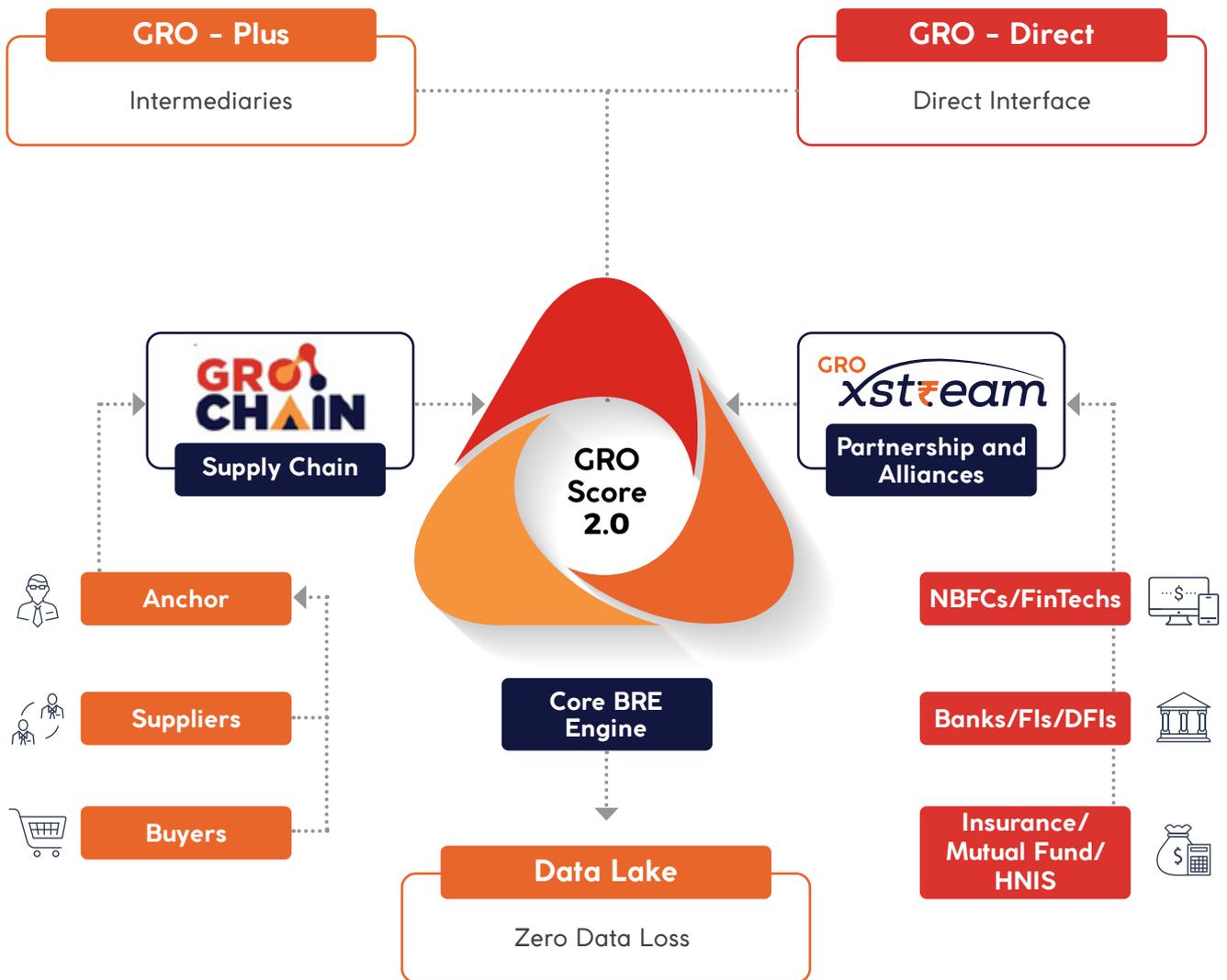
Major business decisions today are based on data analytics. For instance in order to select locations for opening micro enterprise branches we carried out state wise, pin code wise analysis on the size of business and portfolio performance and picked the top results of our analysis.

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.

U GRO has 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.

# OUR CORE PHILOSOPHY

# TECHNOLOGY



Since inception our management believed that technology is the future of lending in India, we had strong conviction that technology will play a central role in disseminating credit effectively to the MSME segment and will revolutionise MSME lending completely.

True to our belief in today's time we witness digital transformation aided by India stack which in its complete form would enable new age lenders to underwrite cash flows of MSMEs at the point of origination thereby facilitating dissemination of credit at reduced cost and superior credit assessment of customers.

Digitization of MSME credit will be further supplemented by OCEN network and Account Aggregator framework

which will democratize customer data even further and provide lenders with a unique stack of data basis which underwriting can be done. With this digital transformation MSME credit in India will move from entity level to a transaction level and will evolve into majorly three types of credit namely (A) Embedded Credit (B) Buy Now Pay Later and (C) Flow based Credit.

U GRO has recognized the importance this digital transformation and has been at the forefront of its adoption, 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).

Technology underpins every aspect of our lending process and spans across all stages of the customer journey including acquisition, distribution, credit, analytics, operations and collections. We have (A) 25+ API integrations (B) State-of-the-art bank, bureau and GST statement analyzers (C) Automated policy approvals (D) Machine learning OCR technology to deliver 60 min in-principal approval to the customer (E) In house BRE Rule Engine (F) Customized Sourcing Modules and (G) Data Lake for 360-degree customer view.

Execution of our data prowess is made possible through our very elegant system architecture, at the core of it is our Business Rule Engine (BRE) catering to end target segment. Our BRE 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. Our GRO plus app 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 module is 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. Our GRO Direct channel is a platform built to allow non-intermediated loan applications from eligible SMEs.

Using the prowess of our business rule engine U GRO has developed its "GRO Xstream" platform which 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.

GRO Xstream allows it to achieve seamless API integrations with the systems of each of the partners & hence allowing it to achieve record TATs. It is designed to facilitate a wide range of transaction types between onboarded partners including co-lending, onward lending, direct assignments, portfolio buyout and securitization.



# OUR FOCUS SECTORS

	<b>LIGHT ENGINEERING</b>		<b>HOSPITALITY</b>
<b>FOOD PROCESSING/ FMCG</b>		<b>EDUCATION</b>	
		<b>ELECTRICAL EQUIPMENT AND COMPONENTS</b>	
<b>HEALTHCARE</b>		<b>CHEMICALS</b>	
<b>MICRO ENTERPRISES</b>			<b>AUTO COMPONENTS</b>
			

# UNDERWRITING

U GRO was formed with an aspiration to align MSME lending with Consumer lending. Consumer lending leveraged Data and Technology to deliver credit at point of sale within minutes whereas MSME credit was still based on traditional underwriting techniques of assessing financial statement and Collateral backed lending. Our company believed that to address the USD 300 Bn MSME credit gap it was important to develop a unique framework which would deliver credit to MSMEs within a short period of time without involving lending paperwork.

Our hypothesis was that it is possible to apply data science and statistical techniques to develop a scalable and templated underwriting framework which can bring about this change. In order to build such a statistical framework, we juxtaposed cash flow-based banking analysis and repayment behavior of the customer to the sector in which it operates thereby drawing 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. We devised a way in which the homogeneity of cash flows could be measured and observed that the same also translated to homogeneity of repayment behavior and this becomes the denominator on which statistical rules can be applied. Internally we have labelled this framework as GRO score.

During FY20-21 we upgraded our GRO Score to version 2.0 by adding banking data to our scoring model, GRO Score 2.0 is an output combining two different models i.e. the Banking based model with a bureau-based model. It allows for the stratification of the prospective customer pool into ten bands by probability of default while incorporating the effects of geography, sector and customer size. All of the statistical scorecards have demonstrated the ability to remove 80% of 'bads,' simply from the removal of the bottom two deciles of prospective customers.

The average default rate across our chosen sectors is approximately 0.85%; eliminating the bottom 20% using our statistical scorecards reduced this to a mere 0.3%. The scorecards were developed through the Big Data analysis of more than 8 million small business borrower profiles and are re-calibrated at designated intervals to maintain their accuracy. It takes into consideration

25,000+ parameters from banking and bureau records to categorize a particular customer across 5 bands of "A" to "E" with "A" being the least risky and "E" being the riskiest. The results of our Scoring model have tested positively 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 thereby establishing its robustness.

GRO Score reduces our dependency on any specific bureau data and provides 10-20% higher approval rates for similar or lesser risk cases. Being an AI / ML based model, as our pool of loans grow and we gather more data about our customers we will be able to seamlessly integrate the same into our systems to improve our loan decisioning. We believe to create competitive edge in the long run, we need to consistently invest in our data & underwriting capabilities.

We are one of the few NBFCs to migrate to the data tripod underwriting methodology by using Banking, Bureau and GST data. Next step would be to add GST data to our GRO score through an API integration as it is currently used as an additional input to our GRO Score for underwriting a customer. Today when a customer approaches us, all we ask is his GST number, GST statement, and his bank statement along with the KYC documents and post that the system takes over and it goes into very deep and extracts various kinds of parameters for example 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 in real time.

U GRO Capital's underwriting is highly specialized while maintaining standardization of the credit process across our 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 (FCU) check, field investigation and valuation. This is done by a combination of internal teams and outsourced agencies to ensure the sanctity of the loan portfolio is maintained.

# U GRO TODAY

AUM

INR 2,969 CR



INR 5,652 CR

Cumulative Disbursement



INR 967 CR

Net Worth



90+

Total Branches

55+  
Lenders



1,111  
Employees



20,744  
Customers



1,000+  
GRO Partners



No. of PIN code

4,722



73%  
Secured  
Portfolio



# BOARD OF DIRECTORS



**SATYNANDA MISHRA**  
*Non-Executive Chairman and  
Independent Director*

Mr. Satyananda Mishra is the former Chief Information Commissioner of India (December 2010 to September 2013). He has a diverse and exemplary career of more than 40 years in the Indian Administrative Services (batch of 1973).

He was the Chairman and Non-Executive Independent Director of the Multi Commodity Exchange of India Limited from November 2013 till November 2016. He served as the Director of the Small Industries Development Bank of India until 2018 and as a Development Commissioner for Small-Scale Industries in the Government of India. During his stint as the Chief Information Commissioner, he had set a new benchmark in transparency in politics wherein the Central Information Commission under his leadership held political parties answerable under the Right to Information Act.

Additionally, he has also held the position of Former Secretary for various government departments like the Department of Personnel & Training (DoPT), Public Works Department (PWD), and Department of Culture (MP Government).



**SHACHINDRA NATH**  
*Vice Chairman and Managing Director*

Mr. Nath took on the role of an entrepreneur by acquiring control of a listed NBFC called Chokhani Securities Limited in 2018 and is now the Vice Chairman & Managing Director of U GRO Capital, a tech enabled small business lending platform.

Prior to embarking on his entrepreneurial journey at U GRO Capital, Mr Nath has been influential in setting up Insurance Companies, Global Asset Management Businesses, Capital Market and Lending Institutions.

Throughout his illustrious career, he has been instrumental in building two insurance companies, a large asset management company and an NBFC. Some of his biggest achievements include establishing new business verticals alongside foraying successful joint ventures and partnerships for the group.

He is a qualified lawyer and a University Rank Holder from the Banaras Hindu University (India) and is known to be a great motivator and a hands-on leader who trusts his instincts.



**S KARUPPASAMY**  
*Independent Director*

Mr. Karuppasamy has served as the Executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank. He continues to be associated with a number of high profile working groups in certain areas, such as High Power Committee on Urban Cooperative Banks, Rating Framework for Urban Cooperative Banks, Cross Border Supervision and Integrated System of Alert. This also includes serving as an Independent Director at Asset Reconstruction Company (India) Limited. He is a post graduate in Economics, a Certified Associate of Indian Institute of Bankers, with a Post Graduate Diploma in Bank Management (NIBM).



**ABHIJIT SEN**  
*Independent Director*

Mr. Sen is closely associated with E&Y, as an External Advisor, for their activities in the Banking and Financial Services Sector as well as serve on several Boards including Kalyani Forge Ltd, Manappuram Finance Ltd, Tata Investment Corporation Ltd, etc.

He also chairs the Audit Committees of Kalyani Forge in addition to participating on several other Board Committees. In the past, He has served in Citi India as its Chief Financial Officer – India Subcontinent for over 18 years. He was also on the Board of

National Securities Depository Ltd and has been an External Advisor to General Atlantic. He has a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.



**KARNAM SEKAR**  
*Independent Director*

Mr. Karnam Sekar is a professional banker with rich experience in all the facets of Indian Banking at a very senior level. He joined as a Probationary Officer with State Bank of India in 1983 and rose to the level of Deputy Managing Director. Selected as Managing Director of Public Sector Bank and has the rare distinction of heading two public Sector Banks during very critical juncture of their history. As the Dy MD of SBI, he contributed during the Board level deliberations of the Nation's Largest Commercial Bank for more than four years. Presently he is on the Board of Incred Financial Services Ltd. and National Asset Construction Company Ltd.



**HEMANT BHARGAVA**  
*Independent Director*

Mr. Hemant Bhargava is a Master's in economics. Mr. Bhargava joined LIC as a direct recruit officer in 1981 and retired as its Managing Director in July 2019. During his long tenure of 38 years, he worked across diverse set of roles both in India and abroad, building multi-dimensional experience in different capacities, especially in Marketing, Internal Operations, and new ventures. He was the first chief of LIC International Operations SBU, besides being instrumental in setting up LIC Cards Services Limited. His tenure as Managing Director (and also as Chairman in-charge from January to March 2019) was marked by his creative leadership with new ideas enriched by the extensive experience gained in overseeing several functions including Marketing, Finance, Personnel, Investments, Alternative Channel, etc. Presently he is on the Board of Larsen and Toubro and Tata Power Company Limited and ITC.



**SMITA AGGARWAL**  
*Independent Director*

Mrs. Smita Aggarwal listed in "Top 35 Global Women in Fintech Powerlist", "Top Women in Finance", "Top 30 Fintech Influencers" and "Women Who Venture", Mrs. Aggarwal is a fintech investor and a thought leader with deep expertise in venture capital, financial inclusion, digital banking, micro-insurance and financial regulation. She is Global Investments Advisor for Flourish Ventures, a global fintech focussed fund, and leads investments in innovative fintech start-ups that help advance financial health and inclusion in Asia. She is on the Fintech Advisory Board of New York University and Global Fintech Fest. She is a member of the Board of Directors of IIFL Asset Management Company. She is a guest faculty for

"Fintech in Emerging Markets" at the Stern School of Business, New York University. She has three decades of experience in finance as a banker, lender, regulator and an investor that have enriched her with unparalleled domain expertise, unique perspective and empathy for fintech founders. She has held leadership positions with noteworthy names such as Omidyar Network, Fullerton India Credit, Reserve Bank of India and ICICI Bank with a successful track record of building businesses from scratch, introducing new products, and driving growth through innovation. She is a rank-holder chartered accountant and has attended executive programs at Harvard Business School and MIT Sloan School of Management.



**RAJEEV K. AGARWAL**  
*Independent Director*

Mr. Agarwal has nearly three decades of experience in the Indian financial services sector. He has worked with some highly reputed organizations such as the Securities and Exchange Board of India, Forward Markets Commission, and Indian Revenue Service. He has a knack of building and maintaining relationships and community with ease. Rajeev Agarwal finished his term on November 2016 from the post of Whole Time Member at SEBI. Before joining SEBI, he served as the Member of the Forward Markets Commission (FMC) and was responsible for the framing of regulations for the Commodities Markets which had been liberalized just then. He is an alumnus of The Indian Revenue Service (Batch of 1983) and the Indian Institute of Technology, Roorkee with a Bachelor in Technology.



**AMIT GUPTA**  
*Non-Executive Director*

Mr. Gupta is the founding Partner of NewQuest Capital Partners and oversees the firm's India and Southeast Asia business as well as investments in the power and financial services sectors. He has a highly varied experience of 20 years in leading teams and producing projects aligned with business goals. Collaborative and a clear communicator is how his peers best describe him. Prior to co-founding NewQuest, he was a Director at Bank of America Merrill Lynch's (BAML) Asia Private Equity group where he led the India business and oversaw investments in the energy and financial services sectors across the Asia Pacific region. He has an MBA from the Indian Institute of Management (IIM), Bangalore, and an undergraduate degree in electrical engineering from REC Kurukshetra.



**CHETAN GUPTA**  
*Non-Executive Director*

Mr. Gupta is the Managing Director of Samena Capital Investments Limited in Dubai, focusing on investments within the Special Situations Funds. He is a member of the Board of Directors and Executive Committee at RAK Logistics as well as an Investment Committee member of the Samena Special Situations Funds. His insightful thinking is vested towards balancing the interests of the company, shareholders and other stakeholders by ensuring long-term growth that is both sustainable and profitable. Prior to Samena Capital, he was an Equity Research Analyst at Tricolor India Fund and a part of the General Electric Financial Management Leadership Program, focusing on financial planning and analysis. He is a Chartered Financial Analyst (AIMR) as well as a Chartered Alternative Investment Analyst. He holds a Master's in Management (Finance) from the University of Mumbai.



**MANOJ SEHRAWAT**  
*Non-Executive Director*

Mr. Sehrawat currently serves as a Partner at ADV Partners, after moving on from the role of Managing Director at the firm. With 22 years of experience in financial services across private equity, distress debt acquisition & resolution, corporate and financial restructurings in India, He has a strong ability to build and sustain new business relationships as well as adapt to diverse environments. Prior to ADV, Manoj Sehrawat was the Vice President with JPMorgan's Asia Special Situations Group. He has also worked at ARCIL where he was responsible for acquisition of NPLs from banks & FIs. He is a Chartered Accountant from Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from Delhi University.

# MANAGEMENT TEAM



## AMIT MANDE

*Chief Revenue Officer*

Amit is the Chief Revenue Officer at U GRO Capital. Leveraging his prior experience of building profitable businesses across asset products, diverse distribution models, and his passion for technology and speed, he endeavors to build a multi-product and omnichannel MSME lending franchise on the back of digitization and data analytics.

Amit shoulders the responsibility of scaling the asset side of the business. Business and Operations teams across all product verticals report to him. Amit brings a rich career experience spanning over 22 years with organizations like Standard Chartered Bank, ABN Amro Bank, Barclays Bank, Capital First, Rattan India Finance, Mswipe Technologies. Amit is an alumnus of Jamnalal Bajaj Institute of Management Studies and a Mechanical engineer from V.J.T.I., Mumbai.



## ANUJ PANDEY

*Chief Risk Officer*

Anuj is a founding team member of U GRO Capital. His passion is to use analytics & technology to create pragmatic risk models that help create new products/programmes, which in turn helps simplify the credit access experiences for SME's. Anuj brings 20+ years of experience from leading companies such as Barclays Bank, ABN AMRO Bank, GSK Consumer & Religare Finvest. Anuj holds a Bachelor's degree in Engineering (Mechanical) from Thapar University & PGDM from IIM Lucknow.



## AMIT GUPTA

*Chief Financial Officer*

Amit is the Chief Financial Officer at U GRO Capital. He is a seasoned financial service professional and brings with him a diversified experience of about 18+ years as a wholesale and real estate banker/PE investment professional.

As a CFO, Amit is leading Finance, Treasury and Co – Lending Verticals.

Before joining U GRO, Amit was the Head of Acquisitions at Shapoorji Pallonji Investments Advisors Pvt Ltd (a Private Equity platform between Shapoorji Pallonji Group and Allianz Group). He started his career with Axis Bank as a management trainee as part of their corporate credit department in 2003. He subsequently worked with leading MNC Banks like BNP Paribas, SCB and HSBC in India in various senior corporate banking roles. He also headed Real Estate financing for HSBC India between Nov 2013 to Apr 2018. He was also the head of Debt Capital Markets and a member of the India Capital Markets Board at JLL India between Apr 2018 to Feb 2020.

Amit holds a B TECH in Computer Science from HBTI Kanpur & PGDM from IIM Lucknow.



## SUNIL LOTKE

*Chief Legal & Compliance Officer*

Sunil is the Chief Officer – Legal, Compliance & Secretarial at U GRO Capital and is the primary interface with the Regulators. He brings about 20 years of rich experience in the field of Legal, Compliance and Corporate Secretarial with specializations in Financial Services Legislations, Capital Market transactions, Corporate Restructuring, and Securities Regulations. Sunil joins us from InCred Financial Services, where he was responsible for Legal & Compliance function. Before joining InCred, he has worked with the Reliance Group, Future Capital Holdings, IIFL Group & StarAgri Finance.

Sunil is a member of the Institute of Company Secretaries of India, and a law graduate from Mumbai University.



## J. SATHIAYAN

*Chief Business Officer*

Sathiyayan is a finance and banking professional who brings over two decades of experience in the domains of SME & Business Finance, Retail Liabilities and Assets, Third Party Products Distribution and other financial services at multiple levels in corporates of high disposition, to the company. His versatile vision and tenacity to create successful growth plans have led him to propel the U GRO foot-print across India.

As a Chief Business Officer, he is responsible for making U GRO come alive to our various partners and customers. His past high profile roles include being the Vice President of ABN Amro Bank N.V. and being a director of Religare Finvest Limited. J. Sathiyayan is an alumnus of the Sastra University with a degree in B.E.



## PIA SHOME

*Chief People Officer*

Pia Shome is our Chief People's Officer and is the primary interface between our prospective employees and U GROites. She brings in 16+ years of broad exposure in Human Resources, Change Management, Organization Transformation and Culture Building.

She is a comprehensive leader with all-encompassing experience. Before joining U GRO Capital, she cut her teeth in this industry by attaining and executing leadership positions in many renowned organisations. Notably, she worked as the HR Head at SMEcorner and has previously held leadership positions at IDFC First Bank, RBL, DBS Bank, Barclays and TCS eServe International.

Her result-focused professionalism and management acumen helped her gain recognition as an HR 40 under Forty by Jombay and ET Now.

She is an HRM MBA graduate from XISS, Ranchi and is an alumnus of INSEAD, Singapore.



## **NIRAV B SHAH**

*Chief Strategy Officer & Head of Investor Relations*

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

Nirav has 15+ years of Investment Banking experience, including client coverage, origination, deal marketing, execution, advisory and capital markets. He has advised transactions across PE, M&A and capital markets and has a deep understanding of the Financial Services domain like Banks, NBFCs, MFIs and HFCs.

Before joining U GRO, he was the Director at Equirus Capital in the Investment Banking vertical leading the BFSI sector. At Equirus, he was instrumental in completing multiple marquee transactions, notably for U GRO, Kogta Finance, Eduvanz Financing and Niyogin, amongst many others.

Nirav has served in reputable organisations like Centrum Karvy Investor Services and HDFC Bank in the past. He is a commerce graduate and holds a CFA and MS (Finance) degree from ICFAI.



## **RISHABH GARG**

*Chief Technology Officer*

Rishabh is Chief Technology Officer at U GRO Capital. CTO, has over 20+ years of diverse and well-rounded experience in technology. He has rich management experience in senior leadership positions and as an entrepreneur.

Before U GRO Capital, he was Co-Founder, CTO of a rural insurtech firm GramCover. He has worked with Biz2Credit, which is into SME Financing as VP Technology in the past. He was also associated with Agnity, SAP Labs & Infosys.

He holds an MBA degree from IIM Lucknow and B. Tech from IIT Roorkee.



## **SUBRATA DAS**

*Chief Innovation Officer*

Subrata is the Chief Innovation Officer at U GRO Capital, responsible for driving data-driven decision-making for every facet of the business and creating innovative customer solutions through advanced data science, alternate data, and contemporary digital methods.

Subrata brings 17+ years of experience in the financial services industry and has previously worked at Standard Chartered Bank, India Infoline Finance, and Fractal. During his career, he has set up and scaled analytics teams and developed solutions for a wide array of business cases covering credit scoring, risk assessment, portfolio management, collections strategy, cross-sell, retention, product profitability, pricing, campaign management – across consumer and commercial sides of retail lending. Subrata is an alumnus of the India Statistical Institute, Kolkata.

# DISTRIBUTION CHANNELS

U GRO's distribution channels are built with the end goal of integrating technology with traditional & new ways of doing business to achieve financial inclusion



## Branch-Led Channel

- Industry leading turnaround times, including 60 minutes for in-principle approval, mean that SMEs get much faster access to credit – a great boon in turbulent times.
- Network of 90 branches comprised of Prime and Micro Branches. Through these branches U GRO caters to the entire spectrum of MSME borrowers.



## Eco-system Channel

- Our Ecosystem channel leverages our industry-specific 'Anchor' partnerships, each of which adds a pool of potential lendees.
- U GRO achieved end-to-end integration with Government e-Marketplace (GeM) Sahay Portal.



## Partnerships & Alliances Channel

- Partnered with over 25 FinTechs / Smaller NBFCs under a co-lending model wherein the loan is originated by Partner NBFC & we take a part of the loan exposure on our books.
- These loans are secured by at least 5% - 15% First loss Default Guarantee.



## Direct Digital Channel

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

# TECHNOLOGY MODULES

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

## GRO Plus

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



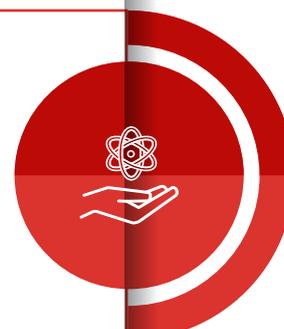
## GRO Chain

GRO Chain is an end-to-end platform for supply chain financing that will cater to ecosystem anchors, vendor borrowers and dealer/distributor borrowers.



## GRO Xstream

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

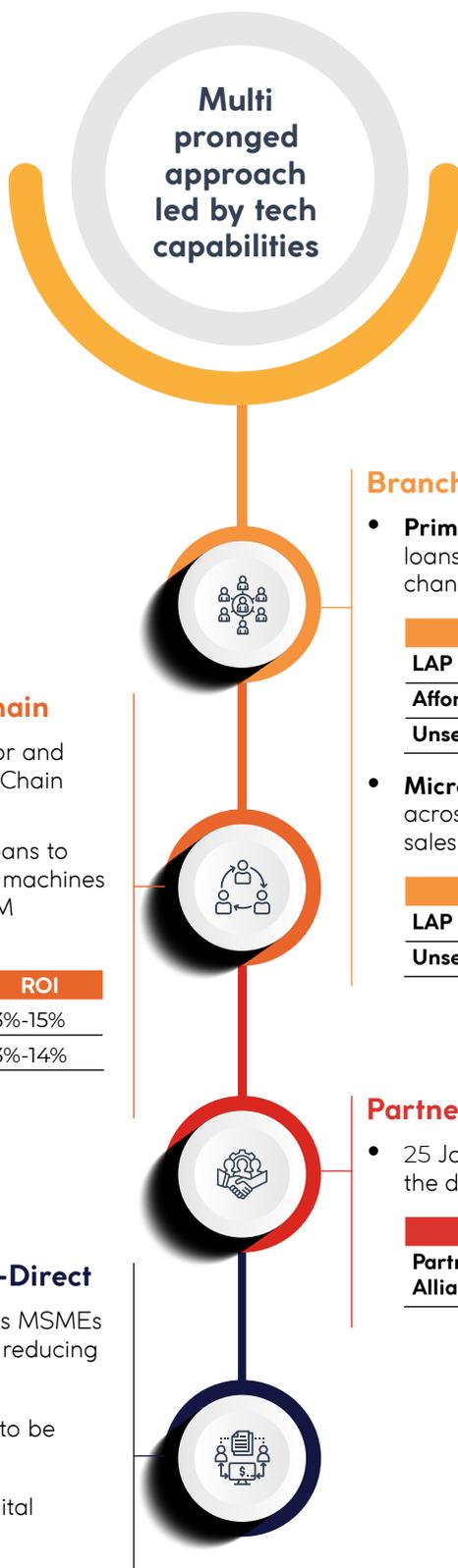


## GRO Direct

U GRO's Direct Digital channel, a platform built to allow non-intermediated loan applications from eligible SMEs.



# OUR PRODUCT OFFERING



## Ecosystem Channel | GRO-Chain

- **Supply Chain Financing** – Anchor and its ecosystem financing of Supply Chain (Currently we have 45 Anchors).
- **Machinery Finance** – Secured loans to machine buyers with a charge on machines by partnering with OEMs (22 OEM partnerships).

	Ticket Size	ROI
<b>Machinery</b>	10L-300L	13%-15%
<b>SCF</b>	10L-300L	13%-14%

## Direct Digital Channel | GRO-Direct

- **Digital Lending Platform** – Allows MSMEs to directly apply for credit further reducing TATs.
- Beta testing completed in Dec'19, to be launched soon.
- **60 Mins Decisioning** – 100% Digital
- **Ticket Size** – INR 1 to 15 lac

## Branch Led Channel | GRO-Plus

- **Prime Loan Branches** – 18 Branches with loans largely sourced through Intermediate channel.

	Ticket Size	ROI
<b>LAP</b>	50L-500L	12%-12.5%
<b>Affordable LAP</b>	10L-150L	13%-16%
<b>Unsecured</b>	1L-25L	14%-26%

- **Micro Loan Branches** – 71 branches across 5 states. Loans directly sourced by sales officers (Feet on street).

	Ticket Size	ROI
<b>LAP</b>	2L-25L	18%-23%
<b>Unsecured</b>	0.5L-5L	23%-28%

## Partnerships & Alliances | GRO-Xstream

- 25 Joint lending partnerships with NBFCs on the downstream to originate loans.

	Ticket Size	ROI
<b>Partnership &amp; Alliances</b>	0.5L - 25L	18%-28%

U GRO's distribution model is geared towards catering MSMEs across all geographies and ticket sizes.

# MULTI PRONGED LIABILITY APPROACH

## Traditional Balance Sheet

- Lending using liability raised from financing partners including leading banks and financial institutions.
- We raise on balance sheet loans through various products such as term loans, NCDs, MLDs and CPs.

## Assignment

- Securitization of portions of the loan portfolio to be purchased by banks.
- Selling down allows U GRO to minimize long-term asset-liability mismatches while maximizing liquidity.



## Co lending/ Co Origination

- Partnerships with India's largest and most trusted banks to obtain quasi-liability at an attractive cost of debt.
- Value accretive model where U GRO earns fee income and is able to cater to varying risk classes.
- Leveraging co lending model to gravitate from being a traditional NBFC to "lending as a service" business model.

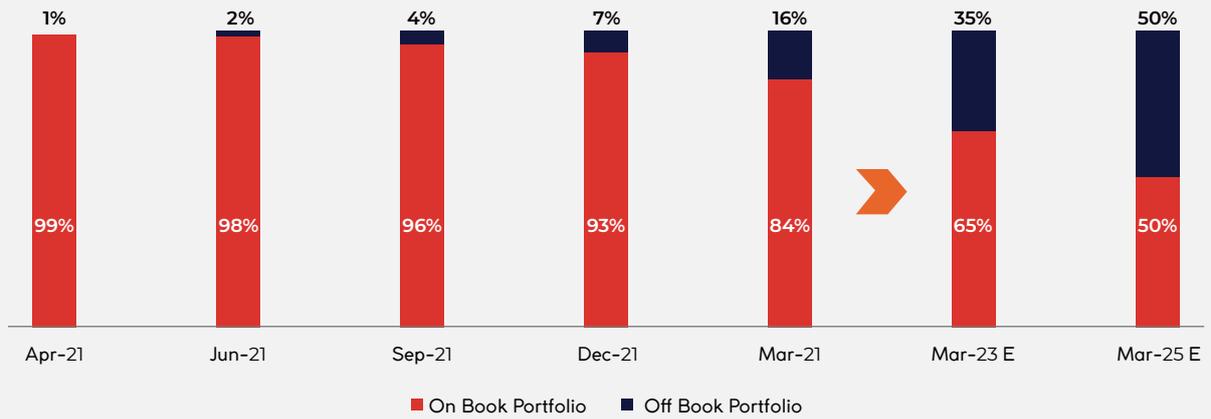
## Specialized Programs with DFIs

- Providing a channel for impact financing to DFIs in key sectors such as WASH, Climate Mitigation, Affordable and Clean Energy, Good Health and Well-being, Quality Education, Sustainable cities & communities and Zero Hunger.

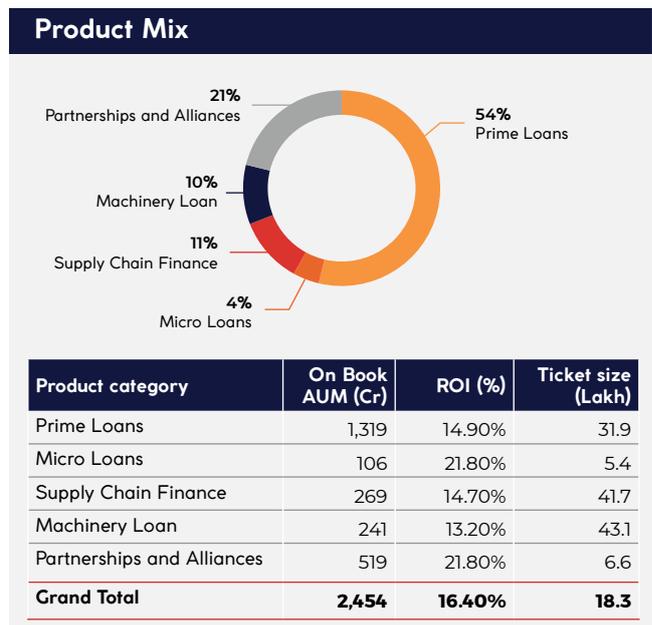
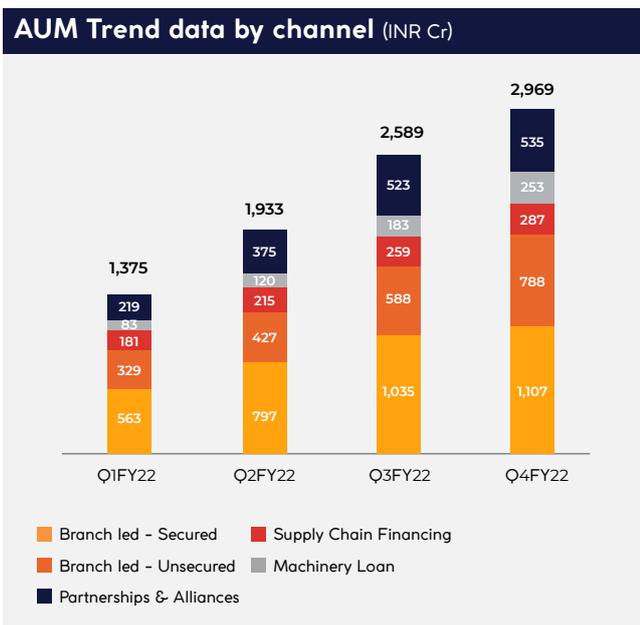
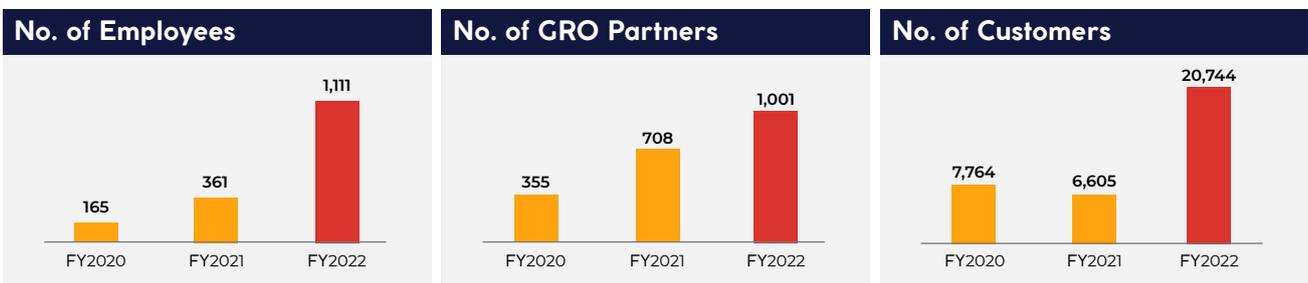
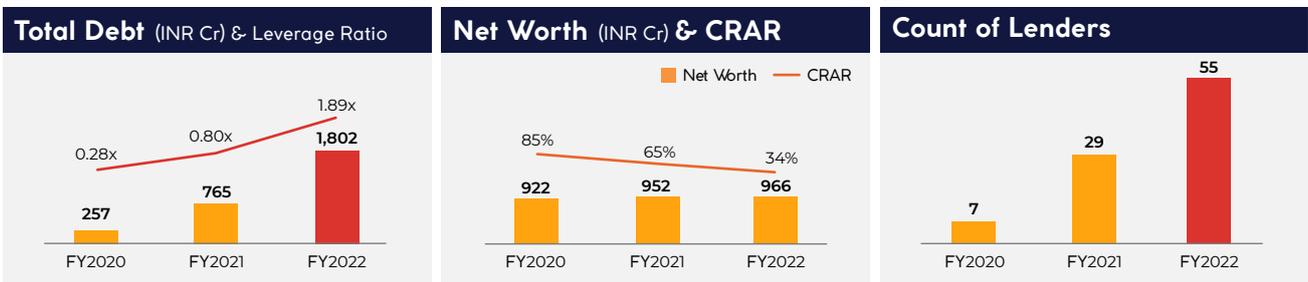
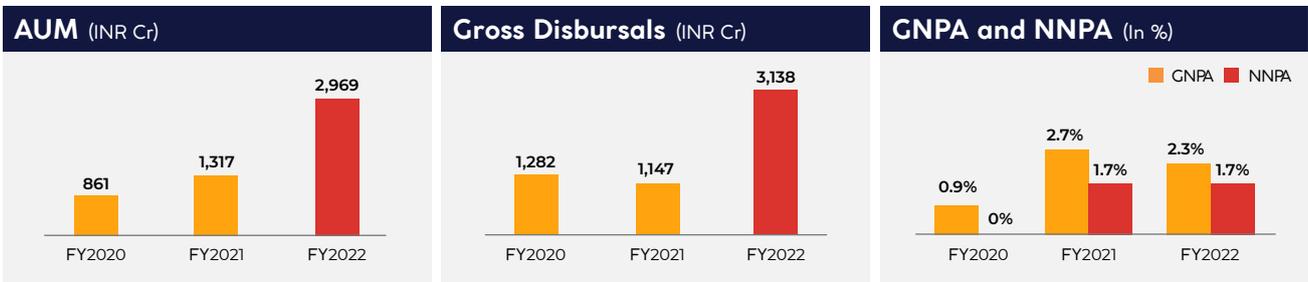
# LENDING AS A SERVICE



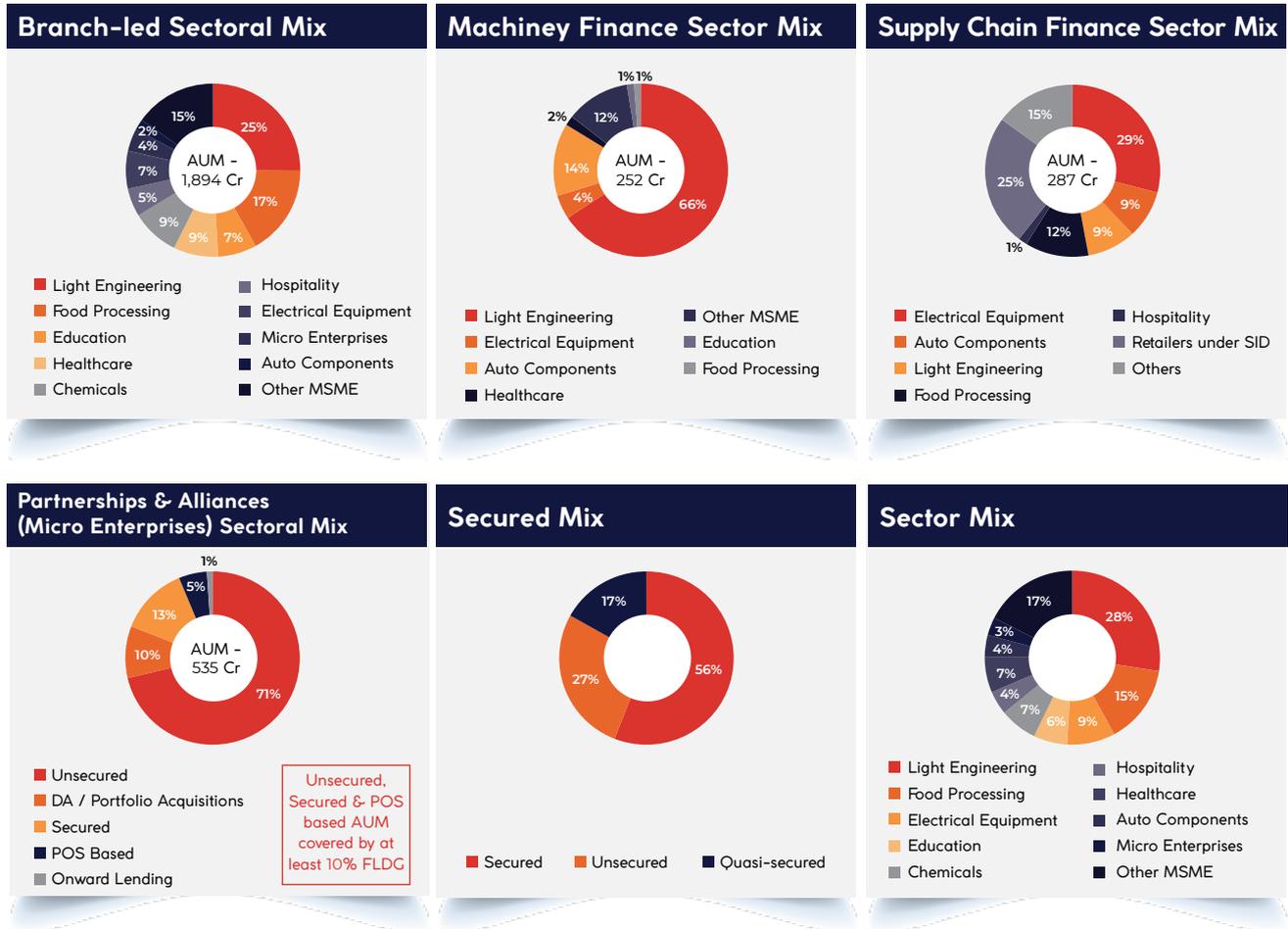
## Off Book AUM Mix



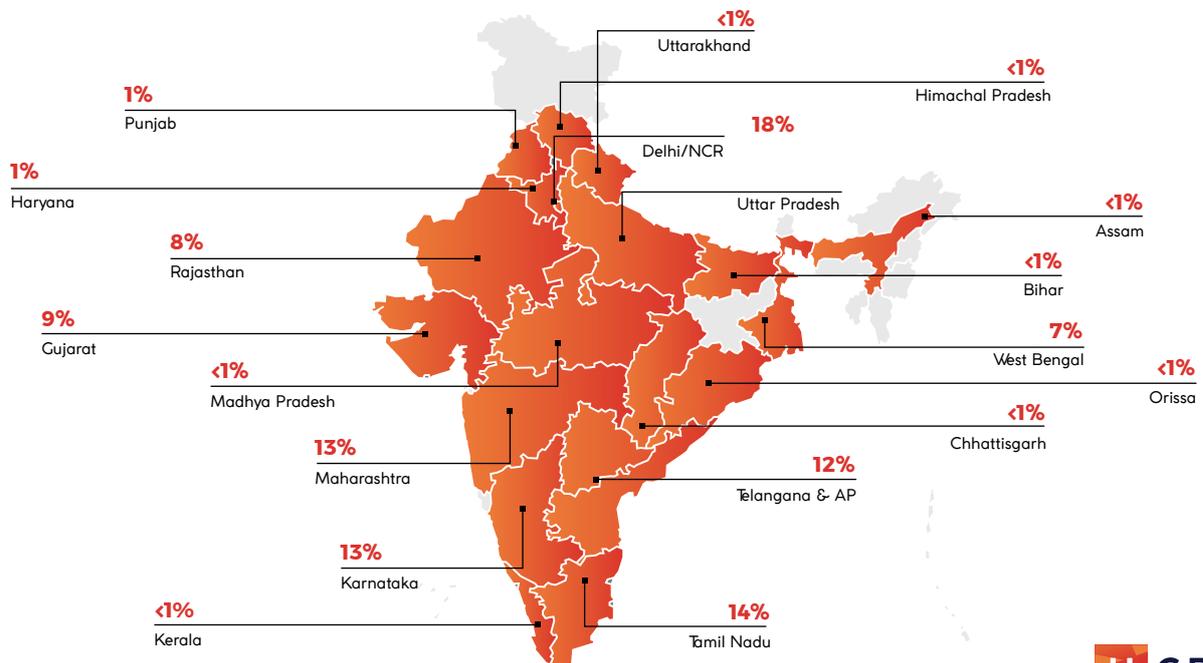
# PERFORMANCE AND PORTFOLIO COMPOSITION



## Portfolio Split



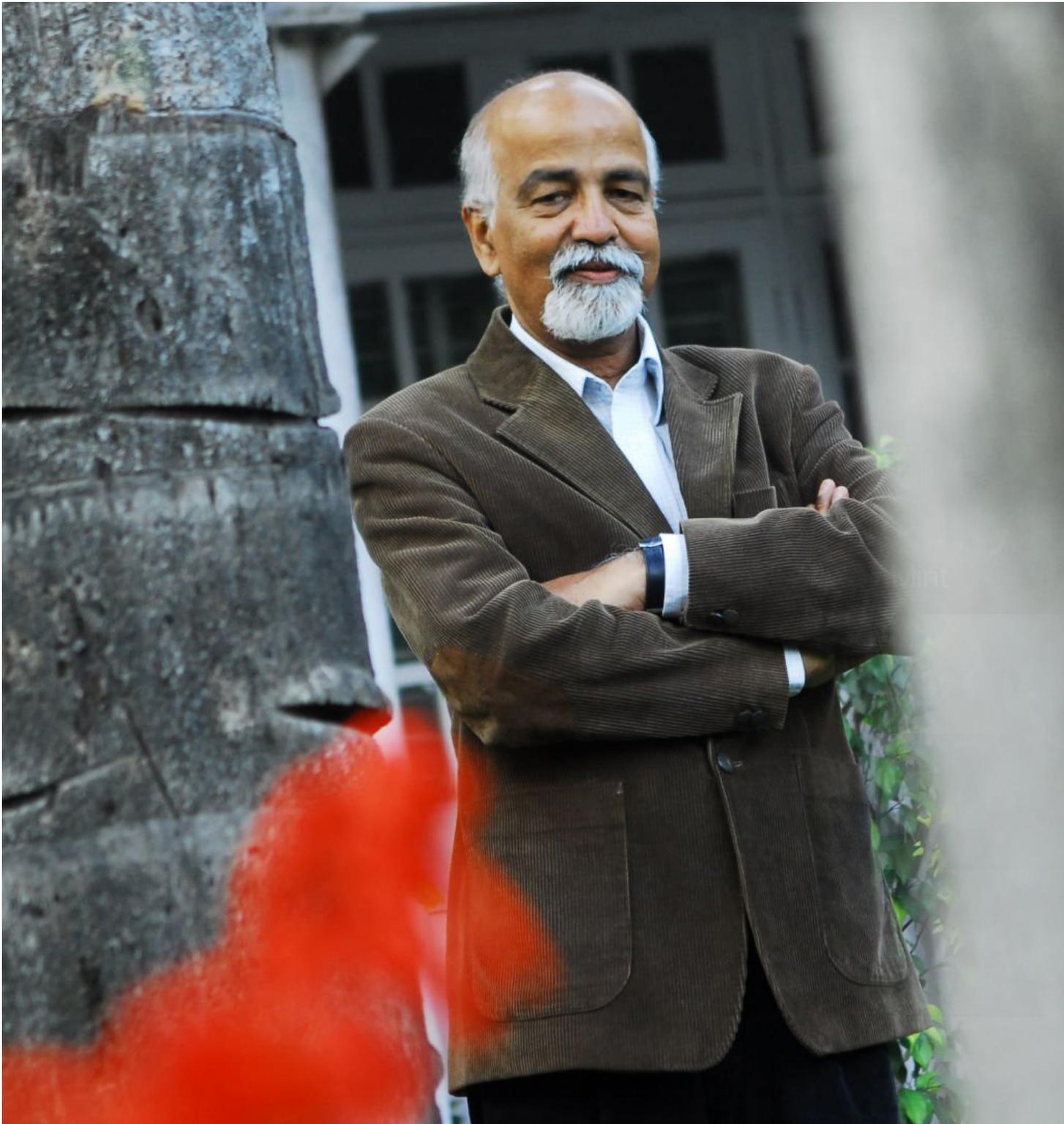
## Geographical Mix\*



\*Includes Sec, Unsec, GRO Micro, SCF and Machinery

# CHAIRMAN'S MESSAGE

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The potential and future prospects of our MSME sector has been much talked about, acknowledged as a prominent pillar of the Indian economy owing to the massive contribution to GDP, exports, and job creation. The MSME would play a significant role in building a US \$ 5 Trillion economy by 2025. While the Covid turbulence hit this sector very hard, the bounce-back has demonstrated their true grit and passion for successful business growth.

MSME lending in India is setting course similar to consumer lending, which got completely revolutionised with the advent of data and technology making it an on-tap product. The transition from collateral-based lending to cash flow-based underwriting has been happening since last 4 years and is accelerating every day. The lenders of the future would be able to underwrite the MSME at the point of origination, which would help in faster customer assessment and credit dissemination.

Your Company is at the cusp of this fantastic revolution of our industry with a dynamic landscape impacting all facets and is best positioned to ride the growth wave of MSME lending in India. A digital core built on a robust governance model has ensured our mission is well on target with a powerful ecosystem of innovation and collaboration driving our initiatives.

With our strong tech architecture in place, we are transitioning to digital at the forefront, to achieve our mission in the future. Your Company has redefined excellence as a Fintech NBFC and in a short period of time of about four years has etched a name for itself in the financial world.

We bring about complete transparency to our employees with regards to their performance through our Ultimus application which is an industry first Integrated R&R, Incentive and appraisal platform. This aids both the employees and your company to monitor real time performance and bring about early changes for course correction.

On the underwriting front we continue to leverage and build a large database around our customers through our data lake, this fuels our GRO Score performance further which currently triangulates data from Banking, Bureau and GST to deliver industry leading underwriting results.

Your company has been the pioneer of effectively leveraging Co-lending model and transitioning the business model to "Lending as a service" in line with the Global lending trend. During the past year we have successfully entered into 8 Co-lending / Co-origination partnerships and have built sizeable Off Book AUM in line with our "Lending as a service" thought process.

U GRO has set course to attain its FY25 vision and enters FY23 in a state of preparedness to capitalize on the opportunity and attain its growth objectives.

## **SATYNANDA MISHRA**

*Non-Executive Chairman and Independent Director*

# VICE CHAIRMAN'S MESSAGE

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**SHAPING THE NEXT.  
SHAPING TRANSFORMATION.**

Dear Shareholders,

This unprecedented year, in which many of us have been operating from homes, has spawned an amazing amount of creativity, collaboration, and innovation. It has taught us the value of agility and reinforced the importance of core human principles like compassion and resilience. Most significantly, it has created an environment of exponential transformation powered by technology.

Traditional models are giving way to the new, the category is fast evolving to **lending as a service**. Technology has been at the heart of this evolution, especially the India stack which has democratized flow of data and is enabling several new age business models. The Government of India has displayed its strong resolution to drive this wave, first through India stack and now by going a step ahead and establishing the **Open Network for Digital Commerce (ONDC)**. ONDC would digitize commerce and create a level playing field for the unorganized retail sector and thereby aid MSME growth.

Our depth in technology has armed us with the knowledge to partner new industry trends, our co-lending collaborations with iconic public sector banks has created winning partnerships. The large banks get the reach and visibility on the end use of funds and NBFC's like us, a steady flow of liquidity. Co-lending has enabled us to build a large portfolio off our books and helped us to funnel larger credit volumes to the MSME's.

Fuelled by the Co-lending model your company is focussed on the mission to solve for the credit gap and emerge as the largest MSME lender in India. Majority of our portfolio would be Off book by 2025 and thus capital will not act as a dampener of growth for U GRO.

**ESG and sustainability** was always at the forefront of U GRO's business model, since inception we have been focused on bridging the MSME lending gap and through our sectoral approach we have been able to directly support multiple SDGs set by the UN. During FY22 your company became the first new age lender to carry out a retrospective **Impact assessment** of our customers, the findings were published in the U GRO Impact Report unveiled by the Chairman of SIDBI Shri Sivasubramanian Ramann. Our impact assessment showcases our ability to quantify and drive our focus on broader impact themes of Climate Change, WASH, Clean energy, and others.

MSMEs are the backbone of the Indian economy as they produce a diverse range of products and services to meet demands of domestic as well as global markets and foster innovation and entrepreneurship in the country. They contribute ~ 30% to the GDP of our country and are one of the largest employers of India (~ 111 Mn people basis 2019 data). Despite being such a strong pillar of the Indian economy, their growth is stunted due to non-availability of adequate formal credit. Market size of MSME sector is estimated at ~INR 46 Lakh Cr but the size of formally funded market is ~INR 20

Lakh Cr. June 2019 UK Sinha committee estimated an overall credit gap of INR 20 -25 Lakh Cr for the MSME sector.

The MSME credit gap requires customized solutions, designing products with a deeper understanding of their cashflows and business nuances. Traditional one-size-fits-all methods have failed to deliver the impact expected to catalyse their businesses. New-age lenders have risen to this challenge, using technology to bridge the gap of fulfilment of capital requirements.

At U GRO our founding belief has been to serve the under-served, design and deliver products based on our tech-prowess. Create products keeping the specific needs of our segments central and build platforms which would deliver agility and reach. Our depth of understanding goes beyond their financial and non-financial needs, to maximise their impact across a broader spectrum of progress.

Looking back at FY22 it was one of the most crucial year your company where it has successfully transitioned itself for the next stage of growth which is critical for us to achieve our Vision 2025

- During FY22 disbursed INR 3,100+ Cr of gross loans and reached a scale of INR 2,972 Cr of AUM (125% Y-o-Y growth)
- Built formidable distribution channel with potential to disburse 700+ cr of loans month on month along with the ability to cater to all financing needs across the entire spectrum of MSME sector
- As on Mar'22 we have 89+ branches (55 new branches), 350 active DSA partners, 625+ sales staff, 30+ anchors, 25+ OEM partnership and 30 Fintech partnerships. The scale of distribution of your company matches the best of MSME Fintech / NBFC companies in India
- 16,000+ active customers serviced through an overall staff strength of 1,100+ employees (~ 740 incremental employees)
- Diversified lender base of 55+ lenders with ability to raise funds through innovative liability products
- Pioneers of "Lending as a service" by harnessing the power of Co-lending / Co-origination models and steering the company towards transitioning into a lending platform through off - balance sheet AUM approach

Our strong business plans ensured our recognition as a mainstream NBFC, and your company walks into FY'23, fully prepared to leverage our capabilities to deliver to the overall growth potential of the MSME. We are in the midst of a tech revolution and your company is perfectly poised to grow.

**SHACHINDRA NATH**

*Vice Chairman and Managing Director*

# NEWSROOM

**BW BUSINESSWORLD**  
June 23, 2022

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## U GRO Capital Improves Cash-Flow For Over 13,000 MSMEs: Report

The report was recently released in the presence of honorary SIDBI Chairman, Sivasubramanian Ramann at a physical event organised by the company

**Business Standard**

JUST IN: Virtual Organics rises after capex plan of Rs 580 cr for capacity expansion

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## Ugro Capital hits the roof after co-lending partnership with SBI

**Banking & Finance**

NEWS MAGAZINE YEAR ENDER NBFCs NBFCs RANKING LIBRARY NEWSLETTER CONF

Home > News > Acuite upgrades U GRO Capital's rating from 'Stable' to 'Positive'

## Acuite upgrades U GRO Capital's rating from 'Stable' to 'Positive'

September 24, 2021

**THE ECONOMIC TIMES** Rise

English Edition | Print Edition

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SME Policy Trade Entrepreneurship Money IT Legal GST Marketing HR Resources

## U GRO Capital net profit up by 292% to Rs 6.08 crore in Q4 FY2022

**Business Standard**

## U GRO Capital's Rs 100-cr NCD issue subscribed 1.44 times

The issue opened for subscription on April 07, 2022, and closed on May 06, 2022

Written by **PE Bureau**

May 21, 2022 3:30:00 am

**mint**

Home / Industry / Banking / Bank of Baroda, U GRO Capital join hands for co-lending to MSMEs

## Bank of Baroda, U GRO Capital join hands for co-lending to MSMEs

MSME-focused U GRO Capital raises \$18.5 mn from Swiss Impact investor

By Anuj Somani | 07 February 2022

**Business Standard**

MARKETS COMPANIES OPINION SPECIALS TECH IT PORTFOLIO SHOWS CORONAVIRUS SPORES M

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JUST IN: LTTS recognized as Leader in Digital Engineering Services

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## Ugro Capital signs co-lending agreement with Central Bank of India

# A YEAR OF PRIDE



Rising star SME finance company of the year 2022 presented by **Expleo**



Best use of data and analytics lending finance company 2022 presented by **Expleo**



Best use of data science in lending 2021 presented by **World Leadership Awards**



Best use of data analytics 2021 presented by **BFSI Excellence Awards**



One of the best BFSI brands 2021 presented by **The Economic Times**



Best mobile app initiative 2021 presented by **DNA (Distinguished NBFC Awards)**

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29<sup>th</sup> (Twenty Ninth) Annual General Meeting of the members of UGRO Capital Limited will be held at 11.00 a.m. (IST) on Friday, 12<sup>th</sup> August, 2022 through Video Conferencing/Other Audio Visual means ("OAVM") to transact the following businesses:

## ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements of the Company as on 31<sup>st</sup> March, 2022 along with Directors' Report and Auditors' Report thereon.**
2. **To re-appoint Mr. Manoj Kumar Sehrawat (DIN: O2224299), as a Director liable to retire by rotation To consider and, if thought fit, with or without modification(s), to pass the following Resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. Manoj Kumar Sehrawat (DIN: O2224299), who retires by rotation and being eligible for re-appointment, be re-appointed as a Director of the Company."

## SPECIAL BUSINESS:

3. **To adopt Common Seal of the Company and approve alteration of Articles of Association of the Company**

To consider and, if thought fit, with or without modification(s), to pass the following Resolution as Special Resolution:

**"RESOLVED THAT** the consent of shareholders be and are hereby accorded for adoption of the common seal of the company, which was submitted and adopted at the board meeting held on 24<sup>th</sup> May 2022.

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

- Addition of Article 24 in the Article of Association as follows:

### 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."*

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

4. **Authorization for borrowing money under Section 180 (1) (c) of the Companies Act, 2013**

To consider and, if thought fit, with or without modification(s), to pass the following Resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force) ("the Act"), the provisions of the Memorandum of Association and Articles of Association of the Company, Circulars/ Notifications/Directions issued by Reserve Bank of India, from time to time, the consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) to borrow any sum or sums of money (exclusive of interest), from time to time, on such term and conditions as may be determined, in any form, from one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions, any entity/entities or authority and authorities, whether in India or abroad, and whether by way of cash credit, loans, advances or deposits, bill discounting, issue of debentures through private placement or public offer, commercial papers, long/short term loans, securitized instruments such as floating rate notes, fixed rate notes, syndicate loans, commercial borrowings, either in rupees and/or in such other foreign currencies as may be permitted by law, from time to time, and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of Companies assets, licenses and properties, whether immovable or movable and/or any of the undertaking of the Company notwithstanding that monies to be borrowed including

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monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose so that the total amount upto which the monies may be borrowed by the Company and outstanding at any time shall not exceed the sum of INR 6000 Cores (INR Six Thousand Crores only).

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

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

To consider and, if thought fit, with or without modification(s), to pass the following Resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 180(1)(a) and other applicable provisions of the Companies Act, 2013, if any or any other law for the time being in force, (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the members be and is hereby accorded to the Company to: sell, dispose, mortgage and/ or charge, in addition to the mortgages/charges created/ to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and/or immovable properties of the Company and/or the interest held by the Company in all or any of the movable or immovable properties, both present and future and/or the whole or any part of the undertaking(s) of the Company, together with the power to take over management of the business and concern of the Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) (in foreign currency and/ or rupee currency) and securities (comprising fully/partly convertible debentures, with or without detachable or non detachable warrant, and/or secured premium notes and/ or floating rate notes/ bonds, and/or non-convertible debentures (including without limitation, market linked debentures and covered bonds) and/or other debt instruments, issued/ to be issued by the Company, from time to time, subject to the limits approved under Section

180 (1) (c) of the Companies Act, 2013, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium and prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), heads of agreement(s), debenture trust deed(s) or any other agreement/ document, entered into/ to be entered into between the Company and lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said loans, borrowing/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of securities as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and/or trustee(s) from time to time for a sum of money which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding INR 7000 Cores (INR Seven Thousand Crores only) at any point of time; and

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

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

### 6. To borrow funds by way of issuance of Non-Convertible Debentures

To consider and, if thought fit, with or without modification(s), to pass the following Resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 71 of the Companies Act, 2013 read with relevant rules thereunder and such other applicable provisions and rules, if any, of the Companies Act, 2013 (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force) and read with relevant Circulars/Notifications issued by the Ministry of Corporate Affairs, from time to time, and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and

Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, and subject to such other applicable laws, rules and regulations and circulars/ notifications/ guidelines/directions including those issued by Reserve Bank of India from time to time, the Memorandum and Articles of Association of Company and subject to such other approvals as may be required from regulatory authorities, from time to time, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) for making offer(s) or invitation(s), issue and allot, in one or more series/tranches, non-convertible debentures (a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) (including market linked debentures and covered bonds) ("NCDs") on private placement basis, for cash and on such terms and conditions and at such times at par or at such premium/discount, as may be considered fit and appropriate by the Board to such person or persons, including one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions and individuals as the case may be or such other person/persons as the Board may decide, for the purpose of augmenting resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, meeting long term requirement of funds, general corporate purposes and other purposes as may be decided/agreed, from time to time, such that total issuance amounts of the NCDs shall not exceed the overall amount of INR 3000 Crores (INR Three Thousand Crores only) at any point of time, in addition to the limit prescribed under the provision of Section 180 of the Companies Act, 2013.

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

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

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

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 including Sections 23, 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013, as amended ("the Act") and the Rules made there under to the extent notified and in effect, the applicable provisions, if any, of the Companies Act,

1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable laws or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR Regulations**") (including any amendment/modifications thereto or re-enactment thereof, for the time being in force), provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended or restated, the Depository Receipt Scheme 2014, the Foreign Exchange Management Act, 1999 ("**FEMA**"), as amended, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, the Registrar of Companies or any other relevant authority from time to time ("**Governmental Authorities**"), to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, the consent, approval and sanction of the Company be and is hereby granted to the Board of Directors (hereinafter referred to as the "**Board**" which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law) to create, offer, issue and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons, as may be permitted), with or without a green shoe option, such number of equity shares of the Company with a face value of INR 10 (Rupees Ten) each ("**Equity Shares**") and/ or Equity Shares through convertible bonds (whether denominated in Indian rupees or foreign currency) and/ or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities and/or securities linked to Equity Shares or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Equity Shares and/ or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a green shoe option, if any), or any combination of securities convertible into or exchangeable for equity shares including without limitation through Global Depository Receipts ("**GDRs**") and/or American Depository Receipts ("**ADRs**") and/ or convertible preference shares and/or convertible debentures (compulsorily and/or optionally,

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fully and/ or partly) and/or Commercial Papers and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity Shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and/ or Foreign Currency Exchangeable Bonds ("FCEBs") and/ or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for equity shares at the option of the Company and/ or holder(s) of the security(ies) and/ or securities linked to equity shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad whether rupee denominated or denominated in foreign currency (all of which are hereinafter collectively referred to as "**Securities**") or any combination of Securities, in one or more tranches, in India or in course of international offering(s) in one or more foreign markets, by way of one or more public and/or private offerings, Qualified Institutions Placement ("**Qualified Institutional Placement**" or "**QIP**") and/ or on preferential allotment basis or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including qualified institutional buyers ("**QIBs**") in accordance with Chapter VI of the ICDR Regulations, (whether residents and/or non-residents and/ or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds (foreign or Indian) alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors and/or multi-lateral financial institutions, stabilizing agents and/or any other eligible investors, and/or to such investors who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations, guidelines and approvals and whether they be holders of the Equity Shares of the Company or not (collectively called the "**Investors**") as may be decided by the Board in its absolute discretion and permitted under applicable laws and regulations, in consultation with the lead managers, advisors or other intermediaries for an aggregate amount not exceeding INR 500 Crores (INR Five Hundred Crore only) or its equivalent thereof, in one or more currencies, if any, inclusive of such premium as may be fixed on the Securities by offering the Securities, at such price or prices, at a permissible discount (including but not limited to any discount as may be permitted under Chapter VI of ICDR Regulations) or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) or intermediary (ies) appointed and / or to be appointed by the Company (the "**Issue**").

**RESOLVED FURTHER THAT** in case of any offering of Securities, including without limitation any GDRs / ADRs / FCCBs / FCEBs / other securities convertible into

equity shares, the Board to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects, except as may be provided otherwise under the terms of issue/offering and in the offer document and/or offer letter and/or offering circular and /or listing particulars.

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

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

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

**RESOLVED FURTHER THAT** the Board / committee of directors be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted, including issue and allotment of

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Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the Issue, all such Equity Shares shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions of the Memorandum and Articles of Association of the Company and the applicable laws and regulations including any rules and regulations of any Stock Exchanges.

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

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the merchant bankers/ lead managers and/or other advisors as mentioned above, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to finalize, approve and issue any document(s), including finalization and approval of the preliminary as well as final offer document(s), letter of offer, determining the form and manner of the Issue, including the selection of qualified institutional buyers and/or such Investors to whom the Securities are to be offered, issued and allotted, number of Securities to be allotted, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, period of conversion or redemption, listing on one or more stock exchanges in India and/or abroad and any other terms and conditions of the issue, including any amendments or modifications to the terms of the Securities and any agreement or document (including without limitation, any amendment or modification, after the issuance of the Securities), the execution of various transaction documents, creation of

mortgage/ charge in accordance with the provisions of the Act and any other applicable laws or regulations in respect of any Securities, either on a pari passu basis or otherwise, fixing of record date or book closure and related or incidental matters as the Board in its absolute discretion deems fit and to settle all questions, difficulties or doubts that may arise in relation to the issue, offer or allotment of the Securities, accept any modifications in the proposal and matters related thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

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

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

Registered Office: For & on behalf of the Board of Directors  
Equinox Business Park,  
Tower -3, 4<sup>th</sup> Floor,  
LBS Marg, Off BKC Road  
Kurla (West),  
Mumbai 400070

**For UGRO CAPITAL LIMITED**

**Sd/-**

**Aniket Karandikar**  
**Company Secretary**  
**M. No: ACS 24107**

Date: 24<sup>th</sup> May, 2022

### NOTES:

1. A Statement pursuant to Section 102(l) of the Act ("Explanatory Statement") relating to the Special Businesses (Item No. 3 to 7) to be transacted at the Meeting is annexed hereto. The relevant details as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, are also annexed to the notice.
2. On account of the threat posed by COVID-19, MCA has issued circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 and 02/2022 dated 5th May

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- 2022 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMDI/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the COVID -19 pandemic" and circular number SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
3. **A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/ her behalf and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars and SEBI Circular, the AGM will be held through VC/ OAVM and the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Meeting and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.**
  4. Pursuant to Section 113 of the Act representatives of Corporate Members may be appointed for the purpose of voting through remote e-voting or for participation and voting in the Meeting to be conducted through VC/ OAVM.  
  
Corporate Members intending to attend the Meeting through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF/ JPG Format) if any, authorizing its representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorisation shall be sent to the Company by email through its registered email address, i.e. [cs@ugrocapital.com](mailto:cs@ugrocapital.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  5. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the Meeting along with the Annual Report for FY 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for FY 2021-22 will also be available on website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com), website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of the CDSL [www.evotingindia.com](http://www.evotingindia.com).
  6. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 13.
  7. Members attending the Meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  8. Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at [cs@ugrocapital.com](mailto:cs@ugrocapital.com).
  9. Notice is also given under Section 91 of the Act read with Regulation 42 of the SEBI Listing Regulations, that the Register of Members and the Share Transfer Book of the Company will remain closed from Saturday, 6<sup>th</sup> August 2022 to Friday, 12<sup>th</sup> August 2022 (both days inclusive).
  10. Process for registration of email id for obtaining Annual Report and User ID/password for e-voting are annexed to this Notice.
  11. Members are requested to intimate changes, if any, pertaining to their name, postal address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, to their Depository Participants ("DPs") in case the shares are held by them in dematerialized form and to the Registrar and Share Transfer Agents of the Company i.e. Link Intime India Private Limited ("Link Intime") in case the shares are held by them in physical form.
  12. In case you have any queries/ complaints or grievances, then please write to us at [cs@ugrocapital.com](mailto:cs@ugrocapital.com)  
  
Members seeking any information/desirous of asking any questions at the Meeting with regard to the accounts or any matter to be placed at the Meeting are requested to send email to the Company at [cs@ugrocapital.com](mailto:cs@ugrocapital.com) at least 7 days before the Meeting. The same will be replied by the Company suitably.
  13. Information and other instructions relating to e-voting are as under:
    - I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
    - II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.
    - III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/

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beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Friday, 5<sup>th</sup> August 2022. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

- IV. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, 5<sup>th</sup> August 2022 only shall be entitled to avail the facility of e-voting.
- V. Members who are holding shares in physical form or who have not registered their email address with the Company/Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Friday, 5<sup>th</sup> August 2022; such Member may obtain the User ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.
- VI. The Board of Directors of the Company has appointed Mr. Pankaj Nigam of M/s. Pankaj Nigam & Associates, a Practicing Company Secretary firm, Mumbai as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer, after scrutinizing the votes, within two (2) working days from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com) and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.
- VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. Friday, 12<sup>th</sup> August 2022.
- IX. Information and other instructions relating to e-voting are as under: The remote e-voting facility will be available during the following period:

Commencement of e-voting: From 9:00 a.m. (IST) on Tuesday, 9<sup>th</sup> August 2022.

End of e-voting: Up to 5:00 p.m. (IST) on Thursday, 11<sup>th</sup> August 2022.

- i. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.
- ii. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting through VC / OAVM but shall not be entitled to cast their vote again.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

## Notice (Contd.)

Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholder/Member" section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
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Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website HYPERLINK "<http://www.evotingindia.com>"
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

## Notice (Contd.)

- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to HYPERLINK "http://www.evotingindia.com" www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- iv. If you are a first-time user follow the steps given below:

PAN*	<b>For Members holding shares in Demat Form and Physical Form</b>
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Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number sent by Company/RTA or contact to Company/RTA.

Dividend Bank Details or Date of Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.
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If both the details are not recorded with the depository or Company please enter the member id / folio Birth number in the Dividend Bank details field as mentioned in instruction (v).

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

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

- i. Click on the Electronic Voting Sequence Number (EVSN) of UGRO CAPITAL LIMITED on which you choose to vote.
- ii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- iii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- iv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- v. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- vi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- vii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- viii. Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- ix. Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the Corporate module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
  - After receiving the login details a Compliance User should be created

## Notice (Contd.)

- using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on the list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer or Company or Registrar and Transfer Agent at the email address viz [pankajnigamcs@gmail.com](mailto:pankajnigamcs@gmail.com) or [cs@ugrocapital.com](mailto:cs@ugrocapital.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) and if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- x. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. at toll free no. 1800 22 55 33.
- xii. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on at toll free no. 1800 22 55 33.
- X. Instructions for Shareholders for e-voting during the Meeting are as under:-
- i. The procedure for e-voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting.
  - ii. Only those Shareholders, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the Meeting.
- iii. If any Votes are cast by the Shareholders through the e-voting available during the Meeting and if the same Shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the Shareholders attending the Meeting.
  - iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the Meeting.
15. Share transfer documents and all correspondence relating thereto, should be addressed to the Link Intime at C 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083 or at their designated email id i.e. [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
16. The Company, consequent upon introduction of the Depository System ("DS"), entered into agreements with National Securities Depository Limited ("NSDL") and CDSL. The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialised form through NSDL or CDSL.
17. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
18. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
19. SEBI vide its notification dated January 24, 2022 has mandated that all request for transfer of securities including transmission and transposition request shall be processed only in dematerialized form. Accordingly Members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or Link Intime for assistance in this regard.
20. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Transfer Agent as mentioned above or to the Company Secretary, at the Company's registered office.

## Notice (Contd.)

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

21. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSDRTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to submit a duly filled and signed Form ISR-4, the format of which is available on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com) and on the website of Link Intime. It may be noted that any service request can be processed only after the folio is KYC Compliant
22. SEBI has recently mandated furnishing of Permanent Account Number (PAN), KYC details (i.e. Postal Address with pin code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from January 01, 2022, any service requests or complaints received from the Member will not be processed by RTA till the aforesaid details/documents are provided to RTA. On or after April 01, 2023, in case any of the above cited documents/details are not available in the Folio(s), RTA shall be constrained to freeze such folios.
23. Members are requested to intimate changes, if any, pertaining to their name, postal address, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, to their DP in case the shares are held by them in dematerialized form and to Link Intime in case the shares are held by them in physical form.
24. Pursuant to Section 72 of the Act, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH-13, to the RTA of the Company. Further, Members desirous of cancelling/varying nomination are requested to send their requests in Form ISR-3 or Form No. SH-14 as the case may be, to the RTA of the Company. These forms will be made available on request, the format of which is available on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com)
25. Information of Director seeking re-appointment at the ensuing Meeting, as required under Regulation 36(3) of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India, is annexed to the notice.

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

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

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

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

3. Shareholders are encouraged to join the Meeting through Laptops / iPad for better experience.
4. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Members who would like to express their views or ask questions during the Meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [cs@ugrocapital.com](mailto:cs@ugrocapital.com) up to 10<sup>th</sup> August 2022 (6:00 p.m. IST). Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

6. The Shareholders who have not registered themselves can put the question on the Question and Answer chat box available on the screen at the time of the Meeting.
7. Members who need technical assistance before or during the Meeting can send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33.

## Notice (Contd.)

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

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) by email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- ii. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card) to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Notice (Contd.)

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

Name of Director	Manoj Kumar Sehwat
Category of Director	Non-Executive Director
Date of Birth	31/12/1972
Date of Appointment on Board	05/07/2018
Qualifications	Chartered Accountant (C.A.) from ICAI B.Com (Hons) from Delhi University.
Relationship between Directors inter-se	None
Brief Resume & Expertise in specific functional area	Mr. Sehwat has 24 years of experience in financial services sector across private equity investments, structured finance, distress debt acquisition & resolution, corporate and financial restructurings in India.
Directorships held in other listed Companies	1
Memberships/ Chairmanships of committees of other listed Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1
No. of shares held in the Company as on 31 <sup>st</sup> March, 2022	Nil

## Notice (Contd.)

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

### Item No. 3

The Company being a non-banking financial company in order to cater to its liquidity requirements and business operations is required to raise funds from various sources which includes term loans from banks/financial institutions, assignment and securitization of loan portfolio etc. As part of the transaction documents involved in the above-mentioned arrangements, the Company is required to execute various transaction documents including power of attorney in favour of the other party. In this regard, having a common seal in the Company will lend flexibility and operational convenience in execution of the transaction documents wherein the Board or its Committee can authorize any personnel as its signatory for execution of POA by way of affixing a common seal.

In view of the above, it is proposed adopt common seal and to amend the Article of Association of Company by inserting new Article number 24 for Common Seal as mentioned in the resolution number 3.

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

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

### Item No. 4 and 5

Keeping in view the Company's existing and future financial requirements and the business plan, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits upto INR 6000 Crores (Rupees Six Thousand Crores only) over and above paid up capital and Free Reserves of the Company. Pursuant to Section 180(l)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

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

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

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

### Item No. 6

The Members of the Company, at the Annual General Meeting ("AGM") held on 1st September 2022 passed a Special Resolution authorizing the Board of Directors of the Company to offer or invite subscription for Non-convertible Debentures, in one or more series/ tranches for an amount of up to INR 2500 Crores on a private placement basis. The said resolution was valid and effective for one year.

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

For the purpose of augmenting resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, meeting long term requirement of funds, general corporate purposes and other purposes as may be decided/ agreed from time to time, the Company may invite subscription for non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) (including market linked debentures and covered bonds) ("NCDs") to be issued by the Company, in one or more series/tranches on private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the board of directors of the Company ("Board", which term shall be deemed to include any Committee constituted by the Board, to exercise its powers, including the powers conferred by this Resolution) on the basis of various factors including the interest rate/effective yield determined, based on market conditions prevailing at the time of the issue(s).

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

## Notice (Contd.)

Particulars of the offer including date of passing board resolution	<p>Rule 14(l) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year.</p> <p>In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures and covered bonds)) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(l) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs.</p>	<p>Amount which the company intends to raise by way of securities</p> <p>The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013.</p>
Kinds of securities offered and the price at which the security is being offered	<p>Non-convertible debt securities/NCDs.</p> <p>The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.</p>	<p>Material terms of raising of securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities</p> <p>The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.</p>
Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	<p>Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution), in discussions with the relevant investor(s).</p>	<p>Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 3000 Crores (INR Three Thousand Crores only) as may be approved by the members at any point of time, in addition to the limit prescribed under the provision of Section 18O of the Act, in one or more tranches.</p>
Name and address of valuer who performed valuation	<p>Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments.</p>	<p>This enabling resolution authorises the Board of Directors of the Company to offer or invite subscription for NCDs, as may be required by the Company, from time to time and as set out herein, for a period of one year from the date of passing this resolution.</p>
		<p>None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.</p>
		<p>The Board recommends the Special Resolution set out at Item No. 6 of the Notice for the approval of Members.</p>
		<p><b>Item No. 7</b></p> <p>The Special Resolution proposed is an enabling resolution to facilitate and meet the capital requirements for business activities and to utilize the issue proceeds for general corporate purposes. The resolution contained in the attached Notice pertains to a proposal by the Company to create, offer, issue and allot equity shares, American Depositary Receipts and other securities, as stated therein in one or more tranches (referred to as "Securities").</p>
		<p>The members may please note that the resolution is only an enabling resolution and the detailed terms and conditions for the offer will be determined in consultation with lead managers, advisors, underwriters and such other authorities and agencies as may be required to be consulted by the</p>

## Notice (Contd.)

Company in due consideration of prevailing market conditions and other relevant factors. As the price of the securities shall be determined at a later stage, exact number of securities to be issued shall also be crystallized later. However, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms of the offer.

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

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

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

The enabling Special Resolution seeks to give the Board the powers to issue Equity Shares as the Board may deem fit, in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/ or individuals or otherwise as the

Board, in its absolute discretion, deems fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law, and other relevant factors.

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

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

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

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

Registered Office: For & on behalf of the Board of Directors  
Equinox Business Park, **For UGRO CAPITAL LIMITED**  
Tower -3, 4<sup>th</sup> Floor, Sd/-  
LBS Marg, Off BKC Road Aniket Karandikar  
Kurla (West), Mumbai 400070 Company Secretary  
Membership no: ACS 24107

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Economic Review

We have seen strong global economic recovery in 2021. World economic growth (estimated to be ~ 5.5%) touched its all time high in post-recession period of last 80 years. The expansion in 2021 was broad based as most advanced economies grew strongly on the back of accommodative fiscal and monetary policy. Leading indicators like unemployment data suggest robust economic performance in developed countries especially the US, unemployment rates in the US are back to pre-pandemic levels (3.6% in Apr'22).

Emerging market economies as a group realised a growth rate of 6.5% on the back of buoyant global goods trade, easy global financial conditions, higher terms of trade for commodity exporters, recovery in labour markets, robust external demand and resilient remittances.

On the monetary policy front there were multiple rate hikes by various central banks however, the Nominal policy rates increased less than near term inflation and as a result real ex post policy rate actually fell in most countries from levels that were exceptionally low.

Fiscal deficits declined in most countries. Improving economic conditions allowed governments to wind back some of the fiscal stimulus deployed at the height of the pandemic.

Confidence in the Global economy can also be witnessed through the performance of key Global indices, the S&P 500 index return for 2021 stood at 26.89% (its third straight positive year) whereas the Dow and Nasdaq delivered 18.73% and 21.39% yearly returns respectively. The current world economic outlook is dampened by the geopolitical tension between Ukraine and Russia and the resurgence of Covid infection, however, the turbulence is expected to be short lived and the long-term outlook remains positive.

## Indian Economic Review

India's GDP is expected to have grown ~9.0% in Fiscal 2022 and is likely to be over 8% in FY23. India is poised to emerge as one of the fastest-growing among major economies. Currently India is world's 6th largest economy and is expected to be in the top 3 global economies by FY2050.

Total consumption is estimated to have grown by 7.0% in FY22 with significant contributions from government spending whereas the gross fixed capital formation exceeded pre pandemic levels. Despite the global pandemic India's balance of payment remained in surplus which allowed RBI to accumulate foreign exchange reserves (USD 634 Bn as on Dec'21). India's higher share of domestic consumption measured as private final consumption expenditure insulates its economy from volatility in the global economy.

Healthy growth was realised across all three sectors, industrial sector witnessed a sharp rebound from a contraction of 7% in FY2020 – 21 to an expansion of 11.8% in FY2021 – 22. Services sector clocked 8.2% growth in FY2021 – 22 after a contraction of 8.4% in FY2020 – 21 whereas agriculture grew by 3.9% in FY2021 - 22 vis a vis 3.6% in FY2020 – 21.

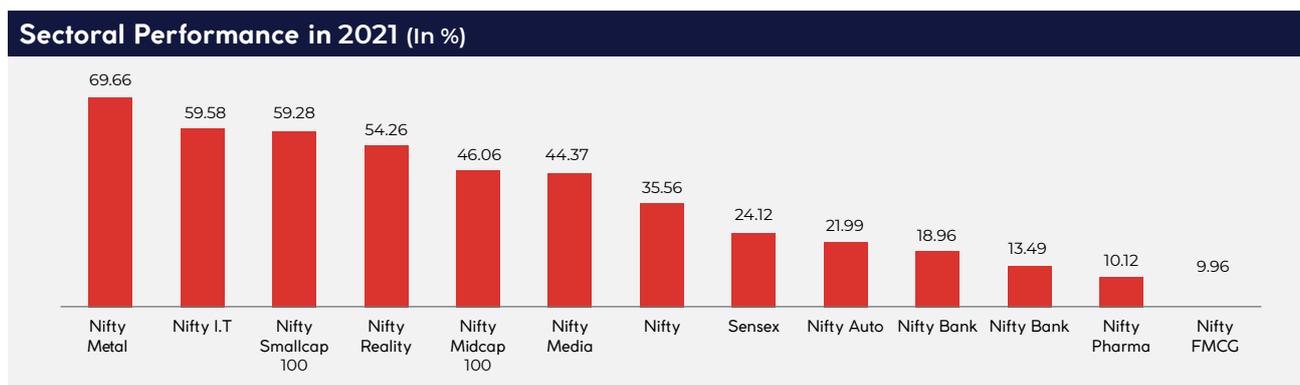
Basis the economic survey of FY21 – 22, gross fixed capital formation is expected to see strong growth of 15% thereby achieving full recovery of pre pandemic level. Government's policy thrust on decreasing the virtuous cycle of growth through capex and infrastructure spending has increased capital formation in the economy lifting the investment of GDP ratio to ~ 29.6 per cent in 2021 - 22, the highest in seven years.

Directionally the Indian Government has stayed on course and has delivered on its resolution to digitize our economy. Post the success of India stack and launching of the Account aggregator network which has democratized

data our government has now taken a step further with Open Network for Digital Commerce (ONDC) which will completely disrupt the retail market. ONDC will unbundle online transactions into smaller activities which will be fulfilled by different entities under a common protocol. It is a community – led network that aims to create an open, inclusive, and competitive marketplace and will solve for the retail problems of (A) Limited reach in rural

markets (B) Platform centric models limiting transparency, independence and discoverability of sellers and (C) high entry barriers limiting new competition.

Stock Market performance is proxy to the confidence in a particular economy, India witnessed unprecedented bull run in CY21 across multiple sectors and across Large, Mid and Small cap stocks.



Source: Bloomberg

This bull run is a true reflection of our economic robustness and the same is also reflected in our GDP growth and Economic indicators.

## Information about the Sector – Financial Services Sector

Overall credit growth for FY22 is estimated to be 8.3%, the same is expected to be in the range of 8.9% - 10.2% in FY23. Improvement in profitability of BFSI companies for FY23 is anticipated to improve on the back of higher credit growth and decline in credit provisions. Disbursement growth bounced back to pre-covid level across multiple retail products along with recovery in corporate segment. Corporate segment growth was primarily driven by improved utilization levels and working capital requirements. MSME segment has seen robust growth of over 30% on the back of robust recovery in overall business activity and extension of ECLGS till March 2023.

Lending to MSMEs is well supported by various measures taken to formalize the sector. We observe more GST compliance with the GST collection amount increasing by 26.9% in FY22. Digital payments are a large part of the Indian banking system, digital transactions grew close to 90%, from 232,000 to 430,000 over FY19 to FY21, primarily led by UPI. The value of digital payments in India is expected to touch \$1 trillion by FY26, as compared to \$300 billion in FY21. As per the economic survey of FY22

over 66 lakh MSMEs registered on Udyam portal and 95% of those were micro enterprises.

Regulatory policies and creation of a public digital infrastructure are two key pillars of increasing formalisation of the MSME sector in India. Government of India and the RBI have undertaken several reforms (UDYAM registration, GST, e-invoicing, GeM) and floated several schemes (ECLGS, PMMY, CGTMSE) to increase formalisation and also improve the health of the MSMEs. Similarly, a digital stack is being developed for MSMEs which consists of three layers - Udyog Aadhaar Memorandum (UAM), Account Aggregator (AA) and Open Credit Enablement Network (OCEN). Once the STACK reaches a scale in terms of adoption, it will become easier for the lenders to lend to MSME. Sourcing cost is expected to reduce and turnaround time for loans sanction is expected to improve.

The above factors have paved way for operationalizing new age business models to bridge the wide MSME credit gap of India as pandemic has put Data analytics and Technology at the forefront of any BFSI business with Banks and financial institutions realizing the importance of anticipating customer needs and expectations. They are now focused on becoming a customer-centric and customer-first organizations.

With the rise in fintech companies, the concept of Buy Now Pay Later [BNPL] has revolutionized the banking ecosystem in India. It will eventually become the new form of consumer lending where banks will extend credit in interest free or spaced-out interest-bearing instalments. BNPL market in India is worth \$3-3.5 billion (about Rs 22,500-Rs 26,250 crore) and is expected to grow to \$45-50 billion (about Rs 3.37-Rs 3.75 lakh crore) by 2026 (according to consulting firm Redseer).

Fintechs received total investments of USD 1.7 Bn across 90 transactions and ~ 49% of the total investments were received by Fintechs operating in the lending space. At an overall level BFSI sector raised ~ 6.7 Bn from private equity players and ~ USD 9.2 Bn from Equity Capital Markets.

## Information about the Sector – MSME sector

MSME sector forms the backbone of Indian economy and is of critical importance for India to reach the USD 5 Tr economy mark. It contributes in a very significant way with ~ 6.3 Cr MSMEs producing 8,000+ products and contributing ~ 30% to the overall GSP. MSMEs employ a large section of Indian population (11.10 +cr ) and has consistently contributed ~ 50% to India's overall exports for last 5 years. MSMEs sector has realised estimated revenue growth rate of 15% -17% in FY22 and have been instrumental in India's economic rebound.

Indian MSMEs are globally competitive and their product & services are accepted overseas. The share of the MSME sector in manufacturing output is 33%. Around 50% of the total MSMEs operate in rural areas and provide 45% of the total employment. About 97% of the total employment in the MSME sector comes from the micro segment.

Increasing digital footprint of MSMEs has not only helped in providing enhanced customer experience, operational efficiency, and workforce enhancement, but has also facilitated access to financial services. MSME lending by banking and non-banking finance companies (NBFCs) is expected to grow by 7% - 9% in fiscal 2022. Currently, banks continue to dominate ~ 80% of MSME-lending however, it is expected to reverse in future.

MSMEs are also a key area of focus for the government, and they have continuously supported MSMEs with multiple measures like:

- A. INR 20,000 crore subordinate debt for stressed MSMEs
- B. INR 50,000 crore equity infusion through MSME Fund of Funds (SRI Fund)
- C. INR 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for businesses, including MSMEs (subsequently increased to INR 5 lakh crore in Union Budget 2022 - 23)
- D. Change in definition of what constitutes an MSME, and no global tenders for government procurement up to Rs 200 crore

## Outlook for the Company

### Key Highlights of FY22:

- Building formidable distribution channel and setting up infrastructure to support next phase of growth (90+ Branches, 1,000+ DSAs, 625+ sales staff, 30+ active anchors, 22 OEM partnerships, 25 Co-lending /Co-origination partners)
- Achieving 125% AUM growth to close FY22 at INR 2,969 Cr AUM and clocking highest ever monthly disbursement run rate of INR 400+ Cr in the month of December 2021
- Successfully executed Co-lending /Co-origination model with multiple Public sector Banks and NBFCs and achieving off balance sheet AUM mix of 16% as on Mar'22
- Diversified liability base across 60+ lenders and multiple products and structuring industry first debt instruments to achieve business objectives
- Industry first retrospective Impact assessment and focusing on our ESG footprint
- First DFI funding by ResponsAbility reinforcing confidence not only in the business model of the company but also our resolution to create an impact in the society
- Being recognised as a mainstream NBFC among lenders and investors
- Transitioning the management team to support business growth plan

## Way Forward to achieve Vision 2025

- Transition the company into a platform-based business model by focusing on “Lending as a service” through Co-lending model
- Strengthen U GRO's Brand as a go to MSME lender and communicate our Tech Orientation / FinTech Potential to all our stakeholders
- Improve the Asset mix towards high yield products for better profitability
- Enhance capital base by raising Equity as a 'confidence capital'

## Business Overview

### Balance growth across all our Sourcing Channels

FY22 was largely a year of growth where we transformed each business segment into an independent business function. Majority of location and manpower infrastructure for each business vertical was established in FY22 and each vertical as on Mar'22 has the asset generation potential to support our next phase of growth.

Our total active customer base increased from 6,605 in FY21 to 20,744 in FY22.

Channel wise Gross Disbursements	FY22 (INR Cr)	FY21 (INR Cr)
Branch (Prime+Micro)	1,369	452
Supply Chain Financing	965	529
Machinery Loan	208	73
Partnership & Alliances	595	93
<b>Total</b>	<b>3,137</b>	<b>1,147</b>

### Branch Channel

Under the branch channel we operate two broad business namely the Prime Business (LAP, Affordable LAP and Unsecured) and Micro Enterprises Business (LAP and Unsecured).

During the year, we added 9 new prime branches as part of our growth expansion plan thereby taking the total count of Prime branches to 18. Our monthly exit disbursement run rate for our Prime Business stood at INR 120+ Cr. In order to improve our TAT we implemented E-signing of pre disbursement documents from Jan'22 onwards, 200+ documents have been successfully executed via this process. In order to improve our Prime origination, we have also launched a helpdesk dedicated to our GRO Partners to guide them through the overall process and have mandated E-signing of invoices to keep a better track of all records.

Our Micro Enterprises business crossed the 100 crore mark as on Mar'22 with an exit monthly run rate of INR 20 Cr. We operate this business out of 71 dedicated branches through 245+ Business Development Managers who source these loans directly. During the year, we added 46 new branches across our existing 5 states of Tamil Nadu, Telangana, Karnataka, Gujarat and Rajasthan. We observed breakeven of 3 Micro branches during FY22, with majority of our branches being established in FY22 we expect significant operational efficiencies to materialize in FY23 for our Micro vertical.

### Eco System Channel

Under our Ecosystem Channel we operate under two broad categories namely Supply Chain Financing and Machinery Financing.

In our Supply Chain Financing (SCF), we added around 11 new anchors during the year taking our total count of anchors to 45. We have achieved an end-to-end digitalisation of our supply chain channel. We closed the year with strong monthly run rate of 140+ crore in Mar'22 having started from 35+ crore monthly disbursals.

In our machinery vertical we have developed strong OEM partnerships with 22 OEMs which has helped us reach an exit run rate of 45+ Cr for the month of Mar'22. We have successfully scaled our Machinery book to 250+ Cr as on Mar'22.

### Partnership & Alliances

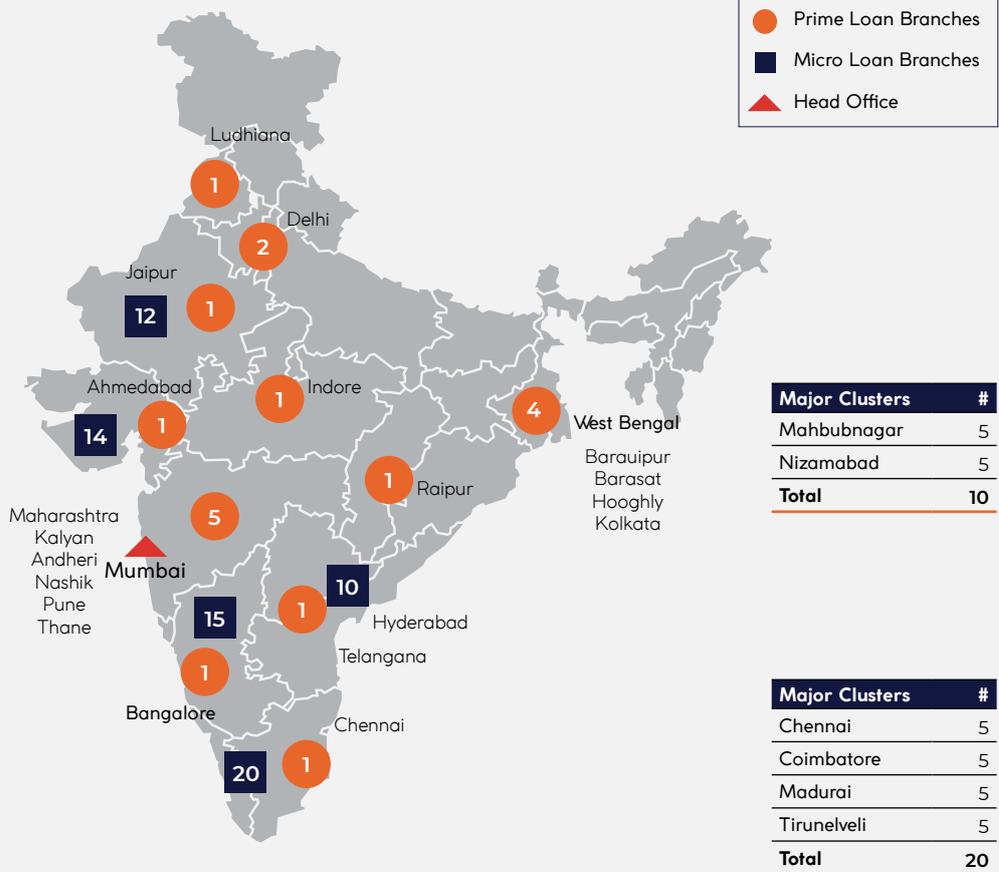
We operationalized partnerships with multiple new partners, bringing our partner total to 25. This channel is not only a low operating cost channel for us but also comes with a First-loss default guarantee (FLDG) cover. Through this channel we are able to build a quasi-secured portfolio.

## Total 91 Branches as on Mar-22

Major Clusters	#
Jaipur	5
Jodhpur	4
Bikaner	3
<b>Total</b>	<b>12</b>

Major Clusters	#
Ahmedabad	5
Rajkot	5
Surat	4
<b>Total</b>	<b>14</b>

Major Clusters	#
Bangalore	5
Belgaum	5
Devangere	5
<b>Total</b>	<b>15</b>



### Operationalizing Co-lending Model

Building on the momentum from last year we entered and operationalized multiple Co-lending / Co-origination partnerships to pivot our business model towards "Lending as a service". As on Mar'22, we have 8 Co-lending / Co-origination partnerships with large Public sector banks, Small Finance Banks and NBFCs. During FY22 we have entered into Co-lending partnerships for most of our products which reiterates the confidence of our lending partners in our business model. Our off-Balance sheet Co-lending / Co-arrangement AUM as on Mar'22 stood at INR 245 Cr.

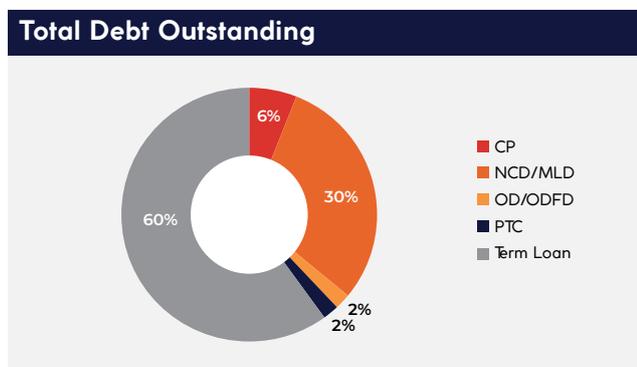
Mar-22	INR Cr	%
Total AUM	2,969	100%
On Book AUM	2,452	83%
Off Book AUM (Co-lending, Co-origination and Direct Assignment)	517	17%

### Liability Update

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

During the year we raised 1,900+ Cr of total liabilities across products in FY22 and added 26 new lenders. This is also a testimony to the fact that the larger lending ecosystem recognises U GRO's ability to churn out a higher quality portfolio. During FY22 we diversified our lending base by raising our first ever debt from Development Finance Institutions (ResponsAbility) and successfully closed two capital market NCD transactions. Our blended liability interest cost on all outstanding debt as on Mar'22 stood at 10.25%. Total Debt as on Mar'22 stood at INR 1,821 cr.

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



### Risk and Credit Underwriting

Our Company has adopted robust and comprehensive risk management capabilities boosted by sectoral expertise, prowess on data analytics and superior technology infrastructure and powers our journey of accelerated growth with best-in-class governance and asset quality.

Will the growing needs of the business, the 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, the company has implemented its proprietary scoring model – the Gro Score 2.0 which produces a borrower level rating based on credit bureau and bank statement information. The company has also implemented a predictive modelling driven Early Warning Signals framework to generate trigger alerts for portfolio stage collections activity.

Along with continued growth, the organisation is well placed to comply with RBI's scale-based regulation for NBFCs and would be putting 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 U Gro Capital's business model.

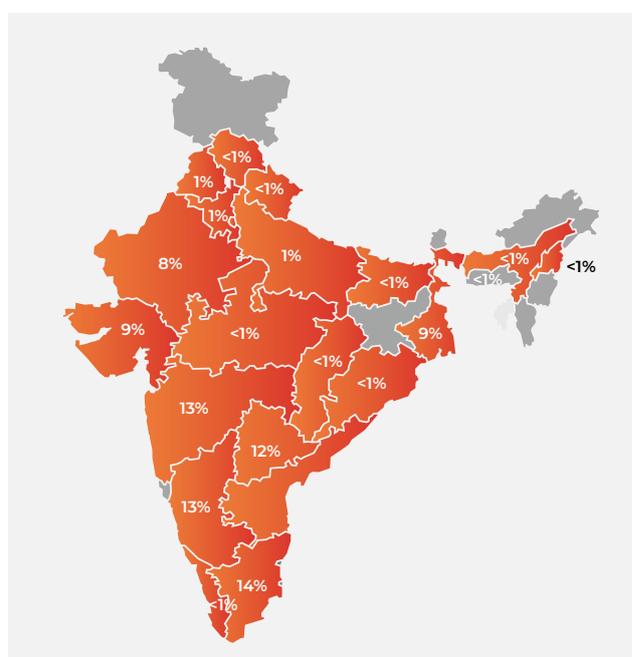
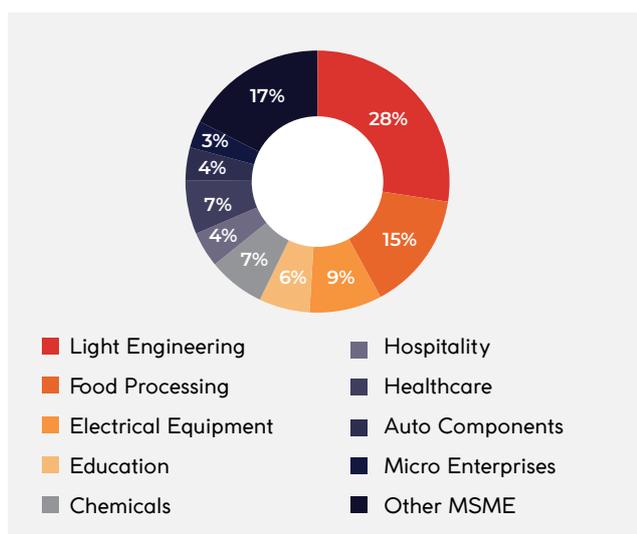
- Credit risk – risk of borrower or counterparty failing to meet its obligations in accordance with agreed terms leading to higher credit cost and provisions across multiple stress scenarios
- Market risk – supervision of the risk of financial loss resulting from movements in market prices
- Operational 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 organisation'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 organisation to achieve their objectives and strategic goals
- Reputation risk – the 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

## Segment wise/ Product wise performance

Our AUM has increased from INR 1,317 Cr in FY21 to INR 2969 Cr in FY22. Across our offered products, our average ticket size stood at ~ INR 18 Lakhs and our average lending rate stood at 16.4% which is broken down as follows for each business segments.

Channel wise AUM	AUM (INR Cr)	Avg. Ticket Size (in Lakhs)	Average Portfolio Yield %
Prime – Secured	1,022.1	83	12.5%
Prime – Unsecured	765.1	19	19.0%
Micro – Secured	84.5	7	20.9%
Micro – Unsecured	22.5	3	25.5%
Ecosystem – Supply Chain Finance	287.4	42	14.7%
Ecosystem – Machinery loans	252.5	43	13.2%
Partnership & Alliances	534.9	6	21.8%
<b>Total</b>	<b>2,968.9</b>	<b>18</b>	<b>16.4%</b>

Our portfolio was well diversified across geography and sectors with no exposure to no single sector exceeding 30%.



## Restructuring

Total restructured book as on 31 March 2022 stood at INR 134.8 Cr which is 4.6 % of our total AUM. Majority of our restructured book is secured assets (~61%) and majority of the restructured book is across worst covid hit sectors of Education, Hospitality and Light Engineering.

On an aggregate basis, we restructured 238 accounts of which 82% are current accounts.

Product (as % of Restructured Portfolio)	Current	30+	90+	NPA
Secured	96.0%	4.0%	0.4%	1.1%
Unsecured	60.0%	34.0%	21.9%	25.3%
Supply Chain Finance	10.6%	89.4%	89.4%	89.4%
Machinery Loan	100.0%	0.0%	0.0%	34.2%
Onward Lending	100.0%	0.0%	0.0%	100.0%
Portfolio Acquisition	0.0%	87.4%	69.7%	69.7%
<b>Total</b>	<b>81.9%</b>	<b>16.2%</b>	<b>10.1%</b>	<b>16.0%</b>

Channel	Sector	Restructured	% of total Restructured	% of AUM Restructured
Branch-Led	Auto Components	0.7	0.5%	1.8%
	Chemicals	5.1	3.8%	3.0%
	Education	52.7	39.1%	39.0%
	Electrical Equipments	4.7	3.5%	3.5%
	Food Processing	5.8	4.3%	1.8%
	Healthcare	2.6	2.0%	1.7%
	Hospitality	22.2	16.5%	22.7%
	Light Engineering	27.3	20.3%	5.8%
	Other MSME	0.1	0.1%	0.0%
Eco-system Channel	SCF - Electrical Equipment	3.4	2.5%	3.6%
	Machinery - Light Engineering	1.9	1.4%	1.0%
	Machinery - Healthcare	1.0	0.7%	21.3%
Partnership & Alliances	Onward Lending	5.0	3.7%	87.6%
	DA & Portfolio Acquisition	2.4	1.7%	5.3%
<b>Total</b>		<b>134.8</b>	<b>100.0%</b>	<b>4.6%</b>

## Key Financial Information

Particulars	Current year ended 31/03/2022	Previous year ended 31/03/2021
Total Income	31,341.59	15,333.84
Total Expenditure	29,323.81	14,120.93
Profit Before tax	2,017.78	1,212.91
Profit after tax	1,455.06	2,872.75
Net worth	96,656.32	95,243.82
Debt to Equity ratio	1.86x	0.82x
CRAR	34.37%	65.60%
GNPA	2.28%	2.70%

## Risk Management

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

## Internal control systems and their adequacy

The Board has adopted policies and procedures for the governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations. The internal control system is supported by an internal audit process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company.

## Credit Rating

As of March 31, 2022, your Company's borrowings enjoy the following ratings from ACUITE:

Facility	Rating
Bank Loan rating	ACUITE A+ Stable
Commercial Paper	ACUITE A1+
Non-convertible debentures	ACUITE A+ Stable

In May 2022, your company got rated by CRISIL

Facility	Rating
Bank Loan rating	CRISIL A- Stable
Commercial Paper	CRISIL A1
Non-convertible debentures	CRISIL A- Stable



# DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of your Company have the pleasure in presenting the 29<sup>th</sup> Annual Report together with the Audited Financial Statements for the financial year ("FY") ended 31<sup>st</sup> March, 2022.

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

## FINANCIAL HIGHLIGHTS

(INR in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Total Income	31,341.59	15,333.84
Total Expenditure	29,323.81	14,120.93
Profit before Tax and exceptional items	2,017.78	1,212.91
Exceptional items	-	-
Profit before tax	2,017.78	1,212.91
Provision for Tax	562.72	(1,659.84)
Profit after tax	1,455.06	2,872.75
Other comprehensive income	24.58	13.60
Profit available for appropriation	1,479.64	2,886.35
<b>Appropriations:</b>		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	291.01	574.55
Balance carried forward to Balance Sheet	1,188.63	231.80

## DIVIDEND

The Board of directors have not recommended any Dividend for the Financial Year 2021-22.

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

## RESERVES

The amounts, if any, proposed to be transferred to general reserve, and statutory reserve Employee Stock Option Scheme are mentioned in financial statements.

## REVIEW OF OPERATIONS

During the year under review, your Company's total revenue amounted to INR 313.42 Crores compared to INR 153.34 Crores in the previous year.

Profit before tax was INR 20.17 Crores compared to INR 12.13 Crores for the previous year. Profit after tax stood at INR 14.55 Crores compared to 28.73 INR Crores in the previous year.

Our Loan assets under management (AUM) grew 125.45% y-o-y to INR 2,969 Crores compared to INR 1,317 Crores in the previous year.

Over FY22, we have built formidable distribution channel to support our next phase of growth. Your Company is one of the fastest growing NBFCs with 125% AUM growth in FY22 (AUM

increased from INR 1,317 Crore in FY21 to INR 2,969 Crore in FY22). As we transitioned the company towards lending as service by leveraging Co-lending model, the composition of our off book AUM increased to 17% as on March 2022. Your Company had Eight live Co-lending partnerships with marquee Banks and Financial Institution (FI) and another eighteen were in the pipeline as on Mar-22. We continued our endeavour to build a granular and high credit quality portfolio on account of which our overall average ticket size reduced from INR 23 lakhs as on March 2021 to INR 18 Lakhs as on March 2022 and our GNPA% decreased from 2.7% as on March 2021 to 2.3% on March 2022. On the back of our strong underwriting capabilities we have been able to shift our AUM mix towards higher yielding products on account of which our weighted Avg. AUM ROI improved to 16.4% as on Mar-22 from 15.5% on March 2021. We strengthened our liability franchise by adding twenty six new lenders and raised 1,900+ Cr of total liabilities across products in FY22. We strengthened our focus on impact and sustainability and were able to attract DFI interest in our company and completed our first ever DFI funding from ResponsAbility.

## CAPITAL ADEQUACY RATIO

Your Company's Capital Adequacy Ratio as of 31<sup>st</sup> March 2022, stood at 34.37% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15% and out of total CRAR the Tier 1 capital stood at 33.61% and Tier II Capital at 0.76%

## Directors' Report (Contd.)

### PUBLIC DEPOSITS

The Company did not hold any public deposits at the beginning of the financial year nor has it accepted any public deposit during the financial year under review.

### COVID-19 PANDEMIC

The COVID-19 pandemic which is once in a lifetime occurrence has brought with it an unimaginable suffering to people and to almost all sections of the economy. The nationwide lockdowns to curtail the transmission of disease, had put the global economy in extreme stress of the level not seen since the Great Depression and would have a long-lasting economic impact. Countries across the globe continued to face drastic economic and social disruptions along with tragic loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated restrictions and lockdowns.

The dynamic and evolving nature of the pandemic with its resurgence (third wave) at the mid of the financial year 2021-2022 once again created uncertainty, including economic impact. Hopefully, the outreach of vaccination drives across the country, additional efforts to set up medical infrastructure and obtain required medical supplies, in addition to continued adherence to COVID-19 specific protocols will help in overcoming this testing situation.

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

The physical and emotional wellbeing of employees continues to be a top priority for UGRO. Accordingly, the Company has taken various measures to provide support to its employees. The number of COVID-19 positive employees and their family members are being tracked on a daily basis to provide them support as and when required. The Company has also provided specific group insurance policy and home care insurance cover to employees and their families who contracted COVID-19.

### CHANGE IN SHARE CAPITAL

During the financial year 2021-22, the Company has allotted 30,769 fully paid up equity shares of face value of ₹ 10/ each, to an employee of the Company, on exercise of stock options under Employee Stock Option Scheme.

As on 31<sup>st</sup> March 2022, the paid up equity share capital of your Company stood at ₹ 705,593,190/- comprising of 70,559,319 Equity Shares of face value ₹ 10/- each.

### FUND RAISING

During FY 2021-22, the Company met its funding requirements through a combination of Short Term debt (comprising Commercial Papers and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures, Bank Loans and External Commercial Borrowings), Direct Assignment.

The aggregate debt outstanding as at March 31, 2022 was ₹ 1801.84 crore (of which, ₹ 750.64 crore was payable within one year). The Debt / Networth ratio as on March 31, 2022 was 1.86 times. The Company has been regular in servicing all its debt obligations.

### CREDIT RATING

The Company has been engaging with Acuite Ratings and Research Limited and CRISIL Ratings Limited for grant of rating for our instruments issued by the Company from time to time. The details of ratings granted to the Company have been given in the Corporate Governance Report for information of the shareholders.

### SUBSIDIARY COMPANIES

Your Company has no subsidiaries as on 31<sup>st</sup> March 2022. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("the Act").

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

#### **Selection of New Directors and Board Membership Criteria:**

The Nomination and Remuneration Committee ('NRC') engages with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as for its individual members with the objective of having a Board with diverse backgrounds and experience in business, finance, governance, and public service. Thereafter, the NRC recommends to the Board the selection of new Directors. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. The Company has in place a Policy on appointment & removal of Directors.

#### **Board of Directors:**

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

As on 31<sup>st</sup> March 2022, your company has 11 (Eleven) Directors on the Board, out of which 7 (Seven) are Independent Directors including one Woman Director and 3 (Three) are Non-Executive Directors. The Board composition is in compliance with the requirements of the Act and the SEBI Listing Regulations.

## Directors' Report (Contd.)

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Manoj Sehrawat (DIN: O2224299), Non-Executive Director, retires by rotation and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of the shareholders.

The necessary resolution for re-appointment of Mr. Manoj Sehrawat forms part of the Notice convening the AGM. The profile and particulars of experience that qualify Mr. Sehrawat for Board membership, are disclosed in the said Notice.

Mr. Navin Kumar Maini, Mr. Navin Puri and Mrs. Ranjana Agarwal Independent Directors resigned from the Company with effect from 8<sup>th</sup> February, 2022 and Mr. Abhijit Ghosh, Whole time Director and Chief Executive Officer resigned from the Company with effect from 30<sup>th</sup> April, 2021.

The resignation of above Independent Directors was on account of restrictions contained in Master Circular-Loans and Advances - Statutory and Other issued by the Reserve Bank of India, ("Master Circular"), wherein banks are restricted from advancing credit facilities to any company in which any of the directors of other banks is a director without approval of the lending bank's Board of Directors/Management Committee.

Accordingly, all of UGRO's term loan and other financing proposals with banks are required to be approved by the Board of Directors / Management Committee of respective banks. This was resulting into procedural delay for UGRO Capital in getting financial facilities. The Board at its meeting held on 8<sup>th</sup> February, 2022 deliberated on the issue and Mr. Maini, Mr. Puri and Mrs. Agarwal expressed that they hold interest of UGRO Capital of paramount importance and did not want to be obstacle in the growth path of the Company and hence agreed to step down from Board of the Company and wished good luck to the Company for all future endeavors

On 8<sup>th</sup> February, 2022, based on the recommendations of Nomination and Remuneration Committee, Mr. Karnam Sekar and Mr. Hemant Bhargava were appointed as Additional Independent Directors. Thereafter, based on the recommendations of Nomination and Remuneration Committee, Mrs. Smita Aggarwal was appointed as an Additional Independent Director with effect from 31<sup>st</sup> March, 2022.

Pursuant to requirements of Regulation 17 (l) (C) of the SEBI Listing Regulations, the shareholders vide special resolutions passed through postal ballot, regularized their appointment as Independent Directors.

### Key Managerial Personnel:

During the year, Mr. Amit Gupta was appointed as the Chief Financial Officer of the Company with effect from 2<sup>nd</sup> November, 2021, in place of Mr. Sandeepkumar Zanvar who resigned as Chief Financial Officer w.e.f. 2<sup>nd</sup> November 2021.

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

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

\* resigned w.e.f. 30<sup>th</sup> April 2021

\*\* resigned w.e.f. 2<sup>nd</sup> November 2021

\*\*\* appointed as Chief Financial Officer w.e.f. 2<sup>nd</sup> November 2021

### RBI GUIDELINES

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

### REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Your Company has adopted Corporate Governance Code which lays down in detail governance guidelines and practices that are required to be followed while taking decision on various matters. We consider it our inherent responsibility to disclose timely and accurate information regarding the operations and performance, leadership and governance of the Company.

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

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, the 'Business Responsibility Report' (BRR) of the Company for FY 2020-21 is forming part of the Annual Report.

### FAMILIARISATION PROGRAMME FOR DIRECTORS

On a quarterly basis detailed presentations are made by Senior Management to provide an overview of the operations, various products offered by the Company, financial performance, fund raising strategy, various risks/ challenges faced during the quarter, changes in IT Infrastructure landscape etc. as part of Board Meeting. The suggestions received from Directors are noted for implementation.

A familiarization programme was held on 25<sup>th</sup> April, 2022 and 27<sup>th</sup> April, 2022 for all the Directors of the Company to present overview of activities of the Company and provide update on changes brought out by the regulatory authorities. The program was well attended and appreciated by the Directors.

## Directors' Report (Contd.)

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

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

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

### **DECLARATION OF INDEPENDENCE**

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

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(l) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

### **ANNUAL EVALUATION BY THE BOARD OF DIRECTORS**

The Board evaluated the effectiveness of its functioning of the Committees and of individual Directors, pursuant to the provisions of the Act and the SEBI Listing Regulations. The Board sought the feedback of Directors on various parameters including:

- Existence of sufficient skill, experience, time and resources to undertake their duties
- understanding the risks associated with the business, ability to proactively contribute in development of risk management strategy
- understanding of governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee
- demonstration of level of integrity including maintaining utmost confidentiality and identifying disclosing and managing conflicts of interest
- devotion of time to determining the emerging issues that could affect the organization in future

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of the IDs, the performance of the Non-Independent Directors, the Board as a whole and Chairman of the Company were evaluated taking into account the views of other Non-Executive Directors. The Nomination and Remuneration Committee reviewed the performance of the individual directors and the Board as a whole. In the subsequent Board meeting after the meeting of the Independent Directors and the meeting of the NRC, the performance of the Board, its Committees, and individual directors were discussed.

Pursuant to Schedule IV of the Act, the Independent Directors met on 3<sup>rd</sup> February, 2022 without the presence of Non-Independent Directors and Members of the Management. The meetings of Independent Directors were chaired by Mr. Satyananda Mishra, Independent Director. The Independent Directors, inter alia, evaluated the performance of the Non-Independent Directors, the Board of Directors as a whole, evaluated the performance of the Chairman of the Board after taking into account the views of Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

### **CODE OF CONDUCT**

Your Company has formulated a Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel.

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

## Directors' Report (Contd.)

### **BOARD METINGS HELD DURING THE FINANCIAL YEAR**

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

The Board of Directors of the Company met 5 (Five) times during the financial year 2021-22. The details of the Board meetings and the attendance of the Directors are given in Corporate Governance Report, which forms part of this Annual Report.

### **COMMITTEES OF THE BOARD**

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

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Board has adopted policies and procedures for the governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations. The internal control system is supported by an internal audit process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2022 the applicable accounting standards had been followed along with proper explanations relating to material departure;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2022 and of the profit and loss of the Company for that year;
- c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the financial statement of the Company had been prepared on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company which are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

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

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

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

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

## Directors' Report (Contd.)

### PARTICULARS OF EMPLOYEES AND REMUNERATION:

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

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

Name of Director	Ratio to median remuneration
Mr. Shachindra Nath	69.53
Mr. Abhijit Ghosh *	2.86

\*Since, Mr. Ghosh resigned from the Board as Whole Time Director & Chief Executive Director w.e.f. 30<sup>th</sup> April, 2022, hence median has been calculated accordingly.

- b) The percentage of increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year: 8%
- c) Percentage of increase in the median remuneration of employees during the financial year ended 31<sup>st</sup> March, 2022: 8.48%
- d) Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2022: 1111 employees
- e) Average percentage increase made in the salaries of employee other than the Managerial Personnel in the financial year was 8.48% vis a vis an increase of 8.00% in the salaries of Managerial Personnel
- f) Affirmation that the remuneration is as per remuneration policy of the Company: Yes

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

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

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED AFTER 31ST MARCH, 2022

There are no material changes and commitments affecting the financial position of the Company subsequent to the close of the FY 2021-22 till the date of this report.

### CONSERVATION OF ENERGY

#### A. Conservation of energy-

- |   |   |
|---|---|
| i. The steps taken or impact on conservation of energy;                       | UGRO Capital Limited ("the Company") is engaged in providing financial services and, as such, its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as: |
| ii. The steps taken by the company for utilizing alternate sources of energy; |   |
| iii. The capital investment on energy conservation equipment's;               |   |

- Installation of capacitors to save power;
- Introduction of Tablets in branches;
- Installation of Light Emitting Diode ("LED") lights for new branches;
- Reducing electricity demand wherever under-utilized;
- Creating environmental awareness by way of distributing the information in electronic/digital form;
- Minimizing air-conditioning usage;
- Shutting off all lights, when not in use; and

The Management frequently puts circulars on the corporate intranet, workplace for its employees, educating them on ways and means to conserve electricity and other natural resources and ensures strict compliance of the same.

## Directors' Report (Contd.)

### B. Technology absorption-

<p>i. The efforts made towards technology absorption;</p>	<p>Company has undertaken several new initiatives for adoption of the latest technologies for ensuring faster TAT's while minimizing errors and mitigating risks across all standard processes. This has also significantly contributed to optimization of resources through reduced use of paper as well as travel of field staff.</p> <p>We have launched e-signing of system generated loan documents through an end-to-end digital journey for all lines of businesses. This has had a significant positive impact on the scope of error in document filling, on the overall paper and ink consumption, delays, and costs on account of travel to client locations as well as maintaining highest standard of document repository through a digital audit trail.</p> <p>Customer Care team has been strengthened and augmented with a Digital Customer Service Platform as well as a WhatsApp based chatbot to handle majority of the standard complaints/requests such as account statement, repayment details and payment links, repayment schedule, branch and RM locator etc.</p> <p>All loans are required to attempt an E-NACH registration and in the absence of the same a physical NACH mandate is obtained. This has substantially reduced the requirement of physical security post-dated cheques to be obtained from the customer helping to mitigate the risk of cheques getting bounced or misplaced.</p> <p>In addition to this, several initiatives such as D2C customer acquisition platforms, digital and video KYC functionalities, MSME-Udyam information, API driven credit assessment through banking, bureau and GST have also been implemented and/or are in pipeline.</p>
<p>ii. The benefits derived like product improvement, cost reduction, product development or import substitution;</p>	<p>Above benefits have had a noticeable impact on the overall costs in terms of consumption of stationery and fuel costs, on improving TAT's by removing scope of human errors as well as on mitigating the risk through maintaining a digital repository and audit trails.</p> <p>Initiatives such as digital KYC and API based D2C journeys have also immensely increased the business growth potential by opening new inorganic channels of sourcing and underwriting MSME loans.</p>
<p>iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)</p> <p>a) the details of technology imported;</p> <p>b) the year of import;</p> <p>c) whether the technology been fully absorbed;</p> <p>d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and</p>	<p>Not applicable</p>
<p>iv. The expenditure incurred on Research and Development.</p>	

## Directors' Report (Contd.)

### C. Foreign exchange earnings and Outgo-

(INR in lakhs)

	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Other Expenses	79.49	0.87
Exchange earned	0	0

### REMUNERATION POLICY OF THE COMPANY

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

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

### PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Company has also taken software containing structural digital database for maintaining names of persons with whom unpublished price sensitive information is shared. The software contains details of information shared and the names of such persons with whom information is shared under this regulation along with the Permanent Account Number

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

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

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

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the financial year ended 31<sup>st</sup> March 2022 is as follows:

Number of complaints filed during the financial year	0
Number of complaints disposed during the financial year	0
Number of complaints pending at the end of the financial year	0

### STATUTORY AUDITOR AND THEIR REPORT

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

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

The RBI has vide its Circular No. RBI/2021-22/25 Ref. No.DoS.CO.ARG/SEC.O1/O8.91.OOI/2021-22 dated April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"). As per para 8.1 of the said circular, the NBFCs were required to appoint the SAs for a continuous period of three (3) years, subject to the firms satisfying the eligibility norms each year. Whereas, the audit firm which had already completed tenure of one (1) year, were permitted to complete the balance tenure only i.e. two (2) years.

### INTERNAL AUDITORS

Your Company has a sophisticated internal control structure, proportionate to the size, scope, and complexity of operations. Internal audits are conducted on a regular basis to review and ensure that responsibilities are duly carried out efficiently. The internal audit department monitors and assesses the effectiveness and adequacy of our Company's internal control mechanisms. Internal audits are accompanied, if required, by audits performed by specialised consultants/audit firms. During the year, Khimji Kunverji & Co LLP, Chartered Accountants have been appointed to assist internal audit function of the Company.

## Directors' Report (Contd.)

### SECRETARIAL AUDITOR

In terms of Section 204 of the Act and Rules made there under, Pankaj Nigam and Associates, Company Secretaries, has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor for the financial year 2021-22 is enclosed as Annexure-III to this report.

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

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

### CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March 2022.

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

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

### ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return as on 31<sup>st</sup> March, 2022 is available on the Company's website at <https://www.ugrocapital.com/investor-relations>.

### RISK MANAGEMENT

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

### EMPLOYEE STOCK OPTIONS DISCLOSURE

During the financial year 2021-22, the Company has granted 13,78,039 stock options to the eligible employees.

The shareholders through postal ballot notice dated 31<sup>st</sup> March 2022 the results of which were declared on 6<sup>th</sup> May, 2022, have approved amendment to the vesting conditions of CSL Employee Stock Option Scheme.

The Board of Directors hereby confirm that except afore stated, there is no material change in Employee Stock Option Scheme (ESOS) of the Company and the scheme is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Disclosure in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Act is available on the website of the Company at the following link: [www.ugrocapital.com](http://www.ugrocapital.com).

### CORPORATE SOCIAL RESPONSIBILITY

The objective of the Company's Corporate Social Responsibility ('CSR') initiatives is to improve the quality of life of communities. The Company has in place a CSR policy which provides guidelines to conduct CSR activities of the Company. The CSR policy is available on the website of the Company at [www.ugrocapital.com](http://www.ugrocapital.com). The Company had tie up with HEAL Foundation is a not for profit organisation registered under Indian Trust Act. HEAL Foundation has been working diligently for the past one and half years under its flagship initiative 'COVID Fighters Public Health Safety Movement'.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company as part of its CSR initiatives has undertaken going 'Preventive Screening Drive via Mobile Health Clinic' in different geographies aims to inculcate the habit of preventive screening, which will bring long-term positive health impact on the Indian population. The Company also given donation to Mukhtangan Education Trust and to Our Lady's Home (for Boy's).

Your Company is in receipt of requisite certifications for expending the CSR budget as contemplated by Ministry of Corporate Affairs in their FAQs dated 25<sup>th</sup> August, 2021.

The CSR Policy of the Company is available on the website of the Company.

### COMPLIANCE WITH SECRETARIAL STANDARDS

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

### INVESTOR EDUCATION AND PROTECTION FUND

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

### DETAILS OF FRAUD REPORTED BY AUDITORS

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

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

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

## Directors' Report (Contd.)

### LISTING ON NATIONAL STOCK EXCHANGE OF INDIA LIMITED

During the year, your Company has been listed on National Stock Exchange of India Limited w.e.f. 11<sup>th</sup> August 2022.

### OTHER DISCLOSURES

- i. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable; and.
- ii. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable

### ACKNOWLEDGMENT

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

**For and on behalf of Board of Directors**

**sd/-**

**Shachindra Nath**  
**Executive Chairman and Managing Director**  
**DIN: 00510618**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May 2022**

### Form No. AOC- 2

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

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

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

Sr.	Name of the Related Party	Nature of Relationship	Nature of contracts / arrangements / transactions	Amount (in ₹)	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	Livfin India Private Limited	Entity with Common Director	Arranger Fees	54,37,203	Not applicable	Arranges fees for co-lending arrangement between the parties	Nil

For and on behalf of Board of Directors

Sd/-

**Shachindra Nath**  
Executive Chairman and Managing Director  
DIN: 00510618

Place: Mumbai  
Date: 24<sup>th</sup> May 2022

### **Nomination & Remuneration Policy**

#### **Introduction**

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

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

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

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

#### **Purpose**

The purpose of framing the Policy is to:

- a) Identify prospective Directors and recommend to the Board the appointment and removal of Directors, KMPs and Senior Management.
- b) Recommend a policy to the Board on remuneration payable to the Directors, KMPs and the Senior Management of the Company.
- c) Establish standards of remuneration which shall include fixed and variable components, incentives and bonus. The same shall be developed in line with the applicable regulations and considering the best trends and practices prevailing in the industry.
- d) Carry out the evaluation of the performance of every Director and review the terms of remuneration of the Director based on their performance and defined assessment criteria.
- e) Formulate the criteria for evaluation of performance of the Independent Directors and determine whether to extend or continue the term of appointment of the Independent Director, in light of the performance evaluation report.

#### **Appointment / Re-appointment of Board of Directors**

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

#### **Appointment criteria and Qualification**

- a) Identify and ascertain the integrity, reputation, qualification, industry related experience, positive attributes and independence of a person for his / her appointment as a Director / KMP / Senior Management and recommend to the Board their appointment
- b) Ensure a transparent process of Board nomination that promotes diversity, knowledge, experience, skills, age, gender, cultural and educational background
- c) Appoint Independent Directors, KMPs and other Directors as per the qualifications and disqualifications pursuant to Section 149 (refer Annexure I of the Policy), 164 (refer Annexure II of the Policy) and 203 of the Act (refer Annexure III of the Policy) read along with the rules thereto, Clause 17 of SEBI LODR and the amendments further (refer Annexure IV of the policy) and the Fit and Proper criteria of the Company.

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

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

- a) Should possess impeccable reputation for integrity.
- b) Should have leadership and management experience especially in related businesses as well as personal networks and external contacts.

## Directors' Report (Contd.)

- c) Should have specialized and detailed knowledge of the industry and deep expertise and insights in sectors / areas that are relevant to the Company.
- d) Should be a decision maker and be able to choose the option that will benefit the Company in a greater manner.
- e) Should have the ability to contribute to the Company's growth.
- f) Should have the ability to represent the Company to the various stakeholders.
- g) Should have a strategic perspective and be able to identify opportunities and threats to the Company.

### Criteria to ensure the independence of the directors

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

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- b) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity
- c) who is not related to promoters or directors in the company, its holding, subsidiary or associate company.
- d) who, apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- e) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during two immediately preceding financial years or during the current financial year.
- f) who, neither himself nor any of his relatives-
  - I. holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.
  - II. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -
    - i. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - ii. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.
  - III. holds together with his relative's two percent or more of the total voting power of the company; or
    - i. is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
    - ii. is a material supplier, service provider or customer or a lessor or lessee of the Company.
- g) who possesses such other qualifications as may be prescribed.
- h) who is not less than 21 years of age.
- i) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

### Size and Composition of Board

- i. Ensure the Board of Directors consists of individuals as Directors and has at least three directors at all times. The maximum number of Directors shall not exceed fifteen, unless approved by a Special Resolution.
- ii. Recommend to the Board, its set up and composition ensuring an optimum mix of Executive, Non-Executive and Independent Directors, with not less than 50% the Board of Directors comprising of Non-Executive Directors.

## Directors' Report (Contd.)

- iii. Ensure the Board of Directors has at least one Woman Director and at least one Director who has stayed in India for a total period of not less than 182 days in the previous calendar year.
- iv. Ensure at least one-third of the Board of Directors are Independent Directors, when the Chairperson of the Company is a Non-Executive Director. If the Company does not have a regular Non-Executive Director as a Chairperson, at least half of the Board of Directors shall comprise of Independent Directors.
- v. Nominate candidates who bring diversity of background and opinion, having the ability to devote sufficient time to the affairs of the Company for the appointment on the Board.
- vi. Ensure that the Company shall not appoint / re-appoint any person as a Managing Director or a Whole-time Director who has attained the age of seventy years and any person as a Non-Executive Director who has attained the age of seventy-five years. The term of the person holding this position may be extended beyond the age of seventy / seventy-five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy / seventy-five years.
- vii. Advise the Board in setting up, reviewing and reconstitution of various Committees of the Board.

### Tenure

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

#### A. Managing Director / Whole-time Director

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

#### B. Independent Director

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

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

### Appointment of Independent Directors

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

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

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

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

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

- (a) review the performance of non-Independent Directors and the Board as a whole;
- (b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the Management Team and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

### Appointment of Key Managerial Personnel

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

## Directors' Report (Contd.)

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

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

- (a) They have reviewed financial statements and the cash flow statement for the year/ year till date and that to the best of their knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year/ year till date which are fraudulent, illegal or in violation of the Company's code of conduct;
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;
- (d) They have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year/ year till date;
  - (ii) significant changes in accounting policies during the year/year till date and that the same have been disclosed in the notes to the financial statements;
  - (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and
  - (iv) instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

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

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

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

### Retirement/ Resignation/ Removal of Director

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

#### Retirement

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

#### Resignation

- I. A Director may resign from his / her office, before the expiry of their tenure, by giving a notice in writing to the Board. The NRC and the Board shall take note of the same and also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the Company. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later.
- II. The director who has resigned, shall be liable for the offences which occurred during his tenure, even after his resignation.
- III. In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:
  - i. Detailed reasons for the resignation of independent director as given by the said director shall be disclosed by the Company to the stock exchanges.

## Directors' Report (Contd.)

- ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
- iii. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons.

### Removal

- i. In case a Director of the Company becomes disqualified to hold their office pursuant to the provisions of Section 164 of the Act (refer Annexure II of the Policy), or a Director ceases to be an Independent director as per Section 149(6) of the Act (refer Annexure I of the Policy), it shall be the responsibility of the NRC to advise to the Board on removal of such Director.
- ii. The Company shall, by an ordinary resolution remove a director, not being a Director appointed pursuant to Section 163 of the Act (refer Annexure V of the Policy), before the expiry of the period of his / her office after giving a reasonable opportunity of being heard.
- iii. The Company shall send a special notice to pass a resolution for removing a director or to appoint somebody in place of the director being removed at the meeting at which he / she is being removed.
- iv. An Independent Director who resigns or is removed from the Board of the company shall be replaced by a new Independent Director within a period of not more than 180 days from the date of such resignation or removal. Provided the company fulfils the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

### Remuneration

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

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

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

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### Remuneration to Managing Director / Whole-time Directors / KMPs

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

### Remuneration to Non - Executive Directors / Independent Directors

- i. The Company shall pay its Independent Directors and Non-Executive Directors Commission and Sitting fees for attending the meetings of the Board and Committees, within the regulatory limits prescribed under the Act.
- ii. On the basis of the evaluation of the performance of the Directors including Independent Directors, the NRC shall recommend to the Board all Commission / Remuneration comprising fixed and variable component and other perquisites.

### Remuneration to Senior Employees / Other Employees

- i. The Remuneration to the senior employees and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- ii. It will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- iii. The NRC shall recommend to the Board, all remuneration, in whatever form, payable to senior management.

### Stock option

- i. Pursuant to the provisions of the Corporate Governance Code of the Company, the NRC shall formulate a policy for granting of variable and discretionary bonus / incentives to the KMP, Senior Employees and other Employees of the Company. The Managing Director shall be responsible for preparing the first draft of this policy for the review and approval of the NRC.
- ii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan. No Independent Director shall be entitled to any Stock Options of the Company.
- iii. The Company shall pay a certain percentage of the Annual Cost to Company as a bonus to the employees. This bonus shall be further segregated into Statutory Bonus and Variable Bonus.
- iv. The statutory bonus shall be paid to the employees if the Company meets its targets for the year and the same shall be paid in accordance with The Payments of Bonus Act, 1956 and the amendments thereafter.
- v. The variable bonus shall be paid to the employee if the individual targets are met.
- vi. Company proposes to reserve a certain percentage equivalent of the overall capital pool for stock options allocation for its select employees.
- vii. The NRC shall also formulate and recommend to the Board for their approval, an Employee Stock Option Plan or a Sweat Equity Plan.
- viii. The variable bonus of the employee shall be in accordance with certain parameters. The parameters of evaluation have been defined as per the 'Bonus/ Variable Pay Policy'.

### Board Evaluation

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

- i. The Board as a whole;
- ii. Individual Directors, including Independent Directors, CEO and Chairperson; and
- iii. Various Committees of the Board.

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

### Feedback and Action Plan

- i. Feedback shall be sought from the Independent Directors on the assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, necessary for the Board to effectively perform its duties.
- ii. Based on the analysis of the responses received on the performance of Independent and Non-Independent Directors, the Board as a whole, and of the Chairman of the Company, the NRC shall recommend to the Board an Action Plan.

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

### Review of Policy

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

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

**Form No. MR-3**  
**Secretarial Audit Report**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022**

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

To,

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

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

Based on my verification of the **UGRO Capital Limited** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **UGRO Capital Limited** for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;
- (ii) The Securities Contracts (regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008/ The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) SEBI Framework for listing of Commercial Paper
- (vi) The Reserve Bank of India Act, 1934.
- (vii) All Master Directions, Master Circulars, Notifications, Guidelines issued by the Reserve Bank of India to the extent applicable to Systemically important non-deposit taking non-banking financial company
- (viii) Prevention of Money Laundering Act, 2002

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

- a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

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

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

## Directors' Report (Contd.)

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

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

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

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

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

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

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

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

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

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

**UDIN: F007343D000373863**

**For Pankaj Nigam & Associates**

**Date: 24<sup>th</sup> May, 2022**  
**Place: Ghaziabad**

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

**Enc: Annexure**

*Note: We have been informed that there is a fraud categorized as Misappropriation and criminal breach of trust by the customer and the same was reported to the Reserve Bank of India within stipulated time frame.*

To,

The Members

**UGRO Capital Limited**

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

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

**For Pankaj Nigam & Associates**

sd/-

**Pankaj Kumar Nigam**

**Membership No. FCS 7343**

**Certificate of Practice No. 7979**

**Date: 24/05/2022**

**Place: Ghaziabad**

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of UGRO Capital Limited having CIN L67120MH1993PLCO70739 and having registered office at Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla, Mumbai - 400070 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Abhijit Sen	00002593	05/07/2018
2	Mr. Shachindra Nath	00510618	22/06/2018
3	Mrs. Smita Aggarwal	01478327	31/03/2022
4	Mr. Satyananda Mishra	01807198	05/07/2018
5	Mr. Hemant Bhargava	01922717	08/02/2022
6	Mr. Manoj Kumar Sehrawat	02224299	05/07/2018
7	Mr. Amit Gupta	02282600	05/07/2018
8	Mr. Karuppasamy Singam	03632212	05/07/2018
9	Mr. Sekar Karnam	07400094	08/02/2022
10	Mr. Chetan Kulbhushan Gupta	07704601	02/11/2018
11	Mr. Rajeev Krishnamuralilal Agarwal	07984221	05/07/2018

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

UDIN: F007343D000374314

For Pankaj Nigam & Associates  
 Company Secretaries

Date: 24/05/2022  
 Place: Ghaziabad

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

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

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

The Committee has adopted CSR policy and same is uploaded on the Company's website at [www.ugrocapital.com](http://www.ugrocapital.com).

2. Composition of CSR Committee as on 31<sup>st</sup> March, 2022

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

\* resigned w.e.f. 8<sup>th</sup> February 2022

\*\*appointed as a member w.e.f. 31<sup>st</sup> March 2022

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

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

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

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

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

6. Average net profit of the company as per section 135(5): ₹ 1,956.03 lakhs

7. a) Two percent of average net profit of the company as per section 135(5): The Company is required to spent ₹ 39.12 lakhs towards CSR.

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

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

d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 39.12 lakhs

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
39,12,000		Nil		Nil	

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(1) Sl. No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project	(6) Project duration	(7) Amount allocated for the project financial year (in ₹).	(8) Amount spent in the current financial year (in ₹).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number
Not applicable											

## Directors' Report (Contd.)

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

(1) Sl. No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Mobile Digital Health Clinic	(i)	No	Delhi	NCR	38,00,000	No	Heal Foundation	CSRO0006457
2	Education	(ii)	Yes	Maharashtra	Mumbai	1,00,000	No	Muktangan Education Trust	E- 3305(Bom)
3	Sponsoring meal at the orphanage	(i)	Yes	Maharashtra	Mumbai	12,000	No	Our Lady's Home (for Boys)	No. F 898 (Bom)

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 39.12 lakhs

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	39,12,000/-
(ii)	Total amount spent for the Financial Year	39,12,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
							Nil

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

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

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

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

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

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

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

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

For UGRO Capital Limited

sd/-  
Shachindra Nath  
Executive Chairman &  
Managing Director

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

Date: 24<sup>th</sup> May 2022

# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Corporate Governance

Corporate Governance is creation and enhancement of long-term sustainable value for our stakeholders, comprising of employees, customers, vendors, investors and the society at large, through ethically driven business practices. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Strong leadership and effective corporate governance practices have been the Company's hallmark. We consider it our inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

## BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our corporate governance practice which oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, and governed by the Articles of Association of the Company.

As on 31<sup>st</sup> March, 2022 the Board comprised of eleven directors, the Chairman of the Company is an Executive Director and the number of Non-Executive Directors and Independent Directors (including a woman Independent Director) is more than two-third of the total number of Directors. Further, more than 50% of the Board consist of Independent Directors.

The Board of the Company consists of majority of Independent Directors and given its size and growth momentum, the Board at its meeting held on 24<sup>th</sup> May 2022, voluntarily considered to separate the post of Managing Director and Chairman of the Company and appointed Mr. Satyananda Mishra (Independent Director) as a Non-Executive Chairman of the Company and Mr. Shachindra Nath will act Vice-Chairman and Managing Director of the Company.

All Directors possess requisite qualifications and experience in areas like general corporate management, banking, finance, taxation, marketing, law, asset management, investment, strategy, regulatory compliances and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings. Detailed profile of the Directors is available on the Company's website at the web-link: <https://www.ugrocapital.com/about-us>.

The Company believes in providing appropriate representations to the large shareholders in the proceedings of the Board and Committees. The Articles of Association of the Company allows each Large Shareholder as defined therein the right to nominate a representative as Non- Executive Director on the Board of the Company. In view of the same, the Board has representation from Clearsky Investment Holdings Pte Ltd,

NewQuest Asia Investments III Limited and Samena Special Situations Mauritius.

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

Independent Directors are non-executive directors as defined under Regulation 16(l)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors (IDs), the Board of Directors has confirmed that the Independent Directors meet the criteria of independence as mentioned under the Act and the SEBI Listing Regulations. Further, the IDs have in terms of Section 15O of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. The Company has issued formal letters of appointment to the IDs. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs including their role, responsibility and duties are available on our website [www.ugrocapital.com](http://www.ugrocapital.com). During the financial year 2021-22, none of our Directors acted as Member in more than 10 committees or as Chairperson in more than 5 committees across all listed entities where they serve as a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(l)(b) of the SEBI Listing Regulations. Further, there are no inter-se relationships between our Board Members.

The details about the resigned independent directors along with their reason for resignation is given in the Directors Report.

## Selection of New Directors and Board Membership Criteria

The Nomination and Remuneration Committee ('NRC') formulates and recommends to the Board the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service.

As on 31<sup>st</sup> March 2022, Mr. Shachindra Nath, Executive Chairman and Managing Director is the Executive Director of your Company. Mr. Amit Gupta, Mr. Chetan Gupta and Mr. Manoj Kumar Sehrawat are Non- Executive Non-Independent Directors of your Company and they do not receive any sitting fees or remuneration from the Company. Mr. Abhijit Sen, Mr. Satyananda Mishra, Mr. Rajeev Kumar Agarwal, Mr. Karuppasamy Singam, Mr. Karnam Sekar, Mr. Hemant Bhargava and Mrs. Smita Aggarwal are the Independent Directors of your Company. Apart from reimbursement of expenses incurred in the discharge of their duties and

## Corporate Governance (Contd.)

sitting fees, none of these Directors had any other pecuniary relationships or transactions with the Company or Promoters or its Directors, during the two immediately preceding financial years or during the current financial year.

### Key Board Qualifications, Expertise and Attributes

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standards of Corporate Governance. The table below summarises the key skills, expertise, competencies and attributes which are taken into consideration by the NRC while recommending appointment of Directors to the Board.

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

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

Sr. No.	Name of Director	Skills / Expertise / Competencies
1	Mr. Shachindra Nath	Financial Service Sector
2	Mr. Abhijit Sen	Finance and Corporate Governance
3	Mr. Satyananda Mishra	Corporate Governance

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

### COMPOSITION OF THE BOARD

As at 31<sup>st</sup> March, 2022, the Company's Board comprised of eleven Directors, with seven Independent Directors, one Executive Director i.e. Executive Chairman and Managing Director and three Non-Executive Non- Independent Directors.

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

**Table 1: Composition of Board of Directors as on 31<sup>st</sup> March 2022**

Name of the Directors	Category of Director	DIN	Details of Attendance			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (01.09.2021)	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Shachindra Nath (Chairman and Managing Director)	Executive	00510618	5	5	Yes	2	2	1	N.A.	N.A.
Mr. Abhijit Sen	Independent	00002593	5	5	Yes	10	9	4	1. Kalyani Forge Limited 2. Tata Investment Corporation Limited 3. Manappuram Finance Limited	Independent Director
Mr. Satyananda Mishra	Independent	01807198	5	5	No	3	1	0	Nil	Nil
Mr. Karnam Sekar**	Independent	07400094	NA	NA	NA	2	2	0	Nil	Nil
Mr. Hemant Bhargava **	Independent	01922717	NA	NA	NA	4	3	0	1. The Tata Power Company Limited 2. Larson and Toubro Limited 3. ITC Limited	Independent Director
Mrs. Smita Aggarwal ***	Independent	01478327	NA	NA	NA	2	2	0	IIFL Asset Management Limited	Independent Director

4	Mr. Karuppasamy Singam	Regulatory Compliance
5	Mr. Rajeev Kumar Aggarwal	Regulatory Compliance
6	Mr. Karnam Sekar*	Banking
7	Mr. Hemant Bhargava*	Finance
8	Mrs. Smita Aggarwal**	Finance
9	Mr. Amit Gupta	Finance, Corporate Governance and Strategy
10	Mr. Chetan Gupta	Finance and Investments
11	Mr. Manoj Kumar Sehrawat	Finance and Strategy

\*Appointed as Director w.e.f. 8<sup>th</sup> February, 2022

\*\* Appointed as Director w.e.f. 31<sup>st</sup> March, 2022

### NUMBER OF BOARD MEETINGS

The Board of Directors met five (5) times during the financial year under review on 20<sup>th</sup> April 2021, 29<sup>th</sup> June 2021, 11<sup>th</sup> August, 2021, 2<sup>nd</sup> November, 2021 and 8<sup>th</sup> February, 2022. The requisite quorum was present during all the meetings. In view of the covid situation existing in various parts of the country all the meetings were conducted through video conferencing in compliance with circulars/notifications issued by the Ministry of Corporate Affairs.

## Corporate Governance (Contd.)

Name of the Directors	Category of Director	DIN	Details of Attendance			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM (01.09.2021)	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Karuppasamy Singam	Independent	O3632212	5	5	Yes	2	2	0	Nil	Nil
Mr. Rajeev Kumar Agarwal	Independent	O7984221	5	5	Yes	1	2	1	Nil	Nil
Mr. Amit Gupta	Non-Executive	O2282600	5	5	Yes	1	1	0	Nil	Nil
Mr. Chetan Gupta	Non-Executive	O7704601	5	4	No	1	0	0	Nil	Nil
Mr. Manoj Kumar Sehrawat	Non-Executive	O2224299	5	5	No	3	1	0	1. Amber Enterprises India Limited	Nominee Director

\*\* Appointed w.e.f. 8<sup>th</sup> February, 2022

\*\*\* Appointed w.e.f. 31<sup>st</sup> March, 2022

### Notes:

# Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act. None of the Directors holds Directorships in more than 20 Companies as stipulated in Section 165 of the Act.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in UGRO.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

### BOARD PROCEDURE

The Company sends detailed agenda setting out the business to be transacted at the meeting(s) to each Director. All the agenda items are supported by detailed notes, supporting documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is hosted on the Board portal to provide web-based solution. In view of the COVID-19 pandemic and its resurgence existing in various parts of the country, all the meetings held during the financial year 2021-22 were conducted through video conferencing in compliance with circular/notifications issued by Ministry of Corporate Affairs from time to time.

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

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

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

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

### REMUNERATION

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

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

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

- All Board appointments will be based on merit, in the context of the skills, experience, diversity and knowledge for the Board as a whole to be effective.
- Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision-making.
- Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

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

Your Company has a well-defined Remuneration Policy for its Directors and employees. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and

## Corporate Governance (Contd.)

principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC ensures a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

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

### Remuneration Policy for Key Managerial Personnel and Employees

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

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

### Service Contracts, Notice Period, Severance Fees:

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

### Details of Stock Option granted to Executive Directors

Name of Director	No. of Options granted	Grant Price	Grant Date
Mr. Shachindra Nath	Nil	Nil	N.A.

During financial year 2021-22, the Company did not advance loans to any of its Directors.

### REMUNERATION PAID TO INDEPENDENT DIRECTORS

Independent Directors are paid remuneration in the form of sitting fees within the limits prescribed under the Act and as approved by the Board of Directors. The details of the sitting fees paid to the Independent Directors during the year are as follows:

Sr. No.	Name of the Director	Sitting Fees (INR)
1	Mr. Abhijit Sen	40,00,000
2	Mr. Karuppasamy Singam	21,00,000
3	Mr. Navin Kumar Maini**	22,00,000
4	Ms. Ranjana Agarwal**	22,00,000
5	Mr. Navin Puri**	24,00,000
6	Mr. Rajeev Kumar Agarwal	17,00,000
7	Mr. Satyananda Mishra	25,00,000
8	Mr. Karnam Sekar*	N.A.
9	Mr. Hemant Bhargava*	N.A.
10	Mrs. Smita Aggarwal*	N.A.

\*No Board/Committee meeting was held since their appointment hence they were not eligible for sitting fees.

\*\* Resigned w.e.f. 8<sup>th</sup> February, 2022

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

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

### SHARES HELD BY NON-EXECUTIVE DIRECTORS

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

### CODE OF CONDUCT

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

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

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

### MD/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Executive Chairman and Managing Director and Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31<sup>st</sup> March, 2022. The said Certificate is attached herewith and forms part of this Report.

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

### COMMITTEES OF THE BOARD

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

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

The composition and functioning of these Committees is in compliance with the applicable provisions of the Act and the SEBI Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration

## Corporate Governance (Contd.)

Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee are also in accordance with RBI Master Directions.

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

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

### a) Audit Committee

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

During the year under review, the Audit Committee comprised of six Independent Directors, one Executive Director and one Non-Independent Director. The Committee met five times during the financial year on 7<sup>th</sup> June, 2021, 29<sup>th</sup> June, 2021, 12<sup>th</sup> August, 2021, 2<sup>nd</sup> November, 2021 and 8<sup>th</sup> February, 2022. The gap between two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and particulars of attendance at the meetings of the Committee held in FY 2021-22 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Abhijit Sen	Chairman of the Committee (Independent Director)	5	5
Mr. Satyananda Mishra	Member (Independent Director)	5	5
Mr. Rajeev Kumar Agarwal	Member (Independent Director)	5	5
Ms. Ranjana Agarwal*	Member (Independent Director)	5	5
Mr. Navin Kumar Maini*	Member (Independent Director)	5	5
Mr. Karuppasamy Singam	Member (Independent Director)	5	5
Mr. Shachindra Nath	Member (Executive Director)	5	5
Mr. Amit Gupta	Member (Non-Executive Director)	5	5
Mr. Karnam Sekar **	Member (Independent Director)	N.A.	N.A.
Mrs. Smita Aggarwal**	Member (Independent Director)	N.A.	N.A.

\* Resigned w.e.f. 8<sup>th</sup> February, 2022

\*\*Inducted as a member of Committee w.e.f. 31<sup>st</sup> March, 2022. No Committee meeting was held since their appointment

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

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

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

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

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

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

Mr. Abhijit Sen, Chairman of the Audit Committee was present at the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021 through video conferencing.

### b) Nomination and Remuneration Committee

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

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

## Corporate Governance (Contd.)

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

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

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

### Performance Evaluation Criteria for Independent Directors:

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

As on 31<sup>st</sup> March, 2022 the Chairman of the Committee is an Independent Director. The Nomination and Remuneration Committee comprised of Six Independent Directors, three Non-Independent Directors including one Executive Director:

The Committee met two times during the year under review on 11<sup>th</sup> August, 2021 and 8<sup>th</sup> February, 2022. All the meetings were well attended by all the Directors.

The composition of the Nomination and Remuneration Committee and particulars of attendance at the meetings of the Committee held in FY 2021-22 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Ms. Ranjana Agarwal *****	Chairperson of the Committee (Independent Director)	2	2
Mr. Rajeev Kumar Agarwal****	Member (Independent Director)	N.A.	N.A.
Mr. Abhijit Sen	Member (Independent Director)	2	2
Mr. Navin Kumar Maini *****	Member (Independent Director)	2	2
Mr. Navin puri *	Member (Independent Director)	2	2
Mr. Karuppasamy Singam ***	Member (Independent Director)	1	1

Mr. Satyananda Mishra ***	Member (Independent Director)	1	1
Mrs. Smita Aggarwal ****	Member (Independent Director)	N.A.	N.A.
Mr. Karnam Sekar****	Member (Independent Director)	N.A.	N.A.
Mr. Shachindra Nath	Member (Executive Director)	2	2
Mr. Amit Gupta	Member (Non-Executive Director)	2	2
Mr. Manoj Kumar Sehrawat	Member (Non-Executive Director)	2	2
Mr. Chetan Gupta* *	Member (Non-Executive Director)	1	1

\*Inducted w.e.f. 29<sup>th</sup> June, 2021 and resigned from the Board w.e.f. 8<sup>th</sup> February, 2022

\*\* Ceased to be member from 29<sup>th</sup> December, 2021

\*\*\* Inducted w.e.f. 29<sup>th</sup> December, 2021

\*\*\*\* Inducted w.e.f. 31<sup>st</sup> March, 2022

\*\*\*\*\* Resigned w.e.f. 8<sup>th</sup> February, 2022

Ms. Ranjana Agarwal, Chairperson of the Committee was present at the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021 through video conferencing.

### c) Stakeholders' Relationship Committee

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

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

The Committee met once during the financial year on 28<sup>th</sup> June, 2021. The meeting was attended by all the Directors .

The composition of the Stakeholders Relationship Committee and particulars of attendance at the meeting of the Committee held in FY 2021-22 is given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Rajeev Kumar Agarwal	Chairman of the Committee (Independent Director)	1	1
Mr. Karuppasamy Singam	Member (Independent Director)	1	1
Mr. Satyananda Mishra	Member (Independent Director)	1	1

Mr. Aniket Karandikar, Company Secretary act as the Compliance Officer.

## Corporate Governance (Contd.)

Mr. Rajeev Kumar Agarwal, Chairman of the Committee was present at the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021 through video conferencing.

Details of complaints/grievances received from Investors and attended by the Company during the financial year 2021-22 are given in below Table.

### Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1 <sup>st</sup> April 2021	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31 <sup>st</sup> March 2022
1	Equity Shares	0	0	0	0
2	Non-Convertible Debentures	0	0	0	0

### d) Corporate Social Responsibility Committee

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

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

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

As at 31<sup>st</sup> March, 2022, the CSR Committee comprised of two Independent Directors and one Executive Director. The Chairman of the Committee is an Independent Director.

The Committee held one meeting during the financial year under review. The Committee met on 1<sup>st</sup> November, 2021.

The composition of the Committee and particulars of attendance at the meeting of the Committee held in FY 2021-22 is given below:

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

\* Resigned w.e.f. 8<sup>th</sup> February, 2022

\*\* Inducted as member w.e.f. 31<sup>st</sup> March, 2022. No Committee meeting was held since his appointment.

### e) Asset Liability Committee

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

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

Pursuant to the provisions of Articles of Association of the Company, the Managing Director is the Chairman of the Asset Liability Committee and the Chief Risk Officer shall be a permanent invitee to the meetings.

The Committee met four times during the financial year on 29<sup>th</sup> June, 2021, 11<sup>th</sup> August, 2021, 2<sup>nd</sup> November 2021 and 8<sup>th</sup> February 2022.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2021-22 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Shachindra Nath	Chairman of the Committee (Executive Director)	4	4
Mr. Navin Kumar Maini***	Member (Independent Director)	4	4
Mr. Satyananda Mishra	Member (Independent Director)	4	4
Mr. Abhijit Sen	Member (Independent Director)	4	4
Ms. Ranjana Agarwal ***	Member (Independent Director)	4	4
Mr. Rajeev Kumar Agarwal****	Member (Independent Director)	1	1
Mr. Navin Puri *	Member (Independent Director)	3	3
Mr. Karnam Sekar **	Member (Independent Director)	N.A.	N.A.
Mrs. Smita Aggarwal **	Member (Independent Director)	N.A.	N.A.
Mr. Manoj Kumar Sehrawat	Member (Non-Executive Director)	4	4
Mr. Amit Gupta	Member (Non-Executive Director)	4	3
Mr. Chetan Gupta	Member (Non-Executive Director)	4	4

\* Inducted as member w.e.f. 29<sup>th</sup> June, 2021 and resigned as member w.e.f. 8<sup>th</sup> February, 2022

\*\* Inducted as member w.e.f. 31<sup>st</sup> March, 2022

## Corporate Governance (Contd.)

\*\*\* Resigned as member w.e.f. 8<sup>th</sup> February, 2022

\*\*\*\* Resigned to be member from 29<sup>th</sup> June, 2021

### f) Risk Management Committee

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

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

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

As at 31<sup>st</sup> March, 2022 the Risk Management Committee comprised of four Independent Directors, four Non-Independent Directors and one Executive Director.

The Committee met four times during the financial year on 29<sup>th</sup> June, 2021, 11<sup>th</sup> August, 2021, 2<sup>nd</sup> November 2021 and 8<sup>th</sup> February 2022.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2021-22 are given below:

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

\* Resigned w.e.f. 8<sup>th</sup> February, 2022

\*\* Appointed w.e.f. 29<sup>th</sup> June, 2021 and Resigned w.e.f. 8<sup>th</sup> February, 2022

\*\*\* Appointed as Chairperson w.e.f. 31<sup>st</sup> March, 2022

### g) IT Strategy Committee

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

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

The Committee met thrice during the financial year on 21<sup>st</sup> June, 2021, 23<sup>rd</sup> September, 2021 and 21<sup>st</sup> March, 2022.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2021-22 are given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. Navin Puri*	Chairman of the Committee (Independent Director)	2	2
Mr. Abhijit Sen	Member (Independent Director)	3	3
Mrs. Smita Aggarwal**	Chairperson of the Committee (Independent Director)	NA	NA
Mr. Shachindra Nath	Member (Executive Director)	3	3
Mr. Rishabh Garg	Member and Chief Technology Officer	3	3

\* Resigned as member w.e.f. 8<sup>th</sup> February, 2022

\*\*Appointed as Chairperson w.e.f. 31<sup>st</sup> March, 2022. No meeting was held after induction

## DISCLOSURES

### Policy for determining Material Subsidiaries

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

### Disclosure of Transactions with Related Parties

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

During the Financial Year 2021-22, there were no materially significant transactions or arrangements entered into between the Company and its promoters, directors or their relatives or the management, etc., that may have potential conflict with the interests of the Company at large. Further, details about related party transactions are presented in the Financial Statements of the Company.

### Policy on Materiality of and Dealing with Related Party Transactions

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

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

### Disclosure of Accounting Treatment in Preparation of Financial Statements

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

### Statutory Compliance, Penalties and Strictures

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

### Code for Prevention of Insider Trading Practices

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

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

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

### Whistle Blower Policy

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

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

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

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

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Please refer the Directors Report for the said disclosure.

### MEANS OF COMMUNICATION

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

- i. The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Mumbai Lakshadeep (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- ii. The Company also publishes certain key Notices in Business Standard, Mumbai Lakshadeep.
- iii. The Annual Report of the Company, the quarterly/ half-yearly and the annual financial results and official news releases are displayed on the Company's website at <https://www.ugrocapital.com>
- iv. The Company discloses to the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI

## Corporate Governance (Contd.)

Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE and NSE.

- v. The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the SEBI Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the

Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

- vi. The Company has provided a dedicated e-mail address under its Vigil Mechanism, for reporting concerns by all employees, directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.
- vii. The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

### GENERAL BODY MEETINGS

The details of the last three Annual General Meetings and Special Resolutions passed:

Financial Year	Date and Time	Venue	Business Transacted by Special Resolutions
2020-21	1 <sup>st</sup> September, 2021	Meeting conducted through VC / OAVM pursuant to the MCA Circular	<ol style="list-style-type: none"> <li>1) To approve alteration of Articles of Association of the Company</li> <li>2) Authorization for Borrowing Money under Section 180 (l) (c) of the Companies Act, 2013</li> <li>3) Authorization to sell, lease, charge and/or mortgage etc. property of the Company under Section 180 (l)(a) of the Companies Act, 2013</li> <li>4) To borrow funds by way of issuance of Non-Convertible Debentures and other instruments</li> <li>5) To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws</li> </ol>
2019-20	18 <sup>th</sup> September, 2020 Time: 11:00 A.M.	Meeting conducted through VC / OAVM pursuant to the MCA Circular	<ol style="list-style-type: none"> <li>1) Authorization for Borrowing Money under Section 180 (l) (c) of the Companies Act, 2013</li> <li>2) Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (l) (a) of the Companies Act, 2013</li> <li>3) To borrow funds by way of issuance of Non-Convertible Debentures and other instruments</li> <li>4) To ratify approval of transactions approved by the Board of Directors in a meeting convened through video conferencing</li> <li>5) To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws</li> </ol>
2018-19	18 <sup>th</sup> September, 2019 Time: 11:00 A.M.	Shanbaug Hall, Utkarsha Mandal, Vileparle, Utkarsha Mandal Chowk, Malavia Road, Vileparle (East), Mumbai-400057	<ol style="list-style-type: none"> <li>1. Authorization for Borrowing Money under Section 180 (l) (c) of the Companies Act, 2013</li> <li>2. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (l) (a) of the Companies Act, 2013</li> <li>3. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments</li> <li>4. To approve the terms of appointment of Mr. Abhijit Ghosh (DIN: 07935397) as Whole-time Director &amp; Chief Executive Officer</li> <li>5. To approve revision in remuneration of Mr. Shachindra Nath (DIN: 00510618), Executive Chairman &amp; Managing Director</li> <li>6. To approve alteration of Articles of Association of the Company</li> <li>7. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores) by way of issuance of securities including Equity Shares, Convertible Preference Shares, Convertible Debentures, Global Depository Receipts, American Depository Receipts etc. by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws</li> </ol>

## Corporate Governance (Contd.)

No Extra-ordinary General Meeting of the Shareholders and postal ballot was held during financial year 2021-22. The shareholders through postal ballot notice dated 31<sup>st</sup> March, 2022 approved following Special Resolutions. The results of the postal ballot were declared on 6<sup>th</sup> May 2022:

1. Appointment of Mr. Hemant Bhargava, as an Independent Director of the Company;
2. Appointment of Mr. Karnam Sekar as an Independent Director of the Company
3. Appointment of Mrs. Smita Aggarwal as an Independent Director of the Company
4. Amendment in CSL Employee Stock Option Scheme 2017

### Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

### Compliance with Non-Mandatory Requirements

#### Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements made during the year. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

### OTHER DISCLOSURES

#### Disclosure in relation to recommendation made by Committees of the Board

During the year under review, all recommendations of the Board Committees have been accepted by the Board.

#### Details of utilisation of funds raised through Preferential Allotment or Qualified Institutional Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32 (7A) of the SEBI Listing Regulations.

#### Total fees paid to the Statutory Auditors

The details of total fees for all the services paid by the Company to M/s. MSKA & Associates, Chartered Accountants, Statutory Auditors are given below:

(INR in lakhs)

Payment to Statutory Auditors (MSKA & Associates)	1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022
Statutory Audit	24.00
Other Services including reimbursement of expenses	51.20
<b>Total</b>	<b>75.20</b>

### GENERAL SHAREHOLDERS INFORMATION

29<sup>th</sup> Annual General Meeting

Date : Friday, 12<sup>th</sup> August 2022

Time : 11:00 a.m.

Venue/Mode: The Company is conducting the AGM through Video Conferencing / Other Audio Visual Mode pursuant to the MCA Circular dated May 05, 2020 read with circulars dated April 09, 2020, April 13, 2020 and May 05, 2022 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of the ensuing AGM.

### Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Book Closure

Book Closure will be from 6<sup>th</sup> August 2022 to 12<sup>th</sup> August 2022 inclusive of both days.

### Registered Office and Corporate Office of the Company

Equinox Business Park, Tower 3, 4<sup>th</sup> Floor, LBS Road, Kurla (West), Mumbai - 400 070

**Corporate Identification Number (CIN):**  
L67120MH1993PLCO70739

### Listing Details

#### A. Equity Shares

The Company has listed its equity shares on the following Stock Exchanges:

Name and Address of the Stock Exchange	Stock Symbol / Scrip Code	ISIN
<b>BSE Limited</b> Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001	511742	INE583DO1011
<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	UGROCAP	INE583DO1011

The Company has paid the annual listing fees for the FY 2021-22 to BSE and NSE where its equity shares are listed.

#### B. Non-Convertible Debentures (NCDs)

During the financial year Company has issued listed/unlisted Non-Convertible Debentures. The NCDs are listed on BSE and NSE.

The Company has paid the requisite listing fees in full.

#### Debenture Trustee

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are as under:

Sr. No.	Debenture Trustee	Contact Details
1.	Beacon Trusteeship Limited	4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opposite MIG Cricket Club, Bandra (East), Mumbai - 400051 Tel no. 022-26558759
2.	Catalyst Trusteeship Limited	Windsor, 6 <sup>th</sup> floor, Office No.604, CST Road, Kalina, Santacruz, Mumbai - 400098 Tel no. 022-49220555

## Corporate Governance (Contd.)

3	IDBI Trusteeship Services Limited	Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel: (91) (22) 40807022
4	MITCON Credentia Trusteeship Services Limited	1402/1403, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai -400021 Tel: (91) (22) 22828200

### Stock market price information

The equity shares of the Company are listed on BSE and NSE.

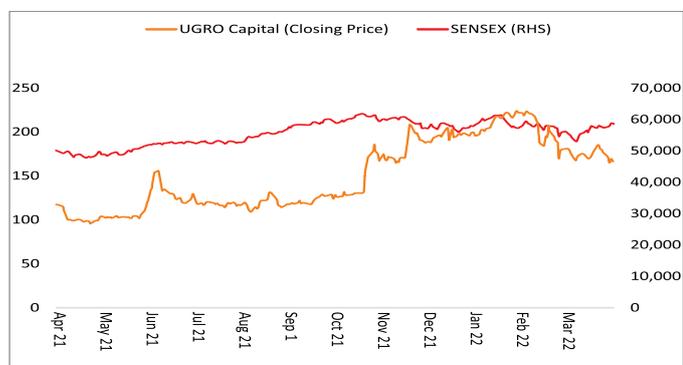
The reported high and low closing prices and volume of equity shares of the Company traded on BSE and NSE for FY 2021-22 are set out in the following table: -

Month	National Stock Exchange of India Limited*		BSE Limited	
	High Price	Low Price	High Price	Low Price
April-2021	-	-	122.95	80.00
May-2021	-	-	130.00	85.20
June-2021	-	-	166.00	116.10
July-2021	-	-	127.00	108.30
August-2021	144.00	108.55	138.00	105.00
September-2021	133.70	115.00	133.50	116.05
October-2021	202.00	121.00	202.00	122.55
November-2021	215.00	164.05	212.95	163.60
December-2021	218.60	184.00	208.65	184.00
January-2022	230.35	195.05	229.00	195.20
February-2022	225.55	166.35	227.25	167.00
March-2022	191.00	160.60	199.00	162.00

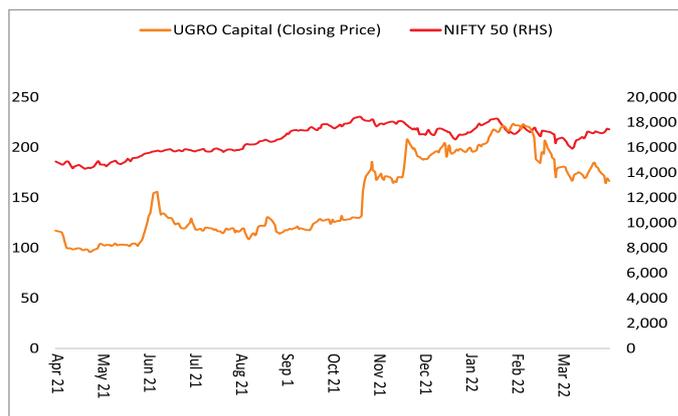
\*The Company has been listed on National Stock Exchange of India Limited w.e.f. 11<sup>th</sup> August 2021.

### Share Price Performance

#### Comparison with BSE SENSEX



#### Comparison with NIFTY 50



### Distribution of Shareholding:

The distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31<sup>st</sup> March 2022 is given below:

#### A. Shareholding pattern by size as on 31<sup>st</sup> March 2022:

Sr. No.	Category (shares)	No. of shareholders	No. of shares held	% of shareholding
1	1 to 500	8872	10,84,054	1.54
2	501 to 1000	959	7,54,895	1.07
3	1001 to 2000	450	6,67,945	0.95
4	2001 to 3000	208	5,17,196	0.73
5	3001 to 4000	88	3,12,622	0.44
6	4001 to 5000	81	3,76,771	0.53
7	5001 to 10000	113	8,69,584	1.23
8	10001 to above	190	6,59,76,252	93.50
<b>TOTAL:</b>		<b>10,961</b>	<b>7,05,59,319</b>	<b>100.00</b>

#### B. Shareholding pattern by ownership as on 31<sup>st</sup> March 2022:

Sr. No.	Name of Shareholders	No. of holders	No. of Equity Shares held	% of Shareholding
1	Indian Promoters	1	20,27,709	2.87
2	Clearing Members	35	3,09,309	0.44
3	Bodies Corporate	121	61,77,739	8.76
4	Foreign Company	5	4,31,06,509	61.09
5	Hindu Undivided Family	190	5,36,591	0.76
6	Non-Resident Indians	305	10,16,305	1.44
7	Public	10,270	98,31,465	13.93
8	Foreign Portfolio Investors	18	49,95,560	7.08
9	Alternate Investment Funds	2	53,683	0.08
10	Insurance Companies	1	14,28,600	2.02
11	Limited Liability Partnership	12	10,75,349	1.52
12	Trust	1	500	0.00
<b>TOTAL</b>		<b>10,961</b>	<b>7,05,59,319</b>	<b>100.00</b>

## Corporate Governance (Contd.)

### Dematerialisation of Shares and Liquidity

As on 31<sup>st</sup> March 2022, 99.93% percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

### Unclaimed Suspense Accounts

Pursuant to Regulation 34 and Part F of schedule V of SEBI Listing Regulations, details of unclaimed suspense provided by our Registrar and Transfer Agent are given below:

Sr. No.	Description	No. of shareholder	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 01, 2021	○	○
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	○	○
3	Number of shareholders to whom shares were transferred from suspense account during the year	○	○
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2022	○	○

### Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31<sup>st</sup> March 2022, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

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.

### Credit Rating

The credit ratings details of the Company as on 31<sup>st</sup> March 2022 are as follows:

Facilities	Rating	Rating Agency
Bank Loan Ratings	ACUITE A+   Stable	Acuite Ratings and Research Limited
Commercial Paper (CP)	ACUITE A1+	Acuite Ratings and Research Limited
Market Linked Non-Convertible Debentures (NCD)	PP-MLD   ACUITE AA+   CE	Acuite Ratings and Research Limited
Non Convertible Debentures (NCD)	ACUITE A+   Stable	Acuite Ratings and Research Limited
Market Linked Non-Convertible Debentures (NCD)	PP-MLD   ACUITE A+	Acuite Ratings and Research Limited

### Plant Locations

The Company is Non-Banking Financial Company having its Registered Office and Corporate office at Equinox Business Park, 4<sup>th</sup> Floor, Tower 3, Off BKC, LBS Road, Kurla (West), Mumbai- 400070.

However, there are no plants as the Company is not a manufacturing entity.

### Registrar and Share Transfer Agent and Share Transfer System

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited. All shares transfers and related operations are conducted by:

Link Intime India Private Limited,  
C 101, 247 Park,  
L B S Marg, Vikhroli (W),  
Mumbai - 400 083  
Tel: +91 22 49186000  
Fax: +91 22 49186060,  
E-mail: www.linkintime.co.in

### Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchanges are permitted only in dematerialised form.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Link Intime India Private Limited to seek guidance about the dematerialisation procedure. The members may also visit the website of the Depositories viz. (i) National Securities Depository Limited (ii) Central Depository Services (India) Limited.

### Secretarial Audit/Reconciliation of Share Capital Audit

Pankaj Nigam & Associates, Company Secretaries has conducted a Secretarial Audit of the Company for the year 2020-21. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the SEBI Listing Regulations, applicable RBI Regulations, Listing Agreements with the Stock Exchange, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

## Corporate Governance (Contd.)

Pankaj Nigam & Associates, Company Secretaries carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

### Annual Secretarial Compliance Report

The Annual Secretarial Compliance Report for the financial year 2021-22 issued by Pankaj Nigam & Associates, Company Secretaries, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the BSE and NSE within 60 days of the end of the financial year.

### Address for Correspondence

#### 1. Equity Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

#### **Link Intime India Private Limited,**

C 101, 247 Park,  
L B S Marg, Vikhroli (W),  
Mumbai - 400 083  
Tel: +91 22 49186000  
Fax: +91 22 49186060.  
E-mail: [www.linkintime.co.in](http://www.linkintime.co.in)

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the equity shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode

#### 2. Non-Convertible Debentures

Link Intime India Private Limited also acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company.

Complaints or queries/requests with respect to the Company's privately placed debentures may be directed to Mr. Amit Dabhade, Email Id: [debtca@linkintime.co.in](mailto:debtca@linkintime.co.in); Tel: +91 22 49186101.

Debenture holders would have to correspond with the respective Depository Participants for debentures held in dematerialised mode.

### CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by Ugro Capital Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para-C, D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**UDIN: F007343DOOO479421**

**Date: 09/06/2022**  
**Place: Ghaziabad**

**For Pankaj Nigam & Associates**  
**Company Secretaries**

**Sd/-**  
**Pankaj Kumar Nigam**  
**Membership No. FCS-7343**  
**Certificat of Practice No.: 7979**

### MD & CFO CERTIFICATE

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

Dear Sir(s),

- A. We have reviewed Audited financial results and cash flow statement for quarter and financial year ended 31<sup>st</sup> March, 2022 that to the best of our knowledge and belief:
- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year/ year till date which are fraudulent, illegal or violative of the Company's code of conduct;
- C. we accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;
- D. We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year/ year till date;
  - (ii) significant changes in accounting policies during the year/year till date and that the same have been disclosed in the notes to the financial statements;
  - (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and
  - (iv) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-**  
**Shachindra Nath**  
**Executive Chairman & Managing Director**  
**DIN: 00510618**

**Sd/-**  
**Amit Gupta**  
**Chief Financial Officer**

### DECLARATION REGARDING CODE OF CONDUCT OF THE COMPANY

To,  
The Members of UGRO Capital Limited

This is to confirm that the Company has adopted code of conduct for the Board of Directors and Senior Management personnel of the Company, which is available at [www.ugrocapital.com](http://www.ugrocapital.com)

I declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the financial year ended 31<sup>st</sup> March 2022.

**Place: Mumbai**  
**Date: 24<sup>th</sup> May 2022**

**Sd/-**  
**Shachindra Nath**  
**Executive Chairman and Managing Director**  
**(DIN: 00510618)**

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L67120MH1993PLCO70739
2.	Name of the Company	U GRO CAPITAL LIMITED
3.	Registered address	Equinox Business Park, Tower 3, Fourth Floor, Off BKC, LBS Road, Kurla Mumbai - 400070
4.	Website	www.ugrocapital.com
5.	Email id	cs@ugrocapital.com
6.	Financial year reported	2021-22
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Other financial service activities, except insurance and pension funding activities Activities Code: 649
8.	List Three key products/services of the Company (as in balance sheet)	U GRO Capital is a financial services Company offering financing through varied loan products.
9(i).	Number of international locations	NIL
9(ii).	Number of National locations	U GRO Capital has its Registered and Corporate Office at Mumbai in the state of Maharashtra have pan-India presence through a network of branches.
10.	Markets served by the Company - Local/State/ National/International	U GRO Capital serves its customers in various local/states/ national locations.

## Section B: Financial Details of the Company

1.	Paid up capital (INR)	7,05,59,31,900/-
2.	Total turnover (INR)	3,13,41,58,840/-
3.	Total profit after taxes (INR)	14,55,05,597/-
4.	CSR spend as percentage of profit after tax (%)	Please refer CSR activities annexed to Directors' Report.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer on CSR activities annexed to Directors' Report.

## Section C: Other details

1.	Company subsidiaries/joint-ventures	NIL
2.	Subsidiaries participating in Company's	NIL
3.	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

## Business Responsibility (Contd.)

### Section D (1): Business Responsibility Information

1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	00510618
	Director responsible for implementation of BR policies (Name)	Mr. Shachindra Nath
	Director responsible for implementation of BR policies (Designation)	Executive Chairman and Managing Director
1.b.	BR Head (DIN, if applicable)	NA
	BR Head (Name)	Mr. Anuj Pandey
	BR Head (Designation)	Chief Risk Officer
	BR Head (Telephone number)	+91-22-48918603
	BR Head (email id)	anuj.pandey@ugrocapital.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

#### a) Details of Compliance (Reply in Y/N)

National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner The principle wise responses are as follows:

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y

## Business Responsibility (Contd.)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		The following policies are available on the Company's website <a href="http://www.ugrocapital.com">www.ugrocapital.com</a> <ul style="list-style-type: none"> <li>● Fair Practice Code</li> <li>● Grievance Redressal Policy</li> <li>● Policy for determining Material Subsidiary</li> <li>● Preservation of Documents and Archive policy</li> <li>● Nomination and Remuneration Policy</li> <li>● Whistle Blower Policy</li> <li>● Code of Conduct of Directors and Senior Management</li> <li>● Policy on Corporate Social Responsibility</li> <li>● Code of conduct for Direct Sales Agents (DSA) / Direct Marketing Agents (DMA) / Recovery Agent</li> <li>● Policy on Related Party Transactions</li> <li>● Corporate Governance Policy</li> </ul>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the company have inhouse structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

### Notes:

**P1** Sr. No. 3 - The Company has in place Code of Conduct, Whistle blower Policy, Anti Money Laundering Policy, Fraud Monitoring Policy, Fair Practices Code and other policies which are based on guidelines and key indicators prescribed under rules and regulations of RBI/SEBI and as per Companies Act, 2013. Sr. No. 6 - The policies are available on the website of the company i.e: [www.ugrocapital.com](http://www.ugrocapital.com).

The internal policies and documents are accessible only to employees of the organisation and made available through UGRO Intranet.

**P2** The Company complies regulating governing products and services. The company has a Corporate Social Responsibility Policy which is available on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com).

**P3** Sr. No. 3 - The Company has adopted various employee oriented policies covering areas of employee benefits, insurance benefits, prevention of sexual harassment policy and code of conduct for employees at the workplace as per applicable laws. Sr. No 6 - These policies can be accessible online by the employees of the Company only.

**P4** Sr. No. 3 and 6 - The Company has prescribed processes to achieve the objectives described under this principle. The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com).

**P5** Sr. No. 3- UGRO Capital Limited has put in place code of conduct which focuses on best employment practices. The Code of Conduct is in adherence to the regulatory and business requirements. Sr. No 6 - The said code of conduct is made available on the intranet of the Company.

**P6** Sr. No. 3 and 6-

We do not fund high risk projects from Environment perspective. Since our customers are MSME customer and we ensure basic compliance to Indian Compliances. We also endeavor to ensure that they meet all environment and social norms during the currency of the loan.

**P7** Keeping in view the Company's nature of business i.e. financial services, such policy is not applicable to the Company.

**P8** Sr. No. 3 and 6 - The Company has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com)

**P9** Sr. No. 3: UGRO Capital Limited has Grievance Redressal Policy for its customers which conform to the regulatory guidelines. Sr. No. 6 - The policies can be viewed online on [www.ugrocapital.com](http://www.ugrocapital.com)

## Business Responsibility (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options).

No	Section D: BR Information - Principle-wise (as per NVGs) explanation	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Not understood the principles. .	-	-	-	-	-	-	-	-	-
2.	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles . . .	-	-	-	-	-	-	-	-	-
3.	Does not have financial or manpower resources available for the task . . .	-	-	-	-	-	-	-	-	-
4.	Planned to be done within next 6 months . . .	-	-	-	-	-	-	-	-	-
5.	Planned to be done within the next 1 year . .	-	-	-	-	-	-	-	-	-
6.	Other reasons. . . . Keeping in view the Companies nature of business i.e. financial services, such policy is not applicable to the Company	-	-	-	-	-	-	✓	-	-

### 3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Reviewed annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report of the Company is a part of the Annual Report for the financial year 2021-22. The same will also be available on the website of the Company i.e. [www.ugrocapital.com](http://www.ugrocapital.com)

### Section E: Principle-wise Performance

#### Principle 1:

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint-Ventures/Suppliers/Contractors/NGOs/ Others?**

U GRO Capital Limited conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organisation.

U GRO Capital Limited has put in place a Code of Conduct and Ethics policy that is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the employees are expected to demonstrate to uphold the values of the Company. The Code covers aspects related, but not limited, to ethics, accountability, conflict of interest, bribery and corruption. The Code of Conduct is also applicable to Directors of the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The number of complaints received from shareholders in F.Y. 2021-22 was NIL and no complaint was pending as on March 31, 2022.

With respect to employees, the Company has a mechanism provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

#### Principle 2:

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

Supply Chain Finance – This is also a working capital loan provided to MSME customers for their need of working capital requirement. The bills raised by these customers are discounted and funds provided to them immediately instead of waiting for completion of credit Period. This enables these small businesses to efficiently run their business setups and adequate supply of credit flow is maintained in the system.

Unsecured MSME Loan - Company provides loans to Micro Small and Medium Enterprises to help in their working capital management for short to medium term. These loans are typically provided for stocks, business expansion, short term working capital needs of businesses. This product supports customer to keep running the business and provides support to MSME customers which is one of the big contributors to Indian Economy

Secured MSME loan - Company provides loans to Micro Small and Medium Enterprises to achieve their Capital asset creation needs. These loans are for the purpose of revenue generation and further sustenance of business cycle. This helps Micro, Small and Medium Enterprises realize their potential to achieve higher revenues in most efficient ways to achieve higher level of growth. While lending these loans company ensures the legality, enforceability and ownership of assets thereby ensuring adherence to the local laws and regulations.

This timely and adequate credit helps MSME customers to sustain their production cycles and keep the economic activity running.

## Business Responsibility (Contd.)

U GRO Capital carried out an impact assessment study by partnering with Sattva consulting, an impact first consulting firm in the development sector. This study reinforces stakeholders' confidence in U GRO's resolve towards sustainability and Impact creation.

This study would be one of India's first such vendor social diligence undertaken by any Company, in hopes to encourage the entire lending ecosystem to measure, evaluate, and govern the impact performance for their customers.

As part of the study Sattva Consulting independently surveyed 450+ existing customers and partners of UGRO Capital. As an outcome of this study, it was deduced that UGRO's sectoral focused approach directly aids multiple SDG goals like Affordable and Clean Energy, Quality Education, Good Health and Well-being, Sustainable cities and communities and Zero Hunger.

MSME lending by virtue of its nature aligns well with multiple SDGs (No

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? N.A.
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Please refer to the response under Principle 6

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

U GRO Capital Limited being a financial services Company does not have any goods and raw material utilisation as part of its products and services. Its major material requirements are related to office infrastructure, administration and IT related equipment and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

U GRO Capital Limited being a financial services Company procures its necessary requirements from local suppliers and vendors. The Company has taken various initiatives for development of local communities. Company procures its necessary requirements from local suppliers and vendors.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

The Company is not a manufacturing entity. We will be processing electronic waste (whenever generated) through certified electronic waste recycling vendor post backup and deletion of entire company data. Further major electronic devices like desktops and laptops are on rental basis, such devices would be returned to the respective vendor post backup and deletion of entire company data.

**Principle 3:**

**1. Please indicate the Total number of employees**

The Company had 1111 employees as on 31<sup>st</sup> March 2022

**2. Please indicate the Total number of employees hired on temporary / contractual / casual basis**

The Company had 26 employees as on 31<sup>st</sup> March 2022 on contractual basis.

**3. Please indicate the Number of permanent women employees.**

The Company had 105 women employees as on 31<sup>st</sup> March 2022.

**4. Please indicate the Number of permanent employees with disabilities**

U GRO Capital Limited is an equal opportunity employer and do not distinguish.

**5. Do you have an employee association that is recognized by management?**

No.

**6. What percentage of your permanent employees is members of this recognized employee association?**

Not applicable

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

- Permanent Employees: Nil
- Permanent Women Employees: Nil
- Casual/Temporary/Contractual Employees: Nil
- Employees with Disabilities: Nil

## Business Responsibility (Contd.)

Following elements fall under the purview of employee safety:

a. Information Security Awareness

Information security awareness and training is undertaken to ensure that there is no data theft or leakage or malicious content which may disrupt the functioning of the organisation.

b. Prevention against Sexual Harassment at Work place

Apart from the presence of Internal Complaint Committee, a session on Prevention of Sexual Harassment is organized for all employees. This year we have also done additional refresher sessions for our employees through webinars organized on multiple occasions.

c. Health Safety

We have tied up with DocOnline who conducts webinar, free tele consultation with General physician, Dietician, Gynaecologist and Paediatrician.

d. Safety against indulging in Insider trading activities

The Company has laid down clear policies on Insider trading norms and every employee undertakes a commitment towards not engaging in acts which fall under the purview of insider trading norms. Key organizational policies like KYC and Anti Money Laundering, Prevention of Sexual Harassment, Information Security etc are available to employees throughout the year through digital medium.

### Principle 4:

**1. Has the company mapped its internal and external stakeholders?**

Yes.

**2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Guided by our Corporate Social Responsibility (CSR) policy, U GRO 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 is in the areas of education, health nutrition and WASH, women empowerment and environmental sustainability. UGRO will also participate in case of any national event that would impact people's lives and require our attention from time to time.

UGRO has 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. UGRO continues to sponsor education for the underprivileged on case-to-case basis.

For details, please refer Annual Report on CSR Activities annexed to Directors' Report.

### Principle 5:

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

U GRO Capital Limited follows the code of conduct which is applicable to all the employees of the Company. In addition, the Company's whistle blower program covers all its internal and external stakeholders.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Please refer to response to point no. 2 under Principle 1 for details on stakeholder complaints.

### Principle 6:

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

As mentioned under responses to Principle 2, given the nature of business of the Company this Principle is not largely relevant.

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

We are an environment friendly organisation constantly focused on having solutions which minimize impact on environment. We have chosen to have our IT infrastructure and data storage on cloud which is much more sustainable, consumes less power and generates very little e-waste compared to traditional on-premise hard drives/servers. We have an Environment and Social risk (ESRM) policy in place to ensure effective environmental and social management practices in all our activities, products and services.

**3. Does the company identify and assess potential environmental risks?**

Since the Company is not a manufacturing entity, the above question is not applicable.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Since the Company is not a manufacturing entity, the above question is not applicable.

## Business Responsibility (Contd.)

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

UGRO's sectoral focused approach directly aids multiple Sustainable Development Goals like Affordable and Clean Energy, Quality Education, Good Health and Well-being, Sustainable cities and communities and Zero Hunger.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Since the Company is not a manufacturing entity, the above question is not applicable.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

### Principle 7:

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

U GRO Capital holds membership or crucial Association like Internet and Mobile Association of India (IAMAI) and Finance Industry Development Council (FIDC).

As a tech enabled lending platform, both are important. The Internet and Mobile Association of India (IAMAI) which is body whose mandate is to expand and enhance the online and mobile value-added services across all sectors. As members, U GRO Capital is also part of the Fintech Convergence Council (FCC). FCC works closely with the Ministry and regulators like Reserve Bank of India (RBI), Ministry of Finance, Insurance Regulatory and Development Authority, Securities and Exchange Board of India and any similar government departments, bodies or Institution to grow the penetration of financial services.

Finance Industry Development Council (FIDC) is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India. It is engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and important policy related meetings with RBI, for development of NBFCs in India.

U GRO Capital also holds a membership and is the flag bearer of Indian lending companies who are solely focused on the Indian MSME sector at the **SME Finance Forum (Managed by IFC - a World Bank Company) - Washington.**

The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum operates a global membership network of +200 members that brings together financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs. It therefore provides a robust platform to share and

to more importantly to learn best-practices from around the world in the sphere of SME financing.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

U GRO Capital in association with our partner iSprit - showcased the power of cashflow based underwriting to the world by putting together a case study on India's Government e-Marketplace portal and their invoice discounting app Sahay. U GRO Capital is one of the first wave lenders on the GeM Sahay Platform to offer Invoice Discounting to the smallest of SMEs from far reaching corners of India.

Being a young organisation, we have acquired memberships of the above mentioned bodies recently and have therefore not lobbied or advocated with them for advancement or improvement of public good so far. However, given that we cater to the MSME sector which is one of the most important contributors to India's GDP, we will soon take up causes which have ESG impact and will look forward to the support of these bodies to support our cause for greater good of the country.

### Principle 8:

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes - CSR amount of INR 39.12 Lakhs donated by the Company was expended by 3 institutions i.e. HEAL Foundation, Muktangan Education Trust & Our Lady's Home (for Boys).

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

In association with the institutions.

3. **Have you done any impact assessment of your initiative?**

Yes.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Please refer Annual Report on CSR Activities annexed to Directors' Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

'Preventive Screening Drive via Mobile Health Clinic' proposed and conducted by HEAL Foundation has been

## Business Responsibility (Contd.)

running with due deliberation and reaching out to people from different strata of society through varied channels. The 'Mobile Health Screening Clinic' installed inside the tempo traveller has been moving to different hospitals, community centres, PSUs, urban slums. Through Muktangan Education Trust & Our Lady's Home (for Boys), Ugro sponsored education and nutrition for the under privileged.

### Principle 9:

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

3 customer complaint/consumer case was pending as on the end of financial year 2021-22.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

Since the Company is not a manufacturing entity, the above question is not applicable

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

No cases have been filed against the Company.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

In the normal course of the Company's services to customers, the customer service team do ascertain the satisfaction of the customers as per its systems and methodologies as also the management assesses the customer satisfaction level on important/critical areas from time to time. The Company has recently also conducted an Impact Assessment Study.

**For U GRO Capital Limited**

**sd/-  
Shachindra Nath  
Executive Chairman and Managing Director**

# 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 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.

## Auditor's Report (Contd.)

Sr. Key Audit Matter No.	How the Key Audit Matter was addressed in our audit
<p>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)</p> <p>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.</p> <p>In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters:</p> <p>a) Qualitative and quantitative factors used in staging the loan assets;</p> <p>b) Basis used for estimating Probabilities of Default ("PD") and Loss Given Default ("LGD"); and</p> <p>c) Staging of loans and estimation of behavioural life.</p> <p>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.</p> <p>The Company has developed models that derive key assumptions used within the provision calculation such as probability of default and loss given default.</p> <p>The output of these models is then applied to the provision calculation with other information including the exposure at default (the "EAD").</p> <p>Given the high degree of management's judgement involved in estimation of ECL, it is a key audit matter.</p>	<p>In view of the significance of the matter, our audit procedures performed included, but not limited to the following:</p> <ol style="list-style-type: none"> <li>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'.</li> <li>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.</li> <li>Obtained an understanding of Management's process of ECL computation and verified the design and effectiveness of internal controls over the: <ul style="list-style-type: none"> <li>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.</li> <li>scorecards developed by the Company using Probability of Default rates sent by the external credit rating agencies.</li> </ul> </li> <li>Verified on a test check basis underlying data related to estimates and judgements: <ul style="list-style-type: none"> <li>completeness and accuracy of information used in the estimation of the ECL for the different stages depending on the nature of the portfolio.</li> <li>PD is as per the scorecards provided by the External Credit Rating agency.</li> <li>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.</li> <li>Exposures determined to be individually impaired, examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.</li> <li>Verified the computation of ECL to ensure arithmetical accuracy.</li> <li>Reconciled the total financial assets considered for ECL estimation with the books of account to ensure the completeness.</li> </ul> </li> <li>Verified, on test check basis, whether appropriate staging of assets have been performed basis their days past due.</li> <li>Verified the adequacy of the adjustment including management's assessment of additional provision on stressed loan.</li> <li>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.</li> <li>Verified the ECL provision on restructured cases pursuant to the Reserve Bank of India ("the RBI") circular on a sample basis.</li> <li>Assessed the adequacy and appropriateness of the related presentation disclosures in accordance with the requirements of applicable Ind AS.</li> </ol>

### 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.

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.

### 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.

## Auditor's Report (Contd.)

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.
    - iv.
      - (1) The Management has represented that, to the best of its 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 its 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 **MSKA & Associates**  
**Chartered Accountants**

ICAI Firm Registration Number: 105047W

Swapnil Kale  
Partner

Membership Number: 117812  
UDIN: 22117812AJMCIV7951

Place: Mumbai  
Date: May 24, 2022

## Auditor's Report (Contd.)

### 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.
  - (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

## Auditor's Report (Contd.)

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 (l) 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.
- 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.

## Auditor's Report (Contd.)

- 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.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 – 'Using the work of Internal Auditors'.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company.
  - (b) In our opinion, the Company has not conducted any Non-Banking Financial activity without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
  - (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
  - (d) The Company does not have any group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.
- xvii. According to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph 3(xx)(a) to (b) of the Order are not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **MSKA & Associates**  
**Chartered Accountants**

ICAI Firm Registration Number: 105047W

Swapnil Kale  
Partner

Membership Number: 117812  
UDIN: 22117812AJMCIV7951

Place: Mumbai

Date: 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.

##### 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.

## Auditor's Report (Contd.)

### 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 **MSKA & Associates**  
**Chartered Accountants**

ICAI Firm Registration Number: 105047W

Swapnil Kale  
Partner

Membership Number: 117812  
UDIN: 22117812AJMCIV7951

Place: Mumbai

Date: May 24, 2022

# BALANCE SHEET as at March 31, 2022

(Currency : Rupees in lakh)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>I. ASSETS</b>			
<b>Financial assets</b>			
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	245,048.34	128,269.61
Investments	7	6,943.99	5,522.75
Other financial assets	8	789.62	680.88
		<b>271,639.43</b>	<b>166,077.78</b>
<b>Non-financial assets</b>			
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
		<b>13,783.13</b>	<b>9,400.80</b>
<b>TOTAL ASSETS</b>		<b>285,422.56</b>	<b>175,478.58</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
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	109,807.09	45,011.94
Other financial liabilities	20	4,722.81	2,118.22
		<b>185,588.72</b>	<b>79,013.32</b>

# BALANCE SHEET as at March 31, 2022

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>Non-financial liabilities</b>			
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
		<b>3,177.52</b>	1,221.44
<b>TOTAL LIABILITIES</b>		<b>188,766.24</b>	<b>80,234.76</b>
<b>Equity</b>			
Equity share capital	24	7,055.94	7,052.86
Other equity	25	89,600.38	88,190.96
<b>TOTAL EQUITY</b>		<b>96,656.32</b>	<b>95,243.82</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>285,422.56</b>	<b>175,478.58</b>

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 **MSKA & Associates**

Chartered Accountants

ICAI Firm's Registration No : 105047W

**Swapnil Kale**

Partner

Membership No : 117812

Mumbai

May 24, 2022

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

Sd/-

**Shachindra Nath**

Executive Chairman & MD

DIN : 00510618

Mumbai

May 24, 2022

Sd/-

**Abhijit Sen**

Independent Director and Chairman -

Audit Committee

DIN : 00002593

Mumbai

May 24, 2022

Sd/-

**Amit Gupta**

Chief Financial Officer

Mumbai

May 24, 2022

Sd/-

**Aniket Karandikar**

Company Secretary

Mumbai

May 24, 2022

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

(Currency : Rupees in lakh)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from operations</b>			
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
<b>Total revenue from operations</b>		<b>30,727.46</b>	<b>14,981.07</b>
Other Income	30	614.13	352.77
<b>Total income</b>		<b>31,341.59</b>	<b>15,333.84</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>29,323.81</b>	<b>14,120.93</b>
<b>Profit before exceptional items and tax</b>		<b>2,017.78</b>	<b>1,212.91</b>
<b>Exceptional items</b>		-	-
<b>Profit before tax</b>		<b>2,017.78</b>	<b>1,212.91</b>
<b>Tax Expense:</b>			
(1) Current tax			
-Tax as per minimum alternate tax		660.90	482.99
(2) Deferred tax benefit (Net)		(98.18)	(2,142.83)
<b>Total tax expenses</b>		<b>562.72</b>	<b>(1,659.84)</b>
<b>Profit for the year (A)</b>		<b>1,455.06</b>	<b>2,872.75</b>
<b>Other comprehensive income</b>			
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)
<b>Subtotal (B)</b>		<b>18.20</b>	<b>13.60</b>

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
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)	-
<b>Subtotal (C)</b>		<b>6.38</b>	<b>-</b>
<b>Other comprehensive income for the year (net of tax) (D) = (B) + (C)</b>		<b>24.58</b>	<b>13.60</b>
<b>Total comprehensive income for the year (E)= (A) + (D)</b>		<b>1,479.64</b>	<b>2,886.35</b>
<b>Earnings per equity share (face value of Rs 10 each)</b>	36		
Basic (₹)		<b>2.06</b>	<b>4.07</b>
Diluted (₹)		<b>2.05</b>	<b>4.07</b>

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 **MSKA & Associates**

Chartered Accountants

ICAI Firm's Registration No : 105047W

**Swapnil Kale**

Partner

Membership No : 117812

Mumbai

May 24, 2022

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

Sd/-

**Shachindra Nath**

Executive Chairman & MD

DIN : 00510618

Mumbai

May 24, 2022

Sd/-

**Abhijit Sen**

Independent Director and Chairman -

Audit Committee

DIN : 00002593

Mumbai

May 24, 2022

Sd/-

**Amit Gupta**

Chief Financial Officer

Mumbai

May 24, 2022

Sd/-

**Aniket Karandikar**

Company Secretary

Mumbai

May 24, 2022

# CASH FLOW STATEMENT for the year ended March 31, 2022

(Currency : Rupees in lakh)

Particulars	For year ended March 31, 2022	For Year Ended March 31, 2021
<b>Cash flow from operating activities :</b>		
Net profit before tax	2,017.78	1,212.91
<b>Adjustments for:</b>		
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
<b>Operating profit before working capital changes</b>	<b>6,206.62</b>	<b>4,580.42</b>
<b>Change in working capital:</b>		
<i>Increase in Loans</i>	(119,713.41)	(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)
<i>Increase in other financial liabilities</i>	1,086.80	409.36
Increase in provisions	1,618.35	98.50
<b>Cash (used in) operating activities</b>	<b>(112,340.34)</b>	<b>(34,516.91)</b>
Income taxes paid	(841.33)	(195.14)
<b>Net cash (used in) operating activities (A)</b>	<b>(113,181.67)</b>	<b>(34,712.05)</b>
<b>Cash flow from investing activities :</b>		
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)
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>4,137.95</b>	<b>(4,591.73)</b>

# CASH FLOW STATEMENT for the year ended March 31, 2022

Particulars	For year ended March 31, 2022	For Year Ended March 31, 2021
<b>Cash flow from financing activities :</b>		
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
<b>Net cash generated from financing activities (C)</b>	<b>103,253.11</b>	<b>50,794.69</b>
<b>Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(5,790.61)</b>	<b>11,490.91</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,365.55</b>	<b>874.64</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,574.94</b>	<b>12,365.55</b>
<b>Components of cash and cash equivalents</b>		
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
<b>TOTAL</b>	<b>6,574.94</b>	<b>12,365.55</b>

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 **MSKA & Associates**  
 Chartered Accountants  
 ICAI Firm's Registration No : 105047W

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

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

Sd/-  
**Shachindra Nath**  
 Executive Chairman & MD  
 DIN : 00510618  
 Mumbai  
 May 24, 2022

Sd/-  
**Amit Gupta**  
 Chief Financial Officer  
 Mumbai  
 May 24, 2022

Sd/-  
**Abhijit Sen**  
 Independent Director and Chairman -  
 Audit Committee  
 DIN : 00002593  
 Mumbai  
 May 24, 2022

Sd/-  
**Aniket Karandikar**  
 Company Secretary  
 Mumbai  
 May 24, 2022

# 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					
Balance as at the end of the year	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year (issued during the year)	Balance at the beginning of the year	
7,055.94	-	7,052.86	3.08	7,055.94	
As at March 31, 2021					
Balance as at the end of the year	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year (issued during the year)	Balance at the beginning of the year	
7,052.86	-	7,052.86	-	7,052.86	

## B. Other equity (Refer Note 25 below)

Particulars	Statutory reserve u/s 45-1C	Reserves & Surplus							Total	
		Capital Reserve	Securities Premium	Retained Earnings	Employee stock options 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 45-1C 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 pursuant to ESOP Scheme	-	-	13.53	(13.53)	-	-	-	-	-	-
Transfer to Retained Earnings on lapse of options pursuant to ESOP Scheme	-	-	-	286.32	(286.32)	-	-	-	-	-
<b>Balance at the end of the current reporting period</b>	<b>2,401.48</b>	<b>1,046.00</b>	<b>77,723.91</b>	<b>7,975.75</b>	<b>446.86</b>	<b>-</b>	<b>-</b>	<b>6.38</b>	<b>-</b>	<b>89,600.38</b>

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

B. Other equity (Refer Note 25 below)

As at March 31, 2021

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

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

As required by section 45-1C 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 45-1C of RBI Act, 1934.

For **MSKA & Associates**  
Chartered Accountants  
ICAI Firm's Registration No : 105047W

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

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

Sd/-  
**Shachindra Nath**  
Executive Chairman & MD  
DIN : 00510618  
Mumbai  
May 24, 2022

Sd/-  
**Abhijit Sen**  
Independent Director and Chairman -  
Audit Committee  
DIN : 00002593  
Mumbai  
May 24, 2022

Sd/-  
**Amit Gupta**  
Chief Financial Officer  
Mumbai  
May 24, 2022

Sd/-  
**Aniket Karandikar**  
Company Secretary  
Mumbai  
May 24, 2022

# NOTES FORMING PART OF THE FINANCIAL STATEMENT

for the year ended March 31, 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.

### (4) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (5) Functional and presentation currency

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

### (6) Use of estimates and judgements

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

### (7) Property, plant and equipment

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

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

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II to the Act
Office 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

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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### (8) Intangible assets

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

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

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

Estimated useful life of Software is 5 years.

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

### (9) Impairment of tangible and intangible assets

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

### (10) Revenue recognition

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

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

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

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

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

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

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

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

#### (i) Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

### (ii) Other Financial Charges

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

### (iii) Dividend Income:

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

### (iv) Net gain or fair value change:

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

### (v) Advisory Fees and Other Income:

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

### (vi) Income from de-recognition of assets:

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

## (11) Leases

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

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

### Company as a lessee

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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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

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

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

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

### Finance Lease

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

### As a lessor

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

## (12) Taxation

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

### (12.1) Current tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Incometax 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### (12.4) Minimum alternate tax (MAT)

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

### (13) Employee Benefits

#### (13.1) Retirement benefit costs and termination benefits

##### Defined contribution plans –

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

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

##### Defined benefit plans –

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

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

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

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

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

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

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

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

The cost of short-term compensated absences is accounted as under:

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

#### (13.3) Compensatory Payments (Loss of Earned Bonus)

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

#### (13.4) Share - based payments

The Company recognizes compensation expense relating to share-based payments in the statement of profit and loss using fair value in accordance with Ind AS 102 - Share-based payments. The estimated fair value of the award is

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount. The Company has switched from Black-Scholes Model to the Binomial Model for assessing the fair value of the options on the grant date during the year. The share price of the Company was simulated using a binomial model. The simulation was done from each valuation date to maturity of the ESOP.

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

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

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

### (14) Finance costs

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

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

### (15) Provisions, contingent liabilities and contingent assets

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

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

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

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

### (16) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

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

### (17) Foreign Currencies

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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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

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

### (18) Cash and cash equivalents

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

### (19) Segment reporting

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

### (20) Financial Instruments

#### (20.1) Recognition of financial instruments

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

#### (20.2) Initial measurement of financial instruments

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

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

#### (20.3) Classification and subsequent measurement of financial instruments

##### (20.3.1) Financial assets

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

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

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

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

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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Effective Interest Rate Method

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

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

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

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

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

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

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

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

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

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

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

### (20.4) Impairment of financial asset

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

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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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:

- An asset is more than 90 days past due
- If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

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

##### b) Portfolio segmentation:

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

##### c) Probability of Default (PD):

12-month PD for all the sectors except Onward Lending to NBFCs:

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

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

12-month PD for Onward Lending to NBFCs:

For Onward Lending, average of PD above investment grades provided by CRISIL for NBFC specific sector has been considered as PD.

Life-time PD:

Life-time PD is applied for Stage 2 accounts.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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 =  $(1 - (\text{Probability of surviving in year 1})^{\text{remaining tenure}})$

### 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 balancesheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

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

### (20.6) Financial liabilities and equity instruments

#### (20.6.1) Classification as debt or equity

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

#### (20.6.2) Equity instruments

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

#### (20.6.3) Compound financial instruments

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

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

#### (20.6.4) Financial Liabilities

A financial liability is any liability that is:

- Contractual obligation;
- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments

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

The Company has not designated any financial liabilities at FVTPL.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### (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 cross currency interest rate swaps.

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

### (22) Hedge accounting policy

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

### (23) Cash flow Hedges

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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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

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

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

### (25) Earnings per share

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

### (26) Cash flow statement

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

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### (27) Standards issued but not yet effective

No new standard as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

## 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.OO325. 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 3. Cash and cash equivalents

(Rupees in lakh)

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
<b>Total</b>	<b>6,574.94</b>	<b>12,365.55</b>

### 4. Bank balances other than cash and cash equivalents above

(Rupees in lakh)

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	-
<b>Total</b>	<b>12,260.25</b>	<b>19,238.99</b>

\* Earmarked balances with Banks and Financial Institution are to the tune of ₹ 12,255.37 lakh (previous year : ₹ 871.21 lakh)

\*\* Impairment Loss allowance is calculated on Fixed Deposits with Banks and Financial Institution

### 5. Derivative financial instruments

(Rupees in lakh)

	As at March 31, 2022			As at March 31, 2021		
	Notional Amounts	Fair value - Assets	Fair value - Liabilities	Notional Amounts	Fair value - Assets	Fair value - Liabilities
<b>Part I</b>						
(i) Currency derivatives:						
-Currency swaps*	3,109.43	22.29	-	-	-	-
(ii) Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	3,109.43	22.29	-	-	-	-
<b>Part II</b>						
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	-	-	-	-
<b>Total Derivative Financial Instruments</b>	<b>3,109.43</b>	<b>22.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 6. Loans

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Loans at amortised cost</b>		
<b>(A)</b>		
Supply chain receivables	25,021.38	18,660.24
Term loans	224,090.54	112,159.42
Loans to employees	0.82	11.95
<b>Total Gross Loans</b>	<b>249,112.74</b>	<b>130,831.61</b>
Less: Impairment loss allowance	4,064.40	2,562.00
<b>Total Net Loans</b>	<b>245,048.34</b>	<b>128,269.61</b>
<b>(B)</b>		
Secured by book debts	27,925.48	24,983.39
Secured by property	104,885.65	56,383.46
Secured by machinery	23,066.06	7,089.63
Unsecured	93,235.55	42,375.13
<b>Total Gross Loans</b>	<b>249,112.74</b>	<b>130,831.61</b>
Less: Impairment loss allowance	4,064.40	2,562.00
<b>Total Net Loans</b>	<b>245,048.34</b>	<b>128,269.61</b>
<b>(C)</b>		
<b>Loans in India</b>		
Public sector	-	-
Others	249,112.74	130,831.61
<b>Total Gross Loans</b>	<b>249,112.74</b>	<b>130,831.61</b>
Less: Impairment loss allowance	4,064.40	2,562.00
<b>Total - Net (a)</b>	<b>245,048.34</b>	<b>128,269.61</b>
<b>Loans outside India (b)</b>	<b>-</b>	<b>-</b>
<b>Total - Net (a)+(b)</b>	<b>245,048.34</b>	<b>128,269.61</b>

#### Note :

- 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.
- The underlying securities for the assets secured by tangible assets are property, machinery and book debts.

### 7. Investments

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Investments - at FVTPL</b>		
Mutual funds (unquoted)	-	4,014.54
Security Receipts	2,648.11	-
<b>Investments - at amortised cost</b>		
Debt securities	4,296.72	1,508.21
Less: Impairment loss allowance	0.84	-
<b>Total Net Investments</b>	<b>6,943.99</b>	<b>5,522.75</b>
Investments in India	6,944.83	5,522.75
Investments outside India	-	-
<b>Total - Gross Investments</b>	<b>6,944.83</b>	<b>5,522.75</b>
Less: Impairment loss allowance	0.84	-
<b>Total - Net Investments</b>	<b>6,943.99</b>	<b>5,522.75</b>

Note : For valuation methodology Refer Note 51

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 8. Other financial assets

(Rupees in lakh)

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	-
<b>Total</b>	<b>789.62</b>	<b>680.88</b>

### 9. Current tax assets (net)

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Current tax assets</b>		
Advance tax and tax deducted at source (Net of provision for tax ₹926.44 lakh (Previous year: Nil))	164.23	-
<b>Total</b>	<b>164.23</b>	<b>-</b>

### 10. Deferred tax assets (net)

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deferred tax assets</b>		
<b>Tax effect of timing differences on account of -</b>		
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
<b>Total (A)</b>	<b>7,230.12</b>	<b>5,332.22</b>
<b>Deferred tax liabilities</b>		
<b>Tax effect of timing differences on account of -</b>		
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
<b>Total (B)</b>	<b>2,848.49</b>	<b>1,038.67</b>
<b>Deferred tax assets (net) (A-B)</b>	<b>4,381.63</b>	<b>4,293.55</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 11. Property, plant and equipment

(Rupees in lakh)

Particulars	As at March 31, 2022				As at March 31, 2021			
	IT and Office equipments	Lease-hold improvements	Furniture and fixtures	Total	IT and Office equipments	Lease-hold improvements	Furniture and fixtures	Total
<b>At cost at the beginning of the year</b>	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	-	-	-	-	-	-	-	-
<b>At cost at the end of the year</b>	<b>502.23</b>	<b>375.75</b>	<b>28.30</b>	<b>906.28</b>	<b>381.99</b>	<b>375.75</b>	<b>14.70</b>	<b>772.44</b>
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	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at the end of the year</b>	<b>206.54</b>	<b>264.71</b>	<b>4.60</b>	<b>475.85</b>	<b>118.71</b>	<b>182.10</b>	<b>3.03</b>	<b>303.84</b>
<b>Net carrying amounts as at the end of the year</b>	<b>295.69</b>	<b>111.04</b>	<b>23.70</b>	<b>430.43</b>	<b>263.28</b>	<b>193.65</b>	<b>11.67</b>	<b>468.60</b>

Note : No revaluation of any class of asset was carried out during the year.

### 12 . Right of use asset

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At fair value at the beginning of the year</b>	<b>1,971.28</b>	<b>1,854.97</b>
Remeasurement of assets	10.42	24.21
Additions during the year	1,914.56	92.10
<b>At fair value at the end of the year</b>	<b>3,896.26</b>	<b>1,971.28</b>
<b>Accumulated depreciation as at the beginning of the year</b>	<b>876.97</b>	<b>510.96</b>
Depreciation for the year	481.01	366.01
<b>Accumulated depreciation as at the end of the year</b>	<b>1,357.98</b>	<b>876.97</b>
<b>Net carrying amount as at the end of the year</b>	<b>2,538.28</b>	<b>1,094.31</b>

### 13. Capital work in progress

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital work in progress	20.25	-
<b>Total</b>	<b>20.25</b>	<b>-</b>

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	-	-	-	-	-
<b>Total</b>	<b>20.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.25</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 14. Intangible assets under development

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Softwares	568.54	388.41
<b>Total</b>	<b>568.54</b>	<b>388.41</b>

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	-	-	-	-	-
<b>Total</b>	<b>208.85</b>	<b>276.94</b>	<b>72.33</b>	<b>10.42</b>	<b>568.54</b>

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	-	-	-	-	-
<b>Total</b>	<b>305.66</b>	<b>72.33</b>	<b>10.42</b>	<b>-</b>	<b>388.41</b>

### 15. Other intangible assets

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Software* :		
<b>At cost at the beginning of the year</b>	<b>2,972.79</b>	<b>2,095.18</b>
Additions during the year	1,136.78	877.61
Disposal/adjustments during the year	(16.59)	-
<b>At cost at the end of the year</b>	<b>4,092.98</b>	<b>2,972.79</b>
<b>Accumulated amortisation as at the beginning of the year</b>	<b>910.77</b>	<b>255.84</b>
Amortisation for the year	588.76	654.93
Disposal/adjustments during the year	(8.59)	-
<b>Accumulated amortisation as at the end of the year</b>	<b>1,490.94</b>	<b>910.77</b>
<b>Net carrying amounts as at the end of the year</b>	<b>2,602.04</b>	<b>2,062.02</b>

\* No revaluation of any class of asset was carried out during the year.

### 16. Other non-financial assets

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances to vendors and employees	1,162.05	410.07
Goods and service tax input credit receivable	693.63	468.40
Prepaid expenses	1,222.03	215.14
Deferred staff loan cost	0.02	0.30
<b>Total</b>	<b>3,077.73</b>	<b>1,093.91</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 17. Payables

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade payables</b>		
Due to Micro and small enterprises (Refer Note 43)	0.08	0.01
Due to others	666.93	218.24
<b>Other payables</b>		
Due to Micro and small enterprises (Refer Note 43)	-	-
Due to others		
- Accrued employee benefits	-	52.65
- Payable to Customer	15.04	54.71
<b>Total</b>	<b>682.05</b>	<b>325.61</b>

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					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	-	-	-	-	-	-
<b>Total</b>	<b>530.84</b>	<b>38.67</b>	<b>53.80</b>	<b>39.60</b>	<b>4.10</b>	<b>667.01</b>

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					Total
	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.01	-	-	-	-	0.01
Others	206.67	8.73	0.62	2.22	-	218.24
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>206.68</b>	<b>8.73</b>	<b>0.62</b>	<b>2.22</b>	<b>-</b>	<b>218.25</b>

#### 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 :

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

Particulars	As at	
	March 31, 2022	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.	-	-
<b>The balance of MSMED parties as at the end of the year</b>	<b>0.08</b>	<b>0.01</b>

### 18. Debt securities

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
<b>a. Secured</b>				
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
<b>b. Unsecured</b>				
Commercial Paper	11,472.03	11,472.03	5,269.88	5,269.88
Redeemable non-convertible debentures	990.29	990.29	-	-
<b>Total</b>	<b>70,376.77</b>	<b>70,376.77</b>	<b>31,557.55</b>	<b>31,557.55</b>
Debt securities in India	70,376.77	70,376.77	31,557.55	31,557.55
Debt securities outside India	-	-	-	-
<b>Total</b>	<b>70,376.77</b>	<b>70,376.77</b>	<b>31,557.55</b>	<b>31,557.55</b>

#### Security and other terms of debt security :

(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
<b>Total</b>	<b>27,303.31</b>	<b>20,000.01</b>	<b>3,666.68</b>	<b>5,000.00</b>	<b>10,700.00</b>	<b>66,670.00</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(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 %*	5,600.00	-	-	-	-	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	833.34	-	2,500.00
<b>Total</b>	<b>15,600.00</b>	<b>7,333.33</b>	<b>5,833.33</b>	<b>833.34</b>	<b>-</b>	<b>29,600.00</b>

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
<b>Total</b>	<b>1,036.54</b>	<b>927.10</b>	<b>924.94</b>	<b>531.03</b>	<b>-</b>	<b>3,419.61</b>

(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
<b>Total</b>	<b>1,330.02</b>	<b>319.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,649.40</b>

\* 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 :

- Out of the the above, Non-convertible debentures amounting to ₹ 5,000 lakh as at March 31, 2022 are guaranteed by directors.
- Debt Securities were used fully for the purpose for which the same were obtained.
- There are no default in repayment of debt securities.

### 19. Borrowings (other than debt securities)

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At amortised cost	Total	At amortised cost	Total
<b>(a) Term loans</b>				
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>(b) Loans repayable on demand</b>				
Bank overdraft	2,567.71	2,567.71	4,086.54	4,086.54
<b>Total</b>	<b>109,807.09</b>	<b>109,807.09</b>	<b>45,011.94</b>	<b>45,011.94</b>
Borrowings in India	106,669.21	106,669.21	45,011.94	45,011.94
Borrowings outside India	3,137.88	3,137.88	-	-
<b>Total</b>	<b>109,807.09</b>	<b>109,807.09</b>	<b>45,011.94</b>	<b>45,011.94</b>
Secured	103,802.48	103,802.48	43,637.23	43,637.23
Unsecured	6,004.61	6,004.61	1,374.71	1,374.71
<b>Total</b>	<b>109,807.09</b>	<b>109,807.09</b>	<b>45,011.94</b>	<b>45,011.94</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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
<b>For Banks :</b>						
Rate of Interest 6.00 % to 12.00%*	25,303.53	19,848.93	15,402.65	7,695.37	250.00	68,500.48
<b>For Other Parties :</b>						
Rate of Interest 10.85 % to 12.75%*	18,696.31	13,737.48	3,456.02	1,238.08	-	37,127.89
<b>Total</b>	<b>43,999.84</b>	<b>33,586.41</b>	<b>18,858.67</b>	<b>8,933.45</b>	<b>250.00</b>	<b>105,628.37</b>

(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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,131.29</b>	<b>-</b>	<b>-</b>	<b>3,131.29</b>

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
<b>For Banks :</b>						
Rate of Interest 10.78 % to 12.75%*	5,763.63	5,656.27	4,946.00	2,159.72	-	18,525.62
<b>For Other Parties :</b>						
Rate of Interest 11.75 % to 12.00%*	10,078.59	8,961.55	3,965.72	-	-	23,005.86
<b>Total</b>	<b>15,842.22</b>	<b>14,617.82</b>	<b>8,911.72</b>	<b>2,159.72</b>	<b>-</b>	<b>41,531.48</b>

\* 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 :

- 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.
- 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.
- Out of the the above, borrowings amounting to ₹ 30,714 lakh as at March 31, 2022 are guaranteed by directors.
- Term Loans were used fully for the purpose for which the same were obtained.
- There were no default in the repayment of borrowings.
- Periodic statements of securities filed with the lending institutions are as per the books of accounts.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 20. Other financial liabilities

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend payable on equity shares	1.43	1.43
<b>Others payables :</b>		
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	-
<b>Total</b>	<b>4,722.81</b>	<b>2,118.22</b>

\* The unrealised gain is on account of sale of loan to ARC.

### 21. Current tax liabilities (net)

(Rupees in lakh)

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
<b>Total</b>	<b>126.07</b>	<b>144.13</b>

### 22 Provisions

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Provision for employee benefits :</b>		
- 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
<b>Total</b>	<b>2,687.22</b>	<b>939.67</b>

### 23. Other non-financial liabilities

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	364.23	137.64
<b>Total</b>	<b>364.23</b>	<b>137.64</b>

### 24. Equity

#### a. Details of authorised, issued and subscribed share capital :

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised capital</b>				
Equity shares of Rs 10 each	81,500,000.00	8,150.00	81,500,000.00	8,150.00
Preference shares of Rs 10 each	20,500,000.00	2,050.00	20,500,000.00	2,050.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of Rs 10 each, fully paid-up	70,559,319.00	7,055.94	70,528,550.00	7,052.86
<b>Total</b>	<b>70,559,319</b>	<b>7,055.94</b>	<b>70,528,550</b>	<b>7,052.86</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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	70,528,550	7,052.86	70,528,550	7,052.86
Add: Shares issued during the year*	30,769	3.08	-	-
<b>Outstanding at the end of the year</b>	<b>70,559,319</b>	<b>7,055.94</b>	<b>70,528,550</b>	<b>7,052.86</b>

\*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	15,116,279.00	21.42%	15,116,279.00	21.43%
Clearsky Investment Holdings Pte Limited	15,116,279.00	21.42%	15,116,279.00	21.43%
DBZ (Cyprus) Limited	6,507,687.00	9.22%	13,565,891.00	19.23%
Samena Fidem Holdings	5,956,757.00	8.44%	5,956,757.00	8.45%
<b>Total</b>	<b>42,697,002.00</b>	<b>60.50%</b>	<b>49,755,206.00</b>	<b>70.54%</b>

### e. Shares reservation :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares		No. of Shares	
Equity shares of ₹10 each	2,991,097		3,257,033	
Number of Shares reserved for ESOPs (Refer Note 43)				

### 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 :

S.No. Promoter Name	Shares held by promoters at the end of the year		% Change during the year
	No. of Shares	% of total shares	
1. Poshika Advisory Services LLP	2,027,709	2.87%	-
<b>Total</b>	<b>2,027,709</b>	<b>2.87%</b>	

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 25. Other equity

(Rupees in lakh)

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	-
<b>Total</b>	<b>89,600.38</b>	<b>88,190.96</b>

#### 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).

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 26. Interest income

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>At Amortised Cost:</b>		
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
<b>Total</b>	<b>27,215.28</b>	<b>14,683.43</b>

### 27. Net gain on derecognition of financial instruments under amortised cost category

(Rupees in lakh)

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
<b>Total</b>	<b>2,852.50</b>	<b>129.42</b>

### 28. Net gain on fair value changes

(Rupees in lakh)

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)	-
<b>Total</b>	<b>33.67</b>	<b>34.68</b>
Fair value changes:		
Realised	62.89	153.65
Unrealised	(29.22)	(118.97)
<b>Total</b>	<b>33.67</b>	<b>34.68</b>

### 29. Fees and commission income

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fees and commission Income	626.01	133.54
<b>Total</b>	<b>626.01</b>	<b>133.54</b>

### 30. Other Income

(Rupees in lakh)

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
<b>Total</b>	<b>614.13</b>	<b>352.77</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 31. Finance cost

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Interest Costs</b>		
<b>Interest expense on financial liabilities measured at amortised cost:</b>		
<b>(a) Interest on borrowings</b>		
Interest on borrowings from banks and financial institutions	8,090.88	2,331.37
<b>(b) Interest on debt securities</b>		
Interest on redeemable non-convertible debentures / Discount on Commercial paper	5,416.80	1,934.05
<b>(c) Interest on lease liabilities</b>		
Interest on lease liabilities	225.38	171.20
<b>(d) Other interest expense</b>		
Interest expense on other financial liabilities	5.86	19.62
<b>Total</b>	<b>13,738.92</b>	<b>4,456.24</b>

### 32. Impairment losses on financial instruments

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>On financial instruments measured at amortised cost:</b>		
<b>Impairment on financial instruments</b>		
- Loans	2,934.67	1,961.71
- Other receivables	3.17	-
- Fixed deposits	2.86	-
- Investments	0.84	-
<b>Total</b>	<b>2,941.54</b>	<b>1,961.71</b>

### 33. Employee benefit expenses

(Rupees in lakh)

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
<b>Total</b>	<b>7,289.06</b>	<b>4,532.67</b>

### 34. Depreciation, amortisation and impairment

(Rupees in lakh)

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
<b>Total</b>	<b>1,233.26</b>	<b>1,173.91</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 35. Other expenses

(Rupees in lakh)

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
<b>Total</b>	<b>4,121.03</b>	<b>1,996.40</b>

\* Payment 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	-
<b>Total</b>	<b>75.20</b>	<b>46.03</b>

### 36. 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Basic</b>		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.) [B]	70,535,715	70,528,550
<b>Basic earnings per share Rs. [A/B]</b>	<b>2.06</b>	<b>4.07</b>
<b>Diluted</b>		
Profit after tax [A]	1,455.06	2,872.75
Weighted average number of equity shares outstanding during the year (Nos.)	70,535,715	70,528,550
Weighted average number of potential equity shares on account of employee stock options and share warrants	573,817	-
Weighted average number of shares outstanding for diluted earning per share [B]	71,109,532	70,528,550
<b>Diluted earnings per share Rs. [A/B]</b>	<b>2.05</b>	<b>4.07</b>
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 existing promoters with erstwhile promoters. Further, there are no other contingent liability other than those covered under deed of indemnity.

#### b. Capital commitments

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	882.60	1,381.88
- Commitments related to loans sanction but partially undrawn	872.99	-
- Amount of contracts remaining to be executed on capital account	185.00	47.00
<b>Total</b>	<b>1,940.59</b>	<b>1,428.88</b>

\*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.

### 39. Corporate Social Responsibility

The average profit before tax of the Company for the last three financial years was ₹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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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

Transactions with related parties are as enumerated below:

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Transaction during the year</b>		
<b>Expenses</b>		
<b>Arranger Fees Paid</b>		
Livfin India Private Limited	20.57	-
<b>Arranger Fees Received</b>		
Livfin India Private Limited	33.81	-
<b>Reimbursement of expenses</b>		
Aniket Karandikar	0.17	-
Amit Gupta	0.99	-
Shachindra Nath	9.43	-
<b>Remuneration paid *</b>		
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 does not include provision towards gratuity.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### c. Balance outstanding

(Rupees in lakh)

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 options)	As at March 31, 2021 (No options)
Abhijit Ghosh	-	724,615
Sandeepkumar Zanvar	-	100,000
Amit Gupta	300,000	-
Aniket Karandikar	15,000	-

### 41. Expenditure in foreign currency

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Other expenses	79.49	0.87
<b>Total</b>	<b>79.49</b>	<b>0.87</b>

### 42. Disclosure pursuant to IndAS 19 'Employee benefits'

#### a. Defined contribution plans :

(Rupees in lakh)

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
<b>Total</b>	<b>236.77</b>	<b>120.15</b>

#### 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)

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 42. Disclosure pursuant to IndAS 19 'Employee benefits' (continued)

(ii). Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows :

Particulars	Gratuity plans	
	As at March 31, 2022	As at March 31, 2021
<b>Service cost:</b>		
Current service cost	34.50	34.75
Net interest expense	3.69	2.87
<b>Components of defined benefit costs recognised in the Statement of profit or loss</b>	<b>38.19</b>	<b>37.62</b>
<b>Remeasurement on the net defined benefit liability:</b>		
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)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(25.67)</b>	<b>(19.19)</b>
<b>Total</b>	<b>12.52</b>	<b>18.43</b>

(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
<b>Net liability arising from defined benefit obligation</b>	<b>83.65</b>	<b>71.13</b>

(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
<b>Opening defined benefit obligation</b>	<b>71.13</b>	<b>52.70</b>
Current service cost	34.50	34.75
Interest cost	3.69	2.87
Remeasurement (gains)	(25.67)	(19.19)
<b>Closing defined benefit obligation</b>	<b>83.65</b>	<b>71.13</b>

(v). Maturity analysis of the benefit payments :

Projected benefits payable in future years	Gratuity plans	
	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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 42. Disclosure pursuant to IndAS 19 'Employee benefits' (continued)

(Rupees in lakh)

#### (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
<b>Demographic Assumptions</b>		
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
<b>Financial Assumptions</b>		
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
<b>Net liability arising from defined benefit obligation</b>	<b>287.52</b>	<b>170.85</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

### 42. Disclosure pursuant to IndAS 19 'Employee benefits' (continued)

Particulars	Compensated absences	
	As at March 31, 2022	As at March 31, 2021
<b>Discontinuance Liability</b>	<b>293.61</b>	<b>171.84</b>
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, 2021	
	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

### 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 :

(Rupees in lakh)

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 10 each)				
<b>Options outstanding at the beginning of the year</b>	<b>3,257,033</b>	₹ 130 - ₹ 180	<b>3,801,528</b>	₹ 130
Add: Granted	1,378,039	₹ 130	597,617	₹ 130
Less: Exercised	30,769	₹ 130	-	-
Less: Lapsed	1,613,206	-	1,142,112	-
<b>Option outstanding at the end of the year</b>	<b>2,991,097</b>	₹ 130	<b>3,257,033</b>	₹ 130 - ₹ 180
<b>Exercisable at the end of the year</b>	<b>2,991,097</b>		<b>3,257,033</b>	

The Company follows accounting policy of fair value method for employee stock options (ESOPs) valuation. Accordingly, the accumulated expense reversal of ₹ 107.15 lakh (previous year expense ₹ 205.11 lakh) has been credited (previous year debited) to the Statement of profit and loss of the year ended March 31, 2022.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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	2,590,328	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
<b>Weighted average remaining contractual life</b>					
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

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
<b>Weighted average remaining contractual life</b>					
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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 43. Disclosure relating to employee stock option scheme (continued)

#### 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 its 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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 :

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Office Premises :</b>		
<b>At cost at the beginning of the year</b>	1,971.28	1,854.97
Additions during the year	1,914.56	92.10
Remeasurement of assets	10.42	24.21
<b>At cost at the end of the year</b>	<b>3,896.26</b>	<b>1,971.28</b>
<b>Accumulated depreciation as at the beginning of the year</b>	<b>876.97</b>	<b>510.96</b>
Depreciation for the year	481.01	366.01
<b>Accumulated depreciation as at the end of the year</b>	<b>1,357.98</b>	<b>876.97</b>
<b>Net carrying amounts as at the end of the year</b>	<b>2,538.28</b>	<b>1,094.31</b>

#### b. Amount recognised in 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
<b>Total expenses recognised in Statement of profit and loss</b>	<b>706.39</b>	<b>537.21</b>

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
<b>Total</b>	<b>2,858.76</b>	<b>1,340.97</b>

#### 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
<b>Total</b>	<b>2,858.76</b>	<b>1,340.97</b>

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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 45. Disclosure under Clause 28 of the Listing |Agreement for Debt Securities:

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Loans and advances in the nature of loans to Subsidiaries</b>		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
<b>b) Loans and advances in the nature of loans to Associates</b>		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
<b>c) Loans and advances in the nature of loans to Firms/Companies in which director are interested</b>		
Name of the Company	Not Applicable	Not Applicable
Amount	-	-
<b>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.</b>	<b>Not Applicable</b>	<b>Not Applicable</b>

### 46 Impact of Hedging activities

#### a) Disclosure of effects of hedge accounting on the financial position:

(Rupees in lakh)

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
	Assets	Liabilities	Assets	Liabilities				
Cashflow Hedge								
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
	Assets	Liabilities	Assets	Liabilities				
Cashflow Hedge								
Currency Derivative (Cross Currency Interest Rate Swaps)	-	-	-	-	-	-	-	-

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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
<b>Cash flow hedge</b> 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	-	-	-	-

### 47. Summarised classification of financial assets and liabilities :

(Rupees in lakh)

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
<b>Financial assets</b>								
Cash and cash equivalents	6,574.94	-	-	<b>6,574.94</b>	12,365.55	-	-	<b>12,365.55</b>
Bank balances other than cash and cash equivalents above	12,260.25	-	-	<b>12,260.25</b>	19,238.99	-	-	<b>19,238.99</b>
Derivative financial instruments	-	-	22.29	<b>22.29</b>	-	-	-	<b>-</b>
Loans	245,048.34	-	-	<b>245,048.34</b>	128,269.61	-	-	<b>128,269.61</b>
Investments	4,295.88	2,648.11	-	<b>6,943.99</b>	1,508.21	4,014.54	-	<b>5,522.75</b>
Other financial assets (Refer Note 8)	789.62	-	-	<b>789.62</b>	680.88	-	-	<b>680.88</b>
<b>Total</b>	<b>268,969.03</b>	<b>2,648.11</b>	<b>22.29</b>	<b>271,639.43</b>	<b>162,063.24</b>	<b>4,014.54</b>	<b>-</b>	<b>166,077.78</b>
<b>Financial liabilities</b>								
Payables :								
(A) Trade payables								
(i) Total outstanding dues of micro enterprises and small enterprises	0.08	-	-	<b>0.08</b>	0.01	-	-	<b>0.01</b>
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	666.93	-	-	<b>666.93</b>	218.24	-	-	<b>218.24</b>
(B) Other payables								
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	<b>-</b>	-	-	-	<b>-</b>
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15.04	-	-	<b>15.04</b>	107.36	-	-	<b>107.36</b>
Debt securities	70,376.77	-	-	<b>70,376.77</b>	31,557.55	-	-	<b>31,557.55</b>
Borrowings (other than debt securities)	109,807.09	-	-	<b>109,807.09</b>	45,011.94	-	-	<b>45,011.94</b>
Other financial liabilities (Refer Note 20)	4,497.64	225.17	-	<b>4,722.81</b>	2,118.22	-	-	<b>2,118.22</b>
<b>Total</b>	<b>185,363.54</b>	<b>225.17</b>	<b>-</b>	<b>185,588.72</b>	<b>79,013.32</b>	<b>-</b>	<b>-</b>	<b>79,013.32</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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. 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 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 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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 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).

### 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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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, focussing 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 ₹ 273.79 lakh towards its restructured loans and advances as at March 31, 2022.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 48. Financial risk management (Continued)

#### A. Movement of expected credit loss on advances :

(Rupees in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Management Overlay	Total
<b>Opening balances as at April 01, 2021</b>	<b>1,197.28</b>	<b>75.03</b>	<b>1,011.00</b>	-	<b>270.00</b>	<b>2,553.31</b>
<b>Changes in the loss allowance during the year :</b>						
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)	<b>76.83</b>	<b>(38.17)</b>	<b>(884.68)</b>	-	-	<b>(846.02)</b>
Management overlay	-	-	-	-	3.79	3.79
<b>Closing balance as at March 31, 2022</b>	<b>2,481.66</b>	<b>93.91</b>	<b>1,215.04</b>	-	<b>273.79</b>	<b>4,064.40</b>
<b>Opening balance as at April 01, 2020</b>	<b>633.25</b>	<b>52.10</b>	<b>359.68</b>	-	-	<b>1,045.03</b>
<b>Changes in the loss allowance during the year :</b>						
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
<b>Closing balance as at March 31, 2021</b>	<b>1,197.28</b>	<b>75.03</b>	<b>1,011.00</b>	-	<b>270.00</b>	<b>2,553.31</b>

#### B. Movement of expected credit loss (ECL) on loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Particulars</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Opening balances as at April 01, 2021</b>	<b>8.69</b>	<b>-</b>	<b>-</b>	<b>8.69</b>
<b>Changes in the loss allowance during the year :</b>				
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)
<b>Closing balance as at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening balances as at April 01, 2020</b>	<b>2.77</b>	<b>-</b>	<b>-</b>	<b>2.77</b>
<b>Changes in the loss allowance during the year :</b>				
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)
<b>Closing balance as at March 31, 2021</b>	<b>8.69</b>	<b>-</b>	<b>-</b>	<b>8.69</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 48. Financial risk management (Continued)

#### C. Movement in gross carrying amount of advances :

(Rupees in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
<b>Opening balance of gross carrying amount as at April 01, 2021</b>	<b>124,036.19</b>	<b>3,751.00</b>	<b>3,044.42</b>	<b>-</b>	<b>130,831.61</b>
<b>Changes in the gross carrying amount during the year:</b>					
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)	(72,389.62)	(3,138.10)	(2,551.90)	-	(78,079.62)
<b>Closing balance as at March 31, 2022</b>	<b>240,216.25</b>	<b>3,255.34</b>	<b>5,641.15</b>	<b>-</b>	<b>249,112.74</b>
<b>Opening balance of gross carrying amount as at April 01, 2020</b>	<b>82,372.14</b>	<b>1,820.71</b>	<b>817.76</b>	<b>-</b>	<b>85,010.61</b>
<b>Changes in the gross carrying amount during the year :</b>					
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)
<b>Closing balance as at March 31, 2021</b>	<b>124,036.19</b>	<b>3,751.00</b>	<b>3,044.42</b>	<b>-</b>	<b>130,831.61</b>

#### D. Movement in loan commitments :

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance as at April 01, 2021</b>	<b>1,381.88</b>	<b>-</b>	<b>-</b>	<b>1,381.88</b>
<b>Changes in loan commitments during the year :</b>				
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)
<b>Closing balance as at March 31, 2022</b>	<b>882.60</b>	<b>-</b>	<b>-</b>	<b>882.60</b>
<b>Opening balance as at April 01, 2020</b>	<b>593.91</b>	<b>-</b>	<b>-</b>	<b>593.91</b>
<b>Changes in loan commitments during the year :</b>				
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)
<b>Closing balance as at March 31, 2021</b>	<b>1,381.88</b>	<b>-</b>	<b>-</b>	<b>1,381.88</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 48. Financial risk management (Continued)

#### E. Details of collateral 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) :

(Rupees in lakh)

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%	152,843.22	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.

#### 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 48. Maturity profile of assets and liabilities : (Continued)

#### 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
<b>Financial assets (Inflow) :</b>							
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	249,112.74	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	-
<b>Financial liabilities (outflow) :</b>							
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)	109,807.09	111,572.30	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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 48. Maturity profile of assets and liabilities : (Continued)

#### 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
<b>Financial assets (Inflow) :</b>							
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	130,831.61	161,434.82	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
<b>Financial liabilities (outflow) :</b>							
<b>Payables</b>							
<b>(A) Trade payables</b>							
(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>(B) Other payables</b>							
(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.

#### 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	-	-

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

The Company has disclosed the below information as stated in RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/O3.10.001/2019-20 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	164,579.97	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	84,607.78*	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	105,628.37	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 debenture	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%	-	-
<b>Total</b>		<b>181,416.98</b>	<b>96.11%</b>	<b>76,569.47</b>	<b>95.90%</b>

### (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%

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### (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.

### 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	
	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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### Interest rate risk :

(Rupees in lakh)

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:

- Earnings perspective - change in net interest income (NII) or net interest margin (NIM) due to change in interest rates.
- 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	111,774.98	46,535.94
<b>Total borrowings</b>	<b>181,416.98</b>	<b>76,867.42</b>

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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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 :

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>The gearing ratio at each date were as follows :</b>		
*Debt (I)	183,042.62	77,910.47
Less: Cash and cash equivalents (II) (Refer Note 3)	6,574.94	12,365.55
<b>Net debt (I - II)</b>	<b>176,467.68</b>	<b>65,544.92</b>
<b>Total equity</b>	<b>96,656.32</b>	<b>95,243.82</b>
<b>Net debt to equity ratio</b>	<b>1.83</b>	<b>0.69</b>

\* Debt includes debt securities, borrowings and lease liabilities.

### 49. Details of all collateral used as security for liabilities

(Rupees in lakh)

Particulars	Carrying amount of financial assets pledged	
	As at March 31, 2022	As at March 31, 2021
<b>Assets type</b>		
Loans receivable as collateral under lending agreements	180,756.52	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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 50. Income tax

(Rupees in lakh)

#### a. The major components of tax expense for the year ended March 31, 2022 and March 31, 2021 :

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>1</b>	<b>Statement of profit and loss :</b>		
	<b>Profit and loss section :</b>		
	<b>Current income tax :</b>		
	Tax for current year as per minimum alternate tax	660.90	482.99
	<b>Deferred tax :</b>		
	Tax expense on origination and reversal of temporary differences	(98.18)	(2,142.83)
	<b>Income tax expense reported in the Statement of profit and loss</b>	<b>562.72</b>	<b>(1,659.84)</b>
<b>2</b>	<b>Other comprehensive income (OCI) section :</b>		
	<b>Deferred tax :</b>		
	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	-
	<b>Income tax expense reported in the OCI section</b>	<b>10.09</b>	<b>5.59</b>

#### b. Reconciliation of effective tax rate :

Sr. No.	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%
<b>6</b>	<b>Tax at the applicable income tax rate on profit before tax (A)</b>	<b>587.58</b>	<b>353.20</b>
<b>7</b>	<b>Tax effect of amounts not deductible/not taxable while calculating taxable income</b>		
	-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)
	<b>Total of adjustments (B)</b>	<b>(24.86)</b>	<b>(2,013.04)</b>
<b>8</b>	<b>Total Tax Impact (Excl. MAT related adjustments) (C) = (A) - (B)</b>	<b>562.72</b>	<b>(1,659.84)</b>
9	Tax under MAT (Current Tax)	660.90	482.99
<b>10</b>	<b>Less: MAT credit entitlement (D)</b>	<b>(660.90)</b>	<b>(482.99)</b>
<b>11</b>	<b>Total Deferred tax (E) = (D) - (C)</b>	<b>(98.18)</b>	<b>(2,142.83)</b>
<b>12</b>	<b>Total Tax expense/(refund)</b>	<b>562.72</b>	<b>(1,659.84)</b>

\* The applicable tax is the rate prescribed under the Income - tax Act, 1961.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

### 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, 2022	As at March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A</b> <b>Deferred tax assets (DTA)</b>				
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
<b>11 Total (A)</b>	<b>7,230.12</b>	<b>5,332.22</b>	<b>1,897.91</b>	<b>2,702.23</b>
<b>B</b> <b>Deferred tax liabilities (DTL)</b>				
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
<b>7 Total (B)</b>	<b>2,848.49</b>	<b>1,038.67</b>	<b>1,809.82</b>	<b>564.99</b>
<b>C Deferred tax asset / (liability)</b>	<b>4,381.63</b>	<b>4,293.55</b>	<b>-</b>	<b>-</b>
<b>D Deferred tax expense / (benefit)</b>			<b>(88.09)</b>	<b>(2,137.24)</b>

### 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.

### 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:

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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 :

(Rupees in lakh)

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	
<b>Assets</b>								
Loans	-	- 240,905.99		249,112.74	-	- 132,300.59		130,831.61
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
<b>Total</b>	<b>3,972.12</b>	<b>-</b>	<b>241,698.78</b>	<b>254,202.25</b>	<b>1,476.71</b>	<b>-</b>	<b>132,981.47</b>	<b>133,020.70</b>
<b>Liabilities</b>								
Debt securities	-	74,189.29	-	70,376.77	-	31,812.13	-	31,557.55
Borrowings (other than debt securities)	-	101,864.90	-	109,807.09	-	45,693.66	-	45,011.94
Other financial liabilities (Refer Note 20)	-	-	4,497.64	4,497.64	-	-	2,118.22	2,118.22
<b>Total</b>	<b>-</b>	<b>176,054.19</b>	<b>4,497.64</b>	<b>184,681.49</b>	<b>-</b>	<b>77,505.79</b>	<b>2,118.22</b>	<b>78,687.71</b>

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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### b. Fair value hierarchy of financial instruments classified in FVTPL category :

(Rupees in lakh)

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	
<b>Assets</b>								
Investments in mutual funds	-	-	-	-	4,014.54	-	-	4,014.54
Investments in security receipts	-	2,648.11	-	2,648.11	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,648.11</b>	<b>-</b>	<b>2,648.11</b>	<b>4,014.54</b>	<b>-</b>	<b>-</b>	<b>4,014.54</b>

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.

### 52. Maturity profile of assets and liabilities :

(Rupees in lakh)

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
<b>Assets :</b>						
<b>Financial assets :</b>						
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	167,285.93	245,048.34	44,719.27	83,550.34	128,269.61
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
<b>Non-financial assets :</b>						
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
<b>Total</b>	<b>95,437.37</b>	<b>189,985.19</b>	<b>285,422.56</b>	<b>81,126.06</b>	<b>94,352.52</b>	<b>175,478.58</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

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
<b>Liabilities :</b>						
<b>Financial liabilities :</b>						
(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	109,807.09	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
<b>Non-financial liabilities :</b>						
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
<b>Total</b>	<b>80,667.55</b>	<b>108,098.69</b>	<b>188,766.24</b>	<b>39,382.13</b>	<b>40,852.63</b>	<b>80,234.76</b>

### 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
<b>Debt securities</b>	31,557.55	38,819.22	-	70,376.77
<b>Borrowings (other than debt securities)</b>	45,011.94	64,795.15	-	109,807.09
<b>Other financial liabilities</b>				
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
<b>Debt securities</b>	5,009.41	26,548.14	-	31,557.55
<b>Borrowings (other than debt securities)</b>	20,444.46	24,567.48	-	45,011.94
<b>Other financial liabilities</b>				
Lease liabilities	1,545.55	(320.89)	116.31	1,340.97

## Notes forming part of the financial statement for the year ended 31<sup>st</sup> March 2022 (contd.)

### 54. Financial assets are transferred but not derecognised in their entirety :

(Rupees in lakh)

#### 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	-
<b>For those liabilities that have recourse only to the transferred financial assets</b>				
Fair value of assets (A)	3,657.84	-	2,050.63	-
Fair value of associated liabilities (B)	3,426.42	-	1,632.39	-
<b>Net Position (C) = (A - B)</b>	<b>231.42</b>	<b>-</b>	<b>418.24</b>	<b>-</b>

#### 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.

(Rupees in lakh)

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

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/O3.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

#### a. Capital to risk assets ratio (CRAR)

(Rupees in lakh)

Sr No.	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	-	-

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### b. Investments

(Rupees in lakh)

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
<b>(1)</b>	<b>Value of investments</b>		
(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,		-
<b>(2)</b>	<b>Movement of provisions held towards depreciation on investments.</b>		
(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	As at March 31, 2022	As at March 31, 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

- II. 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 renowned 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

- 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.

### Quantitative Disclosures

(Rupees in lakh)

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	22.29	-	-	-
	(a) Asset [+] Estimated Gain				
	(b) Liability [-] Estimated Loss	-	-	-	-
III	Credit Exposure	3,131.72	-	-	-
IV	Unhedged exposures	-	-	-	-

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.O4.177/2021-22 dated September 24, 2021 (the "Notification"), as updated from time to time.

### Details of securitization :

(Rupees in lakh)

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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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 :

(Rupees in lakh)

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. 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, 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
<b>Assets</b>											
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	249,112.74
Investments**	-	-	-	-	-	-	2,648.11	-	4,296.72	-	6,944.83
<b>Liabilities</b>											
<b>Borrowings :</b>											
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	109,807.09
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 ₹ 4,064.40 lakh on advances is not a part of the above disclosure.

\*\* Impairment loss allowance of ₹ 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
<b>Assets</b>											
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	130,831.61
Investments	4,014.54	-	-	-	-	-	-	-	1,017.87	490.34	5,522.75
<b>Liabilities</b>											
<b>Borrowings :</b>											
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 ₹ 2,562 lakh is not a part of the above disclosure.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### f. Exposures :

(Rupees in lakh)

Category	As at March 31, 2022	As at March 31, 2021
<b>a) Exposure to real estate sector :</b>		
<b>Direct exposure</b>		
(i) <b>Residential mortgages :</b>		
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) <b>Commercial real estate :</b>		
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) <b>Investments in mortgage backed securities (MBS) and other securitised exposures:</b>		
a. Residential	-	-
b. Commercial real estate	-	-
<b>Total exposure to real estate sector</b>	<b>100,526.69</b>	<b>56,012.71</b>

\* These include properties held as underlying security

Particulars	As at March 31, 2022	As at March 31, 2021
<b>b) Exposure to capital market :</b>		
(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).	-	-
<b>Total exposure to capital market</b>	<b>-</b>	<b>-</b>

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### 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 ₹ 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.

### i. Unsecured advances :

(Rupees in lakh)

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	CAO733

### 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 38 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)

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### n. Remuneration of directors :

(Rupees in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Transactions with the non-executive directors</b>	171.00	123.38
Director Sitting Fees non-executive directors		

\* Payment to non-executive directors is NIL during the year ended March 31, 2022 and March 31, 2021.

Refer Note 4O 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 March 31, 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

### q. Draw down from reserves :

During the year, the Company has drawn down ₹ 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%

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### (iii) Concentration of NPAs :

(Rupees in lakh)

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 31<sup>st</sup> 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) Write-off / write-back of excess provisions	104.05	221.64
(d) Closing balance	1,488.83	1,350.25

### 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

### w. Customer complaints :

(Rupees in lakh)

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.

### y. Restructured accounts :

Sr. No.	Type of restructuring	Asset classification	Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					
			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 statement for the year ended March 31, 2022 (contd.)

### z. Schedule to the balance sheet of a NBFC :

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side :</b>				
<b>1 Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid :</b>				
a Debentures :				
i Secured	54,621.07	-	24,670.81	-
ii Unsecured (other than falling within the meaning of public deposits)	990.29	-	-	-
b Deferred credits		-	-	-
c Term loans	107,239.38	-	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	-
<b>2 Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
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	-	-	-	-
<b>Assets Side :</b>				
<b>3 Break - up of gross loans and advances including bills receivables (other than those included in (4) below) :</b>				
a Secured		155,877.19		88,456.48
b Unsecured		93,235.55		42,375.13
<b>4 Break - up of leased assets and stock on hire and other assets counting towards asset financing activities :</b>				
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		-		-
<b>5 Break - up of investments :</b>				
<b>Current investments</b>				
a Quoted				
(i) Shares				
a. Equity		-		-
b. Preference		-		-
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		-		-
(iv) Government securities		-		-
(v) Others		-		-
5 b Unquoted				
(i) Shares				

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
a. Equity		-		-
b. Preference		-		-
(ii) Debentures and bonds		-		-
(iii) Units of mutual funds		-		4,014.54
(iv) Government securities		-		-
(v) Others		-		-
<b>Long term investments</b>				
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		-		-
<b>6 Borrower group wise classification of assets financed in (3) and (4) above (gross) :</b>				
<b>Category</b>	<b>As at March 31, 2022</b>		<b>As at March 31, 2021</b>	
	<b>Amount Secured</b>	<b>Amount Unsecured</b>	<b>Amount Secured</b>	<b>Amount Unsecured</b>
a Related parties **				
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other related parties	-	-	-	-
b Other than related parties	155,877.19	93,235.55	88,456.48	42,375.13
<b>Total</b>	<b>155,877.19</b>	<b>93,235.55</b>	<b>88,456.48</b>	<b>42,375.13</b>
** As per accounting standard issued by ICAI.				
<b>7 Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>				
<b>Category</b>				
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
<b>Total</b>		<b>6,943.99</b>		<b>5,522.75</b>
** As per accounting standard issued by ICAI.				

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>8 Other information</b>				
<b>Particulars</b>				
<b>a Gross non performing assets :</b>		<b>5,641.15</b>		<b>3,647.71</b>
i. Related parties		-		-
ii. Other than related parties		5,641.15		3,647.71
<b>b Net non performing assets :</b>		<b>4,152.32</b>		<b>2,297.45</b>
i. Related parties		-		-
ii. Other than related parties		4,152.32		2,297.45
<b>c Assets acquired in satisfaction of debt</b>		<b>-</b>		<b>-</b>

### 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 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)
<b>Performing assets</b>						
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
<b>Non-performing assets (NPA)</b>						
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	-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>239,907.96</b>	<b>2,481.66</b>	<b>237,426.30</b>	<b>1,856.21</b>	<b>625.45</b>
	<b>Stage 2</b>	<b>3,255.34</b>	<b>93.91</b>	<b>3,161.43</b>	<b>50.52</b>	<b>43.39</b>
	<b>Stage 3</b>	<b>5,641.15</b>	<b>1,488.83</b>	<b>4,152.32</b>	<b>807.46</b>	<b>681.37</b>
	<b>Total</b>	<b>248,804.45</b>	<b>4,064.40</b>	<b>244,740.05</b>	<b>2,714.19</b>	<b>1,350.21</b>

\* The above numbers are reported at gross excluding effective interest rate impact on the same.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(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 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)
<b>Performing assets</b>						
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
<b>Non-performing assets (NPA)</b>						
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	-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>127,380.22</b>	<b>1,205.97</b>	<b>126,174.25</b>	<b>560.02</b>	<b>645.95</b>
	<b>Stage 2</b>	<b>3,751.00</b>	<b>75.03</b>	<b>3,675.97</b>	<b>14.94</b>	<b>60.09</b>
	<b>Stage 3</b>	<b>3,044.42</b>	<b>1,281.00</b>	<b>1,763.42</b>	<b>1,109.58</b>	<b>171.42</b>
	<b>Total</b>	<b>134,175.64</b>	<b>2,562.00</b>	<b>131,613.64</b>	<b>1,684.54</b>	<b>877.46</b>

\* The above numbers are reported at gross excluding effective interest rate impact on the same.

### 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 ₹ 762.29 lakh as at March 31, 2022 (Previous year ₹ 630.10 lakh) on account of securitisation transactions.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

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 (₹ 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.O4.O48/2021-22 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 56O 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- ₹ 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- ₹ 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- ₹ 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.

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

**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;

### **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.O4.O48/2021-22 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.

(Rupees in lakh)

Sr. No	Particulars	As at March 31, 2022	As at March 31, 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.O4.O48/2021-22 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 (₹ in Lakh)	33,372.84
2	Aggregate consideration received (₹ 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 Coverage (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

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

b. Details of loans acquired in respect of loans not in default during the year ended March 31, 2022 (Rupees in lakh)

Sr. No	Particulars	From NBFCs
1	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	12,199.68
2	Aggregate consideration received (in Lakh)	12,199.68
3	Weighted average residual tenor of loans sold (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 Coverage (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 Asset 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 Lakhs)
BW RRI	Brick Works Rating India Private Limited	1,217.47
In Process	Brick Works Rating India Private Limited	1,430.64

## Notes forming part of the financial statement for the year ended March 31, 2022 (contd.)

(Rupees in lakh)

72 a Disclosure as per the format prescribed under circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.O4.O48/2020-21 dated August 06, 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.O4.O48/2021-22 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
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

\* 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.O4.O48/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances" having exposure less than or equal to ₹ 25 crores for the year ended March 31, 2022:

Typers 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 **MSKA & Associates**  
Chartered Accountants  
ICAI Firm's Registration No : 105047W

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

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

Sd/-  
**Shachindra Nath**  
Executive Chairman & MD  
DIN : 00510618  
Mumbai  
May 24, 2022

Sd/-  
**Amit Gupta**  
Chief Financial Officer  
Mumbai  
May 24, 2022

Sd/-  
**Abhijit Sen**  
Independent Director and Chairman -  
Audit Committee  
DIN : 00002593  
Mumbai  
May 24, 2022

Sd/-  
**Aniket Karandikar**  
Company Secretary  
Mumbai  
May 24, 2022



## **U GRO CAPITAL LIMITED**

**Registered Office Address:** Equinox Business Park, Tower 2, 2<sup>nd</sup> Floor,  
LBS Road, Kurla (West), Mumbai - 400070

**CIN:** L67120MH1993PLC070739

**Telephone:** +91 22 4891 8686 | **E-mail:** [customercare@ugrocapital.com](mailto:customercare@ugrocapital.com) | **Website:** [www.ugrocapital.com](http://www.ugrocapital.com)