



## UGRO CAPITAL LIMITED

CIN: L67120MH1993PLC070739

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

**E-mail:** cs@ugrocapital.com, **Website:** www.ugrocapital.com

**Telephone:** +91 22 41821600

### NOTICE OF POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014

Dear Members,

**NOTICE** is hereby given that pursuant to the provisions of Sections 108 and 110 and all other applicable provisions, if any, of the Companies Act, 2013 ("**Act**") read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs (the "**MCA**"), Government of India, for holding general meetings/conducting postal ballot process through electronic voting (remote e-voting) vide General Circulars Nos. 14/ 2020 dated April 8, 2020, 17/ 2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021, 03/2022 dated May 05, 2022 and 11/2022 dated December 28, 2022 in relation to extension of the framework provided in the aforementioned circulars up to September 30, 2023, (the "**MCA Circulars**") and any other applicable laws and regulations, the following items of special businesses are proposed to be passed by the Members of UGRO Capital Limited ("the **Company**") through Postal Ballot via remote e-voting. The explanatory statement pursuant to Section 102 of the Act pertaining to the resolution setting out the material facts and the reasons thereof is annexed hereto.

The Board of Directors of the Company, vide Resolution passed in its meeting held on April 11, 2023 has appointed Mr. Pankaj Kumar Nigam, Practicing Company Secretaries (FCS No. 7343 and CP No. 7979) as the Scrutinizer for conducting the postal ballot (e-voting process) in a fair and transparent manner.

Place: Mumbai

Date: April 11, 2023

By order of the Board

#### Registered Office

Equinox Business Park, Tower 3, 4<sup>th</sup> Floor,

Off BKC, LBS Road, Kurla (West), Mumbai - 400070

CIN: L67120MH1993PLC070739

Tel: 91 22 41821600

E-mail: info@ugrocapital.com

Website: www.ugrocapital.com

Sd/-

Namrata Sajnani

Company Secretary and Compliance Officer

Membership No. F10030

## SPECIAL RESOLUTIONS ALONGWITH EXPLANATORY STATEMENT

### SPECIAL BUSINESS

#### ITEM NO. 1: INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, with or without modification, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 13, 61 and 64 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and any other rules made thereunder and other applicable provisions, if any (including any statutory modifications or re-enactment thereof, for the time being in force) read with the enabling provisions of the Articles of Association of the Company and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), or any other applicable laws for the time being in force and subject to all other necessary approvals, permissions, consents and sanctions, if required, of concerned statutory, regulatory and other appropriate authorities, if any, the consent of the shareholders of the Company, be and is hereby accorded to increase the authorized Share Capital of the Company, from the existing ₹ 102,00,00,000 (Indian Rupees One Hundred Two Crores only) divided into 8,15,00,000 (Eight Crores Fifteen Lakhs) Equity Shares of ₹ 10 (Indian Rupees Ten only) each and 2,05,00,000 (Two Crores Five Lakhs) preference shares of ₹ 10 (Indian Rupees Ten only) each to ₹ 125,00,00,000 (Indian Rupees One Hundred Twenty Five Crores Only) divided into 10,45,00,000 (Ten Crores Forty Five Lakhs) Equity Shares of ₹ 10 (Indian Rupees Ten Only) each and 2,05,00,000 (Two Crores Five Lakhs) preference shares of ₹ 10 (Indian Rupees Ten only) each.

**RESOLVED FURTHER THAT** the Board, Vice Chairman and Managing Director, Chief Financial Officer and Company Secretary and Compliance Officer of the Company be and are hereby severally authorized to do all such act(s), deed(s) and things including but not limited to filing of relevant e-forms including e form SH-7, e form MGT-14 and submitting other letters/documents with Registrar of Companies, the stock exchanges, Reserve Bank of India or any other regulatory or statutory authority, or making necessary disclosures to the Securities and Exchange Board of India, as may be necessary and incidental to give effect to the aforesaid Resolution.”

#### ITEM NO. 2: ALTERATION IN CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, with or without modification, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 13, 61 and 64 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and any other rules made thereunder and other applicable provisions, if any (including any statutory modifications or re-enactment thereof, for the time being in force) read with the enabling provision of the Articles of Association of the Company, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), or any other applicable laws for the time being in force and subject to all other necessary approvals, permissions, consents and sanctions, if required, of concerned statutory, regulatory and other appropriate authorities, if any, the consent of the shareholders of the Company, be and is hereby accorded to modify/substitute the existing Clause V of the Memorandum of Association with the following Clause V:

**“V. The Authorized Share Capital of the Company is ₹ 125,00,00,000 (Rupees One Hundred Twenty Five Crores Only) divided into 10,45,00,000 (Ten Crores Forty Five Lakhs) Equity Shares of ₹ 10/- (Rupees Ten Only) each and 2,05,00,000 (Two Crores Five Lakhs) preference shares of ₹ 10/- (Rupees Ten only) each”.**

**RESOLVED FURTHER THAT** the Board, Vice Chairman and Managing Director, Chief Financial Officer and Company Secretary and Compliance Officer of the Company be and are hereby severally authorized to do all such act(s), deed(s) and things including but not limited to filing of relevant e-forms including e form SH-7, e form MGT-14 and submitting other letters/documents with Registrar of Companies, the stock exchanges, Reserve Bank of India or any other regulatory or statutory authority, or making necessary disclosures to the Securities and Exchange Board of India, as may be necessary and incidental to give effect to the aforesaid Resolution.”

#### ITEM NO. 3: FURTHER ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS

To consider and if thought fit, with or without modification, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Section 23, 42, 62(1)(c), and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), read with Rule 13 of Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “**Act**”) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the provisions on preferential issue as contained in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (“**ICDR Regulations**”), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”) and subject to any other rules, regulations, guidelines, notifications, circulars and clarifications issued there under from time to time by the Ministry of Corporate Affairs (“**MCA**”), and in accordance with the Foreign Exchange Management Act, 1999, as amended or restated (“**FEMA**”), and rules, circulars, notifications, regulations and guidelines issued under FEMA, Reserve Bank of India (“**RBI**”), Securities and Exchange Board of India (“**SEBI**”) and/or any other competent authorities, (hereinafter referred to as “**Applicable Regulatory Authorities**”) from time to time to the extent applicable and subject to such terms and condition(s), alteration(s), correction(s), change(s) and/or modification(s) as may be prescribed by any of them while granting such consent(s), permission(s) or approval(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which terms shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its power including the powers conferred by this Resolution), consent of the shareholders of the Company be and is hereby accorded to the Board and the Board be and is hereby authorized in its absolute discretion to create, offer, issue and allot on a preferential basis, up to 1,52,38,095 (One Crore Fifty Two Lakhs Thirty Eight Thousand and Ninety- Five) equity shares having face value of ₹ 10/- (Rupees Ten only) each fully paid-up (“**Subscription Shares**”), at an issue price of ₹ 157.50/- per equity share (including a premium of ₹ 147.50/- per equity share) aggregating upto ₹ 240 Crores (Rupees Two Hundred and Forty Crores Only), being price not less than the floor price determined in accordance with Chapter V of the ICDR Regulations by way of preferential issue on a private placement basis (“**Preferential Issue**”), in such manner and upon such terms and conditions as may be deemed appropriate by the Board and in accordance with the relevant provisions of ICDR Regulations and other applicable laws to the following proposed allottee (“**Proposed Allottee**”) who is not a Promoter and does not belong to the Promoter Group of the Company. The details of the proposed allottees and the maximum number of equity shares of the Company proposed to be allotted is set forth in the below table:

S no.	Name and Details of the proposed Allottee	Category	No. of equity shares issued
1.	DANISH SUSTAINABLE DEVELOPMENT GOALS INVESTMENT FUND K/S- A limited liability partnership incorporated under the laws of Denmark, with registration number (CVR) 39 58 55 29, having its principal place of business at Fredericiagade 27, DK 1310 Copenhagen, Denmark, represented by Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark, with registration number CVR 23 59 86 12, having its principal place of business at Fredericiagade 27, DK 1310 Copenhagen, Denmark	Public	Up to 1,52,38,095 equity shares of ₹ 10/- each, at a price of ₹ 157.50/- (including premium of INR 147.50/-) per equity share

**RESOLVED FURTHER THAT** in accordance with ICDR Regulations and other applicable law, the 'Relevant Date' for determining the floor price for the Subscription Shares to be issued and allotted as per above is April 11, 2023 being the date 30 (thirty) days prior to the last date for remote e-voting for postal ballot i.e. the date of passing this resolution.

**RESOLVED FURTHER THAT** in accordance with Regulation 170(1) of the ICDR Regulations, the Subscription Shares shall be allotted within a period of 15 days from the date of passing of this resolution, provided that where the said allotment is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval.

**RESOLVED FURTHER THAT** the Subscription Shares to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu (including as to entitlement to voting powers and dividend) in all respects with the existing equity shares of the Company and the Subscription Shares so issued offered and allotted be in dematerialized form.

**RESOLVED FURTHER THAT** the Subscription Shares allotted on preferential basis shall be in lock-in for such period as prescribed in ICDR Regulations and the Subscription Shares so offered, issued and allotted will be listed subject to the receipt of necessary permissions and approvals from BSE Limited and National Stock Exchange of India Limited.

**RESOLVED FURTHER THAT** subject to the approvals required under applicable laws, consent of the members be and is hereby accorded to the Board to record the name and details of the Proposed Allottees in Form PAS-5 and issue a private placement offer cum application letter in Form PAS-4, or such other form as prescribed under the Act and ICDR Regulations containing the terms and conditions ("**Offer Document**") to the Proposed Allottee inviting them to subscribe to the Subscription Shares after passing and filing this special resolution to concerned Registrar of Companies and after receiving any applicable regulatory approvals with a stipulation that the allotment would be made only upon receipt of in-principle approval from the Stock Exchange(s) i.e., BSE Limited and National Stock Exchange of India Limited, in accordance with the provisions of the Act and applicable law and within the timelines prescribed under the applicable laws.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Equity Shares, subject to the provisions of the Companies Act 2013 and the ICDR Regulations without being required to seek any further consent or approval of the Members.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, as it may deem fit in its absolute direction, to any Committee of the Board or any one or more Director(s)/Company Secretary/ any Officer(s) of the Company to give effect to the aforesaid resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental or regulatory authorities, and to appoint any professional advisors, bankers, consultants and advocates to give effect to this resolution and further to take all others steps which may be incidental, consequential, relevant or ancillary in this regard.

**RESOLVED FURTHER THAT** the Company hereby takes note of the certificate from the Practicing Company Secretary certifying that the above issue of the Equity Shares is being made in accordance with the ICDR Regulations.

**RESOLVED FURTHER THAT** the monies received by the Company from the proposed allottees for application of the equity shares pursuant to this Preferential Issue shall be kept by the Company in a separate bank account in accordance with Section 42 of the Act.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, any of the Directors or the Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable for such purpose, including but not limited to (i) making the necessary applications, filing of requisite documents and taking all other steps as may be necessary for and in connection with the listing of the Subscription Shares and for the admission of such Subscription Shares with the depositories, viz. National Securities Depository Limited ("**NSDL**") and Central Depository Services Limited ("**CDSL**"), and for the credit of Subscription Shares to the demat account of the Proposed Allottee, (ii) issuing the private placement offer cum application letter in form PAS-4 and recording details of the Proposed Allottees in Form PAS-5, (iii) filing of relevant e-forms and requisite documents in respect of issue and allotment with the relevant registrar of companies, the Ministry of Corporate Affairs and other regulatory authorities; (iv) filing FCGPR and other relevant forms/letters/application in relation to the issue; (v) execution of various deeds, documents, writings, and agreements, and also to modify, accept and give effect to any modifications therein and the terms and conditions of the issue, as may be required by the statutory, regulatory and other appropriate authorities; (vi) to settle all queries or doubts that may arise in the proposed issue, without being required to seek any further consent or approval of the Board; (vii) making applications to the stock exchanges for obtaining in-principle approvals; (viii) issue and allotment of the Subscription Shares; and (ix) to do all such acts deeds and things as may be necessary and incidental to give effect to this resolution..

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

#### **ITEM NO. 4: RE-APPOINTMENT OF MR. SHACHINDRA NATH AS VICE CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY**

To consider and if thought fit, with or without modification to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force) ("**the Act**") and subject to applicable provisions of the SEBI (Listing Obligations and Listing Requirements) Regulations 2015, Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Shachindra

Nath (DIN: 00510618) as the Vice Chairman and Managing Director of the Company not liable to retire by rotation for a period of 3 years with effect from 22<sup>nd</sup> June, 2023 till 21<sup>st</sup> June, 2026, on the terms & conditions as specified hereunder and with liberty and power to the Board of Directors ('the Board' which term shall include its duly empowered Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution) to grant annual increments and to alter and vary, from time to time, the terms and conditions of Mr. Nath's appointment, including the amount and type of perquisites, variable pay, allowances and benefits to be provided to Mr. Nath, subject to the applicable provisions of the Act, including Schedule V thereof:

A) Term of Employment: For a term of 3 (three) years with effect from 22<sup>nd</sup> June, 2023, and any re-appointment shall be subject to the approval of the Board and shareholders of the Company in accordance with the Act. The Board confirms that in the event, either post expiry of the term or early termination of the arrangement contemplated in the draft letter of appointment, for any reason, subject to terms of the draft letter of appointment, it shall be the responsibility of the Company to ensure that the promoter entity(ies) are de-classified as promoter group and/or promoter, as the case may be, of the Company and also secure complete discharge of any personal liabilities attached with Mr. Nath, including in the capacity as promoter group and/or promoter, as the case may be, for the benefit of the Company.

B) Basic Salary: Rs. 1,40,00,000/- per annum (i.e., Rs. 11,66,667 per month)

C) Allowances: The other components of his salary are House Rent Allowance and Special Allowance. Apart from the above, he will also be entitled to retiral benefits like provident fund and gratuity, insurance benefits for self and family and such other payments in the nature of perquisites as per the Company's policy in force from time to time or as may otherwise be decided by the Board;

In arriving at the value of perquisites, in so far as there exists a provision for valuation of such perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time;

The total fixed pay for FY 2023-24 shall not exceed Rs. 3,50,00,000/- p.a. (Indian Rupees Three Crores Fifty Lakhs only per annum) with authority to the Board to grant such annual increments and/or revisions in the total fixed pay and/or in the components thereof from time to time during the tenure of his appointment, subject to the applicable provisions of Schedule V of the Act, as may be amended from time to time. Additionally, he will be entitled to such benefits and allowances as per the Company's policy in force from time to time.

D) Variable Pay: In addition to total fixed pay, Mr. Nath shall also be entitled to a Variable Pay of such amount as may be determined by the Board on a yearly basis, taking into consideration the following criteria as determined by the Nomination and Remuneration Committee ("NRC"):

- Asset Under Management should be 90% or more of the projected numbers as mentioned in the Annual Operating Plan ("AOP") for that year, and
- Net Non-Performing Assets ('NNPA') should be in consonance with the projected numbers in the AOP and
- There should not be any significant adverse observations by the regulators, viz. SEBI/ ROC/RBI. In case of any difference of opinion with regard to the degree of significance of any observation, the Audit Committee's views would be sought and would be final and binding.

Subject to the fulfilment of all the aforementioned gating criteria the following is the bracket for the variable component basis the return and profitability criteria:

Criteria	Variable pay out
Return on Average Equity ('ROAE') - 9%- 11.99%	50% of total fixed pay
ROAE - 12%- 14.99%	75% of total fixed pay
ROAE - 15%- 17.99%	100% of total fixed pay
ROAE - 18% and above	150% of total fixed pay*

*\*In line with the Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the Reserve Bank of India and Nomination and Remuneration Policy, with respect to the delayed gratification and in line with recommendation of the Nomination and Remuneration Committee ('NRC'), it is clarified that in case Mr. Nath is entitled to 150% of total fixed pay as variable pay out, then 2/3rd of the same (i.e. the variable pay-out amount) would be paid immediately once approved by the NRC and balance 1/3rd will be paid after a period of 6 months from the date of such approval, subject to Mr. Nath continuing to be in employment with the Company at that time.*

E) Notice Period and Termination: The employment contract may be terminated by either party prior to the expiry of the term set as mentioned above in the following events:

- i. Voluntary resignation by Mr. Nath with prior written notice of 360 (three hundred and sixty) days to the Company.
- ii. The Company by giving written notice of 360 (three hundred and sixty) days to Mr. Nath subject to fulfilment of the obligations as mentioned in point A above. The Company, in the event of termination of employment under this clause till the time the obligation set out in point A above are not discharged, would continue to pay Mr. Nath an amount equal to his compensation.

The employment contract shall stand automatically terminated in the event of Mr. Nath's death, however, till the time Company is able to procure and provide to him and his successors: (a) a complete discharge of all his personal obligations/guarantees given by him or any Promoter entity for and on behalf of the Company; and (b) de-promoterise the Company in compliance with the applicable laws or appoint some other person as promoter of the Company in compliance with the applicable laws, his family shall be entitled to compensation which shall be equal to the annual compensation package as mentioned as defined herein.

F) Other terms and conditions: such other conditions as may be approved by the Board and as may be set out in the draft of the appointment letter to be entered into between the Company and Mr. Nath.

**PROVIDED THAT** the total fixed pay for FY 2023-24 shall not exceed Rs. 3,50,00,000/- p.a. (Indian Rupees Three Crores Fifty Lakhs only per annum) with authority to the Board to grant such annual increments and/or revisions in the total fixed pay and/or in the components thereof from time to time during the tenure of his appointment, subject to the applicable provisions of Schedule V of the Act, as may be amended from time to time;

**RESOLVED FURTHER THAT** Mr. Nath shall not be paid any sitting fees for attending the Meetings of the Board of Director or Committee thereof, he shall however be entitled to reimbursement of expenses incurred by him for the business of the Company, which shall not be included in the total remuneration as mentioned above.



**RESOLVED FURTHER THAT** in the event of loss and /or inadequacy of profits in the any financial year during his tenure, the remuneration and perquisites as stated hereinabove shall continue to be paid as Minimum Remuneration to Mr. Nath, in accordance with the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** approval of the members of the Company be and is hereby given to the Board to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard and further in addition to the Board, the Chief People Officer, and Company Secretary of the Company be and hereby severally authorized to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

**RESOLVED FURTHER THAT** any of the Directors of the Company, Chief Financial Officer and Company Secretary be and are hereby severally authorized to do all acts, deeds, matters and things as may be necessary, desirable and expedient to give effect to this resolution including making an application to the Central Government seeking its approval, if required and also to intimate and file necessary statutory e-form(s) with the Registrar of Companies/Ministry of Corporate Affairs/ Stock Exchange/Reserve Bank of India/Authority(ies) as the case may be.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

**ITEM NO. 5: ADOPTION OF REVISED ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, with or without modification to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with rule 33 of the Companies (Incorporation) Rules, 2014 (along with any rules thereunder, including any statutory modification(s) or re-enactment thereof for time being in force and as may be enacted from time to time) (the **"Act"**), and the enabling provisions of Articles of Association of the Company (the **"AOA"**), as agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall be deemed to include any committee which the Board may have constituted to exercise its powers including the powers conferred by this resolution), the consent of the shareholders of the Company be and is hereby accorded to substitute its existing Article of Association with the amended set of Articles of Association.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Managing Director, the Chief Financial Officer and the Company Secretary are severally, on behalf of the Company, be and are hereby authorized to sign, execute, amend, deliver all such documents, deeds or instruments as may be required in this regard, as well as amendments or supplements thereto and to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, proper or desirable for such purpose, and to file e-form MGT-14 with concerned registrar of companies under the relevant rules or make any filings, disclosures, documents which may be required to be made to the Securities and Exchange Board of India, stock exchanges, Reserve Bank of India or any other regulatory or statutory authority, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to settle any question, difficulty or doubt and further to do or cause to be done all such acts, deeds, matters and things and execute all documents, papers, instruments and writings as they may deem necessary, proper, desirable or expedient and to give such directions and/or instructions as they may from time to time decide and any documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Board in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Board, as the case may be."

Place: Mumbai

Date: April 11, 2023

**By order of the Board**

**Registered Office**

Equinox Business Park, Tower 3, 4<sup>th</sup> Floor,  
Off BKC, LBS Road, Kurla (West), Mumbai - 400070  
CIN: L67120MH1993PLC070739  
Tel: 91 22 41821600  
E-mail: info@ugrocapital.com  
Website: www.ugrocapital.com

**Sd/-**  
**Namrata Sajnani**  
**Company Secretary and Compliance Officer**  
**Membership No. F10030**

**Notes:**

1. An Explanatory Statement pursuant to Section 102 and 110 of the Companies Act, 2013 ('Act'), setting out all material facts relating to the resolutions in this Notice are appended herein below for information and consideration of Members and the same should be considered as part of this Notice.
2. Relevant documents referred to in this Notice and the Explanatory Statement are available for inspection at the registered office of the Company until 1.00 p.m. (IST) of the last date of remote e-voting of this Postal Ballot i.e., May 11, 2023. Members who wish to inspect the documents are requested to send an email to cs@ugrocapital.com with copy marked to mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email.
3. The Board of Directors of the Company has appointed Mr. Pankaj Kumar Nigam, Practicing Company Secretaries (FCS No. 7343 and CP No. 7979) to act as Scrutinizer for conducting the Postal Ballot (remote e-voting) process in a fair and transparent manner.
4. Ministry of Corporate Affairs (MCA) vide its General Circular No.11/2022 dated 28.12.2022 has decided to allow Companies to transact items through postal ballot up to September 30, 2023 in accordance with framework provided in the MCA General Circular Nos. 14/ 2020 dated April 8, 2020, 17/ 2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021, 03/2022 dated May 05, 2022. In compliance with the requirements of the MCA Circulars, physical copy of Postal Ballot notice along with Postal Ballot Forms and prepaid business envelop is not being sent to the shareholders for this Postal Ballot and shareholders are required to communicate their assent or dissent through the remote e-voting system only.
5. Dispatch of the Notice shall be deemed to be completed on the day on which the Company or CDSL sends out the Postal Ballot Notice by e-mail to the members of the Company.

6. The Postal Ballot Notice is being sent by e-mail to all those Members, whose names appear in the Register of Member/List of Beneficial Owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on April 7, 2023 ('Cut-off date') and who have registered their e-mail address, in respect of electronic holdings, with the Depository through the concerned Depository Participants and in respect of physical holdings, with the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited (the "RTA"), in accordance with the provisions of the Act read with the Rules made thereunder and the framework provided under the MCA circulars. Cut-Off Date is for determining the eligibility to vote by electronic means. A person who is not a member as on the Cut-Off Date should treat this Notice for information only.
7. This Notice is also available on the website of the Company, i.e. [www.ugrocapital.com](http://www.ugrocapital.com), on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) and the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com)
8. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details pertaining to this Postal Ballot will be published in one English national daily newspaper (in English language) and one Marathi daily newspaper (in vernacular language i.e., Marathi).
9. In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations as amended from time to time, read with SEBI circular dated 9th December, 2020 on remote e-voting facility provided by listed entities, and the applicable MCA circulars, the Company is pleased to offer remote e-voting facility to Members to cast their vote electronically.
10. In compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and in terms of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has engaged CDSL (hereinafter referred to as CDSL or "Service Provider") for facilitating remote e-voting to enable the Members to cast their votes electronically instead of dispatching Postal Ballot Form for this Postal Ballot.
11. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date will alone be entitled for the e-voting.
12. The Scrutinizer's decision on the validity of the e-voting shall be final. The Scrutinizer upon the conclusion of voting period will: (i) Unblock the votes cast through Remote e-Voting in the presence of two witnesses not in the employment of the Company and (ii) Submit Scrutinizer's report of the total votes cast through remote e-Voting in favour or against, to the Managing Director/Company Secretary of the Company or the Authorized Officer(s) of the Company.
13. The result of the Postal Ballot along with the Scrutinizer's Report shall be uploaded on the Company's website [www.ugrocapital.com](http://www.ugrocapital.com), on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and shall simultaneously be communicated to the Stock Exchanges where the Company's shares are listed i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com), within two working days from the date of completion of said e-voting and shall also be displayed at Company's Registered Office and Corporate Office.
14. Resolutions passed by the members through Postal Ballot shall be deemed to have been passed as if the same has been passed at a General Meeting of the Members convened in this regard. The resolution(s), if approved by the requisite majority of Members by means of Postal Ballot, shall be deemed to have been passed on the last date of e-voting i.e., May 11, 2023.
15. Members are advised to read carefully the voting instructions appended hereunder before casting their votes.
16. For any assistance with respect to the matters to be transacted members may contact the Company Secretary and Compliance at [cs@ugrocapital.com](mailto:cs@ugrocapital.com)

#### THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING ARE AS UNDER:

- (i) The voting period begins on 9 am on Wednesday, April 12, 2023 and ends on 5 pm on Friday, May 11, 2023. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of April 7, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting 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 <b>CDSL Depository</b>	<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 users to login to Easi / Easiest are requested to visit cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</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, 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 cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</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. 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>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>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.nsdl.com">https://eservices.nsdl.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.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.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.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	<ol style="list-style-type: none"> <li>1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>2) After Successful login, you will be able to see e-Voting option.</li> <li>3) 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.</li> <li>4) 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.</li> </ol>

**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 <b>CDSL</b>	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 <b>NSDL</b>	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

(iv) Login method for e-Voting for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 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 [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	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. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) 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 to be also 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.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN for the relevant UGRO Capital Limited on which you choose to vote.
- (ix) 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.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) 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.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xiv) Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.**

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](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 authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@ugrocapital.com](mailto:cs@ugrocapital.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

- 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), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, 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 send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) 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 contact at toll free no. 1800 22 55 33.



## **ANNEXURE TO NOTICE**

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

#### **Item No. 1 and Item No. 2**

#### **INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY AND CONSEQUENT ALTERATION IN CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

Presently, the authorized share capital of the Company is ₹ 102,00,00,000 (Indian Rupees One Hundred Two Crores only) divided into 8,15,00,000 (Eight Crores Fifteen Lakhs) equity shares of ₹ 10 (Indian Rupees Ten only) each and 2,05,00,000 (Two Crores Five Lakhs) preference shares of ₹ 10 (Indian Rupees Ten only) each and the current paid-up share capital of the Company is ₹ 70,55,93,190/- (Indian Rupees Seventy Crores Fifty-Five Lakhs Ninety Three Thousand One Hundred and Ninety only) comprising of 7,05,59,319 (Seven Crores Five Lakhs Fifty Nine Thousand Three Hundred and Nineteen) equity shares of ₹ 10/- each.

In order to facilitate a proposed issuance of equity shares of the Company on a preferential basis and the future requirements, if any, of the Company, approval of the members of the Company is sought for increase in the authorised share capital of the company to ₹ 125,00,00,000 (Indian Rupees One Hundred Twenty Five Crores Only) divided into 10,45,00,000 (Ten Crores Forty Five Lakhs) Equity Shares of ₹ 10 (Indian Rupees Ten Only) each and 2,05,00,000 (Two Crores Five Lakhs) preference shares of ₹ 10 (Indian Rupees Ten only) each as also stated in the proposed special resolution specified as Item no. 1 of this notice. Article 14.10 (a) of the Articles of Association empowers the Company to authorize or make any change in the issued, subscribed or paid-up share capital of the Company.

Further, the increase in the Authorized Share Capital as aforesaid would entail consequential alteration of the existing Clause V of the Memorandum of Association of the Company. Accordingly, approval of members of the Company is sought for alteration of existing Clause V of the Memorandum of Association as also stated in proposed special resolution specified as Item no. 2 of this notice.

The set of Memorandum of Association is available for inspection at the Registered Office of the Company during business hours between 11.00 A.M. to 1.00 P.M. on all working days of the Company (Except Saturday, Sundays and Public holidays).

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 1 and Item No. 2 of this Notice except to the extent of their shareholding in the Company. This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 1 and Item No. 2 of the Notice for approval by the members.

#### **Item no. 3**

#### **FURTHER ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS**

The Members are hereby informed that in line with the strategy to grow and strengthen its position, the Company, pursuant to the approval of the Board of the Company vide Board Resolution dated April 11, 2023, has offered to issue 1,52,38,095 (One Crore Fifty Two Lakhs Thirty Eight Thousand and Ninety Five only) (vide preferential allotment) new equity shares of 10/- each for cash at a price of ₹ 157.50/-, per equity share (at a premium of ₹ 147.50/- per equity share), aggregating up to approx. ₹ 240 crores (Rupees Two Hundred and Forty Crores Only) in the Company to proposed allottee, by way of a preferential issue on a private placement basis ("**Preferential Issue**"), subject to customary closing conditions and consequently the Board has approved the proposed Preferential Issue, and recommends the resolution as set out above to be passed by the Members through a special resolution.

In accordance with Sections 23(1)(b), 42 and 62(1)(c) and other applicable provisions of the Companies Act, 2013 (the "**Act**") and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**SEBI ICDR Regulations**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"), as amended from time to time, approval of shareholders of the Company by way of special resolution is required to issue securities by way of private placement on a preferential basis to proposed allottee.

**Necessary information/details in relation to the Preferential Issue as required under the SEBI ICDR Regulations and the Companies Act, 2013 ("Act") read with the rules issued thereunder, are set forth below:**

#### **1. Particulars of the offer including date of passing of Board resolution**

The Board of Directors at its meeting held on April 11, 2023, has, subject to the approval of the Members and such other approvals as may be required, approved the issuance of up to 1,52,38,095 (One Crore Fifty Two Lakhs Thirty Eight Thousand and Ninety Five only) equity shares of the face value of ₹ 10/- per equity share, for cash at a price of ₹ 157.50/-, per equity share (at a premium of ₹ 147.50/-, per equity share), aggregating up to approx. ₹ 240 Crores (Rupees Two Hundred and Forty Crores Only) to interested applicants, by way of a preferential issue on a private placement basis.

#### **2. Objects of the Preferential Issue**

The Company intends to utilize the proceeds raised through the issue ("**Issue Proceeds**") towards the growth of MSME loan portfolio of the Company.

The main Object Clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Preferential Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the Object Clause of our Memorandum of Association.

#### **3. Utilization of Issue Proceeds**

As the quantum of funds required on different dates may vary therefore, the broad range of intended use of the Issue Proceeds of the issue is as under:

S. No.	Particulars	Total estimated amount to be utilized (In Rs)	Tentative timelines for utilization of issue proceeds from the date of receipt of funds
1	Towards the growth of MSME loan portfolio of the Company.	240,00,00,000/-	Within 3 months from the date of receipt of funds.

**Note:** In terms of NSE Notice No. NSE/CML/2022/56 and BSE Notice No. 20221213-47 dated December 13, 2022, the amount specified for the above- mentioned object of issue size may deviate +/- 10% depending upon the future circumstances.

## **Schedule of Implementation and Deployment of Funds**

The entire proceeds received from the issue would be utilized for the all the above-mentioned objects, in phases, as per the company's business requirements and availability of issue proceeds, within 3 months from the date of receipt of funds

If the proceeds are not utilised (in full or in part) for the objects stated above during the period stated above due to any such factors, the remaining proceeds shall be utilised in subsequent periods in such manner as may be determined by the Board, in accordance with applicable laws. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by the Board, subject to compliance with applicable laws.

### **Interim Use of Proceeds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending utilization of the Issue Proceeds for the purposes described above, our Company intends to deposit the Issue Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or deploy funds for such businesses opportunities as may be allowed by the Board from time to time.

#### **4. Monitoring of Utilization of Funds**

- a) In terms of Regulation 162A of the SEBI ICDR Regulations, the Company has appointed India Ratings and Research Private Limited, SEBI registered Credit Rating Agency as the monitoring agency to monitor the use of the proceeds of the Issue.
- b) The monitoring agency shall submit its report to the Company in the format specified in Schedule XI of SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the issue have been utilized.
- c) The Board of Directors and the management of the Company shall provide their comments on the findings of the monitoring agency as specified in Schedule XI of SEBI ICDR Regulations.
- d) The Company shall, within 45 days from the end of each quarter, upload the report of the monitoring agency on its website and also submit the same to the Stock Exchanges.

#### **5. Kind of securities offered and the price at which security is being offered, and the total/ maximum number of securities to be issued**

Up to 1,52,38,095 (One Crore Fifty Two Lakhs Thirty Eight Thousand and Ninety Five only) equity shares of the face value of ₹ 10 per equity share of the Company, at a price of ₹ 157.50/- per equity share (at a premium of ₹ 147.50/- per equity share) aggregating up to approx. ₹ 240,00,00,000 (Rupees Two Hundred and Forty Crores Only), such price being not less than the minimum price as on the Relevant Date (as set out below) determined in accordance with the provisions of Chapter V of the SEBI ICDR Regulations.

#### **6. Relevant Date**

In terms of the provisions of Chapter V of the SEBI ICDR Regulations, the relevant date for determining the floor price for the Preferential Issue is April 11, 2023, being the date 30 days prior to the date of deemed general meeting.

#### **7. Basis on which the price has been arrived at and justification for the price (including premium), if any.**

Considering that the allotment shall be more than 5% of the post issue fully diluted share capital of the Company, to an allottee, the price of ₹ 157.50/- (Rupees One Hundred And Fifty Seven Decimal Fifty only) of the equity shares to be issued and allotted to the proposed allottee has been determined taking into account the valuation report dated April 11, 2023, issued by M/s Sundae Capital Advisors Private Limited, independent registered valuer (IBBI Regd. No. IBBI/RV-E/03/2021/136), in accordance with Regulation 166A of the ICDR Regulations ("Valuation Report").

The Valuation Report shall be available for inspection by the members and the same may be accessed on the Company's website at the link <https://www.ugrocapital.com>

The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (together referred to as the "Stock Exchanges"), and the equity shares are frequently traded in terms of the SEBI ICDR Regulations and the trading volume of Equity Shares of the Company was higher on NSE during the preceding 90 trading days prior to the Relevant Date for computation of issue price.

Therefore, trading volume of the Equity Shares on the NSE has been considered to determine the issue price. In terms of the provisions of Regulation 164(1) of ICDR Regulations, the price at which equity shares shall be allotted shall not be less than higher of the following:

- a. the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

It is to be noted that nothing mentioned in the Articles of Association of the Company provide for a method of determination of floor price for equity shares to be allotted pursuant to the preferential issue.

Pursuant to above, the minimum issue price determined in accordance with Chapter V of the ICDR Regulations is ₹ 157.49/- (Rupees One Hundred And Fifty Seven Decimal Forty-Nine only).

In view of the above, the Board of the Company has fixed the issue price of ₹ 157.50/- per equity share (including a premium of ₹ 147.50/- per equity share) which is above the minimum price as determined in compliance with the requirements of the Chapter V of ICDR Regulations.

#### **8. Amount which the company intends to raise by way of such securities**

The equity shares are proposed to be issued for cash at a price of ₹ 157.50/- per equity share (at a premium of ₹ 147.50/- per equity share) aggregating up to approx. ₹ 240,00,00,000 Crores (Rupees Two Hundred and Forty Crores Only).

#### **9. The class or classes of persons to whom the allotment is proposed to be made**

The Preferential Issue of equity shares is proposed to be made to applicants stated in resolution.

#### **10. Intent of the Promoters, directors or key managerial personnel of the Company to subscribe to the Preferential Issue.**

None of the Promoters, Directors or Key Managerial Personnel or their relatives intend to subscribe to any equity shares pursuant to the Preferential Issue.

**11. Proposed time frame within which the Preferential Issue shall be completed**

As required under the SEBI ICDR Regulations, the equity shares shall be allotted by the Company within a maximum period of 15 days from the date of passing of this resolution, provided that where the allotment of the proposed equity shares is pending on account of receipt of any approval or permission from any regulatory or statutory authority, the allotment shall be completed within a period of 15 days from the date of last of such approvals or permissions.

**12. Listing**

The Company will make an application to the Stock Exchanges at which the existing shares are listed, for listing of the aforementioned equity shares. The above shares, once allotted, shall rank pari passu with the then existing equity shares of the Company in all respects.

**13. Shareholding pattern of the Company before and after the Preferential Issue**

The pre issue shareholding pattern of the Company and the post-issue shareholding pattern (considering full allotment of shares issued on preferential basis) is mentioned in Annexure A hereinbelow:

**14. Identity of the proposed allottees (including natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control), the percentage of post preferential Issue capital that may be held by them and change in control, if any, in the Company consequent to the Preferential Issue**

Identity of the allottee and the percentage of post preferential issue capital that may be held by them:

Name of the proposed Allottee	Category	Present Pre-Issue Holding	Post issue Shareholding	Ultimate beneficial owners
DANISH SUSTAINABLE DEVELOPMENT GOALS INVESTMENT FUND K/S-	Public	Nil	1,52,38,095	Torben Huss Tristan Nicolai Boserup Niels Gravgaard Laursen

**15. Lock-in Period**

The equity shares proposed to be allotted on a preferential basis shall be locked-in for a period of 6 (six) months as specified under Regulations 167 of the SEBI ICDR Regulations.

**16. Undertakings**

- None of the Company, its Directors or Promoters have been declared as wilful defaulter or fraudulent borrower as defined under the SEBI ICDR Regulations.
- None of its Directors or Promoter is a fugitive economic offender as defined under the SEBI ICDR Regulations.
- The Company is eligible to make the Preferential Issue to its Investor under Chapter V of the SEBI ICDR Regulations.
- As the equity shares of the Company have been listed on the Stock Exchanges for a period of more than 90 days prior to the Relevant Date, the Company is not required to re-compute the price per equity share to be issued and therefore, the Company is not required to submit the undertaking specified under Regulation 163(1)(g) and Regulation 163(1)(h) of the ICDR Regulations and the provisions of Regulation 164(3) of ICDR Regulations governing re-computation of the price of shares, shall not be applicable.

**17. Company Secretary's Certificate**

A certificate from Mr. Pankaj Kumar Nigam, Practicing Company Secretary, certifying that the Preferential Issue is being made in accordance with the requirements contained in the SEBI ICDR Regulations shall be made available for inspection by the Members during the meeting and will also be made available on the Company's website and will be accessible at link: <https://www.ugrocapital.com/>.

**18. Valuation and Justification for the allotment proposed to be made for consideration other than cash**

Not Applicable as the Company has not proposed to issue the shares for consideration other than cash.

**19. Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price**

During the year, no preferential allotment has been made to any person as of the date of this Notice.

**20. Principal terms of assets charged as securities**

Not applicable.

**21. The change in control, if any, in the Company that would occur consequent to the Preferential Issue, and the percentage of post preferential issue capital that may be held by the allottee**

There will be no change in control in the Company consequent to the completion of the Preferential Issue.

**22. The current and proposed status of the allottee(s) post Preferential Issue namely, promoter or non-promoter**

Non-promoter

**23. Other disclosures**

- During the period from 1 April 2023 until the date of Notice of this notice of this postal ballot, the Company has not made any preferential issue of equity shares.
- the Proposed Allottees have confirmed that they have not sold any equity shares of the Company during the 90 trading days preceding the Relevant Date and that they are eligible under SEBI ICDR Regulations to undertake the preferential issue.

**24. Material terms of raising such securities**

All material terms have been set out above.

In accordance with the provisions of Sections 23, 42 and 62 of the Act read with applicable rules thereto and relevant provisions of the SEBI ICDR Regulations, approval of the Members for issue and allotment of the said equity shares to proposed allottee is being sought by way of a special resolution as set out in the said item no. 3 of the Notice.

Issue of the equity shares pursuant to the Preferential Issue would be within the enhanced Authorized Share Capital of the Company.

The Board of Directors believes that the proposed Preferential Issue is in the best interest of the Company and its Members and, therefore, recommends the resolution at item no. 3 of the accompanying Notice for approval by the Members of the Company as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives thereof are in any way financially or otherwise concerned or interested in the passing of this Special Resolution as set out at item no. 3 of this notice except and to the extent of their shareholding in the Company.

Documents referred to in the notice/ explanatory statement will be available for inspection by the Members of the Company as per applicable law.

#### Annexure-A

The pre issue shareholding pattern of the Company and the post-issue shareholding pattern (considering full allotment of shares issued on preferential basis) is as follows:

Sr. No.	Category	Pre-issue (As on 31 <sup>st</sup> March, 2023)		Post-issue	
		No of shares held	% of share holding	No of shares held	% of share holding
<b>A</b>	<b>Promoters/Promoters Group's holding</b>				
1	Indian				
	Individual	-	-		
	Bodies corporate	20,27,709	2.87	20,27,709	2.36
2	Foreign promoters	-	-	-	-
	<b>Sub-total (A)</b>	<b>20,27,709</b>	<b>2.87</b>	<b>20,27,709</b>	<b>2.36</b>
<b>B</b>	<b>Non-promoters' holding- Public</b>				
1	<b>Institutions (domestic)</b>				
	Insurance Companies	14,28,600	2.02	14,28,600	1.67
	NBFCs registered with RBI	1,25,000	0.18	1,25,000	0.15
2	<b>Institutions (Foreign)</b>				
	Foreign Direct Investment	-	-	1,52,38,095	17.76
	Foreign Portfolio Investors Category I	5,76,729	0.82	5,76,729	0.67
	Foreign Portfolio Investors Category II	43,25,384	6.13	43,25,384	5.04
3	<b>Central Government/ State Government(s)/ President of India</b>	-	-	-	-
4	<b>Non-Institutions</b>				
	Directors and their relatives (excluding independent directors and nominee directors)	1,48,076	0.21	1,48,076	0.17
	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	54,01,153	7.65	54,01,153	6.30
	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	82,36,322	11.67	82,36,322	9.60
	Non Resident Indians	18,77,413	2.66	18,77,413	2.19
	Foreign Companies	3,88,69,073	55.09	3,88,69,073	45.30
	Bodies Corporate	48,59,239	6.89	48,59,239	5.66
	Others:				
	Clearing Members	11,600	0.02	11,600	0.01
	Hindu Undivided Family	6,21,577	0.88	6,21,577	0.72
	LLP	8,12,692	1.16	8,12,692	0.96
	Trusts	500	0.00	500	0.00
	<b>Sub-total (B)</b>	<b>6,72,93,358</b>	<b>95.38</b>	<b>8,25,31,453</b>	<b>96.20</b>
<b>C</b>	<b>Non Promoter- Non Public shareholder</b>				
1	Employee Benefit Trust	12,38,252	1.75	12,38,252	1.44
	<b>Sub-total (C)</b>	<b>12,38,252</b>	<b>1.75</b>	<b>12,38,252</b>	<b>1.44</b>
	<b>Grand-total (A+B+C)</b>	<b>7,05,59,319</b>	<b>100.00</b>	<b>8,57,97,414</b>	<b>100.00</b>

\* The Company is in process of raising funds by way of qualified institutional placement, pursuant to which post issue shareholding may change.

#### Item No. 4:

#### RE-APPOINTMENT OF MR. SHACHINDRA NATH AS VICE CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY

The Members of the Company, vide special resolution passed by way of postal ballot on May 9, 2018, appointed Mr. Shachindra Nath (DIN: 00510618) as Managing Director of the Company, for a period of 5 (five) years effective from the date of approval of the Reserve Bank of India ('RBI') for change of control in management and shareholding of the Company. The Company after fulfilling the requirements of the RBI approval appointed Mr. Nath as the Managing Director with effect from June 22, 2018 till June 21, 2023.

Considering the rich experience and expertise of Mr. Nath and the significant contributions made by him in the growth of the Company and his performance evaluation considered in the meeting of the Nomination and Remuneration Committee held on February 24, 2023, and the Board of Directors (Board) of the Company at meeting held on April 11, 2023 based on the recommendation of the Nomination & Remuneration Committee, approved the re-appointment of Mr. Nath as the Vice Chairman and Managing Director of the Company for a period of three years with effect from June 22, 2023, not liable to retire by rotation and approved the terms and conditions of his appointment including payment of



remuneration, subject to the requisite approval of the Members of the Company. The terms and conditions, including remuneration payable to Mr. Nath are contained in the draft agreement/letter of appointment proposed to be entered into by the Company with Mr. Nath. The broad terms of which are set out in the resolution at Item No. 4 of the Notice.

Mr. Nath holds degree in bachelor of law from Banaras Hindu University and is a university rank holder. He also holds a degree of bachelor of commerce (honors) from Banaras Hindu University. In his career spanning three decades, he has been instrumental in building diversified financial services including Insurance, Asset Management, Lending and Capital Market. He began his career as a commercial trainee and spent many years working in the carpet industry. Over the years, he travelled extensively across rural India. Thereafter, he made a transition to the financial service industry. He have diversified financial service experience wherein he has been part of multiple financial services' startups and reached a leadership role. In his previous roles, he has been instrumental in setting up Insurance Companies, Global Asset Management Businesses, Capital Market and Lending Institutions.

Mr. Nath satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 ('the Act') as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. Mr. Nath has granted consent for his re-appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Details relating to him as required to be provided pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and Secretarial Standards on General Meetings are provided as is mentioned in Annexure B hereinbelow.

Mr. Nath is interested in the resolution pertaining to his own re-appointment.

None of the other Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

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

## Annexure B

**Additional Information of the Director seeking appointment/re-appointment as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are provided herein below:**

Name of Director	Mr. Shachindra Nath
Director Identification Number (DIN)	00510618
Date of Birth and Age	13-10-1971; 51 years
Date of first appointment on Board	22-06-2018 (w.e.f.)
Qualifications	B.Com, LLB.
Brief resume/ expertise in specific functional areas	<p>Mr. Shachindra Nath is the Vice Chairman &amp; Managing Director of the Company. In his career spanning three decades, he has been instrumental in building diversified financial services including Insurance, Asset Management, Lending and Capital Market. He began his career as a commercial trainee and spent many years working in the carpet industry. Over the years, he travelled extensively across rural India. Thereafter, he made a transition to the financial service industry.</p> <p>He has diversified financial service experience wherein he has been part of multiple financial services' startups and reached a leadership role. In his previous roles, he has been instrumental in setting up Insurance Companies, Global Asset Management Businesses, Capital Market and Lending Institutions.</p> <p>He intends to build an SME lending business that focuses building a sector focus lending business combining the power of data analytics, technology, and sectoral knowledge. Currently, he is passionate about solving India's SME credit problem and he aspires to build an institution that will provide long-term value to society.</p>
Terms and Conditions of Reappointment	As mentioned in the resolution.
Remuneration last drawn	Total fixed pay: ₹ 3,15,00,000/- p.a. and performance pay of ₹ 1,57,50,000/- as approved by the Nomination and Remuneration Committee and the Board of the Company in their respective meetings held on 1 <sup>st</sup> September 2022.
Remuneration proposed to be paid	As mentioned in the resolution.
Number of Shares held in the Company	Nil
Directorship held in other Companies	i. Livfin India Private Limited ii. Orbis Financial Corporation Limited iii. Poshika Financial Ecosystem Private Limited iv. Qwazent Talent Solutions Private Limited
Resigned as a Director from listed entities in the past three years	Nil
Number of meetings of the Board attended during the year till 31 <sup>st</sup> March, 2023	7/7
Committee position held in other companies	Orbis Financial Corporation Limited Nomination and Remuneration Committee- Chairman Audit Committee- Chairman
Relationship with other Directors / Key Managerial Personnel	None

**The other Disclosures as required under Schedule V Part II Section II-Paragraph B (iv) is provided hereunder:**

### **I. GENERAL INFORMATION**

- (1) Nature of Industry:  
The Company is engaged in the non-banking finance business.
- (2) Date or expected date of commencement of commercial production:  
The Company was incorporated on 10/02/1993
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:  
Not Applicable

(4) Financial performance based on given indicators: Financial performance of the Company during last three years:

Amount in lakhs

Financial Parameters	Financial Year		
	2021-22	2020-21	2019-20
Total Revenue	31,341.59	15,333.84	10,514.37
Total Expenses	29,323.81	14,120.93	10,182.58
Profit/(Loss) before Tax	2,017.78	1,212.91	331.79
Profit/(Loss) after Tax	1,455.06	2,872.75	1,951.86

(5) Foreign Investments or collaborations, if any:

There are foreign investments in the Company by way of Equity Shares and External Commercial Borrowings.

## II. INFORMATION ABOUT THE APPOINTEE:

Name	Mr. Shachindra Nath
Background details	As mentioned in the Explanatory Statement and additional information given pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.
Past remuneration	
Recognition or awards	He was awarded India's Greatest Leader 2018-19 by Asia One
Job profile and his suitability	His current term of appointment as Managing Director of the Company will expire on 21st June, 2023. Considering the rich experience and expertise of Mr. Nath and the significant contributions made by him in the growth of the Company and his performance evaluation, the Board of Directors are of the opinion that for smooth and efficient running of the business, the services of Mr. Nath should be available to the Company.
Remuneration proposed	As mentioned in the resolution.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the qualification, knowledge, experience and the responsibilities shouldered by Mr. Nath, remuneration proposed to be paid to him is commensurate with remuneration of similar senior levels in similar sized domestic companies.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any	No relationship with KMPs or other directors.

## III. OTHER INFORMATION:

- (1) Reasons of loss or inadequate profits: Due to economic slowdown and consequent adverse market conditions.
- (2) Steps taken or proposed to be taken for improvement: The Company is taking strategic decisions which would result in better efficiency thereby contributing to profitability in the years to come.
- (3) Expected increase in productivity and profits in measurable terms: The Company is conscious about improvement in productivity and profitability and undertakes constant measure to improve it. However, it is difficult in the present scenario to predict efforts to improve the margins.

Except Mr. Shachindra Nath, none of the Directors, Key Managerial Personnel of the Company, and any relatives of such Director, Key Managerial Personnel is in any way concerned or interested, financially or otherwise, in this resolution.

## Item No. 5

### ADOPTION OF REVISED ARTICLES OF ASSOCIATION OF THE COMPANY

The Company proposes to raise capital on a preferential basis through private placement offer by issuing Equity Shares. In connection with the said offer, an investment agreement has been executed between the Company, Poshika Advisory Services LLP, Mr. Shachindra Nath, Poshika Financial Ecosystem Private Limited and Danish Sustainable Development Goals Investment Fund K/S on April 11, 2023 ("**Investment Agreement**").

Pursuant to the terms contained in the Investment Agreement, the Company is required to amend its existing Articles of Association (AOA). Such amendments will become effective upon completion of subscription of equity shares under the offer in accordance with the terms of the Investment Agreement dated April 11, 2023.

The Board of Directors, in their meeting held on April 11, 2023, discussed and approved the amended Articles of Association of the company (AOA), subject to the approval of the Shareholders of the Company.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, any amendment of the Articles of Association of a Company requires the approval of the shareholders of the Company.

As required by Section 102(3) of the Companies Act, 2013, the copy of the proposed Articles of Association is attached and marked as Annexure C herewith and the same shall be available for inspection at the Registered Office of the Company during business hours from 11.00 A.M. to 01.00 P.M.

The Board of Directors recommends passing of the resolution as set out at item no. 5 of this Notice as Special Resolution. None of the Directors or Key Managerial Personnel of the Company or the relatives thereof are concerned or interested in this resolution except to the extent of their shareholding in the Company, if any.

**THE COMPANIES ACT, 2013  
COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION\*  
OF  
UGRO CAPITAL LIMITED**

1. Save as reproduced herein the regulations contained in “Table F” in the First Schedule to the Act shall not apply to the Company. Matters for which there is no provision in these Articles but is contained in Table F, the provisions of Table F shall apply only to that extent.
- 1A. These Articles of Association (“**Articles**”) of Ugro Capital Limited (the “**Company**”) comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or conflict between the provisions of Part A and Part B, the provisions of Part B shall prevail over Part A and be applicable accordingly.

**PART A  
INTERPRETATION**

2. Unless the context otherwise requires words and expressions contained in these Articles shall bear the same meaning as in the Act as defined below in force at the date at which the Articles become binding on the Company.
  - (i) “The Company” or this Company means **UGRO Capital Limited**.
  - (ii) “The Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force.
  - (iii) “AGM” means annual general meeting of the shareholders of the Company.
  - (iv) “Articles” means the articles of association of the Company from time to time.
  - (v) “Asset-Liability Committee” means the asset liability committee of the Board, constituted in accordance with this Articles.
  - (vi) “Audit Committee” means the audit committee of the Board, constituted in accordance with this Articles.
  - (vii) “Board” means the board of directors of the Company from time to time comprising each person appointed as a Director.
  - (viii) “Board Committees” means each committee of the Board constituted from time to time, including but not limited to, the Audit Committee, the Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Asset - Liability Committee and any other such committee as may be constituted from time to time.

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*\* Adopted new set of Articles of Association of the Company in line with the Companies Act, 2013 and Corporate Governance Code vide special resolution passed on 07th May, 2018 through Postal Ballot*

- (ix) "Business day" means a day when the banks are open for business in Mumbai (India), but excluding Saturdays and Sundays.
- (x) "Business plan" means the latest business plan adopted by the Board in accordance with this Articles from time to time.
- (xi) "CEO" means Chief Executive Officer of the Company.
- (xii) "CFO" means Chief Financial Officer of the Company.
- (xiii) "CRO" means Chief Risk Officer of the Company.
- (xiv) "Chairman of the Board" a person appointed pursuant to Paragraph 3.8 from time to time whose responsibilities are to conduct meetings of the Board and to oversee the functioning of the Board.
- (xv) "Code" means the Corporate Governance Code adopted by the Board of Directors in the meeting of the Board held on December 31<sup>st</sup>, 2017.
- (xvi) "Company Secretary" means the Company secretary of the Company.
- (xvii) "Director" means each member of the Board, appointed as a director and holding such office, from time to time.
- (xviii) "EGM" means extraordinary general meeting of the shareholders of the Company.
- (xix) "Employees" means employees of the Company.
- (xx) "Financial year" means period commencing from April 1 each year and ending on March 31 the next year or, subject to applicable law, such other period as may be determined by the Board to be the financial year for the Company.
- (xxi) "Fully diluted basis" the total number of Shares of the Company assuming that all options, warrants and other securities convertible into or exercisable or exchangeable for Shares (whether or not by their terms then currently convertible, exercisable or exchangeable) have been so converted, exercised or exchanged.
- (xxii) "General meeting" an AGM or EGM held in accordance with this Articles, the Act and the Listing Regulations.
- (xxiii) "Independent Director" means shall have the meaning ascribed to it under the Act.
- (xxiv) "Internal auditor" means Internal Auditor of the Company, appointed in accordance with the Paragraph 7.2 of this Articles and Act.\*

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*\* Altered and substituted by Special Resolution passed by the members in the 26<sup>th</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September 2019*



- (xxv) "Key Managerial Personnel" means key managerial personnel of the Company appointed in accordance with Paragraph 5 of this Articles.
- (xxvi) "Large Shareholder" any shareholder of the Company holding at least 10% (ten percent) of the paid-up share capital of the Company on a Fully Diluted Basis, which securities were either subscribed by that shareholder consequent to an issuance of securities by way of a preferential allotment by the Company or were issued to such shareholder by the Company as consideration under a scheme of demerger approved by the National Company Law Tribunal directly involving the Company, (whether by itself or together with a "person acting in concert" with it as defined in the Takeover Regulations).
- (xxvii) Deleted\*
- (xxviii) "Listing Regulation" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxix) "Management Team" means the Managing Director and the Key Managerial Personnel collectively
- (xxx) "Managing Director" means the Managing Director of the Company.
- (xxxi) "Manual of Authority" means the manual of authority to be adopted in accordance with Paragraph 18 of this Articles.
- (xxxii) "NBFC" non-banking financial company.
- (xxxiii) "Nomination and Remuneration Committee" nomination and remuneration committee of the Board, constituted in accordance with this Articles.
- (xxxiv) "Promoters" means Promoters of the Company in accordance with the Act and the Listing Regulations.
- (xxxv) "Related Party" means shall have the meaning ascribed to it under the Act.
- (xxxvi) "Risk Management Committee" risk management committee of the Board, constituted in accordance with this Articles and under the Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 or any other direction which may be issued from time to time.
- (xxxvii) "SEBI" Securities and Exchange Board of India.
- (xxxviii) "Senior Employees" means any Employee having an annual compensation exceeding Rs.1,00,00,000 (Rupees One Crore only).

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*\*Deleted by Special Resolution passed by the members in the 26<sup>th</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September 2019*

- (xxxix) "Shares" equity shares of the Company having a face value of Rs.10 (Rupees Ten only) per equity share.
- (xl) "Stakeholders Relationship Committee" means stakeholder relationship committee of the Board, constituted in accordance with this Articles.
- (xli) "Statutory Auditor" means the statutory auditor of the Company, appointed in accordance with Paragraph 7.1 of this Articles and the Act.
- (xlii) "Takeover Regulations" means SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (v) "Month" means Calendar month.
- (xliii) "Votes" means all of the votes which are exercisable (by any person) in connection with the Shares at a General Meeting.
- (xliv) "Whole time director" means a Director, other than the Managing Director, in the whole-time employment of the Company.
- (xlv) Subject as aforesaid and except where the subject or context otherwise requires words or expressions contained in these regulations shall bear the same meaning as in the Companies Act as in force at the date on which these regulations become binding on the Company.

### **3. BOARD OF DIRECTORS**

- 3.1 Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do. The property, business and affairs of the Company shall be managed by the Board. The Board shall act in accordance with the Code, the Articles, provisions of the Act and applicable law.
- 3.2 The Board shall comprise of a maximum of 15 (fifteen) Directors, which would consist of majority of Independent Directors. All the Directors shall be appointed by the shareholders in a manner contemplated under Section 152 and other applicable provisions of the Act.
- 3.3 The Promoter shall have the right to appoint a nominee director on the Board.
- 3.4 Each Large Shareholder shall have the right to nominate a representative as nonexecutive director on the Board.
- 3.5 The CEO of the Company (if any) shall be appointed as a Whole-Time Director on a case by case basis.
- 3.6 There shall be at least 1 (one) woman Director on the Board.
- 3.7 At least 1 (one) of the Directors on the Board shall be an Indian national.
- 3.8 The Chairman of the Board shall be appointed on a case by case basis and shall not have a casting vote.

3.9 Each of the nominee directors appointed by the Large Shareholder shall have the right to be a member of any committees that may be constituted by the Board including but not limited to the Audit Committee, the Nomination and Remuneration Committee and the Asset-Liability Committee.

3.10 The First directors of the company shall be:

Mr. Ramakant R Chokhani

Mrs. Neelam R Chokhani

#### **4. APPOINTMENT OF INDEPENDENT DIRECTORS**

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

4.2 Further, an Independent Director who resigns or is removed from the Board shall be 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.

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

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

4.5 The Independent Directors in the meeting referred in Paragraph 5.4 above shall, *inter alia*:

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

4.6 The Independent Directors shall not be entitled to any stock option.

#### **5. APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

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

5.2 The Company may appoint a CEO, subject to the provisions of this Articles and approval of

the Board, who shall also be a Key Managerial Personnel.

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

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

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

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

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

## **6. APPOINTMENT OF COMPLIANCE OFFICER**

6.1 The Board shall appoint the Company Secretary or any other suitably qualified Employee as the Compliance Officer of the Company.

6.2 Additionally, the Board shall appoint a suitably qualified Senior Employee of the Company as an Additional Compliance Officer of the Company.

6.3 The Compliance Officer of the Company shall be responsible for:

- a) ensuring conformity with the regulatory provisions applicable to the Company in letter and spirit and periodically notifying the shareholders of the Company if any lapse is identified (whether internally or by the Statutory Auditor of the Company);
- b) co-ordination with and reporting to SEBI, recognized stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in a manner as specified from time to time;
- c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the Company under applicable SEBI regulations; and
- d) monitoring the email address of the grievance redressal division as designated by the Company for the purpose of registering complaints by investors.

6.4 The Additional Compliance Officer of the Company shall be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of the Reserve Bank of India and other concerned statutory and governmental authorities.

## **7. APPOINTMENT OF STATUTORY AUDITOR AND INTERNAL AUDITOR\***

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

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

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

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*\* Altered and substituted by special resolution passed by the members in the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021*



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

## **8. NOMINATION AND REMUNERATION COMMITTEE**

### **8.1 Role of Nomination and Remuneration Committee**

The role of the Nomination and Remuneration Committee shall include the following:

- (a) formulation and evaluation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to, the remuneration of the Directors, Key Managerial Personnel, Senior Employees and other Employees;
- (b) formulation of criteria for evaluation of the performance of Independent Directors and the Board;
- (c) devising a policy on diversity of the Board;
- (d) identifying persons who are qualified to become Directors and who may be appointed to the Management Team in accordance with the criteria laid down by the Nomination and Remuneration Committee, and recommending to the Board their appointment and removal;
- (e) whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors; and
- (f) formulating any employee stock option plan or sweat equity plan.

### **8.2 Constitution of the Nomination and Remuneration Committee**

8.2.1 The Board shall constitute the Nomination and Remuneration Committee which shall comprise of at least 3 (three) non-executive Directors and at least 50% (fifty percent) of the members shall be Independent Directors. In addition to the requirements specified under the Act and the Articles, matters relating to appointment of Independent Directors and remuneration of Key Managerial Personnel would require the positive vote of a majority of non-Independent Directors.

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*\* Altered and substituted by special resolution passed by the members in the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021*

- 8.2.2 The chairman of the Nomination and Remuneration Committee shall be an Independent Director elected by the members of the Nomination and Remuneration Committee present at a duly convened committee meeting.
- 8.2.3 The quorum for a meeting of the Nomination and Remuneration Committee shall require the presence of three-fourths of the members of the Nomination and Remuneration Committee. Every resolution of this committee shall require the vote of at least three-fourths of the members of the Nomination and Remuneration Committee present and voting.
- 8.2.4 The Chairman of the Nomination and Remuneration Committee may be present at the AGM to answer any questions raised by the shareholders; however, it shall be up to the Chairman to decide who shall answer the questions raised by shareholders.

## **9. STAKEHOLDERS RELATIONSHIP COMMITTEE**

### **9.1 Role of the Stakeholders Relationship Committee**

The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the Company, including complaints related to the transfer of Shares, non-receipt of annual report and non-receipt of declared dividends.

### **9.2 Constitution of the Stakeholders Relationship Committee**

- 9.2.1 The Board shall constitute a Stakeholders Relationship Committee to consider and resolve the matters specified in Paragraph 9.1 above.
- 9.2.2 The chairman of this Stakeholders Relationship Committee shall be a nonexecutive Director and will be elected by the members of the Stakeholders Relationship Committee present at the meeting; and
- 9.2.3 The Board shall decide other members of the Stakeholders Relationship Committee in a manner contemplated under the Articles.

## **10. RISK MANAGEMENT COMMITTEE**

### **10.1 Role of the Risk Management Committee**

The Board shall define the role and responsibility of the Risk Management Committee, which shall include, but not be limited to, reviewing/ amending internal policies of the Company and monitoring compliance with such internal policies, and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

### **10.2 Constitution of the Risk Management Committee**

- 10.2.1 The Board shall constitute a Risk Management Committee which shall comprise of at least 3 (three) non-executive Directors and at least 50% (fifty percent) of the

members of such committee shall be Independent Directors. If a CEO and/ or any Whole-time Director has been appointed, then the Risk Management Committee may choose to include such CEO and/ or Whole-time Director as additional members of the Risk Management Committee, on a case by case basis.

10.2.2 The chairman of the Risk Management Committee shall be an Independent Director who will be elected by the members of the Risk Management Committee present at a duly convened committee meeting. The Risk Management Committee may invite the CRO to its meetings and otherwise consult with the CRO as it sees appropriate. The Risk Management Committee may invite other members of the Management Team of the Company and shall invite each of the Directors appointed by the Large Shareholders, to participate in discussions of the Risk Management Committee.

10.2.3 The quorum for a meeting of the Risk Management Committee shall require the presence of three-fourths of the members of the Risk Management Committee. Every resolution of this committee shall be passed with a vote of at least three-fourths of the members of the Risk Management Committee present and voting.

## **11. ASSET - LIABILITY COMMITTEE**

### **11.1 Role of the Asset - Liability Committee:**

11.1.1 The Asset - Liability Committee shall be a decision-making unit responsible for balance sheet planning from a risk-return perspective including the strategic management of interest rate and liquidity risks. The Board shall have to decide on the role of the Asset - Liability Committee, its responsibilities as also the decisions to be taken by it. The business and risk management strategy of the Company shall ensure that the Company operates within the limits/ parameters prescribed by SEBI and the Reserve Bank of India.

11.1.2 Successful implementation of the risk management process shall require strong commitment on the part of the senior management in the Company, to integrate basic operations and strategic decision making with risk management. The Board shall have overall responsibility for management of risks and shall decide the risk management policy of the Company and set limits for liquidity, interest rate and equity price risks.

11.1.3 The Asset - Liability Committee shall be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives.

11.1.4 Within 3 (three) months from the approval of this Articles, the Asset - Liability Committee shall formulate a policy for disbursal of loans including clear and identified guidelines and thresholds for granting of loans, disbursal of such loans (single asset, group exposure, guidelines for acceptance and rejection of proposals), and/or granting of commission to direct sales agents of the Company.

11.1.5 The business issues that the Asset - Liability Committee shall consider, *inter alia*, shall include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer

NBFCs for similar services/ products, etc.

- 11.1.6 Any loan disbursed by the Company (i) exceeding 1% (one percent) of the net worth of the Company (or such enhanced threshold as may be approved by the Board in its annual review, with at least two-thirds of the Directors present voting in favour of such enhancement); or (ii) to a Related Party of the Company or any of the Key Managerial Personnel, shall require the unanimous approval of the Asset - Liability Committee and be subject to the approval of the Board.
- 11.1.7 In addition to monitoring the risk levels of the Company, the Asset - Liability Committee shall review the results of and progress in implementation of the decisions made in the previous meetings of the committee.
- 11.1.8 The Asset - Liability Committee shall also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view.
- 11.1.9 In respect of the funding policy, for instance, its responsibility shall be to decide on source and mix of liabilities or sale of assets. Towards this end, it will have to develop a view on future direction of interest rate movements and decide on funding mixes between fixed v/s floating rate funds, wholesale v/s retail deposits, money market v/s capital market funding, domestic v/s foreign currency funding, etc.

## **11.2 Constitution of the Asset - Liability Committee:**

- 11.2.1 The Board shall constitute the Asset-Liability Committee which shall comprise of at least 3 (three) non-executive Directors and at least 50% (fifty percent) of the members shall be Independent Directors. To ensure commitment of the Management Team and timely response to market dynamics, the Managing Director shall be the chairman of the Asset - Liability Committee and the CRO shall be a permanent invitee to the meetings of the Asset-Liability Committee.
- 11.2.2 The Asset-Liability Committee may invite other members of the Management Team to attend and participate in discussions of the Asset-Liability Committee.
- 11.2.3 The number of members of the Asset - Liability Committee shall depend on the size of the Company, the business mix and the organizational complexity.
- 11.2.4 The Asset-Liability Committee may have sub-committees and support groups which shall be constituted by the Asset-Liability Committee.

## **11.3 Meetings of the Asset - Liability Committee**

The Board shall have to decide the frequency of holding meetings of the Asset - Liability Committee. The quorum for a meeting of the Asset - Liability Committee shall require the presence of three-fourths of the members of the Asset - Liability Committee. Every resolution of this committee shall be passed with a vote of at least three-fourths of the members of the Asset - Liability Committee in attendance. The chairman of the Asset - Liability Committee will be elected by the members of the Asset - Liability Committee present at a duly convened committee meeting.

## **12. AUDIT COMMITTEE**

### **12.1 Role of the Audit Committee**

- 12.1.1 to ensure that an information system audit of the internal systems and processes of the Company is conducted at least once in 2 (two) years to assess the operational risks faced by the Company;
- 12.1.2 oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 12.1.3 recommendation for appointment, remuneration and terms of appointment of auditors of
- 12.1.4 approval of payment to Statutory Auditor and Internal Auditor for any other services rendered by the Statutory Auditor and Internal Auditor, respectively;
- 12.1.5 reviewing, with the Management Team, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the Board's report;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by the Management Team;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any Related Party transactions; and
  - g) modified opinion(s) in the draft audit report.
- 12.1.6 reviewing, with the Management Team, the quarterly financial statements before submission to the Board for approval;
- 12.1.7 reviewing, with the Management Team, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 12.1.8 reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;
- 12.1.9 approval or any subsequent modification of transactions of the Company with Related Parties;

- 12.1.10 scrutiny of inter-corporate loans and investments;
- 12.1.11 valuation of undertakings or assets of the Company, wherever it is necessary;
- 12.1.12 evaluation of internal financial controls and risk management systems;
- 12.1.13 reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 12.1.14 reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 12.1.15 discussion with internal auditors of any significant findings and following up there on;
- 12.1.16 reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 12.1.17 discussion with the Statutory Auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 12.1.18 to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 12.1.19 to review the functioning of the whistle blower mechanism;
- 12.1.20 approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- 12.1.21 to review the IT security/ data integrity/ data security policies and processes of the Company;
- 12.1.22 carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
- 12.1.23 the Audit Committee shall mandatorily review the following information:
  - a) management discussion and analysis of financial condition and results of operations;
  - b) statement of significant Related Party transactions (as defined by the Audit Committee), submitted by the Management Team;
  - c) management letters/ letters of internal control weaknesses issued by the Statutory Auditor;
  - d) internal audit reports relating to internal control weaknesses;
  - e) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee;



- f) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
- g) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice.

12.1.24 The Company shall establish a vigil mechanism for Directors and Employees to report genuine concerns. If any of the members of the Audit Committee have a conflict of interest in a given case, they shall recuse themselves and the other members on the Audit Committee shall deal with the matter in hand.

12.1.25 The vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairman of the Audit Committee in appropriate or exceptional cases. The details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's report.

## **12.2 Constitution of the Audit Committee**

12.2.1 The Board shall constitute a qualified and independent Audit Committee which shall have a minimum of 3 (three) Directors with at least two-thirds of the members of the Audit Committee being Independent Directors.

12.2.2 All members of the Audit Committee shall be financially literate<sup>1</sup> and at least 2 (two) members shall have accounting or related financial management expertise.

12.2.3 The chairman of the Audit Committee shall be an Independent Director who will be elected by the members of the Audit Committee present at the committee meeting. The chairman of the Audit Committee shall be present at the AGM to answer queries from the shareholders of the Company.

## **12.3 Powers of the Audit Committee**

12.3.1 The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any Employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

12.3.2 The Statutory Auditor and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

## **12.4 Meetings of the Audit Committee**

12.4.1 The Audit Committee shall meet at least 4 (four) times in a year and not more than 120 (one hundred and twenty) days shall elapse between 2 (two) meetings.

12.4.2 The quorum for an Audit Committee meeting shall either be 3 (three) members or three-fourths of the members of the Audit Committee, whichever is greater, with at least 2 (two) Independent Directors. Every resolution of the Audit Committee shall be passed with a vote of at least three-fourths of the members of the Audit

Committee in attendance.

12.4.3 Deleted\*

### **13. GRIEVANCE REDRESSAL MECHANISM**

- 13.1 The Company shall ensure that adequate steps are taken for expeditious redressal of investor complaints.
- 13.2 The Company shall ensure that it is registered on the SCORES platform or such other electronic platform or system of SEBI as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by SEBI.
- 13.3 The Company shall file with the recognized stock exchange(s) on a quarterly basis, within 21 (twenty one) days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter. The said statement shall be placed, on a quarterly basis, before the Board.

### **14. MEETINGS OF THE BOARD**

- 14.1 The Board shall hold regular meetings at the registered office of the Company, or such other location as is agreed by a majority of the Board, at least once in every 3 (three) months, and at least 4 (four) such meetings shall be held in every calendar year. The date of the next Board meeting shall be confirmed at the previous Board meeting. A meeting of the Board may be called by any Director, and the Company Secretary shall, upon requisition by a Director convene the same in accordance with this Paragraph 14.
- 14.2 The notice for any Board meeting and meeting of any Board Committees shall be sent to the Directors at least 15 (fifteen) Business Days prior to the meeting together with the agenda; provided however, that any Board meeting may be held by providing shorter notice if consent to such Board Meeting is given in writing or by electronic mode by all the Directors entitled to vote at such meeting. Such notice shall also contain all the relevant documents and supporting information for the same.

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*\* Deleted vide special resolution passed by the members in the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021*

- 14.3 A Board meeting may be called at shorter notice to transact urgent business subject to the condition that at least 1 (one) Independent Director shall be present at the meeting and that the decisions taken at such a meeting shall be circulated to all the Directors and shall be final only upon ratification by at least by 2 (two) Large Shareholder nominee Directors. Further, no business shall be transacted at any Board meeting duly convened and held other than that specified in the agenda.
- 14.4 The quorum for a meeting of the Board shall require the presence of at least 9 (nine) Directors, or a higher number of Directors, as prescribed under the Act, including the presence of at least half of the total nominee directors appointed by the Large Shareholders.
- 14.5 Each Director (an "**Original Director**") shall be entitled to nominate an alternate director ("**Alternate Director**") in his/ her place and such Alternate Director shall serve in the absence of the Original Director in accordance with the provisions of the Act. No person shall be appointed as an Alternate Director for an Independent Director unless such a person is qualified to be appointed as an Independent Director.
- 14.6 Any appointment of an individual as an Alternate Director shall be done in accordance with Section 161 of the Act and shall take place as the first item of business at the Board meeting following receipt by the Company of such nomination. Upon the appointment of an Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director (including in relation to meetings of Board Committees) and generally to perform all functions of the Original Director in his absence.
- 14.7 Subject to the provisions of Paragraph 14.10 below and provisions of the Act, a decision made and/ or a resolution passed at a meeting of the Board shall be valid, only if passed at a validly constituted meeting, and such decisions/ resolutions are approved of by the majority of the Directors present and voting at such meeting of the Board.
- 14.8 A Director may attend a Board meeting through video conferencing or other audio visual means in accordance with the provisions under the Act and rules, circulars, notifications, guidelines, clarifications etc. issued thereunder.\*
- 14.9 A written resolution circulated in draft along with the necessary papers to all the Directors by email who are then members of the Board or a Board Committee shall be valid and effective only if approved by the requisite majority as prescribed for such matters under the Articles, as if decision on such matters were taken at a duly convened meeting of the Board or Board Committee.

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*\* Altered and substituted by Special Resolution passed by the members in the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021*

14.10 Notwithstanding anything to the contrary in this Articles, the Board shall not make decisions or undertake any actions in relation to the following matters, unless at least three-fourths of the Directors (present and voting at a duly convened Board meeting) vote in favour of such matter:

- a) authorize or make any change in the issued, subscribed or paid-up share capital of the Company;
- b) issue any Shares or other securities having structural or legal or preference over or ranking senior to (or *pari passu* with) the Shares with respect to any matter, including without limitation, dividend rights, voting rights or liquidation preference, either as a public offering or private sale or issue of any Shares or other securities of the Company;
- c) reorganize the share capital of the Company, by way of fresh issuance of Shares or any securities or by redemption, retirement or repurchase/ buyback of any shares or securities;
- d) issue of employee stock options or granting of similar benefits;
- e) issue convertible debentures or warrants or grant any options over its shares or any stock splits or consolidation of its share capital;
- f) make any changes (directly or indirectly) in class rights for Shares or share equivalents;
- g) directly or indirectly declare, authorize or pay any dividend or make any distribution in relation to any Shares or share equivalents of the Company;
- h) adopt, approve any new business plan in relation to the Company or any part of it or amend the Business Plan, in any material manner;
- i) adopt or approve the annual budget in relation to the Company or any part of it or amend the annual budget of the Company;
- j) adopt, amend or repeal any provision in the Company's constitutional documents;
- k) amend or repeal or authorize any amendment or other action in respect of this Articles and/ or the Manual of Authority;
- l) amend or repeal or authorize any amendment or other action in relation to the powers of the members of the Management Team, the terms of the appointment letter of the members of the Management Team, or the appointment or removal of members of the Management Team;
- m) enter into derivative contracts of any kind;
- n) mergers, demergers, spin-offs, amalgamations, consolidations or any other

similar form of corporate restructuring of the Company and/or its subsidiary;

- o) authorize or incur any financial indebtedness of the Company which is in excess of the limits set from time to time by the Asset Liability Committee with the approval of the Board;
- p) authorize or incur any financial indebtedness of the Company which results in the debt/ equity of the Company exceeding 5x levels or such other limit as may be approved by the Board in its review every 2 (two) years, with at least two-thirds of the Directors present voting in favour of such enhancement;
- q) incur any single item of capital or revenue expenditure by the Company (including acquiring a business or asset) greater than Rs.10,00,00,000 (Rupees Ten Crores only);
- r) authorize or undertake any arrangement for the disposal by the Company of any assets not in the ordinary course of business;
- s) approve the agenda for the General Meeting;
- t) give or renew security for, or the guaranteeing of financial indebtedness of the Company or any third parties, or creating any encumbrance on the assets of the Company and/ or the subsidiary;
- u) divest or sell capital assets (including but not limited to a transfer, surrender, lease or exchange) by the Company, other than inter-se transfers between the Company and its subsidiary, acquisition of assets under business transfer/ slump sale agreements or businesses, creation of joint ventures/ partnerships/ subsidiaries, or any other investments or entering into any such combination with any Person;
- v) appoint, remove or replace any Statutory Auditor;
- w) amend, extend or add to any Key Management Personnel and Senior Employees incentive arrangements;
- x) enter into an agreement or arrangement between the Company and (i) any member of the Company, (ii) Key Managerial Personnel and (iii) any Related Party to any such member or Key Managerial Personnel;
- y) incorporate any subsidiary or close down, wind up or liquidate the Company or any subsidiary of the Company;
- z) acquire the whole or any part of any other business or undertaking (other than the purchase of supplies and stock in the ordinary course of business) or acquire any shares or any option over shares in the capital of any company;
- (aa) constitute a Board Committee and finalizing the role and responsibilities of such Board Committee including the committees

constituted under this Articles;

- (bb) formulate, adopt or amend the terms of the Manual of Authority or any policy constituted under this Articles including, but not limited to, the policies referred to in Paragraphs 20.8 and 20.9;
- (cc) approve any expense (i) of Key Managerial Personnel and Senior Employees (above an agreed threshold); (ii) of an amount exceeding Rs.10,00,00,000 (Rupees Ten Crores Only); (iii) resulting in a deviation from the annual budget of the Company by more than 10% (ten percent) (or such enhanced deviation as may be approved by the Board in its annual review, with at least two-thirds of the Directors present voting in favour of such enhancement);
- (dd) make any treasury or other investments by the Company;
- (ee) withdrawal of authority to members of the Management Team;
- (ff) make any material change in the nature of the Company's business;
- (gg) disposal of all or substantially all of the assets of the Company; and
- (hh) any change to the listing status of the Company's Shares.

However, no Director shall vote on matters specified above, in which such a Director is interested. An interested Director shall mean a Director who in any way, whether by himself or through any of his relatives or any firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, is interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company.

## **15. SHAREHOLDER MEETING**

- 15.1 The Company shall hold at least 1 (one) General Meeting in any given calendar year. The AGM shall be held in each calendar year within 6 (six) months following the end of the previous Financial Year of the Company. All General Meetings other than the AGM shall be EGMs. All General Meetings shall be governed by the Act and the Articles.
- 15.2 The prior written notice of at least 21 (twenty one) Business Days for a General Meeting shall be given to all shareholders of the Company either in writing or through electronic mode; provided however, that any General Meeting may be held on shorter notice if consent is given in writing or by electronic mode by not less than 95% (ninety five percent) of the members entitled to vote at such meeting. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such General Meeting. Every notice shall specify the place, date and hour of the General Meeting and shall contain an agenda and accompanying materials with a statement of the business



to be transacted thereat and where any such business consists of special business, as defined under the Act, there shall be annexed to the notice an explanatory statement in accordance with Section 102 (statement to be annexed to notice) of the Act. No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice.

15.3 The following matters shall require the approval of two-thirds of the Votes cast in a General Meeting:

(a) all matters in relation to a takeover of a company or acquiring a controlling or substantial stake in another company or purchase of the whole or substantially the whole of the undertaking of another company;

(b) appointment or removal of Independent Directors; and

(c) any matter referred to in Paragraph 15.10 and such other matters as the Board may resolve from time to time that requires the approval of two-thirds of the Votes cast at a General Meeting.

15.4 All special resolution items as per the Act shall require the approval of three-fourths of the Votes cast in a General Meeting.

## **16. FLOW OF AUTHORITY AND MANAGEMENT TEAM**

16.1 In accordance with the Articles and this Articles, the Board may delegate certain powers of management to the Management Team led by the Managing Director.

16.2 The members of the Management Team (other than the Managing Director) shall be appointed and removed by the Managing Director, provided always that the Managing Director shall not appoint any candidate to the role of CFO unless such candidate shall have been approved by the Audit Committee.

16.3 The Nomination and Remuneration Committee shall have oversight over the Management Team.

16.4 The flow of authority with respect to the operations of the Company is set out in Paragraph 18 below.

16.5 The Managing Director shall report to the Board, and all officers of the Company including the other members of the Management Team shall report to the Managing Director.

16.6 The powers of the Managing Director shall be as set out in this Articles (approved by the Board in accordance with the Articles). The Managing Director shall also be held accountable for due compliance of the provisions of this Articles. He shall be held responsible and accountable for any deviations from the provisions of this Articles and the Manual of Authority and any such breaches shall result in the termination of his appointment as Managing Director.

## **17. ROLES AND RESPONSIBILITY OF THE MANAGEMENT TEAM**

### **17.1 Managing Director**

The Managing Director will have primary responsibility for day to day operation of the Company's business and shall report to the Board.

17.2 The CEO (if appointed) shall be responsible for running the day to day functioning of the Company, under the supervision of the Managing Director and the Board.

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

- (a) treasury, which includes banking, investment, hedging activity, cash management etc. within the limits defined by the Manual of Authority (once adopted);
- (b) financial accounting and reporting;
- (c) financial planning and control;
- (d) property (i.e. fixed assets of the Company); and
- (e) investor relations

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

17.4 The CRO is responsible for the following functions in relation to the Company and shall report to the Board:

- (a) manage the implementation of all aspects of the risk function, including implementation of processes, tools and systems to identify, assess, measure, manage, monitor and report risks;
- (b) provide an annual compliance certificate to the Board regarding the risk management practices, write off policies, credit disbursement mechanisms of the Company;
- (c) assist in the development of and manage processes to identify and evaluate business areas' risks and risk and control self-assessments;
- (d) manage the process for developing risk policies and procedures, risk limits and approval authorities;
- (e) monitor major and critical risk issues;

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*\* Altered and substituted by Special Resolution passed by the members in the 28<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> September 2021*

- (f) manage the process for elevating control risks to more senior levels when appropriate;
- (g) manage the corporate risk and control assessment reporting process as well as manage and maintain infrastructure elements (e.g. management reporting, including reporting to senior management); and
- (h) conduct compliance & risk assessments.

## **18. AUTHORITY LIMITS OF THE MEMBERS OF THE MANAGEMENT TEAM**

The Board will, within 3 (three) months of first adoption of this Articles, seek to finalize and adopt a Manual of Authority which will specify in detail the matters in relation to which relevant categories of Employees may be authorized to approve routine decisions in connection with the Company's business. Until such policy and other required policies are approved by the Board, funds of the Company can only be invested with the approval of the Board and into government securities or AAA rated instruments. Until such policy is formulated and approved by the Board, the Company shall only use existing cash in its books for meeting expenses of the Company.

## **19. GENERAL GUIDELINES AND PRINCIPLES**

- 19.1 The overall financial limits in this Articles and the Manual of Authority will apply in respect to the powers delegated to the Management Team.
- 19.2 In the event of a contradiction between this Articles and various other internal policies/ manuals/ standard operating procedures, this Articles shall prevail.
- 19.3 A position holder delegated with authority shall not approve any expenditure or disbursement of loan for his own personal benefit or for the benefit of any Related Party of the Company. If there is any requirement to approve expenses for personal expenditure in connection with the Company's business, such approval should be obtained from higher authority only.
- 19.4 Authority limits contained in the Manual of Authority are determined in Indian Rupees. Expenditures in any other currency should be converted into Indian Rupees at the appropriate exchange rate as published by the Reserve Bank of India ("**RBI**") on its official website to ensure that the correct level of authority is applied to each transaction.
- 19.5 Any deviation from the approval requirements as set out in this Articles and the Manual of Authority is considered abuse of this Articles and is prohibited. Only the Managing Director can approve deviations up to his authority limit and deviations in excess of such authority limit will have to be approved by the Board.
- 19.6 A series of transactions that should be reasonably connected with each other because of the nature of the transactions shall be considered as a single

transaction for the purpose of determining the approval and authority limits envisaged in this Articles. It is prohibited to split a commitment or transaction into 2 (two) or more parts to fit within the authority limit.

- 19.7 It is also prohibited to receive services or goods from a supplier, direct selling agents, recruitment agencies or advisors on behalf of the Company or provide such services or goods to a person on behalf of the Company without having the proper authority to do so or complying with the applicable procedures.
- 19.8 The Board will, within 3 (three) months of first adoption of this Articles, seek to finalize and adopt a Gift and Entertainment Policy which will specify in detail the gifts and entertainment that are prohibited and those that can be given or received, and other record keeping requirements for the Company.
- 19.9 The Board will, within 1 (one) month of first adoption of this Articles, seek to finalize and adopt a Treasury Operations and Surplus Cash Deployment Policy which will specify in detail the guidelines and policies for the treasury operations and surplus cash deployment of the Company.
- 19.10 Notwithstanding anything to the contrary in this Articles, the Articles shall be subject to applicable law; and in the event any provision, clause or Paragraph of this Articles is inconsistent with or contravenes applicable law (from time to time), the Board shall take necessary steps to modify or amend the Articles in order to make such provision, clause or Paragraph consistent with applicable law.

## **20. TEMPORARY DELEGATION OF AUTHORITY**

Temporary delegation of authority shall be allowed in circumstances where the delegator is not physically present to sign documentation due to an extended period of absence (for instance duty travel or leave). Notwithstanding the delegation of authority, the delegator will not be absolved from his responsibility. Each delegation of authority must be evidenced in writing. The signatory signing on behalf of others must sign "pp" (post of original signatory). The delegate shall not have the authority to further delegate to a third person (e.g. signatories to whom powers have been delegated cannot delegate such powers to their subordinate staff). In the absence of such signatories, these powers move upward to the superiors of the original signatory.

## **21. WITHDRAWAL OF AUTHORITY**

The Board may withdraw the authority granted to the Managing Director and other members of the Management Team only with the approval of the three-fourth majority of the Board in accordance with this Articles.

## **22. COMPLIANCE MONITORING**

- 22.1 The Audit Committee shall verify the compliance of this Articles as a part of its

regular compliance audits.

- 22.2 In the event of any occurrence or arising of any matter which is likely to have a material impact on the business or the financial position of the Company, or the Company's ability to perform its obligations under this Articles, such information shall be communicated to all Directors without delay in writing, and no later than 48 (forty eight) hours of the Company becoming aware of its occurrence. Any Director or the Large Shareholders have the right to appoint an advisor to conduct an audit of the Company thereafter, at the cost of the Company. The Company shall support such advisor in its audit.

### **23. CHANGE MANAGEMENT PROCESS**

- 23.1 This Articles may be updated from time to time in line with the Company's requirements. The Board will be responsible for the maintenance of this Articles. Any request for a change of a particular paragraph of this Articles shall be submitted to the Board and no amendment shall be effective unless approved by the Board in accordance with this Articles.
- 23.2 The Managing Director will approve any change to the authority matrix set out in this Articles, as long as it is within the authorized limits of the Managing Director to do so. Any further deviations and/ or amendments will require the approval of the Board in the manner set out in this Articles.
- 23.3 Subject to Paragraph 14.10(cc), changes that do not affect the Managing Director's authority but impacts Employees below the level of the Managing Director are effective once approved by the Managing Director. However, such changes need to be notified to the Board. Changes to the authority of the Managing Director, Board and Board Committees will require the approval of the Board in the manner set out in the Articles .

### **24. THE COMMON SEAL\***

The Board shall provide for the safe custody of the seal. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of the Managing Director or of a director and of the secretary or such other person as the Board or of a committee of the Board may appoint for the purpose; and such Managing Director or a director and the secretary or such other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

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*\* Inserted by Special Resolution passed by the members in the 29<sup>th</sup> Annual General Meeting of the Company held on 12<sup>th</sup> August, 2022*

## PART B

### 1. CONSTITUTION OF THE COMPANY

- (i) *Part B of the Articles provide for the rights and obligations of the relevant parties to the Investment Agreement executed on April 11, 2023, by and amongst, inter alia, Danish Sustainable Development Goals Investment Fund K/S, a limited liability partnership incorporated under the laws of Denmark represented by Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark, with registration number CVR 23 59 86 12, having its principal place of business at Fredericiagade 27, DK 1310 Copenhagen, Denmark and the Company, ("**Agreement**"). These Articles from Article 1 to Article 7 of Part B shall have effect notwithstanding anything contrary (either expressly or by necessary implication) contained in Part A of the Articles. In the event of any conflict between Part A of the Articles and Part B of the Articles, Part B shall prevail. All references to an Article or Articles in this Part B shall be references to an Article or Articles of Part B of these Articles.*
- (ii) *In the event of any conflict between the terms of the Agreement and those of these Articles, as amongst the Parties hereto, and the Company, to the extent permitted by Applicable Law, the terms of the Agreement shall prevail over these Articles and the Parties shall take all such steps as are within their powers, to ensure that the terms and conditions of the Agreement are adhered to, and to the extent possible under the relevant Applicable Laws effect such amendments or alterations to these Articles to carry out the conditions of the Agreement in letter and in spirit.*
- (iii) *Part B of the Articles shall come into effect from the Closing Date (as defined below).*

### 2. INTERPRETATION

#### Definitions

In the interpretation of these Part B of the Articles, the following words and expressions shall have the following meanings unless repugnant to the subject or the context:

**"Affiliates"** of a Person (the **"Subject Person"**) shall mean in the case of any Subject Person, other than a natural Person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with the Subject Person and where the Subject Person is a natural person, any immediate family of such Subject Person or any Person (other than a natural Person) directly or indirectly Controlled by such Subject Person. Further, with respect to the Investor, the term **"Affiliate"** shall also include: (i) IFU; (ii) all funds managed by the Investor and/or IFU; (iii) any direct or indirect shareholder of the Investor; (iv) any of such shareholder's general partners or limited partners; and (v) the fund manager managing such shareholder (and the shareholders, officers and employees thereof);

**"Agreement"** shall mean the agreement dated April 11, 2023 executed among the Parties;

**"Board of Directors"** or **"Board"** shall mean the board of directors of the Company;

**"Business Day"** shall mean a day on which the scheduled commercial banks are open for business in Copenhagen, Denmark and Mumbai, India;

**"Closing Date"** shall have the meaning ascribed to it in the Agreement;

**"Control"** (including with correlative meaning, the terms **"Controlled"** and **"Controlling"** and **"common Control"**) shall mean either: (i) the power to direct the management or policies of a Person, directly or indirectly; or (ii) the ownership of more than 50% (fifty percent) of the voting power of a Person; or (iii) the power to appoint over half of the members of the board of directors or similar governing body of such Person, each of which, through contractual arrangements or otherwise;



**“Director”** shall mean a director of the Company, appointed on the Board;

**“Equity Share(s)”** shall mean the equity share(s) of the Company having face value of INR 10/- (Indian Rupees Ten only);

**“Existing Investment Agreements”** shall mean: (i) the Investment Agreement dated December 31, 2017 entered into, *inter alia*, between the Company and Indgrowth Capital Fund I; (ii) the Share Subscription Agreement dated December 31, 2017 entered into, *inter alia*, between the Company and NewQuest Asia Investments III Limited; (iii) the Warrant Subscription Agreement dated August 16, 2018, entered into, *inter alia*, between the Company and Samena Fidem Holdings; and (iv) the Investment Agreement dated December 31, 2017 entered into, *inter alia*, between the Company and Clearsky Investment Holdings Pte. Ltd.;

**“Fully Diluted Basis”** shall mean the assumption that any preference shares, debentures, notes, options (including employee stock options), warrants, contracts, rights, instruments and securities granting the right, whether compulsorily or otherwise, to exchange for, convert into or otherwise acquire or subscribe to Equity Shares, and which are outstanding as on the date of calculation, have been so exercised and exchanged for or converted into or acquired or subscribed to the applicable Equity Shares and all Equity Shares issuable pursuant to contractual or other obligations have been issued;

**“Government”** or **“Governmental Authority”** shall mean: (i) any national, provincial, regional, central, state, municipal or local government, any instrumentality, subdivision, court, administrative, executive or regulatory agency, commission, board, tribunal, entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality; (ii) any court, tribunal or arbitrator; or (iii) any securities exchange or body or authority regulating securities exchanges, in each case, duly constituted in accordance with Laws applicable to relevant Person, and exercising competent jurisdiction on relevant Person pursuant to applicable Laws;

**“IFU”** shall mean the Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark, with registration number CVR 23 59 86 12, having its principal place of business at Fredericiagade 27, DK 1310 Copenhagen, Denmark;

**“Investor”** shall mean Danish Sustainable Development Goals Investment Fund K/S;

**“Investor Securities”** shall mean the total number of Securities that are held by the Investor, including the Subscription Securities;

**“Law(s)”** shall mean all applicable laws and shall include all applicable legislations, statutes, enactments, by-laws, rules, regulations, orders, laws, ordinances, codes, guidelines, policies, directions, directives, notifications, judgments, decrees or other requirements or official directive of any Governmental Authority or Person acting under the authority of any Governmental Authority and/or of any statutory authority, having a right over such matters, in each case having the force of law;

**“Observer”** shall mean such person as shall be nominated by the Investor to be appointed as an Observer on the Board in terms of Article 4 below;

**“Parties”** shall mean the Company, the Promoter, PFEPL, the Investor and Mr. Shachindra Nath;

**“Person”** shall mean any individual or entity, whether a corporation, firm, limited liability company, an unlimited liability company, joint venture, trust association, organisation, an unincorporated organisation, partnership or proprietorship, body corporate, including any Governmental Authority, natural person in his capacity as trustee, executor, administrator or other legal representatives;

**“Promoter”** shall mean **POSHIKA ADVISORY SERVICES LLP**, a limited liability partnership registered under the laws of India, with Limited Liability Partnership Identification Number AAL-0334, Permanent Account Number AAVFP0398R, and having its registered office at 301- A, 3rd Floor, Banni Address One Golf Course Road, Sector-56 Gurgaon, Haryana – 122011;

**“PFEPL”** shall mean **POSHIKA FINANCIAL ECOSYSTEM PRIVATE LIMITED**, a private limited company incorporated under the laws of India, having its registered office at 301- A, 3rd Floor, Banni Address One Golf Course Road, Sector-56 Gurgaon HR 122011 IN;

**“Securities”** shall mean the Equity Shares and the Share Equivalents;

**“Share Capital”** shall mean the issued, subscribed and paid up share capital of the Company on a Fully Diluted Basis and shall include the Equity Shares and any Share Equivalents;

**“SEBI ICDR Regulations”** shall mean the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modifications, amendments or re-enactments thereof for the time being in force;

**“SEBI PIT Regulations”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, or any statutory modifications, amendments or re-enactments thereof for the time being in force;

**“Shareholder”** shall mean each of, the Promoter, the Investor and such other Persons who hold or may acquire the Securities from time to time;

**“Share Equivalents”** shall mean preference shares, debentures, bonds, loans, warrants, options, depositary receipts, debt securities, loan stock, notes, or any other instruments, securities or certificates which are convertible into or exercisable or exchangeable for, or which carry a right to, or any right to, subscribe to or purchase any equity or preference shares of the Company or which represent or bestow any beneficial ownership/ interest in the Share Capital or the voting rights in the Company or any other rights which are otherwise available to only equity shareholders of a company (including, any distribution rights) as currently existing or as may be issued by the Company from time to time;

**“Subscription Amount”** shall mean the aggregate amount of INR 240,00,00,000/- (Indian Rupees Two Hundred and Forty Crores only) payable by the Investor to the Company, in consideration towards the Subscription Securities;

**“Subscription Price”** means such price per Subscription Security calculated as per Regulation 164(1) read with Regulation 166A(1) of Chapter V of SEBI ICDR Regulations;

**“Subscription Securities”** shall mean such number of Equity Shares to be issued and allotted to the Investor on the Closing Date, in the manner as specifically provided under the Agreement and calculated by dividing the Subscription Amount by the Subscription Price;

**“Takeover Regulations”** shall mean the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any statutory modifications, amendments or re-enactments thereof for the time being in force; and

**“UPSI”** shall mean unpublished price sensitive information as defined under the SEBI PIT Regulations.

### **3. PRE-EMPTIVE RIGHT**

- 3.1. Till such time that the Investor continues to hold at least 5% (five percent) of the Share Capital of the Company on a Fully Diluted Basis, the Company undertakes that in case of any issuance of Securities by

the Company by way of a preferential allotment, the Investor shall have the right to subscribe to the Securities proposed to be issued by the Company ("**New Securities**") *pro-rata* to the then existing shareholding of the Investor (along with its Affiliates) in the Company on a Fully Diluted Basis.

- 3.2. If the Board approves the issuance of New Securities, the Company shall give the Investor a written notice of its intention, describing the New Securities, the price per New Security as per the valuation of the Company at which the New Securities are proposed to be issued, their terms of issuance, and specifying the Investor's *pro-rata* share of such issuance (the "**Issue Notice**").
- 3.3. The Investor shall have 30 (thirty) days after the receipt of the Issue Notice, to give the Company a written intimation with regard to the number of New Securities it proposes to purchase (the "**Subscription Notice**").
- 3.4. Unless the applicable Law provides for a shorter period of time, 30 (thirty) Business Days after the expiry of the 30 (thirty) days' period referred to in Article 3.3 above:
  - 3.4.1 if the Investor has issued a Subscription Notice, the Investor shall subscribe to the number of New Securities specified by it in the Subscription Notice except where Investor has indicated that it is willing to acquire more than its *pro-rata* entitlement, in which case the obligation to acquire the New Securities, in excess of Investor's entitlement, shall be subject to confirmation from the Company;
  - 3.4.2 the Investor shall simultaneously pay the relevant consideration to the Company;
  - 3.4.3 the Company shall convene meetings of the Board issuing and allotting the New Securities to the Investor and update its register of members in this regard; and
  - 3.4.4 the Company shall also undertake such other filings and actions as may be required under applicable Law in relation to issue and allotment of such New Securities.
- 3.5. Notwithstanding the above, in the event, the subscription of any New Securities under this Article 3 would trigger the open offer requirements under the provisions of the Takeover Regulations, then the Investor shall be entitled to subscribe to only the maximum number of such New Securities which, taken together with the Investor Securities already held by the Investor, will not trigger the open offer requirements under the provisions of the Takeover Regulations.
- 3.6. If the Investor does not issue a Subscription Notice within the time period set out in Article 3.3 above or if the Investor, agrees to (or under Article 3.5 is required to) subscribe to a lesser number of Securities, then the Company shall be free to proceed to issue the Securities to any Person on the terms and conditions as set out in the Issue Notice.

#### 4. **OBSERVER**

- 4.1. The Investor shall have the right to nominate 1 (one) representative (an "**Observer**") to attend all meetings (whether in person, telephonic or other) of the Board in a non-voting observer capacity. In the event that the shareholding of the Investor in the Company, on a Fully Diluted Basis, falls below 5% (five percent) of the Share Capital, the right of the Investor to appoint the Observer shall fall away.
- 4.2. The Company shall provide to the Observer, concurrently with and in the same manner as distributed to the Directors, copies of all meeting notices, agendas, board materials, information, draft resolutions, proposed actions by written consent, and other communications so distributed.
- 4.3. The Observer shall have the authority to act as a non-voting observer only. Without a written proxy, power of attorney or other express written instrument, no Observer shall have the power or authority, as proxy holder, agent, attorney-in-fact, or otherwise, to vote shares, to grant waivers, approvals, or consents, to

enter into or amend agreements, to accept notices or legal process, or otherwise to represent or act on behalf of the Investor in any legally binding manner. The Company shall not be justified in relying on any action of the Observer on behalf of the Investor or on any assurance of the Observer relating to any future action or decision of the Investor unless and until such action or assurance is expressly acknowledged or provided in writing by an authorised signatory of the Investor.

- 4.4. The Observer shall not be recorded or represented to be a member of the Board or to have voted at any Board meetings or on any Board resolution nor shall the Observer be counted towards the quorum for any Board meeting or proceeding. All minutes and other records of proceedings of the Board shall clearly distinguish between the differing capacities of attendees or participants and, in the case of individual participants, between attendance at the meeting and voting on any resolutions or other proceedings. The Company agrees to promptly, on request of the Investor, provide the Investor with true and complete copies of all meeting notices, agendas, board materials, attendance records, minutes, and other records relating to any board meetings or proceedings and to make any required revisions to the minutes or other records within 3 (three) days from the date of the Investor's request, subject to necessary ratification and acceptance by the Board.
- 4.5. The Company shall pay or reimburse the Observer from time to time upon demand for all reasonable travel, lodging and meal expenses incurred by the Observer in attending Board meetings, at par with the payment or reimbursements made by the Company to any other observers appointed to the Board under the Existing Investment Agreements.

## **5. INFORMATION RIGHTS**

- 5.1. The Investor shall be entitled to seek such information in relation to the Company as it may be entitled to under applicable Law, and subject to compliance with applicable Law, including the SEBI PIT Regulations, the Company shall provide such information as may be reasonably requested by the Investor, as soon as reasonably practicable.
- 5.2. The Company undertakes not to selectively disclose to the Investor, any UPSI, and if any UPSI is disclosed to the Investor, the Company undertakes to make such information available to all the Shareholders of the Company on an expedited and immediate basis. Notwithstanding the generality of the foregoing, any reporting or information rights granted to the Investor hereunder, shall be provided to all the Shareholders, unless otherwise agreed.
- 5.3. The Company shall comply with the reporting requirements as separately agreed to in writing between the Parties.
- 5.4. The Company and the Promoter shall ensure that the Company shall, provide the Investor and its employees, agents and representatives with full access, upon prior written notice and during normal business hours, to all of the Company's assets, books, records, etc. which may be required by the Investor.

## **6. STATUS OF INVESTOR**

- 6.1 The Investor is investing in the Company in its capacity as a financial investor and that the rights and benefits granted to the Investor under the Agreement have been provided to the Investor in its capacity as a financial investor and for the protection of the Investor as a minority Shareholder in the Company. The rights and benefits provided to the Investor under the Agreement are reasonable given the status of the Investor as a financial investor in the Company. The Investor is not, and at no time shall be deemed to be, a "person acting in concert" (as defined under the Takeover Regulations) with the Promoter and that it is not the intention of the Parties that the Investor be deemed to be "persons acting in concert" with the Promoter by virtue of the rights and/or benefits provided to the Investor under the provisions of the Agreement. At no time shall the Investor be identified by the Company as being a 'promoter' of the

Company for any reason whatsoever, including, in any filing made by any of the Company with any Governmental Authority and the Investor Securities are not subject to any restriction (including that of lock-in or other restriction) which are applicable to 'promoters' under any applicable Laws. The rights and benefits provided to the Investor under the Agreement shall be read and interpreted in accordance with the foregoing.

## **7. LARGE SHAREHOLDER**

Till such time the Investor continues to hold 10% (ten percent) of the Share Capital of the Company on a Fully Diluted Basis, the Investor shall be considered as a Large Shareholder for the purpose of these Articles.