

6th July 2023

To

BSE Limited

25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Scrip Code – 511742

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE Symbol – UGROCAP

Sub: Annual Report for the FY 2022-23 and Notice of 30th Annual General Meeting

Dear Sir/ Madam,

Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has sent today, i.e. Thursday, 6th July 2023, soft copy of the Notice of the 30th Annual General Meeting along with Annual Report for the F.Y. 2022-23 via e-mail to those members who have registered their email addresses and hard copies to those members whose email addresses are not registered with the Company, Depositories and Registrar and Transfer Agent.

Accordingly, please find enclosed herewith the Annual Report for the financial year 2022-23 along with the Notice of 30th Annual General Meeting of the Company, scheduled to be held on Tuesday, 8th August 2023 at 03.30 P.M. (IST) at BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001.

The same are also available on the website of the Company, i.e. www.ugrocapital.com

Request you to take the above on your records.

Thanking you,

For UGRO Capital Limited

Namrata Sajnani

Company Secretary and Compliance Officer

Encl: a/a

UGRO CAPITAL LIMITED

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

CIN: L67120MH1993PLC070739

Telephone: +91 22 41821600 | **E-mail:** info@ugrocapital.com | **Website:** www.ugrocapital.com

**NON-STOP
BUSINESS KARNE
KI AZAADI**



ANNUAL REPORT : 2022-23



CORPORATE INFORMATION



Board of Directors

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



Management Team

Mr. Amit Mande – *Chief Revenue Officer*
Mr. Anuj Pandey – *Chief Risk Officer*
Mr. Kishore Lodha – *Chief Financial Officer*
Mr. Sunil Lotke – *Chief Legal and Compliance Officer*
Mr. J. Sathiayan – *Chief Business Officer*
Ms. Pia Shome – *Chief People Officer*
Mr. Rishabh Garg – *Chief Technology Officer*
Mr. Subrata Das – *Chief Innovation Officer*



Audit Committee

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



Company Secretary and Compliance Officer

Ms. Namrata Sajnani



Nomination and Remuneration Committee

Mr. Hemant Bhargava – *Chairman*
Mr. Satyananda Mishra
Mr. Abhijit Sen
Mr. Karuppasamy Singam
Mr. Karnam Sekar
Mr. Rajeev Krishnamuralilal Agarwal
Mrs. Smita Aggarwal
Mr. Amit Gupta
Mr. Manoj Kumar Sehrawat



Stakeholders Relationship Committee

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



Corporate Social Responsibility Committee

Mr. Satyananda Mishra – *Chairman*
Mr. Rajeev Krishnamuralilal Agarwal
Mr. Shachindra Nath



Compliance Committee

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



Risk Management Committee

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



Asset Liability Committee

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



IT Strategy Committee

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



Registered and Corporate Office

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



Registrar and Share Transfer Agents

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



Statutory Auditors

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



Debenture Trustees

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

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

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

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

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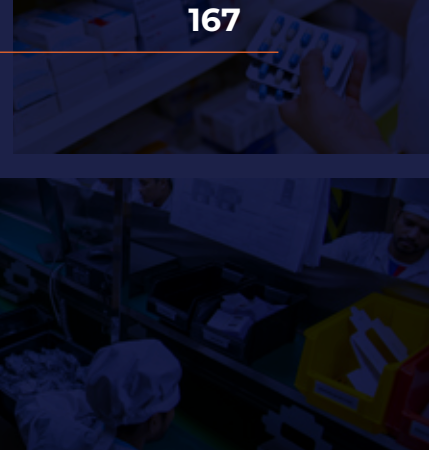
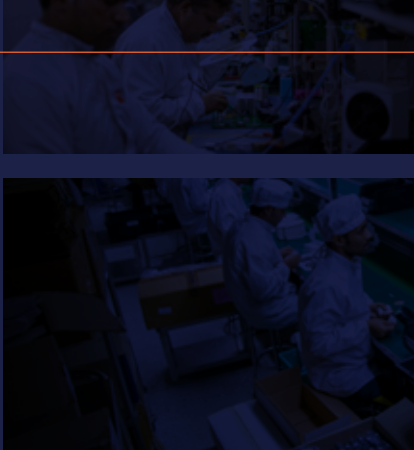

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EMPOWERING MSME ECOSYSTEM: CREATING IMPACT WITH DATA-DRIVEN SOLUTIONS



In today's fast-paced and highly competitive business landscape, Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving economic growth and fostering innovation. These nimble enterprises are the backbone of our economy, contributing significantly to employment generation, innovation, and economic development. However, MSMEs often face unique challenges in accessing finance and navigating market complexities. At UGRO Capital, we recognized these challenges and embraced a data-driven approach to address them effectively.

This Annual Report highlights UGRO Capital's unwavering commitment to empowering the MSME ecosystem in India through data-driven solutions. In a rapidly evolving business landscape, we firmly believe that leveraging the power of data is the key to unlocking the immense potential of MSMEs and fuelling their growth.

One of the key factors hindering the growth of MSMEs is the difficulty in accessing formal and timely credit. Traditional lending institutions rely heavily on collateral-based lending, making it challenging for small businesses to secure funds for expansion and innovation. We firmly believe that a lack of timely credit prevents MSMEs from realizing their full potential, and that traditional lending parameters based on collateral and security are ineffective in a dynamic MSME space where funds are required quickly.

The digital revolution in finance has now opened up more avenues to meet their demand for funds. An optimal equation of digitisation & digitalisation has paved the way for innovative lending models. Cashflow based lending is one of the models that promises to help the MSMEs obtain much-needed credit. With the advent of GST (Goods & Services Tax), smaller entities are finding it advantageous to report the top line resulting in robust compliance. The GST records can then be combined with other financial parameters, such as bank statements and bureau reports, to judge an entity's repayment capabilities. With GST & banking-based models evolving & powerful machine learning

tools now available, the future of cash flow-based lending is bright.

The Central Government's planned interventions will further strengthen the cashflow model. Open credit enablement network or OCEN (pronounced O-ken), promises to unlock the next level in digital lending to MSMEs. OCEN has created a standard protocol for an interface between registered buyers, sellers & financiers. With Open APIs available to all, this initiative will truly democratise availability of transaction data. The OCEN's first pilot is GeM Sahay – an e-marketplace for PSU (public sector undertaking) buyers & MSME sellers. UGRO Capital Ltd. is the first lender to get empanelled on the platform & has disbursed loans to MSMEs basis automated business rule engine on GeM Sahay.

The Account Aggregators (AA) initiative, another Central Government brainchild, will enable aggregation of all financial information, including account statements, mutual fund history, insurance policies, GST sales data, etc. Once the customer gives consent, lenders can access the information conveniently through a common interface. Members of the network will act as both financial information providers & users. Currently, most large banks & financial institutions are part of the network. More are scheduled to follow suit shortly depending on their technological readiness.

With more & more financial institutions getting access to this data & accepting the standard protocols, Cashflow based lending models to MSMEs will now find more takers. It augurs well for India's MSME segment, which will get access to easy & convenient credit.

Through advanced data analytics, machine learning, and artificial intelligence, UGRO Capital has revolutionized the way MSMEs access financial support. Our robust credit evaluation framework and data-driven solutions enable us to assess creditworthiness swiftly, customize financial products tailored to specific needs, and streamline loan processing for faster approvals. Our underwriting model GRO Score 3.0 is an enhancement of our proprietary scoring model GRO Score 2.0 and analyzes detailed GST transaction report of ~20,000

applications to perform statistical model fitment, as well as validation testing based on actual loan repayment performance. Over the last four years, the company has served over 48,000 customers in 4,000 different pin codes, analyzed over 93,000 bank statements, 34,000 GST records, and processed over 63,000 GRO Score logins. By shifting the focus from collateral to business fundamentals, UGRO Capital provides timely and customized credit solutions to MSMEs, enabling them to realize their growth aspirations.

Moreover, our collaborations with banks, technology providers, data aggregators, and industry stakeholders have further enhanced our ability to leverage data for the betterment of the MSME ecosystem. These partnerships enable us to constantly innovate and develop cutting-edge solutions that meet the evolving needs of MSMEs.

Our efforts have resulted in an impressive asset under management (AUM) of over INR 6,000 Cr, with a monthly net disbursement exceeding INR 500 Cr. Moreover, the growing off-book AUM of 40% reflects the widespread acceptance of our credit scoring model and underwriting framework within the banking industry. UGRO Capital's journey exemplifies the transformative potential of data in reshaping the MSME credit landscape in India.

We are delighted to report that FY23 has been a remarkable year for UGRO Capital, marked by robust

growth and achievement of key milestones. We have successfully completed our second equity capital raise of approx INR 340.50 in April/May 2023. The equity raise was via preferential allotment of INR 240 Cr to IFU (Investeringsfonden for Udviklingslande) through Danish Sustainable Development Goals Investment Fund K/S which is an arm of Denmark Government and through a Qualified Institutions Placement (QIP) of up to INR 100.50 Crores. The growth capital from the funds raised will primarily be used for onward lending— this shall assist the MSME segment and take credit to the last mile. This capital raise will further enhance UGRO Capital's strong capital position and strengthen its balance sheet.

We have successfully launched our most awaited digital solution for small businesses. Our GRO X App enables small business owners, retailers, traders, professionals, and small manufacturers across India to obtain collateral-free instant credit for immediate working capital requirements and to manage their financial liquidity.

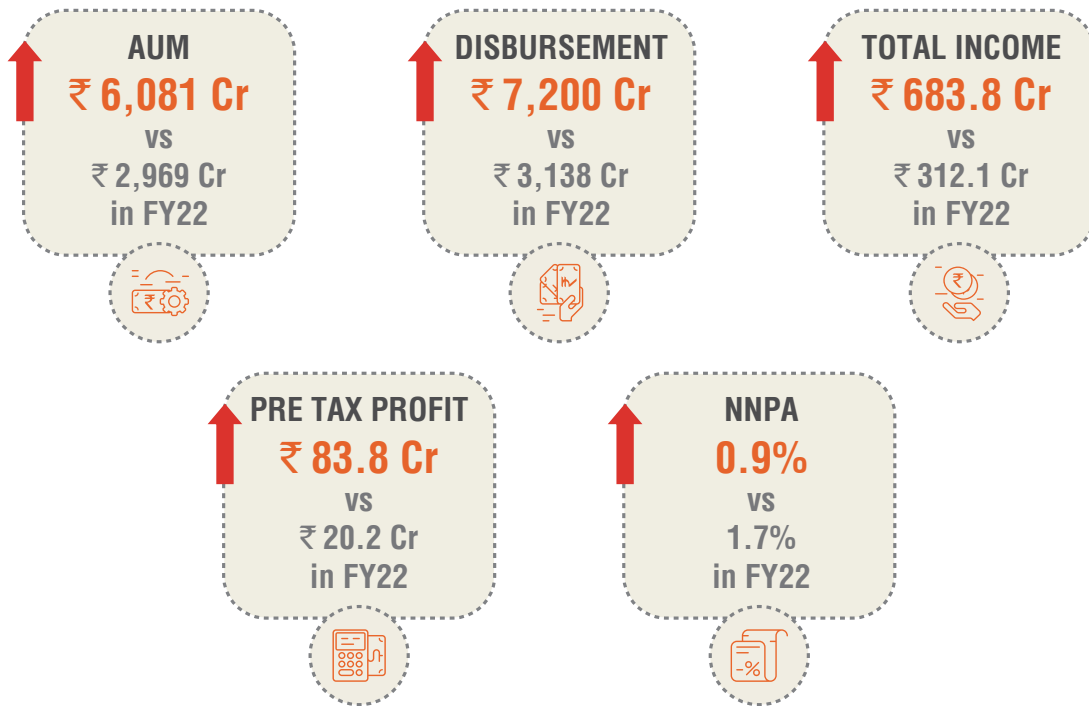
As we look ahead, we remain steadfast in our pursuit of empowering MSMEs through data-driven solutions. We are determined to expand our reach, improve our capabilities, and extend our support to a wider segment of the MSME ecosystem, creating a lasting impact on businesses, communities and the Indian economy.



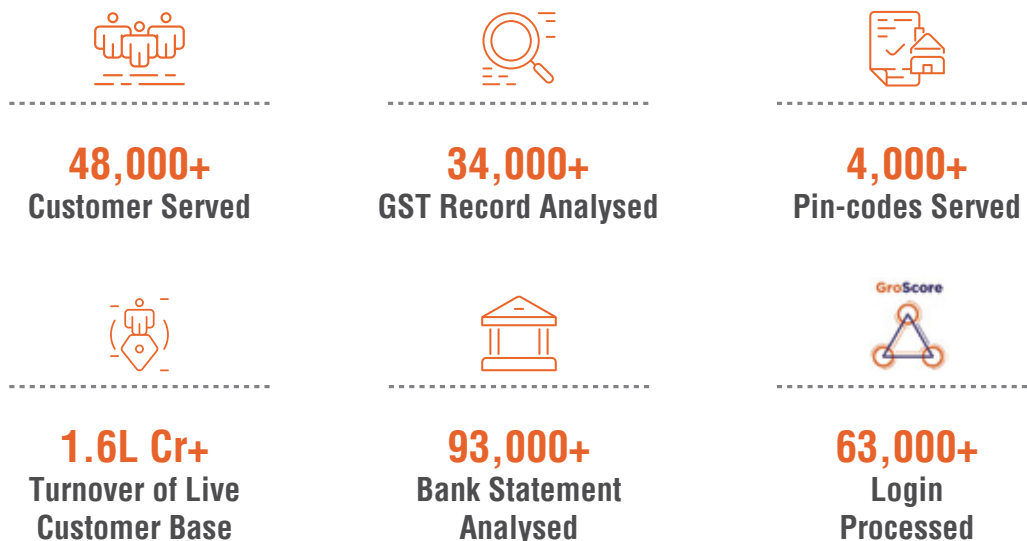
WHEN YOU GIVE INDIA'S MSMEs
THE FREEDOM TO GRO NON-STOP
U GRO TOO



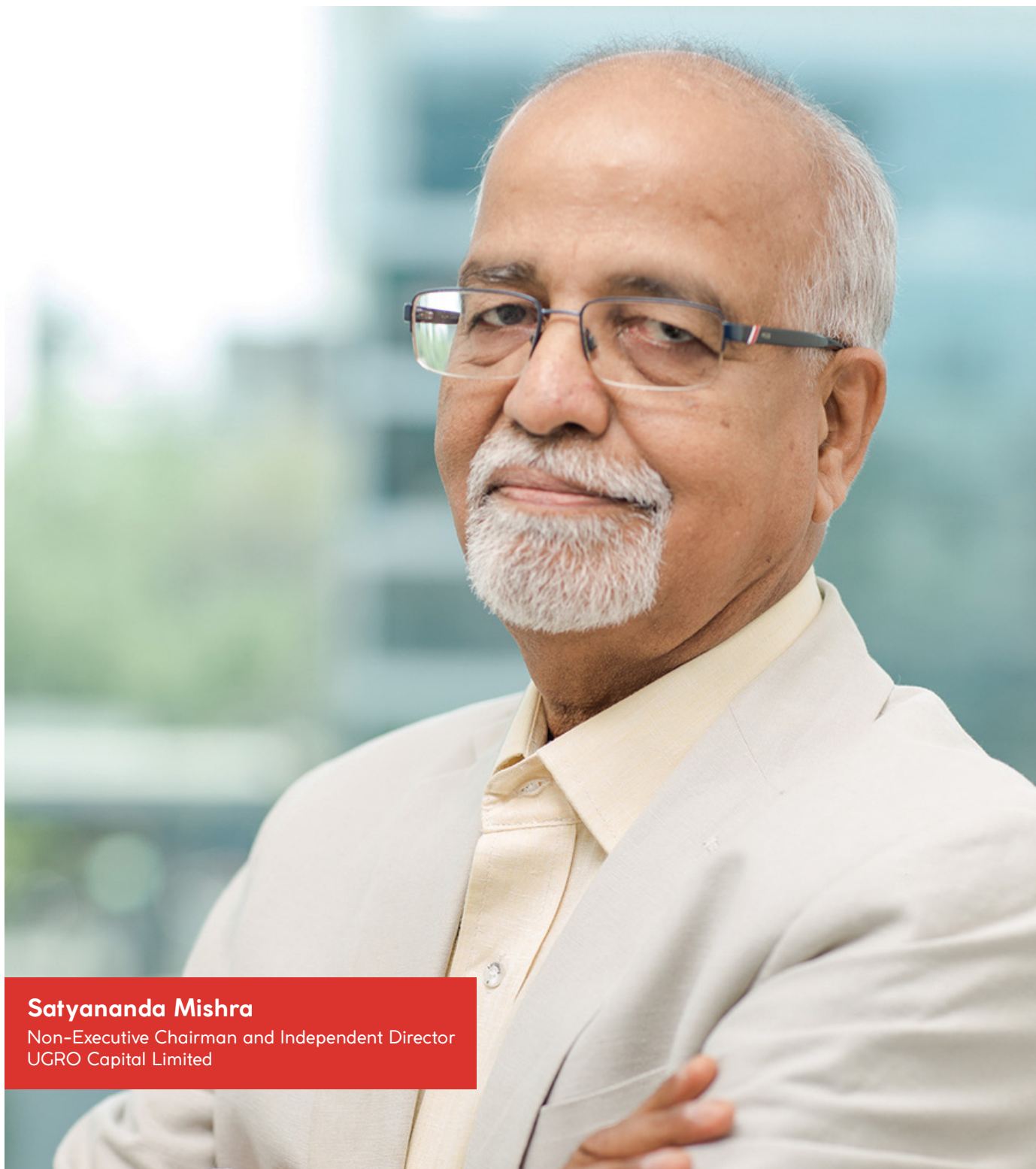
UGRO Capital, India's first listed fintech start-up announces its successful equity capital raise of INR 340.50 crores from marquee institutional investors in April/May 2023.



Launched Instant Credit Line App - Gro X



CHAIRMAN'S MESSAGE



Satyananda Mishra

Non-Executive Chairman and Independent Director
UGRO Capital Limited

Dear Shareholders,

I am pleased to address you in this annual report and share the significant strides that your Company has made in creating impact with data and technology-driven solutions for the Micro, Small, and Medium Enterprises (MSMEs) sector. As the Chairman of UGRO Capital, I take pride in the innovative approaches we have adopted to address the credit challenges faced by MSMEs and empower them for sustainable growth.

In today's rapidly evolving business landscape, data and technology have emerged as powerful enablers, offering immense opportunities for businesses to transform and thrive. At UGRO Capital, we recognized this early on and made it a cornerstone of our operations. By leveraging data and technology, we have created a comprehensive ecosystem that provides timely credit solutions to MSMEs, fostering their growth and enabling them to compete on a global scale.

Trends over the last financial year appear more than promising — the Covid-19 bounce back coupled with faster and more accessible credit has made the MSME ecosystem more robust, with your Company at the forefront of this march towards excellence. Our data-driven approach has enabled us to build deep insights into the creditworthiness of MSMEs. By analysing a wide range of data points, we can make informed lending decisions with speed and accuracy. This has significantly reduced the time taken for credit approvals, enabling MSMEs to seize opportunities and drive their business expansion plans effectively.

Through our advanced analytics capabilities and proprietary underwriting model, we have been able to transform data into actionable insights. Our technology platforms allow us to assess risks, monitor portfolio performance, and identify growth prospects in real-time. This empowers us to customize financial

solutions that meet the unique needs of MSMEs operating across diverse sectors.

One of the key pillars of our data-driven solutions is the analysis of GST data. By harnessing the power of GST data, we gain comprehensive visibility into a company's financial health, transaction patterns, and compliance records. This deep understanding helps us evaluate creditworthiness more accurately, leading to better credit decisions and reduced risk.

Additionally, our focus on populating network data has been instrumental in offering tailored financing solutions to MSMEs. By leveraging our extensive network and partnerships, we gather information about a company's supply chain, customer base, and industry affiliations. This network data enhances our understanding of a business's ecosystem, enabling us to provide personalized and context-specific financing options.

The impact of our data and technology-driven solutions is evident in the success stories of the MSMEs we serve. Through timely access to credit, we have witnessed businesses flourish, create jobs, and contribute to economic growth. By empowering MSMEs, we are playing a vital role in driving inclusive development and fostering entrepreneurship in India.

Looking ahead, we are committed to continuously enhancing our data and technology capabilities. We will invest in cutting-edge technologies, explore emerging trends, and collaborate with strategic partners to further strengthen our offerings. Our focus on innovation will remain unwavering as we strive to deliver unparalleled value to our customers, shareholders, and stakeholders. I am confident that UGRO Capital will continue to lead the way in creating impact with data and technology-driven solutions. Together we will shape the future of the MSME ecosystem and contribute to the nation's economic growth.

VICE CHAIRMAN'S MESSAGE



Shachindra Nath

Vice Chairman & Managing Director
UGRO Capital Limited

Dear Shareholders,

I am delighted to share with you the remarkable performance of UGRO Capital in the fiscal year 2022-2023 and celebrate our five-year journey of exponential growth. It is with great pride and gratitude that I reflect upon our achievements and the significant impact we have made in the MSME sector.

In FY23, UGRO Capital continued its trajectory of success, achieving significant milestones and cementing its position as a leading financial institution dedicated to empowering MSMEs in India. Our robust performance is a testament to our unwavering commitment to the growth and success of our MSME partners.

Despite the challenging economic environment, we maintained a strong financial position. These five years have been a difficult period for a new

generation FinTech Lender like us, given that we saw the crisis of ILFS in 2018, DHFL, Yes Bank and few others in 2019 and Covid-19 in 2020-21. Despite these challenges, UGRO Capital has established itself as India's pioneering data-driven underwriting platform, revolutionizing the landscape of MSME credit in the country. Utilizing the power of GST, banking data, and repayment behaviour from credit bureaus, our underwriting model, GRO Score 3.0, has further advanced our proprietary scoring model, GRO Score 2.0. by analysing detailed GST transaction reports of ~20,000 applications, we have conducted statistical model fitment and validation testing based on actual loan repayment performance. With a remarkable reach, UGRO Capital has served over 48,000 customers across 4,000 different pin codes, scrutinizing over 93,000 bank statements, 34,000 GST records, and processing more than 63,000 GRO Score logins.

Our total assets under management reached new heights, reflecting the confidence of our stakeholders in our vision and execution. We recorded an impressive asset under management (AUM) of over INR 6,000 Crores, with a monthly net disbursement exceeding INR 500 Crores. Moreover, the growing off-book AUM of 40% reflects the widespread acceptance of our credit scoring model and underwriting framework within the banking industry. Our substantial growth in loan disbursements, empowering numerous MSMEs across sectors and geographies exemplifies the transformative potential of data in reshaping the MSME credit landscape in India.

At UGRO Capital, we believe that data-driven solutions are the key to unlocking the true potential of MSMEs. In line with this belief, we continued to leverage advanced technologies and data analytics to enhance our operations and improve our ability to cater to the unique needs of MSMEs.

Our partnerships and collaborations played a pivotal role in our success. We forged strategic alliances with banks, technology providers, data aggregators, and industry experts, enabling us to leverage their expertise and deliver cutting-edge solutions to our MSME partners. These collaborations have fuelled our growth, enhanced our risk management capabilities, and enabled us to serve a wider spectrum of MSMEs.

Our second equity capital raise of INR 340.50 Crores in April/May 2023 via preferential allotment of INR 240 Crores to IFU (Investeringsfonden for Udviklingslande) through Danish Sustainable Development Goals Investment Fund K/S, which is an arm of Denmark Government, and through a Qualified Institutions Placement (QIP) of up to INR 100.50 Crs is the testament of trust by marquee investors in this institution to assist the MSME

segment and take credit to the last mile. This capital raise will further enhance UGRO Capital's strong capital position and strengthen the balance sheet.

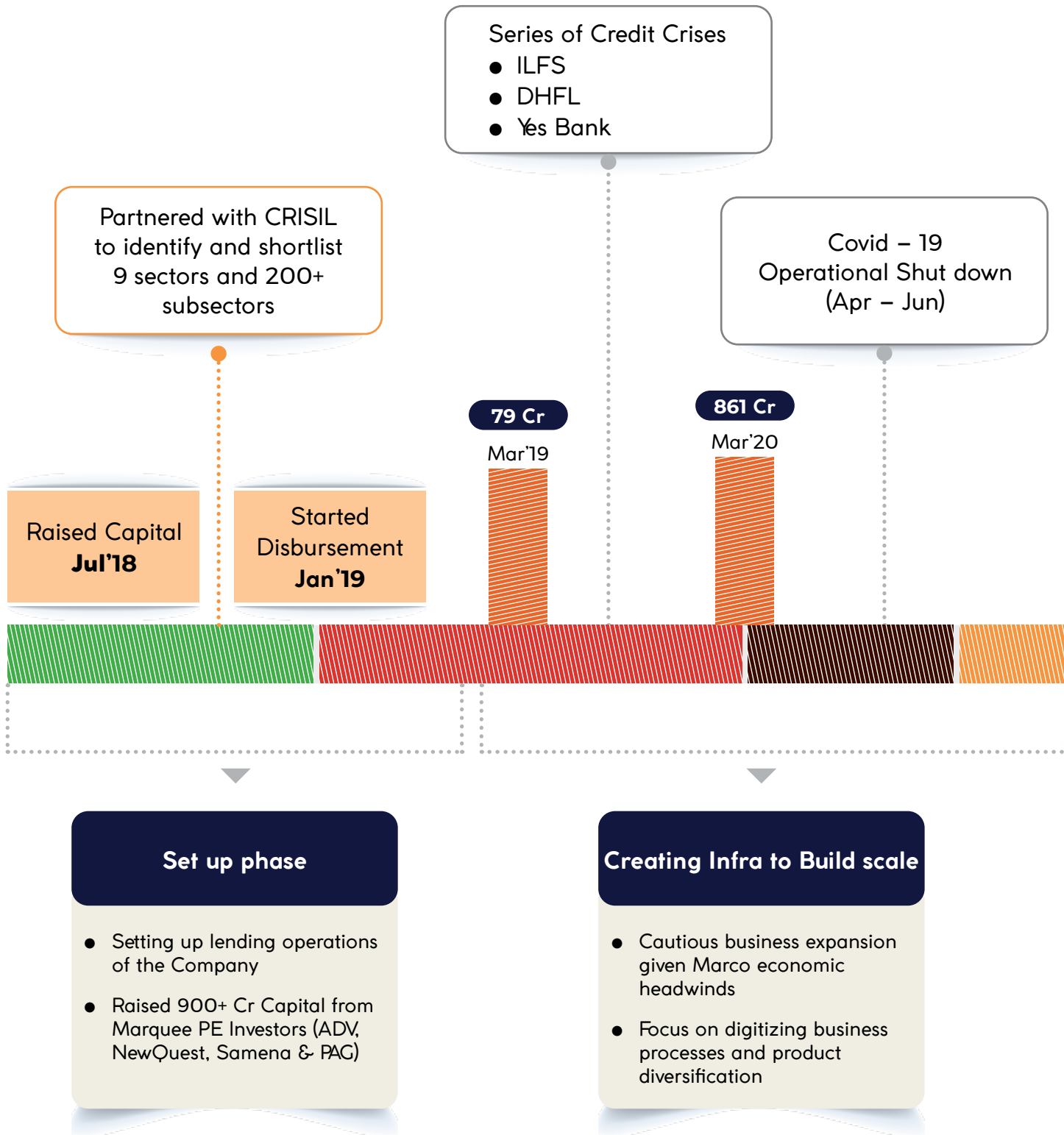
As we celebrate five years of our growth journey, we take pride in the positive impact we have created in the MSME ecosystem. We have witnessed the transformation of numerous MSMEs, helping them unlock new opportunities, create employment, and contribute to economic development. None of this would have been possible without the unwavering support and trust of our shareholders, partners, and dedicated team. I express my heartfelt gratitude to each and every one of you for your invaluable contributions, perseverance, and shared commitment to our vision. Together, we have overcome challenges, celebrated successes, and strengthened our position as a trusted partner for MSMEs.

Looking ahead, we are inspired by the immense potential that lies before us. The MSME sector continues to be the backbone of the Indian economy, and our role in empowering it has never been more critical. We remain steadfast in our dedication to leverage technology, data-driven insights, and industry expertise to provide innovative financial solutions that meet the evolving needs of MSMEs.

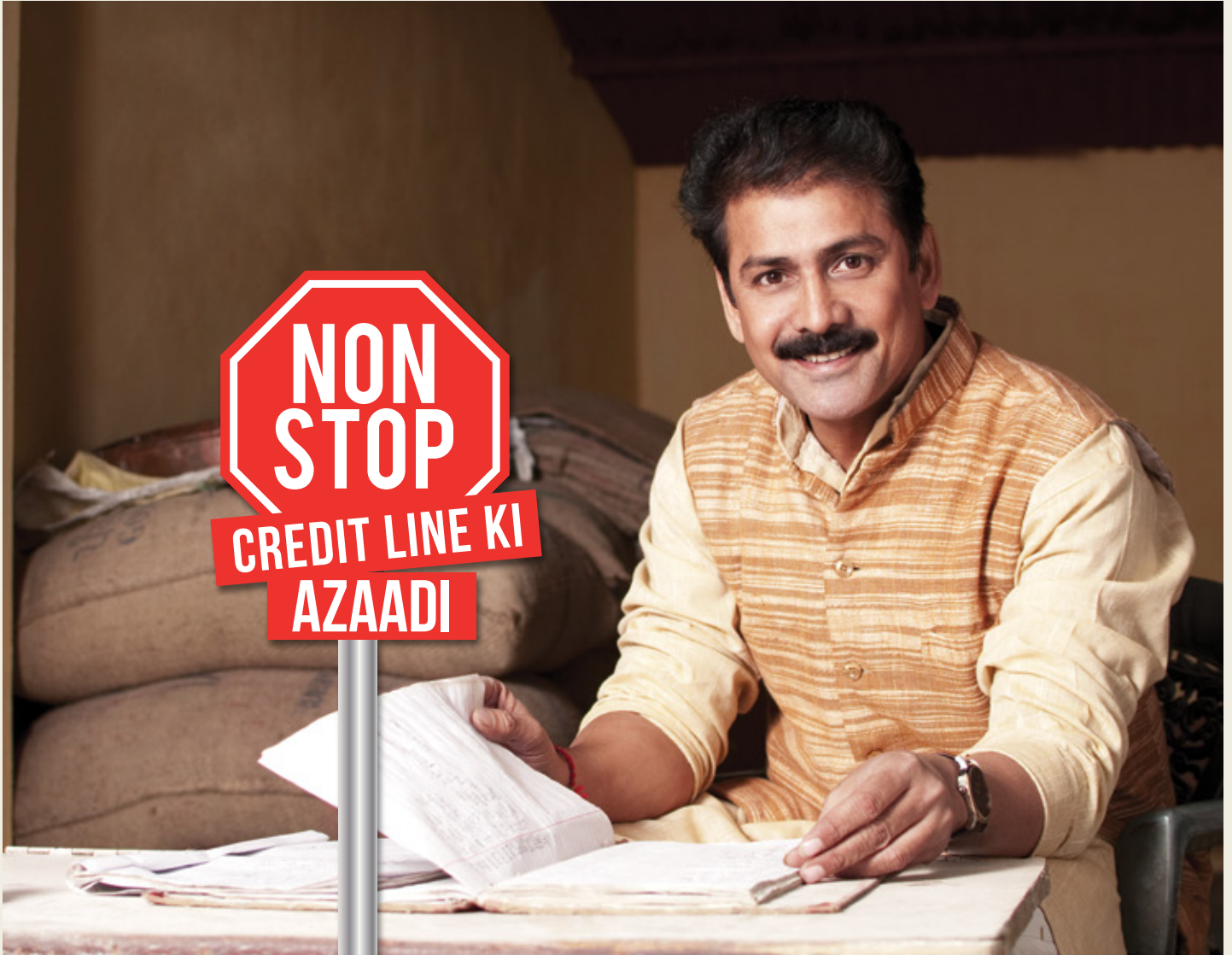
As we embark on the next phase of our journey, we reaffirm our commitment to inclusive growth, sustainability, and social responsibility. We will continue to foster an enabling environment that empowers MSMEs, encourages entrepreneurship, and drives economic progress.


Once again, I extend my heartfelt gratitude to all our stakeholders for their unwavering support, trust, and partnership. Together, let us continue to shape a future where MSMEs thrive, grow, and contribute to the prosperity of our great nation.


UGRO CAPITAL - 5 YEARS OF GRO-WTH JOURNEY










- 

On-tap finance
- 

Charge on actual usage only
- 

Multiple disbursement modes
- 

Collateral free credit
- 

Flexible repayment options

GRO X App ki instant credit line आपको दे
NON-STOP BUSINESS KARNE KI AZAADI



GRO X is powered by the AI and Data analytics of UGRO, India's renowned BSE+NSE listed company

App download karne ke liye QR Code scan karein

For Android

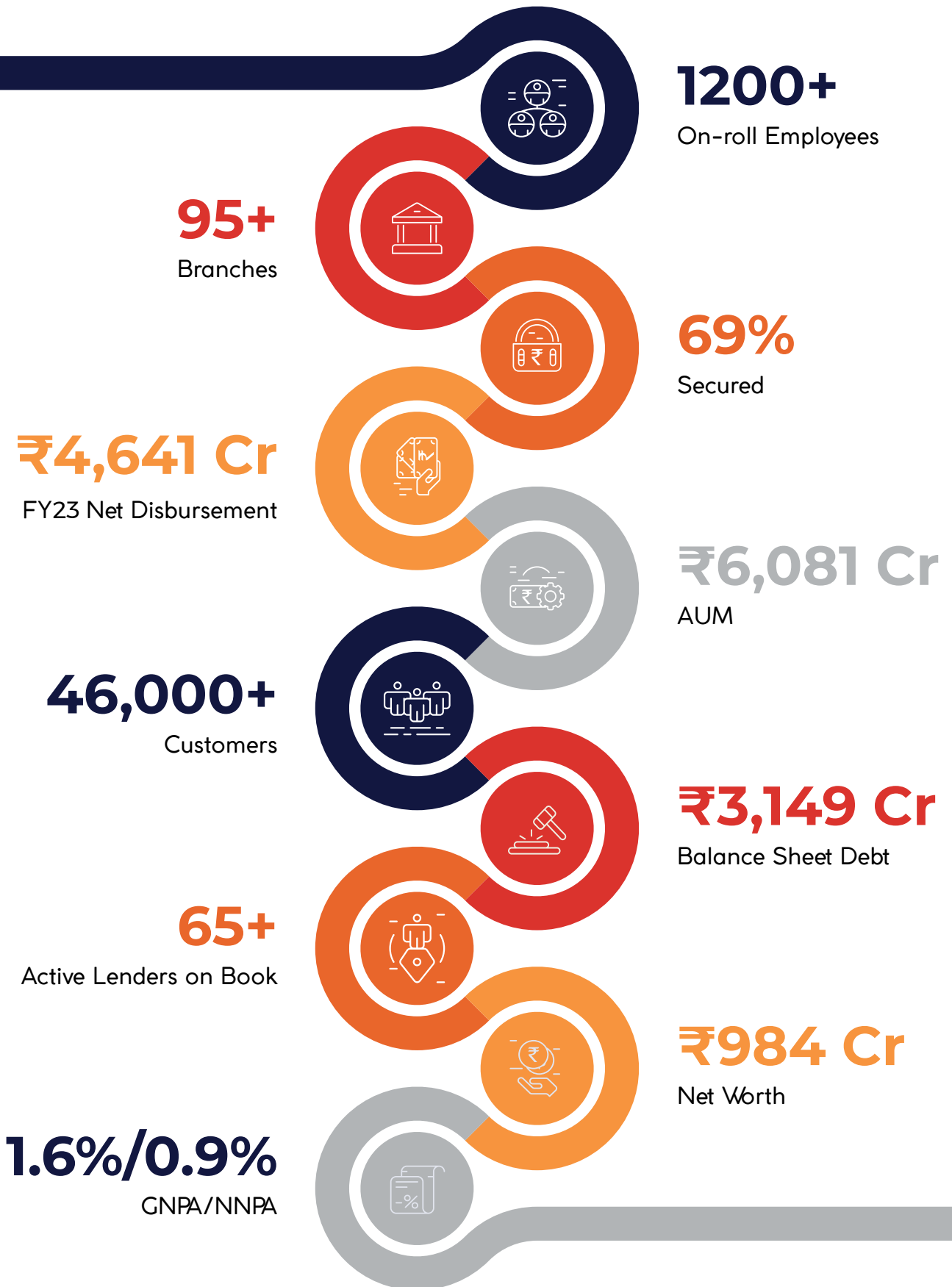
For iOS



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Email: info@ugrocapital.com | **Website:** www.ugrocapital.com | **Call:** 1800-202-8476

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UGRO CAPITAL TODAY!



SCALING UP THROUGH POWER OF DATA

Vast customer ecosystem with substantial data footprint, promising unprecedented data-driven learning and tremendous credit penetration opportunities

PROCESSED LARGE VOLUME OF DATA

Exponentially growing repository of transaction data enabling pioneering work in data-driven underwriting



63,000+ GRO Score Processed Logins

1.94L+ Bureau Records Analyzed

93,000+ Bank Statements Analysed

34,000+ GST records Analyzed

SERVED WIDE CUSTOMER BASE

A growing served- customer base covering micro to prime segments through PAN India presence



48,000+ Customers Served

1.6L Cr+ Turnover Of Live Customer Base*

115+ Anchors & OEMS

4,000+ Served Pin-codes

SIGNIFICANT HEADROOM TO GROW

A massive ecosystem capturing data footprints of India's largest companies and supply chains



25L+ Linked Counterparties Universe

10%+ Coverage of India's Registered Companies

95%+ Coverage of 500 companies by market cap

19%+ Coverage of India's GST registered companies

Heading Towards Serving 1% of MSME Lending Market

*sum of total bank credits for prime-branch sourced live customer base

GRO SCORE 3.0 – BUILDING BLOCKS

India's first statistical scorecard triangulating repayment history, banking behavior and GST returns data for holistic assessment of MSME

API LAYER

API integrations facilitating data flow directly from source

Repayment history

All credit facilities for all loan applicants with 36 months history

Bank statement

Twelve months' transaction data of all submitted bank statements

GST transaction data

Previous two financial years' monthly data for sales and purchases



FEATURE LAYER

Knowledge-rich feature library enabling unparalleled discovery process

Repayment history

Borrowing history | Composition of debt | Previous repayment discipline | Pace of debt build up

Banking transactions

Consistency of credits | Transaction intensity | Stability of account balance

GST transaction report

Sales & purchase momentum | Consistency and growth | Counterparty relationships

Triangulation

Debt to banking turnover | Banking turnover to GST sales



ALGO LAYER

Power of machine learning algorithms creating bespoke data-driven underwriting models which are configured on rule engine



DISTRIBUTION CHANNEL

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

Branch-Led Channel



- Industry leading turnaround times, including 60 minutes for in-principle approval, mean that SMEs get much faster access to credit – a great boon in turbulent times.
- Network of 98 branches comprised of 23 Prime branches and 75 Micro branches. Through these branches UGRO Capital caters to the entire spectrum of MSME borrowers.

Eco-system Channel



- Our Ecosystem channel leverages our industry-specific 'Anchor' and 'OEM' partnerships, each of which adds a pool of potential borrowers.
- UGRO Capital has achieved end-to-end integration with Government e-Marketplace (GeM) Sahay Portal.

Direct Digital Channel



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

Partnerships & Alliances Channel



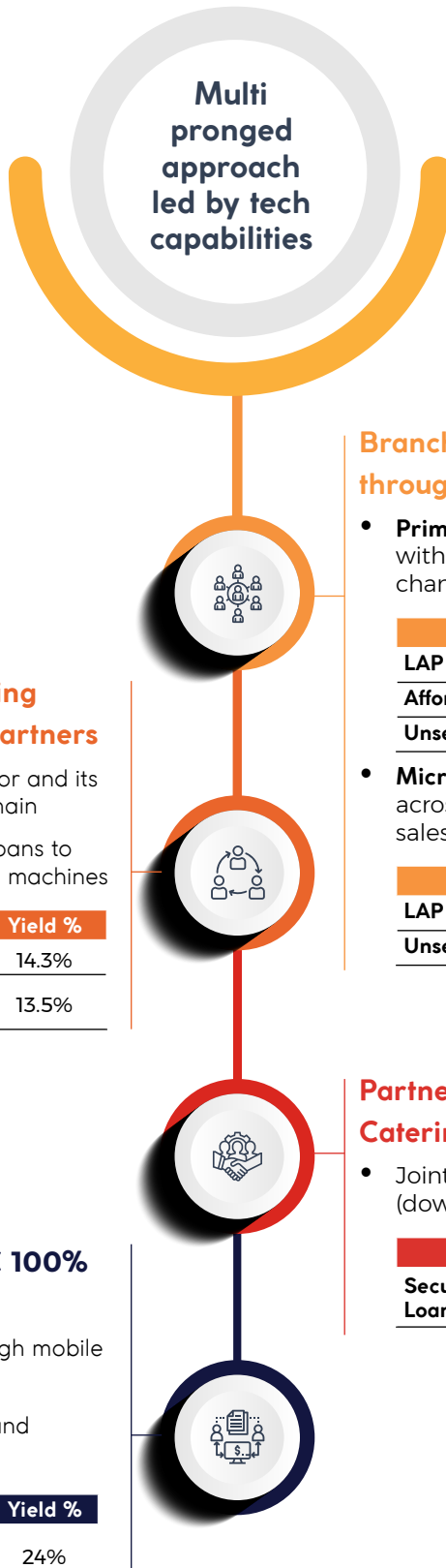
- Partnered with over 35 FinTechs / Smaller NBFCs under a co-lending / sourcing arrangement wherein the loan is originated by Partner NBFC & we take a part of the loan exposure on our books.

TECHNOLOGY MODULES

Each of UGRO Capital's channels is powered by a proprietary technology module



OUR PRODUCT OFFERING



Multi pronged approach led by tech capabilities

Eco-System Channel - Catering through Anchors and OEM partners

- **Supply Chain Financing** – Anchor and its ecosystem financing of Supply Chain
- **Machinery Finance** – Secured loans to machine buyers with a charge on machines

| | Avg. Ticket | Yield % |
|-----------------------------|-------------|---------|
| Machinery | 35L | 14.3% |
| Supply Chain Finance | 95L | 13.5% |

Branch-Led Channel – Catering through 95+ branches

- **Prime Loan Branches** – 23 branches with origination through intermediated channel

| | Avg. Ticket | Yield % |
|-----------------------|-------------|---------|
| LAP | 151L | 12.9% |
| Affordable LAP | 37L | 15.4% |
| Unsecured | 17L | 19.6% |

- **Micro Loan Branches** – 75 branches across 5 states, loans directly sourced by sales executives (FOS)

| | Avg. Ticket | Yield % |
|------------------|-------------|---------|
| LAP | 8L | 20.9% |
| Unsecured | 3L | 25.4% |

Direct Digital Channel – D2C 100% Digital sourcing

- On tap merchant financing through mobile application
- Ability to dispense credit on tap and through other forms of payment

| | Avg. Ticket | Yield % |
|-------------------------------------|-------------|---------|
| Unsecured Merchant Financing | 1.3L | 24% |

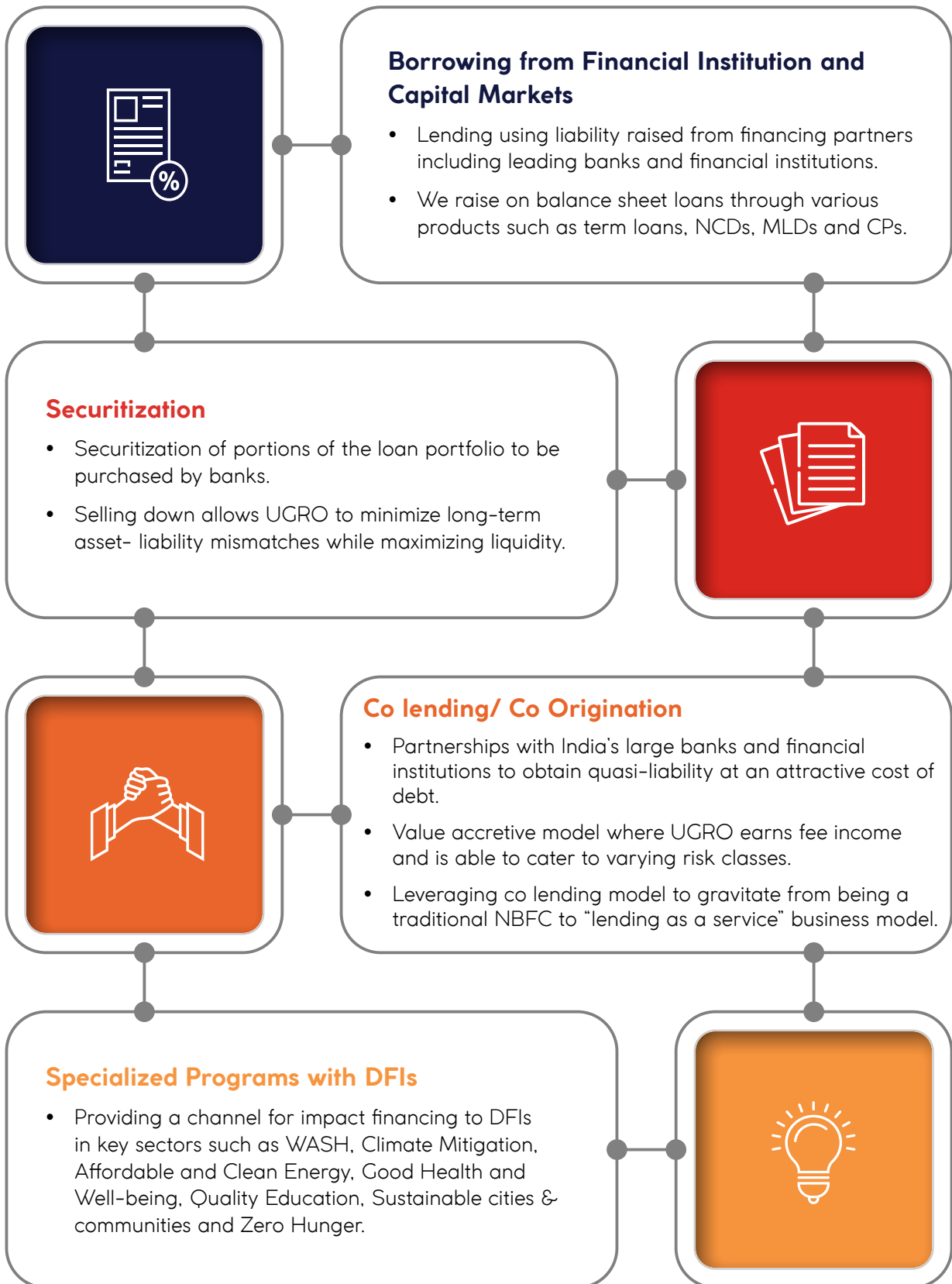
Partnership & Alliances Channel - Catering through Fintech Partners

- Joint lending partnerships with NBFCs (downstream)

| | Avg. Ticket | Yield % |
|--------------------------------|-------------|---------|
| Secured/Unsecured Loans | 5L | 23.8% |

UGRO's distribution model is geared towards catering MSME's across all geographies and ticket sizes

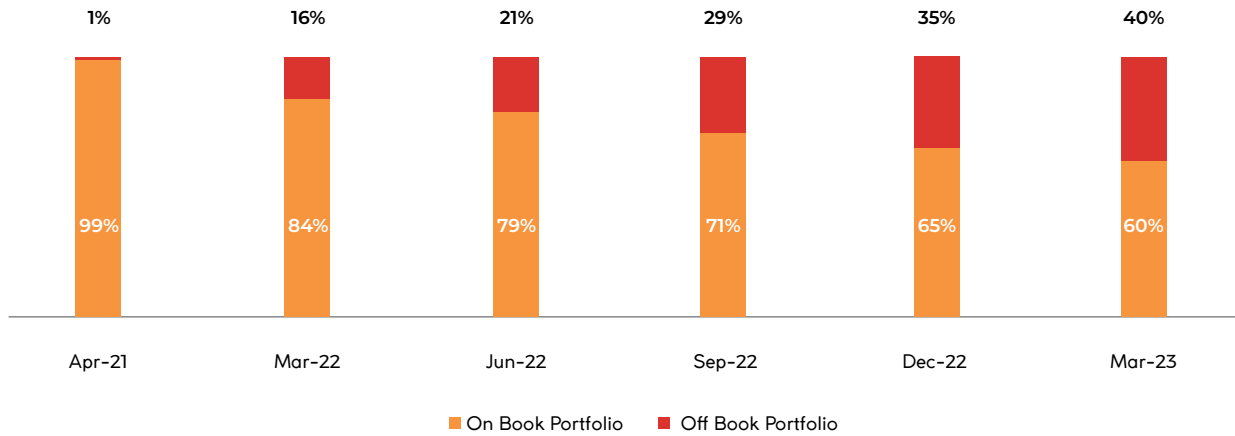
MULTI-PRONGED LIABILITY APPROACH



LENDING AS A SERVICE

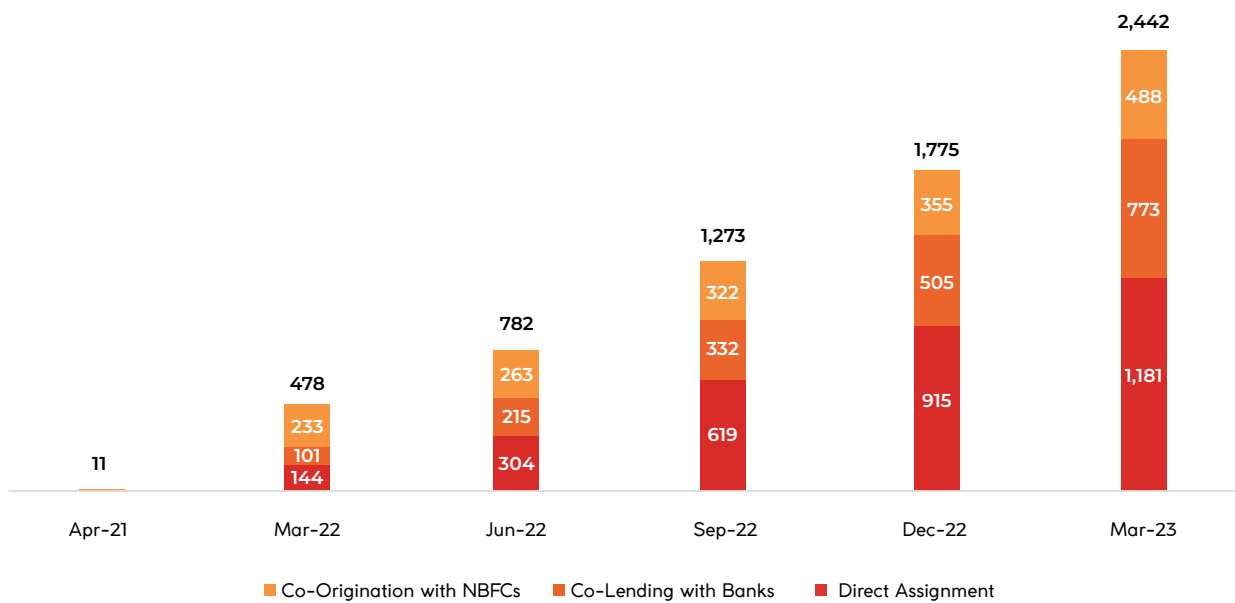


Off Book AUM Mix

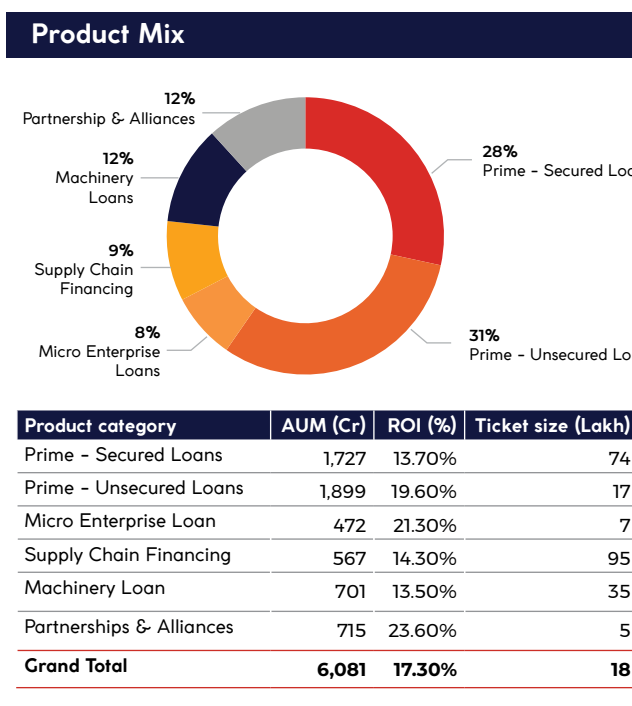
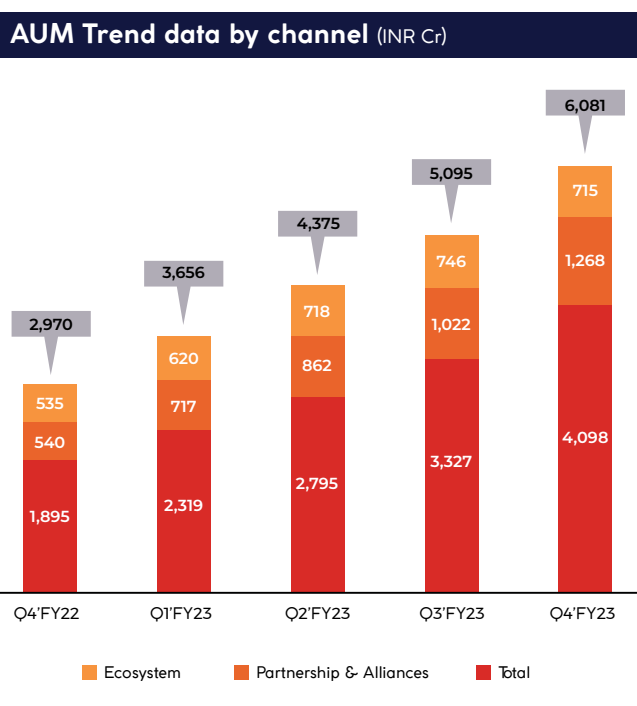
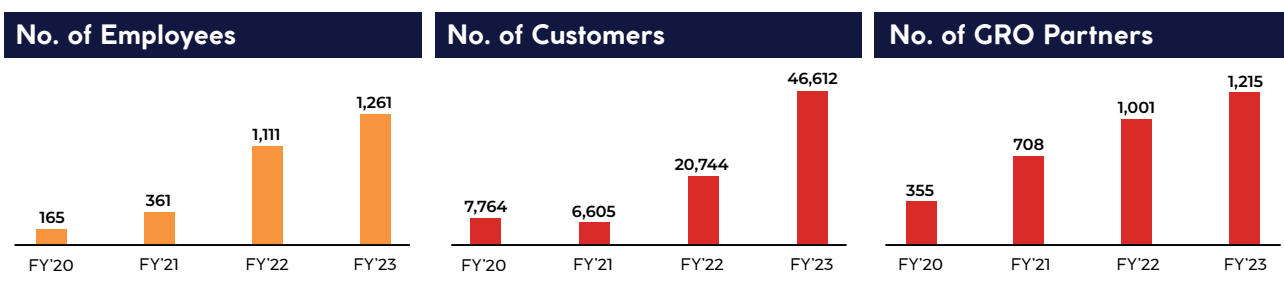
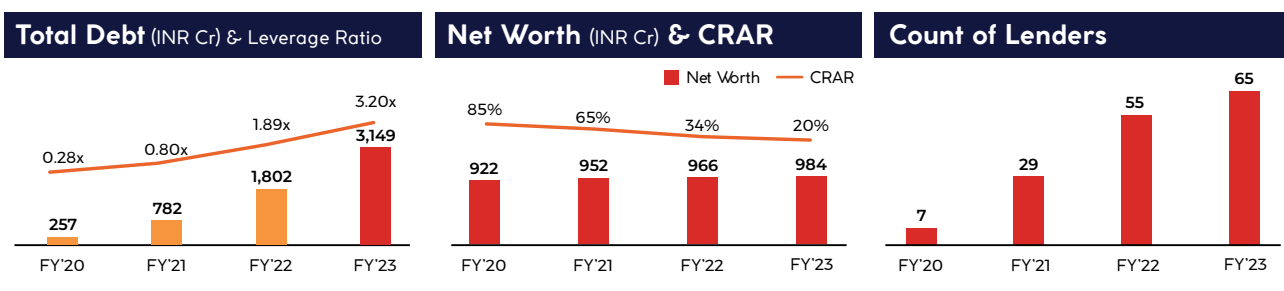
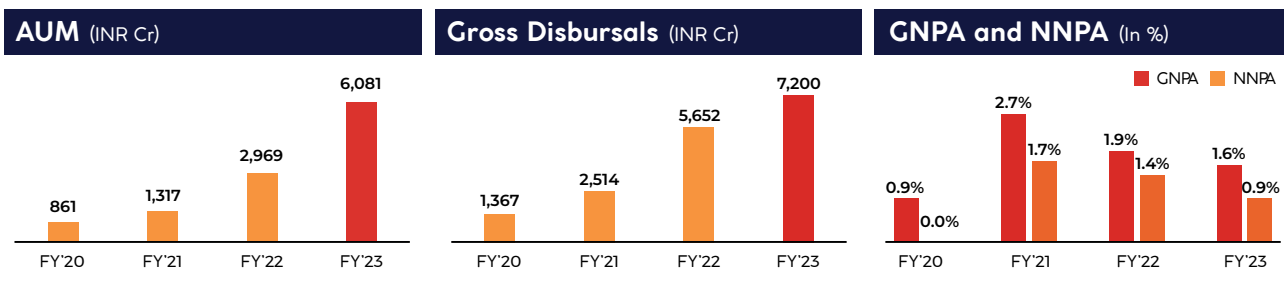


Management plans to take Off Book AUM Mix to 50% in future.

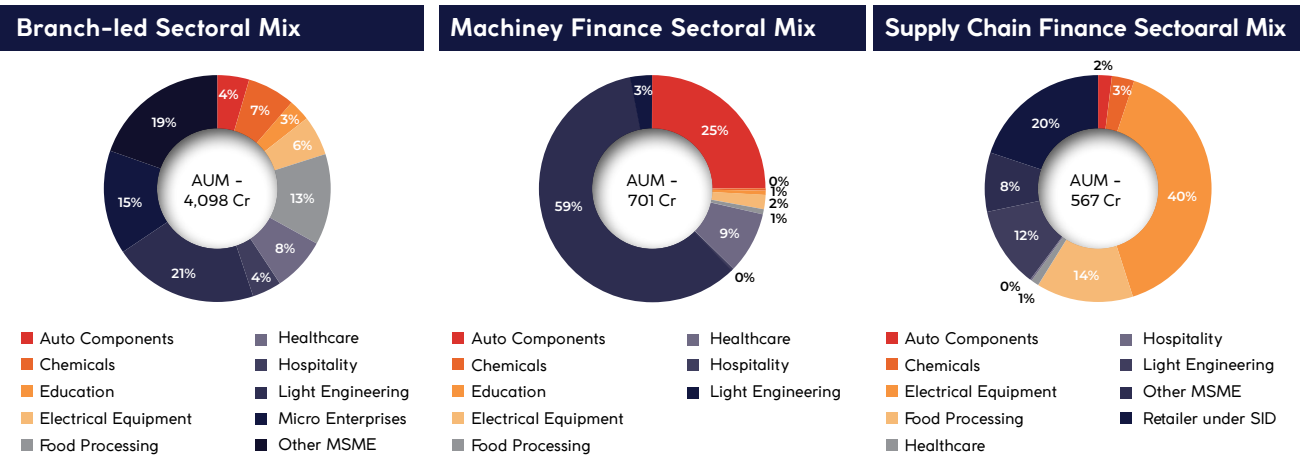
Off Book AUM Split



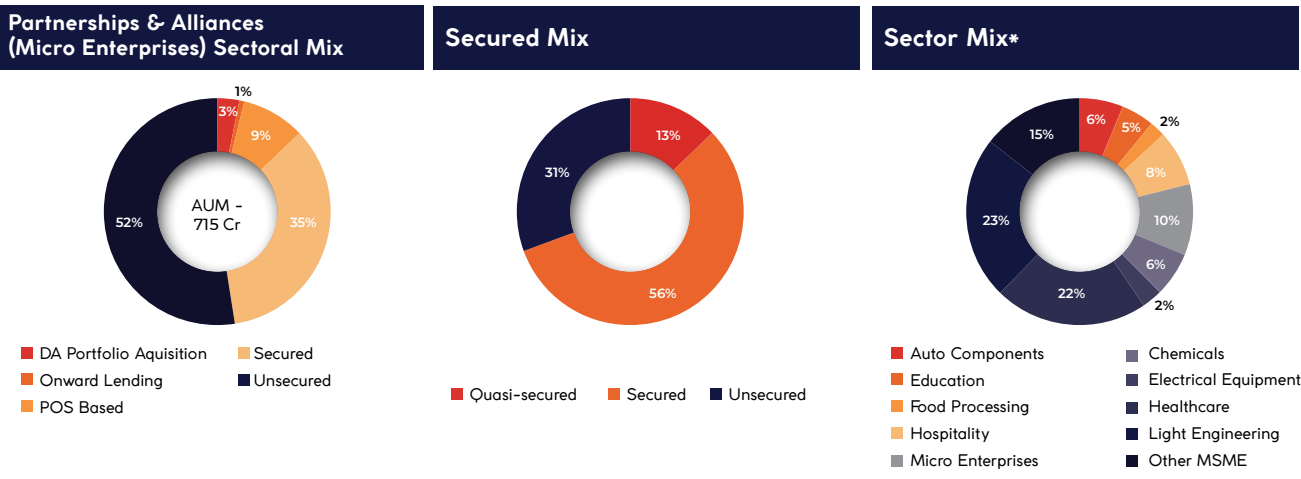
PORTFOLIO COMPOSITION



Portfolio Split



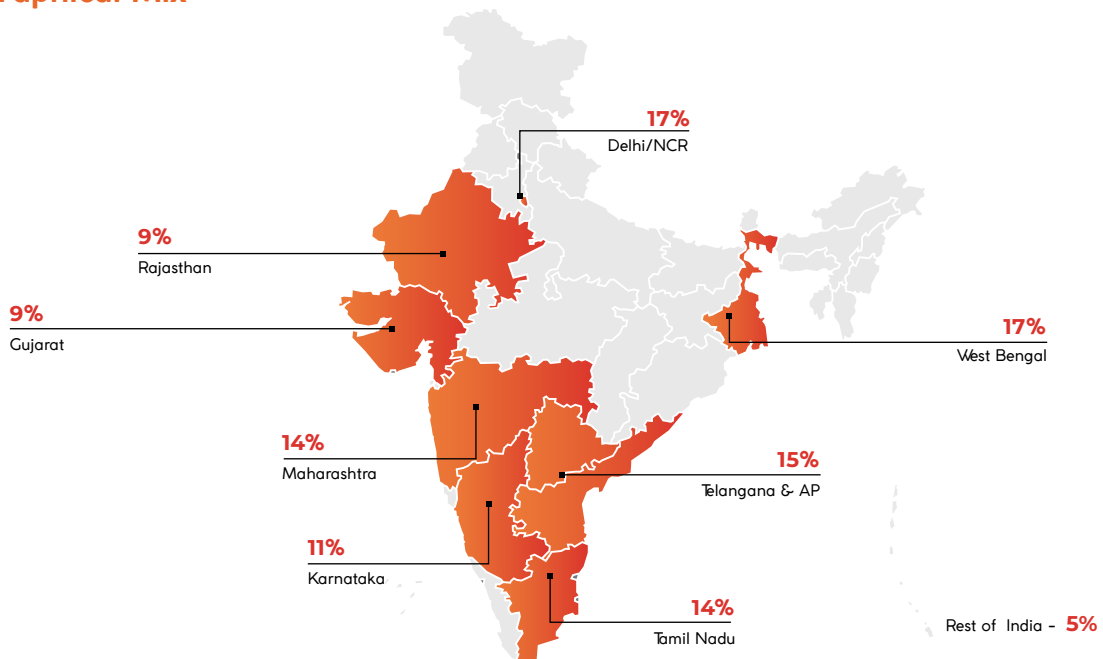
Other MSME includes allied sub-sectors of our core sectors



*Excludes DA/PA/Onward

Other MSME includes allied sub-sectors of our core sectors

Geographical Mix*

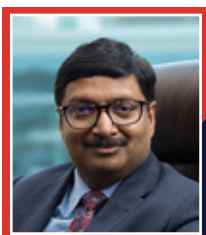


BOARD OF DIRECTORS



SATYANANDA MISHRA *Non-Executive Chairman and Independent Director*

Mr. Mishra is the former Chief Information Commissioner of India (December 2010 to September 2013). He has a diverse and exemplary career of more than 40 years in the Indian Administrative Services (batch of 1973). He was the Chairman and Non-Executive Independent Director of the Multi Commodity Exchange of India Limited from November 2013 till November 2016. He served as the Director of the Small Industries Development Bank of India until 2018 and as a Development Commissioner for Small Scale Industries in the Government of India. During his stint as the Chief Information Commissioner, he had set a new benchmark in transparency in politics wherein the Central Information Commission under his leadership held political parties answerable under the Right to Information Act. Additionally, he has also held the position of Former Secretary for various government departments like the Department of Personnel & Training (DoPT), Public Works Department (PWD), and Department of Culture (MP Government).



SHACHINDRA NATH *Vice Chairman and Managing Director*

Mr. Nath took on the role of an entrepreneur by acquiring control of a listed NBFC called Chokhani Securities Limited in 2018 and is now the Vice Chairman & Managing Director of UGRO Capital, a tech-enabled small business lending platform. Prior to embarking on his entrepreneurial journey at UGRO Capital, Mr Nath has been influential in setting up Insurance Companies, Global Asset Management Businesses, Capital Market, and Lending Institutions. Throughout his illustrious career, he has been instrumental in building two insurance companies, a large asset management company and an NBFC. Some of his biggest achievements include establishing new business verticals alongside foraying successful joint ventures and partnerships for the group. He is a qualified lawyer and a University Rank Holder from the Banaras Hindu University (India) and is known to be a great motivator and a hands-on leader who trusts his instincts.



S KARUPPASAMY *Independent Director*

Mr. Singam has served as the Executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank. He was associated with a number of high-profile working groups in certain areas, such as High Power Committee on Urban Cooperative Banks, Rating Framework for Urban Cooperative Banks, Cross Border Supervision and Integrated System of Alert. He is a post-graduate in Economics, a Certified Associate of Indian Institute of Bankers, with a Post Graduate Diploma in Bank Management (NIBM).



ABHIJIT SEN *Independent Director*

Mr. Sen is closely associated with E&Y, as an External Advisor, for their activities in the Banking and Financial Services Sector as well as serve on several Boards including Kalyani Forge Ltd, Manappuram Finance Ltd, Tata Investment Corporation Ltd, etc. He also chairs the Audit Committees of Kalyani Forge in addition to participating on several other Board Committees. In the past, He has served in Citi India as its Chief Financial Officer – India Subcontinent for over 18 years. He was also on the Board of National Securities Depository Ltd and has been an External Advisor to General Atlantic. He has a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.



KARNAM SEKAR

Independent Director

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



HEMANT BHARGAVA

Independent Director

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



SMITA AGGARWAL

Independent Director

Mrs. Aggarwal was listed in "Top 35 Global Women in Fintech Powerlist", "Top Women in Finance", "Top 30 Fintech Influencers" and "Women Who Venture", Mrs. Aggarwal is a fintech investor and a thought leader with deep expertise in venture capital, financial inclusion, digital banking, micro-insurance, and financial regulation. She is Global Investments Advisor for Flourish Ventures, a global fintech-focused fund, and leads investments in innovative fintech start-ups that help advance financial health and inclusion in Asia. She is on the Fintech Advisory Board of New York University and Global Fintech Fest. She is a member of the Board of Directors of IIFL Asset Management Company. She is a guest faculty for "Fintech in Emerging Markets" at the Stern School of Business, New York University. She has three decades of experience in finance as a banker, lender, regulator and investor that have enriched her with unparalleled domain expertise, unique perspective and empathy for fintech founders. She has held leadership positions with noteworthy names such as Omidyar Network, Fullerton India Credit, Reserve Bank of India and ICICI Bank with a successful track record of building businesses from scratch, introducing new products, and driving growth through innovation. She is a rank-holder chartered accountant and has attended executive programs at Harvard Business School and MIT Sloan School of Management.



RAJEEV KRISHNAMURALILAL AGARWAL

Independent Director

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



AMIT GUPTA

Non-Executive Director

Mr. Gupta is the Partner at TPG NewQuest and is based in Singapore. He oversees TPG NewQuest's India and Southeast Asia businesses as well as investments in the financial services and power sectors across the Asia Pacific. He has more than 18 years of Industry Experience. He was a Director at Bank of America Merrill Lynch's (BAML) Asia Private Equity Group where he led the India business and oversaw the investments in the energy and financial services sector across the region. He has an PGDM from the Indian Institute of Management (IIM), Bengaluru, and an undergraduate degree in electrical engineering from REC Kurukshetra.



CHETAN KULBHUSHAN GUPTA

Non-Executive Director

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



MANOJ SEHRAWAT

Non-Executive Director

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

MANAGEMENT TEAM



AMIT MANDE

Chief Revenue Officer

Mr. Mande is the Chief Revenue Officer at UGRO Capital. Leveraging his prior experience of building profitable businesses across asset products, diverse distribution models, and his passion for technology and speed, he endeavors to build a multi-product and omnichannel MSME lending franchise on the back of digitization and data analytics. Amit shoulders the responsibility of scaling the asset side of the business. Business and Operations teams across all product verticals report to him. Amit brings a rich career experience spanning over 22 years with organizations like Standard Chartered Bank, ABN Amro Bank, Barclays Bank, Capital First, Rattan India Finance, Mswipe Technologies. He is an alumnus of Jamnalal Bajaj Institute of Management Studies and a Mechanical engineer from V.J.T.I., Mumbai.



ANUJ PANDEY

Chief Risk Officer

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



KISHORE LODHA

Chief Financial Officer

Mr. Lodha is a qualified Chartered Accountant by profession. He brings with him 20+ years of experience and has been associated with organizations like Future Group and SREI Infrastructure. He joins us from Hinduja Leyland Finance where he worked as the Chief Financial Officer. He has held various offices in the finance domain ranging from managing accounting, taxation, financial controller, RBI Compliances and Treasury function.



SUNIL LOTKE

Chief Legal & Compliance Officer

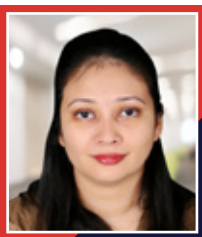
Mr. Lotke is the Chief Officer – Legal, Compliance & Secretarial at UGRO Capital and is the primary interface with the Regulators. He brings about 20 years of rich experience in the field of Legal, Compliance and Corporate Secretarial with specializations in Financial Services Legislations, Capital Market transactions, Corporate Restructuring, and Securities Regulations. Sunil joins us from InCred Financial Services, where he was responsible for Legal & Compliance function. Before joining InCred, he worked with the Reliance Group, Future Capital Holdings, IIFL Group & StarAgri Finance. He is a member of the Institute of Company Secretaries of India, and a law graduate from Mumbai University.



J. SATHIAYAN

Chief Business Officer

Mr. Sathiayan is a finance and banking professional who brings over two decades of experience in the domains of SME & Business Finance, Retail Liabilities and Assets, Third Party Products Distribution, and other financial services at multiple levels in corporates of high disposition to the company. His versatile vision and tenacity to create successful growth plans have led him to propel the UGRO footprint across India. As a Chief Business Officer, he is responsible for making UGRO come alive to our various partners and customers. His past high-profile roles include being the Vice President of ABN Amro Bank N.V. and being a director of Religare Finvest Limited. He is an alumnus of Sastra University with a degree in B.E.



PIA SHOME

Chief People Officer

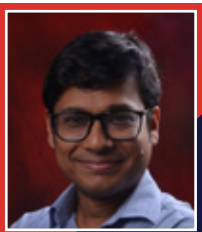
Mrs. Shome is our Chief People's Officer and is the primary interface between our prospective employees and UGROites. She brings in 19+ years of broad exposure in Human Resources, Change Management, Organization Transformation, and Culture Building. She is a comprehensive leader with all-encompassing experience. Before joining UGRO Capital, she cut her teeth in this industry by attaining and executing leadership positions in many renowned organizations. Notably, she worked as the HR Head at SMEcorner and has previously held leadership positions at IDFC First Bank, RBL, DBS Bank, Barclays, and TCS eServe International. Her result-focused professionalism and management acumen helped her gain recognition as an HR 40 under Forty by Jombay and ET Now. She is an HRM MBA graduate from XISS, Ranchi and is an alumnus of INSEAD, Singapore



RISHABH GARG

Chief Technology Officer

Mr. Garg is Chief Technology Officer at UGRO Capital. CTO, has over 20+ years of diverse and well-rounded experience in technology. He has rich management experience in senior leadership positions and as an entrepreneur. Before UGRO Capital, he was Co-Founder, and CTO of a rural insurtech firm GramCover. He has worked with Biz2Credit, which is into SME Financing as VP Technology in the past. He was also associated with Agnity, SAP Labs & Infosys. He holds an MBA degree from IIM Lucknow and B. Tech from IIT Roorkee.



SUBRATA DAS

Chief Innovation Officer

Mr. Das is the Chief Innovation Officer at UGRO Capital, responsible for driving data-driven decision-making for every facet of the business and creating innovative customer solutions through advanced data science, alternate data, and contemporary digital methods. Subrata brings 17+ years of experience in the financial services industry and has previously worked at Standard Chartered Bank, India Infoline Finance, and Fractal. During his career, he has set up and scaled analytics teams and developed solutions for a wide array of business cases covering credit scoring, risk assessment, portfolio management, collections strategy, cross-sell, retention, product profitability, pricing, campaign management – across consumer and commercial sides of retail lending. He is an alumnus of the India Statistical Institute, Kolkata.

QUICK OVERVIEW OF CSR ACTIVITIES - FY23

At UGRO Capital, we treat our Corporate Social Responsibilities with utmost importance and regard. Our broad philosophy lies in making CSR an integral part of the Company's DNA. By building a framework that aligns with business unit objectives and engaging the community to build a corporate brand, we hope to stimulate the well-being of the community.

Over the past year, we partnered with Heal Foundation, a non-profit organization that works towards spreading awareness about health and wellness through 'Mobile Digital Health Clinics' across Delhi-NCR. Through our CSR efforts, they were able to buy 1 Tempo Traveler and 2 health pods accompanied by a Digital Diagnostic Technician for conducting a 'Preventive Screening Drive via Mobile Health Clinic' and 'Digital Health Clinic'. Over 9850 screenings were successfully conducted at health camps organised in Gurgaon, Noida, Faridabad, Agra, Gorakhpur, Varanasi, Maharajganj, Bulandshahr, Lucknow, Prayagraj and Patna. Digital Mobile Health Camps were organized for 200 days to collect Health Data and open health accounts. The Digital Mobile Health Centres were accessible to different communities and societies, furthering our values of inclusivity and diversity.

In an extension, we also collaborated with HEAL Foundation and India Health Link (IHL) in a bid to develop health infrastructure. IHL is committed to providing the accessibility of preventive and predictive health screening with the launch of its award-winning Health

ATM. The Health ATM is capable of screening (20+) essential vital parameters including BP, Temperature, Body Mass Composition, Pulse, SpO2, and ECG, without any paramedical assistance, in 5 minutes with the instant report. A large number of people gained affordable and accessible preventive screening through the Health ATM. This partnership was the perfect example of how public-private partnerships could improve healthcare delivery across India, particularly in rural areas. UGRO Capital prioritizes the healthcare sector for its expansion, and will continue to provide innovative, convenient, and effective healthcare credit solutions to institutions and enable them to reach out to the people at the last mile of the country.

We also collaborated with the integrated hub and spoke model of Muktangan Education Trust which engages in holistic inclusive education for children, as well as develops teachers, from underserved communities. Through this partnership, we were able to sponsor the education of Boddu Rajini Manohar for the 3rd year of Bachelor of Architecture at Bharati Vidyapeeth College of Architecture.

Over the course of FY24, we aim to remain committed to giving back to society by aligning our CSR strategies with the Sustainable Development Goals (SDGs) set out by the United Nations. Our ambition lies in empowering the last mile customer, and thus the overall ecosystem and society.



NEWSROOM

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

Devan, ET Online • Last Updated: May 25, 2022, 01:26 PM IST

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Synopsis

The company was envisaged to be an independent listed public institution supported by marquee institution shareholders and supervised and managed by independent board of directors.



U GRO would be completing three years of its operational run and has achieved approximately Rs 3,000 crore of asset under management.

The board of directors of **U GRO Capital** have approved the financial results for the quarter and financial year ended March 31, 2022 at its meeting held recently.

The company was envisaged to be an independent listed public institution supported by marquee institution shareholders and supervised and managed by independent board of directors. **U GRO** would be completing three years of its operational run and has achieved approximately Rs 3,000 crore of asset under management. The board consists of a majority of



India Health Link joins hand with U GRO Capital

India Health Link joins hand with U GRO Capital to Strengthen the Integrated Human-Centric Preventive Health Screening Ecosystem in India

U GRO Capital's AUM crosses Rs 3,650 crore, with disbursement of Rs 1,350 crore in Q1 FY23

ET Online • Last updated: Jul 29, 2022, 10:48 AM IST

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Synopsis

The company aims to grow its loan book under co-lending partnerships by 3X to over Rs 2,000 crore by March 2023.



The company is on track to achieve a mark of Rs 20,000 crore by 2025, as we entered our highest ever disbursement in Q1 FY23, commented Shaikub'saath.

U GRO Capital, a listed, **MSME** lending fintech platform, continued its growth momentum with an **AUM** of Rs 3,656 crore as of June 30, 2022 (+166% compared to June 30, 2021) and is on track to cross the mark of Rs 7,000 crore AUM by March 2023.

The company has effectively demonstrated the power of co-lending.

U Gro ties up with Unicorn Yubi to share platform for co-lending

ET Bureau • Last updated: Aug 09, 2022, 08:48 AM IST

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Synopsis

Startup-backed Yubi is a Chennai-based fintech player that facilitates debt financing by connecting lenders and investors with borrowers through an online marketplace. It has tied up with over 240 co-lending partners and 500 lenders.



The platform created by Yubi (formerly Creditbuddy) has so far disbursed ₹2,000 crore of co-lending loans and funded over 10,000 MSMEs.

Mumbai: **U Gro Capital** has partnered with fintech unicorn **Yubi** to use the latter's platform to route its **co-lending** disbursements, which it does for the likes of **State Bank of India**, **Bank of Baroda** and other lenders.

The **digital lender**, focused on the micro, small and medium enterprise (MSME) sector, aims to disburse **loans** worth about ₹2,000 crore this

U Gro Capital Appoints Kishore Lodha As Its CFO

Follow

Lodha is a qualified CA and brings with him 20+ years of Industry experience

U GRO Capital, on Friday announced the appointment of Kishore Lodha as its CFO with effect from September 15, 2022.

Lodha is a qualified CA and brings with him 20+ years of Industry experience. Lodha is currently the CFO of Hinduja

Ugro Capital eyes nearly threefold jump in loan sales at Rs 7,000 cr by Mar

PRNS MUMBAI

Small business-focused non-banking leader Ugro Capital has set a target of nearly three-fold growth in loan book to Rs 7,000 crore by March, having already reached Rs 4,375 crore of AUM in the first half.

The NBFC had a loan book of Rs 1,317 crore in FY21 which more than doubled to Rs 2,970 crore in FY22 and scaled past Rs 4,375 crore in the first half of the current fiscal, driven by increased credit demand from its focus segments as well as co-lending and co-origination partnerships. It has such partnerships with 10 banks/large NBFCs.

We closed the September quarter with a live loan book of Rs 4,375 crore, which means a monthly run-rate of Rs 408 crore and the net disbursement in the first half stood at Rs 2,017 crore.

Ugro aiming at ₹1,600-cr disbursements in next 2 quarters

PRNS MUMBAI

Ugro Capital has set a target of disbursements of ₹1,600 crore in the next two quarters, having already reached ₹1,000 crore in the first half of the current financial year.

Shachindra Nath, CEO of Ugro Capital, said, "We are targeting to disburse ₹1,600 crore in the next two quarters, which is a significant increase from the ₹1,000 crore disbursement in the first half of the year. This is driven by the strong demand for credit from our target segments and our co-lending and co-origination partnerships with banks and other NBFCs."

U GRO Capital raises \$5 million in partnership with Enabling Capital

The partnership furthers our purpose to serve India's underserved business segments, impact investors and critical funding partners to enable us bridge the enormous credit gap in India's MSME sector said Shachindra Nath, VC and MD of U GRO Capital.

THIS LENDING PLATFORM'S TECH HELPING FIRMS GET CAPITAL ON TAP

U GRO Capital's digital credit platform is helping small businesses get capital on tap.

U GRO Capital, a leading digital credit platform, is helping small businesses get capital on tap. The company's technology-enabled lending platform is designed to provide a seamless and efficient experience for both lenders and borrowers.

Shachindra Nath, CEO of U GRO Capital, said, "Our technology-enabled lending platform is designed to provide a seamless and efficient experience for both lenders and borrowers. We have a robust credit scoring system that helps us identify and onboard high-quality borrowers. This, coupled with our strong relationships with banks and other NBFCs, enables us to provide credit to small businesses at a competitive cost and with a quick turnaround time."

UNLOCKING CREDIT ACCESSIBILITY FOR SMALL BUSINESSES WITH THE GRO X APP



SHACHINDRA NATH
CEO and Managing Director, U GRO Capital

Small businesses-focused NBFCs, who are helping new or old MSMEs, have had up with large manufacturers of their machines so that we can provide an end-to-end solution.

Our family client program offers both demand side and supply side solutions to MSMEs. Once established with us, MSMEs can also benefit from short-term secured loans in real time.

At our Micro Branches, we have tailor made programs for Micro enterprises. Our field credit team ensures the qualitative and growth customized solutions to small businesses through both secured & unsecured loan offering.

What was the thought behind GRO X App?
Mr. Shachindra Nath, CEO of Ugro is the perfect digital solution for small merchants - offering credit through Ugro. Small Merchants have often experienced needs, and that's where Gro X comes in. With its customized solutions, complete flexibility on terms & repayment options, and a pay-as-you-go model, you'll be getting "Buy-Now-Pay-Later" in a way that keeps your business running at top efficiency.

How does it help small merchants?
Mr. Shachindra Nath, CEO of Ugro is the perfect digital solution for small merchants - offering credit through Ugro. Small Merchants have often experienced needs, and that's where Gro X comes in. With its customized solutions, complete flexibility on terms & repayment options, and a pay-as-you-go model, you'll be getting "Buy-Now-Pay-Later" in a way that keeps your business running at top efficiency.

How will India's MSME segment benefit from a robust Lending-as-a-service ecosystem?
Mr. Shachindra Nath, CEO of Ugro, said, "India's MSME segment is a robust Lending-as-a-service ecosystem. The GRO X App is a natural progression for the company in its mission to solve the working capital problem, and it has the potential to address the ₹250 billion Small Business Credit Need. We are confident that it will play a significant, completely revolutionizing MSME lending."

U GRO Capital India's largest co-lending partners for banks in MSME financing: Shachindra Nath

U GRO Capital India's largest co-lending partners for banks in MSME financing: Shachindra Nath

Shachindra Nath, Executive Chairman & MD, U GRO Capital, says that over a period of five difficult years, starting from October 2018, they have built a Rs 6,300-6,200 crore asset book. They have built the entire data stack around lending through GST, banking, bureau. The sector focus approach and more importantly lend for NBFC

See massive boom in small biz financing: U GRO Capital MD

VARIOUS INITIATIVES LIKE open network for digital commerce, and the account aggregator system will help boost the small business financing segment in India, says U GRO Capital Managing Director and Vice Chairman Shachindra Nath.

"If India has to achieve 8-9% of GDP growth and MSMEs have to contribute 40% from the current 30%, credit is a must. All of this ecosystem development is actually leading an explosion in the credit to small businesses," Nath said.

"Simultaneously, this entire environment of digital commerce, and the account aggregator system will help boost the small business financing segment in India, says U GRO Capital Managing Director and Vice Chairman Shachindra Nath.

small business financing within the combination of NBFC+fintech rolled into one as long as you are smart enough to use the data technology and lending as a service model."

Broadly, the non-banking financial company (NBFC) caters to small businesses. It focuses on

average gross disbursement rate is at around ₹1,400 crore per quarter. The average ticket size of its loans is at around ₹17 lakh. Going ahead, it expects to touch an assets-under-management of ₹20,000 crore by 2024-25 (April-March).

transmission (interest rate) comes to us, it also gets transferred back to the customer. That is the real objective of interest rate cycle that you transfer it back to the customer so the demand gets slowed down from there and so the inflation comes down," Nath said.

"There is definitely compression in NIM generally for the industry but for us, that has not been the case. That is because we are in the third year of our full-fledged operations. Our initial borrowings from banks have been at a higher base. Given now that we have reached a size and scale of ₹4,375 crore (AUM), our fresh financing is at market rates. So on a blended cost to borrowing has flattened. The company is targeting a net margin of 7% in

UGRO Capital plans to raise ₹341 crore equity

₹240 crore from govt of Denmark's impact fund; ₹101 crore through QIP

Ugro Capital is planning to raise ₹341 crore in equity. The company is targeting to raise ₹240 crore from the Government of Denmark's impact fund and ₹101 crore through a Qualified Institutional Placement (QIP).

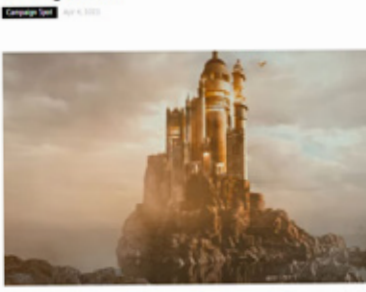
Shachindra Nath, CEO of Ugro Capital, said, "We are planning to raise ₹341 crore in equity. The company is targeting to raise ₹240 crore from the Government of Denmark's impact fund and ₹101 crore through a Qualified Institutional Placement (QIP). This funding will be used to support our growth strategy and to invest in new business segments."

IMPACTFUL INVESTMENTS
Ugro Capital will use the capital to invest in small businesses, primarily for credit financing to MSMEs.

ATVIR (Automated Trade and Investment Risk) is a platform that helps small businesses to manage their risks and improve their creditworthiness.

Ugro Capital is a leading digital credit platform that provides a seamless and efficient experience for both lenders and borrowers.

U GRO Capital creates a Fund Island to make funding easier



Conceptualised by Scarecrow M & C Saatchi, the film aims to show that U GRO Capital's GRO X App will give the funds swiftly so that the business owner gets the freedom to run his business non-stop.

THE YEAR OF PRIDE



'Fastest Growing MSME (Under the MSME Lending Space)' at the ELETS – NBFC100 Leader of Excellence Awards



Silver Winner 'SME Financer of the Year – Asia' at the Global SME Finance Awards 2022



'Best NBFC – Best Big Data/AI/ML Initiative under the IT & Digital Group' by Banking Frontiers



'Most Preferred Workplace in BFSI 2022-2023' by Marksmen Daily



'Best MSME Finance Company' at ET Ascent Business Leader of the Year



'Best MSME Lending Company of the Year' at the 2nd Annual NBFC & Fintech Excellence Awards 2023 hosted by Quantic



'Winner - MSME Friendly NBFC' at MSME Banking Excellence Award 2022 organized by Chamber of Indian Micro, Small and Medium Enterprises (CIMSME)



'Best Use of Data & Analytics Lending Finance Company' at NBFC & Fintech Excellence Awards 2022 organized by Quantic



'Rising Star SME Finance Company of the Year' at NBFC & Fintech Excellence Awards 2022 organized by Quantic



'Best Fintech - MSME Support' by Dun & Bradstreet

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th (Thirtieth) Annual General Meeting of the Members of UGRO Capital Limited will be held on Tuesday, 8th August 2023 at 03.30 P.M. (IST) at BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company as on 31st March 2023 along with Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Chetan Kulbhushan Gupta (DIN: 07704601), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Sharp and Tannan, Chartered Accountant (ICAI Firm Registration No. 109983W) as Statutory Auditor of the Company.

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made there under, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Reserve Bank of India guidelines No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021, for Appointment of Statutory Auditors (SAs) of Commercial banks, (excluding RRBs), UCBs and NBFCs (including HFCs), including any amendments, modifications, variations or re-enactments thereof, from time to time and the enabling provisions of the Articles of Association of the Company (“the Act”) and on the basis of recommendation of the Board, the Members be and hereby approve the appointment of M/s Sharp and Tannan, Chartered Accountants (ICAI Firm Registration No. 109983W), as the Statutory Auditors of the Company to hold the office from the conclusion of this annual general meeting, till the conclusion of the 33rd annual general meeting.

RESOLVED FURTHER THAT the Board, including the Audit Committee of the Board or any other person(s) authorised by the Board or Audit Committee in this regard, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for such purpose and with the power to the Board to settle all questions, difficulties or doubts that may arise with regard to the implementation of the Resolution, negotiating, finalising, amending, signing, delivering, executing the

terms of appointment, including any contract or document and to fix the remuneration, alter and vary the terms and conditions of remuneration and such other requirements resulting in the change in scope of work, etc., without being required to seek any further consent or approval of the Members of the Company.”

SPECIAL BUSINESS:

4. To approve alteration of Articles of Association of the Company

To consider and, if thought fit, 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 the Articles of Association of the Company (“the Act”), subject to approval of the Ministry of Corporate Affairs, if any, and on the basis of recommendation of the Board, the consent of the Members be and is hereby accorded to approve the amendment to the Articles of Association, as given in the explanatory statement of this notice.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Vice Chairman and Managing Director, Chief Financial Officer, Chief Legal and Compliance Officer and Company Secretary and Compliance Officer of the Company be and are hereby severally authorized on behalf of the Company 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 Ministry of Corporate Affairs 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, 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

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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.”

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

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

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force) (“the Act”), the provisions of the Memorandum of Association and Articles of Association of the Company, Circulars/ Notifications/ Directions issued by Reserve Bank of India, from time to time, the consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) to borrow any sum or sums of money (exclusive of interest), from time to time, on such terms and conditions as may be determined, in any form from one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension funds, provident funds, multilateral financial institutions, any entity/ entities or authority and authorities whether in India or abroad, and whether by way of cash credit, loans, advances or deposits, bill discounting, issue of debentures through private placement or public offer, commercial papers, long/ short term loans, securitized instruments such as floating rate notes, fixed rate notes, syndicate loans, commercial borrowings, either in rupees and/or in such other foreign currencies as may be permitted by law from time to time and/or any other instruments/ securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of Companies assets, licenses and properties, whether immovable or movable and/or any of the undertaking of the Company notwithstanding that monies to be borrowed including monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose so that the total amount upto which the monies may be borrowed by the Company and outstanding at any time shall not exceed the sum of INR 8,000 Crores (INR Eight Thousand Crores only).

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

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

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

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

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interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium and prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), heads of agreement(s), debenture trust deed(s) or any other agreement/ document, entered into/to be entered into between the Company and lender(s)/investor(s)/ agent(s) and/or trustee(s) in respect of the said loans, borrowing/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of securities as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and/or trustee(s) from time to time for a sum of money which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding INR 10,000 Crores (INR Ten Thousand Crores only) at any point of time.

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

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

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

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

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

Regulations, 2015 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, and subject to such other applicable laws, rules and regulations and circulars/ notifications / guidelines / directions including those issued by Reserve Bank of India from time to time, the Memorandum and Articles of Association of Company and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution) for making offer(s) or invitation(s), issue and allot, in one or more series / tranches, non-convertible debentures (a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) (including market linked debentures and covered bonds) (“NCDs”) on private placement basis, for cash and on such terms and conditions and at such times at par or at such premium/ discount, as may be considered fit and appropriate by the Board to such person or persons, including one or more companies, body corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension, provident funds, multilateral financial institutions and individuals as the case may be or such other person/ persons as the Board may decide, for the purpose of augmenting resources for on-lending by the Company, repayment/ refinancing of existing debt, working capital requirement, meeting long term requirement of funds, general corporate purposes and other purposes as may be decided/ agreed from time to time such that total issuance amounts of the NCDs shall not exceed the overall amount of INR 4000 Crores (INR Four Thousand Crores only) as may be approved by the Members at any point of time, in addition to the limit prescribed under the provisions of Section 180 of the Companies Act, 2013.

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

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

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

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“RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 including Sections 23, 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (“the Act”) and the Rules made there under to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to and in accordance with any other applicable laws or regulation, in India or outside India, including without limitation, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (“ICDR Regulations”) (including any amendment/ modifications thereto or re-enactment thereof, for the time being in force), provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended or restated, the Depository Receipt Scheme 2014, the Foreign Exchange Management Act, 1999 (“FEMA”), as amended, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon, from time to time, by Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India, the Ministry of Corporate Affairs or any other relevant authority from time to time (“Governmental Authorities”), to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities and subject to such conditions and modifications as may be prescribed, stipulated or imposed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, the consent, approval and sanction of the Company be and is hereby granted to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee(s) thereof constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law) to create, offer, issue and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons, as may be permitted), with or without a green shoe option, such number of equity shares of the Company with a face value of INR 10/- (INR Ten) each (“Equity Shares”) and/or Equity Shares through convertible bonds (whether denominated in Indian rupees or foreign currency) and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities and/or securities linked to Equity Shares or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to

subscribe for the Equity Shares and/ or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a green shoe option, if any), or any combination of securities convertible into or exchangeable for equity shares including without limitation through Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”) and/ or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/ or partly) and/or Commercial Papers and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity Shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds (“FCCBs”) and/ or Foreign Currency Exchangeable Bonds (“FCEBs”) and/or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for equity shares at the option of the Company and/or holder(s) of the security(ies) and/ or securities linked to equity shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad whether rupee denominated or denominated in foreign currency (all of which are hereinafter collectively referred to as “Securities”) or any combination of Securities, in one or more tranches, in India or in course of international offering(s) in one or more foreign markets, by way of one or more public and/or private offerings, Qualified Institutions Placement (“Qualified Institutional Placement” or “QIP”) and/or on preferential allotment basis or any combination thereof, through issue of prospectus and/or placement document/ or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers (“QIBs”) in accordance with Chapter VI of the ICDR Regulations, (whether residents and/or non-residents and/ or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds (foreign or Indian) alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors and/or multi-lateral financial institutions, stabilizing agents and/ or any other eligible investors, and/or to such investors who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations, guidelines and approvals and whether they be holders of the Equity Shares of the Company or not (collectively called the “Investors”) as may be decided by the Board in its absolute discretion and permitted under applicable laws and regulations, in consultation with the lead managers, advisors or other intermediaries for an aggregate amount not exceeding INR 500 Crores (INR Five Hundred Crores only) or its equivalent thereof, in one or more currencies, if any, inclusive of such premium as may be fixed on the Securities by offering the Securities, at such price or prices, at a permissible discount (including but not limited

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to any discount as may be permitted under Chapter VI of ICDR Regulations) or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) or intermediary (ies) appointed and/or to be appointed by the Company (the "Issue").

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

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

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

a committee of the Board) decides to open the proposed Issue of such convertible securities or the date on which the holder of such convertible securities become entitled to apply for the Equity Shares or the date as specified under the applicable law or regulation, and as may be decided by the Board in this regard.

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

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

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

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and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s).

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

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

settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares.

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

9. Appointment of Mr. Satyananda Mishra as a Director and his re-appointment as an Independent Director of the Company for the second term

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

“RESOLVED THAT Mr. Satyananda Mishra, (DIN: 01807198), who was appointed as an Additional Director of the Company effective 5th July 2023 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (“the Act”) including any statutory modification(s) or re-enactment(s) thereof for the time being in force and the applicable provisions of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV, the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and applicable guidelines of the Reserve Bank India, Mr. Satyananda Mishra, Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for further term of 5 years from 5th July 2023 to 4th July 2028 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorized to sign the certified true copy of the resolution to be given as and when required and file e-forms with Ministry of Corporate Affairs, filings with Reserve Bank of India and do all such things as may be necessary in this regard.”

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10. Appointment of Mr. Rajeev Krishnamuralilal Agarwal as a Director and his re-appointment as an Independent Director of the Company for the second term

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

“RESOLVED THAT Mr. Rajeev Krishnamuralilal Agarwal, (DIN: 07984221), who was appointed as an Additional Director of the Company effective 5th July 2023 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (“the Act”) including any statutory modification(s) or re-enactment(s) thereof for the time being in force and the applicable provisions of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV, the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and applicable guidelines of the Reserve Bank India, Mr. Rajeev Krishnamuralilal Agarwal, Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for further term of 5 years from 5th July 2023 to 4th July 2028 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorised to sign the certified true copy of the resolution to be given as and when required and file e-forms with Ministry of Corporate Affairs, filings with Reserve Bank of India and do all such things as may be necessary in this regard.”

11. Appointment of Mr. Karuppasamy Singam, as a Director and his re-appointment as an Independent Director of the Company for the second term

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

“RESOLVED THAT Mr. Karuppasamy Singam, (DIN: 03632212), who was appointed as an Additional Director

of the Company effective 5th July 2023 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (“the Act”) including any statutory modification(s) or re-enactment(s) thereof for the time being in force and the applicable provisions of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV, the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and applicable guidelines of the Reserve Bank India, Mr. Karuppasamy Singam, Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for further term of 5 years from 5th July 2023 to 4th July 2028 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorised to sign the certified true copy of the resolution to be given as and when required and file e-forms with Ministry of Corporate Affairs, filings with Reserve Bank of India and do all such things as may be necessary in this regard.”

12. To approve appointment of Mrs. Deepa Agar Hingorani as Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 of the Companies Act, 2013 (“the Act”) and other applicable provisions, if any, of the Act read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable directions as issued by the Reserve Bank of India and the Articles of Association of the Company, Mrs. Deepa Agar Hingorani (DIN: 00206310), a representative of Danish Sustainable Development Goals Investment Fund K/S, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 18th May 2023 and who holds office up to the date of this Annual General

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Meeting of the Company and who is eligible for appointment under the relevant provisions of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member signifying their intention to propose her as a candidate for the office of the Director, be and is hereby appointed as a Non-Executive (Nominee) Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT any Director, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorised to sign the certified true copy of the resolution to be given as and when required and file e-forms with Ministry of Corporate Affairs, filings with Reserve Bank of India and do all such things as may be necessary in this regard."

Registered Office: For & on behalf of the Board of Directors
Equinox Business Park, **For UGRO CAPITAL LIMITED**
Tower -3, 4th Floor, Sd/-
LBS Marg, Off BKC Road Namrata Sajnani
Kurla (West), Company Secretary and
Mumbai 400070 Compliance officer
Membership No: FCS 10030
Date: 18th May 2023

NOTES:

1. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to Ordinary business (Item No. 3) and Special Businesses (Item Nos. 4 to 12) to be transacted at the Meeting is annexed hereto. The relevant details, pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard-2 on General Meetings, of the person seeking re-appointment as Director under Item Nos. 2 and 9-12, of the Notice, are also annexed to the notice.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/ her behalf and the proxy need not be a Member of the Company.**
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, etc.,

must be supported by appropriate resolutions/authority, as applicable. A proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll. A proxy need not be a Member of the Company.

4. If the Company receives multiple proxies for the same holdings of a Member, the proxy which is dated last will be considered as valid. If such multiple proxies are not dated or they bear the same date without specific mention of time, all such proxies shall be considered as invalid. Proxy will be valid until written notice of revocation has been received by the Company before the commencement of the Meeting.
5. Corporate Members intending to attend the Meeting through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF/ JPG Format) if any, authorizing its representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorisation shall be sent to the Company by email through its registered email address at cs@ugrocapital.com or physically at the Registered Office of the Company addressed to the Company Secretary atleast 48 hours before the AGM.
6. Members, proxies and Authorised representative are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No. For security reasons and for proper conduct of the AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members, Proxies and authorized representatives attending the meeting are requested to bring the attendance slip duly filled to the Meeting complete in all respects and signed at the place provided thereat and hand it over at the entrance of the venue. Members/Proxies/Authorized representative attending the meeting are required to submit a valid identity proof such as PAN Card/ Driver's License/ Passport etc. to enter the AGM hall.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Private Limited ("the RTA") to provide efficient and better services.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested

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to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

8. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or the RTA for assistance in this regard.
9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
10. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11:00 A.M and 1:00 P.M. up to the date of Annual General Meeting.
12. Notice is also given under Section 91 of the Act read with Regulation 42 of the SEBI Listing Regulations, that the Register of Members and the Share Transfer Book of the Company will remain closed from Wednesday, 2nd August 2023 to Tuesday, 8th August 2023 (both days inclusive).
13. Notice of the AGM along with the Annual Report 2022-23 is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website on www.ugrocapital.com
14. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Transfer Agent as mentioned above. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable rules.

15. The route map showing directions to reach the venue of the 30th (Thirtieth) AGM is annexed.

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

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

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

- I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to offer e-voting facility as an alternate to all its Members to enable them to exercise their right to vote by electronic means.
- II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.
- III. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Tuesday, 1st August 2023 only shall be entitled to avail the facility of e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- IV. The facility for voting, either through electronic voting system or poll paper, shall also be made available at the AGM and the Members attending the AGM, who have not already cast their vote by remote e-voting, may exercise their right to vote at the AGM.
- V. Members who are holding shares in physical form or who have not registered their email address with the Company/ Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Tuesday, 1st August 2023; such Member may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or rnt.helpdesk@linkintime.co.in. However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.

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- VI. The Board of Directors of the Company has appointed Mr. Pankaj Kumar Nigam of M/s. Pankaj Nigam & Associates, Practicing Company Secretary firm, Ghaziabad as scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
- VII. The Scrutinizer, after scrutinizing the votes, will within two working days from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company, on www.ugrocapital.com and on the website of CDSL on www.evotingindia.com. The results shall simultaneously be communicated to the Stock Exchanges.
- VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. 8th August 2023.
- IX. Information and other instructions relating to e-voting are as under: The remote e-voting facility will be available during the following period:

Commencement of e-voting: From 9:00 a.m. (IST) on Saturday, 5th August 2023.

End of e-voting: Up to 5:00 p.m. (IST) on Monday, 7th August 2023.

- i. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, 1st August 2023 may cast their vote electronically. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.
- ii. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting but shall not be entitled to cast their vote again.
- iii. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.

- iv. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 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 members, in respect of all shareholders' resolutions.

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 members.

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.

- v. **Login method for e-voting for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:**

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 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.

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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 share-holders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> 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 www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers, so that the user can visit the e-voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting Service Providers. |

Individual Shareholders holding securities in Demat mode with NSDL

- 1) If you are already registered for NSDL IdeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IdeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period.
- 2) If the user is not registered for IdeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IdeAS" "Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.

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

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

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

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

vi. Login method for remote 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.
- 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 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:

For Physical shareholders and other than individual shareholders holding shares in Demat.

PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- 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.

Dividend Bank Details or 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.

- 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.

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

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

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any other person and take utmost care to keep your password confidential.

- ix. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- i. Click on the Electronic Voting Sequence Number (EVSN) of UGRO CAPITAL LIMITED on which you choose to vote.
 - ii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - iii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - iv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - v. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - vi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - vii. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
 - viii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- x. **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the Corporate module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on the list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - The list of accounts linked in the login will be mapped automatically and can be delink in case of any wrong mapping.
 - It is mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer or Company or Registrar and Transfer Agent at the email address viz pankajngamcs@gmail.com or cs@ugrocapital.com or rnt.helpdesk@linkintime.co.in and if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- xi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under

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- help section or write an email to helpdesk. evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
- xii. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 or call at toll free no. 1800 22 55 33.
18. Share transfer documents and all correspondence relating thereto, should be addressed to the Link Intime at C 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai – 400 083 or at their designated email id i.e. rnt.helpdesk@linkintime.co.in.
19. The Company, consequent upon introduction of the Depository System (“DS”), entered into agreements with National Securities Depository Limited (“NSDL”) and CDSL. The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialised form through NSDL or CDSL.
20. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
22. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form, for ease in portfolio management.
23. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests, viz. Issue of duplicate securities certificate; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Further SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated 18th May 2022 has simplified the procedure and standardized the format of documents for transmission of securities. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4 & ISR-5, as the case may be. The said form can be downloaded from the website of the Company and RTA.
24. Pursuant to Section 72 of the Act, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH-13, to Link Intime. Further, Members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to Link Intime. These forms will be made available on request.

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

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

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI LISTING REGULATIONS AND SECRETARIAL STANDARD-2 IN GENERAL MEETINGS)

| Name of Director | Mr. Chetan Kulbhusan Gupta | Mr. Satyananda Mishra | Mr. Rajeev Krishnamuralilal Agarwal | Mr. Karuppasamy Singam | Mrs. Deepa Agar Hingorani |
|------------------------------|---|--|---|--|--|
| Date of Birth | 11 th May 1980 | 17 th January 1949 | 12 th October 1958 | 29 th January 1954 | 29 th September 1970 |
| Date of Appointment on Board | 2 nd November 2018 | 5 th July 2018 | 5 th July 2018 | 5 th July 2018 | 18 th May 2023 |
| Qualifications | Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst and Masters in Management (Masters) from University of Mumbai. | B.A., M.A. in English Literature and M.Sc. degree on Policy Planning for Developing Countries. | BE- Electronic & Communication IIT Roorkee. | M.A. in Economics, Certified Associate (CAIIB); Honorary Fellow of Indian Institute of Banking & Finance and Post Graduate Diploma in Bank Management (PGDBM). | Masters in Finance from University of Delhi, India and an Executive MBA from SIMI Copenhagen, Denmark. |

Notice (Contd.)

| Brief Resume & Expertise in specific functional area | | | | | |
|---|--|--|--|--|---|
| | <p>Mr. Chetan Kulbhushan Gupta, aged 43 years, is the Non-Executive Director of our Company. He is the Senior Executive Officer at Samena Capital Investments Limited (Dubai).</p> | <p>Mr. Satyananda Mishra, aged 74 years, is the Non-Executive Chairman (Independent Director) of our Company. He is the former Chief Information Commissioner of India and has a diverse and exemplary career of more than forty-one years in public service. He was the Managing Director of MP Small Industries Corporation and the Development Commissioner of Small Industries in the Government of India. He held the post of Principal Secretary of both Public Health Engineering and Public Works Department of Madhya Pradesh. His last posting in the Central Government was in the department of Personnel Training, first as Establishment Officer and Secretary to the Appointments Committee of the Cabinet (ACC) and later as the Secretary to the Government in the same department. He served as the Director of Small Industries Development Bank of India until 2018.</p> | <p>Mr. Rajeev Krishnamuralilal Agarwal, aged 64 years, is the Independent Director of our Company. He has nearly three decades of experience in the Indian financial services sector and has worked with some highly reputed organizations such as the Securities and Exchange Board of India, Forward Markets Commission, and Indian Revenue Service. As SEBI Board Member he has handled the policy of important departments dealing with markets in Equity, Bonds, Currency and Commodities, Mutual Funds, Foreign Investors including Pension Funds, International Affairs, Capital Raising, Surveillance & Enforcement. He has wide experience in dealing with global peer regulators and global organization like International Organization of Securities Commission, Financial Stability Board and Pacific Pension Investment Institute, San Francisco and global stock exchanges etc. He has served on the Board of Governor of National Institute of Securities market (NISM) for more than 4 years.</p> | <p>Mr. Karuppasamy Singam, aged 69 years, is the Independent Director of our Company. He has served as the executive Director of Reserve Bank of India and as the RBI Nominee Director at Indian Bank.</p> | <p>Mrs. Deepa Agar Hingorani aged 52 years, is Senior Vice President at IFU, The Danish Investment Fund for developing countries. She is the global head for Financial services and also the Head of Asia at IFU, based in Singapore. IFU is a Danish Government owned investment fund that invests equity and debt for impact in emerging markets. She has 25+ years of investment experience in Asia and has led several transactions within Climate (renewable energy, waste management, water recycling), Financial Services, Agri business and infrastructure, Manufacturing and Healthcare.</p> |

Notice (Contd.)

| | | | | | |
|---|------------|---|---|------------|---|
| Directorships held in other listed Companies | Nil | 1. Paradeep Phosphates Ltd. | 1. Star Health and Allied Insurance Company Ltd. 2. ACC Ltd. | Nil | 1. Disa India Ltd. |
| Memberships/ Chairmanships of committees of other listed Companies (includes only Audit Committee and Stakeholders Relationship Committee) | Nil | 1. Paradeep Phosphates Ltd. Audit Committee- Member Stakeholders Relationship Committee- Chairman | 1. Star Health and Allied Insurance Company Ltd. Audit Committee- Member Stakeholders Relationship Committee- Chairman 2. ACC Ltd. Audit Committee- Member Stakeholders Relationship Committee- Chairman | Nil | 1. Disa India Ltd. Audit Committee- Member Stakeholders Relationship Committee- Chairperson |
| Terms of appointment | Nil | 5 years | 5 years | 5 years | Nil |
| Details of remuneration last drawn | Nil | Nil | Nil | Nil | Nil |
| Details of remuneration sought to be paid | Nil | Nil | Nil | Nil | Nil |
| No. of Board Meetings attended during FY 2022-23 | 3 out of 7 | 7 out of 7 | 7 out of 7 | 7 out of 7 | NA |
| No. of shares held in the Company including shareholding as a beneficial owners as on 31st March 2023 | Nil | Nil | Nil | Nil | Nil |
| Relationship between Directors, KMP and Manager inter-se | None | None | None | None | None |

Notice (Contd.)

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

Item No. 3

M/s. MSKA & Associates, Chartered Accountants, (ICAI Firm Registration Number 105047W) ("MSKA"), statutory auditors, were appointed as the Statutory Auditors of the Company in terms of the provisions of Section 139, 141 & 142 of the Companies Act, 2013 ("the Act"), for a term of five consecutive years to hold office from conclusion of the 27th AGM till the conclusion of 32nd AGM to be held in the year 2025.

The Reserve Bank of India ("RBI") vide Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021, inter alia, issued Guidelines for appointment of Statutory Auditors of Non-Banking Financial Companies ("NBFCs") ("RBI Circular"). Pursuant to which NBFCs are required to appoint Statutory Auditors only for a continuous tenure of 3 years.

In terms of the said RBI Circular, the present term of M/s. MSKA & Associates, Chartered Accountant, Statutory Auditors of the Company is set to expire on the conclusion of the 30th AGM.

The Management had invited formal proposals from reputed firms and evaluated them on key parameters such as size and vintage of the Firm, number of partners, experience of the partners, exposure to NBFCs, adequacy of experienced resources, expertise in conducting audits relating to information technology, locational proximity, etc., and on the basis of meetings with such firms, the Management shortlisted suitable firms and presented them to the Audit Committee. After considering various aspects on credentials and past experience of the audit firms, the Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee on 15th May 2023, recommended for the approval of the Members, the appointment of M/s. Sharp and Tannan, Chartered Accountant (Firm Registration No. 109983W), as the Statutory Auditors of the Company for a period of 3 (three) consecutive years i.e. commencing from the conclusion of the ensuing AGM until the conclusion of the 33rd AGM of the Company.

M/s. Sharp and Tannan, Chartered Accountant have consented and confirmed that their appointment, if made, shall be in accordance with the conditions prescribed in Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 and that they meet the eligibility criteria specified in Section 141 of the Act and the requirements of the said RBI circular.

Details pursuant to Regulation 36(5) of the SEBI Listing Regulations:

| | |
|--|---|
| Proposed statutory audit fee payable to auditors | Remuneration for FY 2023-24 is Rs. 53 lakhs for audit and Rs. 10 lakhs for certification plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the statutory audit with the authority to the Board of Directors of the Company (which term shall include a duly constituted committee of the Board) to revise the remuneration for the subsequent years in consultation with the Auditors. |
| Terms of appointment | M/s. Sharp & Tannan, Chartered Accountants are recommended for appointment as the Statutory Auditors of the Company for a period of 3 (three) consecutive years i.e. commencing from the conclusion of the ensuing AGM until the conclusion of the 33 rd AGM of the Company. |
| Material change in fee payable along with fees of outgoing auditor | No material change in fee for the proposed auditor. Fees for the proposed auditor has been decided in consonance with their base fee and profile. Outgoing auditor was paid a statutory audit fee of Rs. 67.80 lakhs including applicable taxes and reimbursement of out-of-pocket expenses for FY 2022-23. |
| Basis of recommendation and auditor's credentials | The recommendations made by the Audit Committee and the Board of Directors of the Company are in compliance with the RBI Guidelines and in fulfilment of the eligibility criteria prescribed under the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 with regard to the full-time partners, statutory audit experience of NBFCs, capability, assessment of independence, etc. Brief profile of M/s Sharp and Tannan is as follows: "Sharp & Tannan, Chartered Accountants was established in 1935 and has extensive experience in assurance, advisory and other services. They have 18 Partners (and 8 equivalents), 80 qualified staff and a total staff strength of over 350. They perform audits in various sectors and have an overall experience of auditing over 45 listed companies (past and present). They are currently present in 9 cities across India." |

Notice (Contd.)

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

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

Item No. 4

In view of the regulatory changes and to rectify inadvertent cross referencing in certain clauses it is proposed to modify relevant clauses in the Article of Association of the Company.

A summary of the changes is given below for perusal of the Members:

| Clause | Existing Provision | Revised provision |
|--------|--|--|
| -- | -- | Article 3. Board of Directors |
| | | 3.11 The Board shall appoint the person nominated by Debenture Trustee as a Director of the Company in terms of clause (e) of sub regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993. |
| 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. | 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 3 (three) months from the date of such vacancy, if the constitution of the Board does not fulfil the criteria of minimum number of independent directors prescribed under the provisions of Listing Regulation, the Act or these Articles. |

| | | |
|------|---|--|
| 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. | The Independent Directors in the meeting referred in Paragraph 4.4 above shall, inter alia: a) review the performance of non-Independent Directors and the Board as a whole; b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive Directors; c) assess the quality, quantity and timeliness of flow of information between the Management team and the Board that is necessary for the Board to effectively and reasonably perform their duties. |
| 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. | The notice for any Board meeting and meeting of any Board Committees shall be sent to the Directors at least 7 (seven) Days prior to the meeting together with the agenda; provided however, that any Board meeting may be held by providing shorter notice if consent to such Board Meeting is given in writing or by electronic mode by all the Directors entitled to vote at such meeting. Such notice shall also contain all the relevant documents and supporting information for the same. |

Notice (Contd.)

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|----------|--|--|------|---|---|
| 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. | 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. However, in the event where at least half of the nominee directors appointed by the Large Shareholders are not able to attend a meeting, then presence of the remaining directors attending such meeting shall form a quorum subject to compliance with the extant provisions on quorum under the applicable laws and a written consent being obtained from such nominee directors who are not able to attend such meeting. | 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. | The prior written notice of at least 21 (twenty one) days before the 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. |
| 14.10.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; | formulate, adopt or amend the terms of the Manual of Authority or any policy constituted under this Articles. | | | |

Notice (Contd.)

| | | |
|--------|---|---|
| 15.3.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. | any matter referred to in Paragraph 14.10 and such other matters as the Board may resolve from time to time that requires the approval of two- thirds of the Votes cast at a General Meeting. |
|--------|---|---|

The Board in its meeting held on Monday, 15th May 2023 has approved the said proposal, subject to approval of the Members. In terms of the provisions of Section 13 of the Companies Act, 2013, the Company is required to obtain approval of the Members by way of a Special Resolution.

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

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

Item No. 5 and 6

Keeping in view the Company's existing and future financial requirements and the business plan, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence, it is proposed to increase the maximum borrowing limits upto INR 8000 Crores (INR Eight Thousand Crores only) over and above paid up capital and Free Reserves of the Company. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the Members of the Company in a general meeting.

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

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

The Board recommends the Special Resolution set out at Item No.5 and 6 of the Notice for the approval of Members.

Item No. 7

The Members of the Company, at the Annual General Meeting ("AGM") held on 12th August 2022 passed a Special Resolution authorizing the Board of Directors of the Company to offer or invite subscription for Non-convertible Debentures, in one or more series/ tranches for an amount of up to INR 3000 Crores (INR Three Thousand Crores only) on a private placement basis. The said resolution was valid and effective for one year.

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

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

Notice (Contd.)

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

| | | | |
|--|---|---|--|
| Particulars of the offer including date of passing board resolution | Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year. In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures and covered bonds)) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs. | Basis or justification for the price (including premium, if any) at which the offer or invitation is being made | Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board which term shall be deemed to include any committee constituted by the Board, to exercise its powers, including the powers conferred by this resolution), in discussions with the relevant investor(s). |
| Kinds of securities offered and the price at which the security is being offered | Non-convertible debt securities/ NCDs. The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue. | Name and address of valuer who performed valuation | Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments. |
| | | Amount which the company intends to raise by way of securities | The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013. |
| | | Material terms of raising of securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities | The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue. |

Accordingly, consent of the Members is being sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 4000 Crores (INR Four Thousand Crores only) in addition to the limit prescribed under the provision of Section 180 of the Companies Act, 2013, in one or more tranches.

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

Notice (Contd.)

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

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

Item No. 8

The Special Resolution proposed is an enabling resolution to facilitate and meet the capital requirements for business activities and to utilize the issue proceeds for general corporate purposes etc. The resolution contained in the attached Notice pertains to a proposal by the Company to create, offer, issue and allot equity shares, American Depository Receipts and other securities, as stated therein in one or more tranches (referred to as "Securities").

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

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

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

The enabling Special Resolution also seeks to empower the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any committee which the Board has constituted to exercise its powers including the power conferred by this resolution) to undertake a Qualified Institutional Placement as defined by ICDR Regulations. The Board may in their discretion adopt this mechanism, as prescribed under Chapter VI of the ICDR Regulations. The pricing of the Equity Shares to be issued to Qualified Institutional Buyers pursuant to

Chapter VI of the ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the ICDR Regulations.

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

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

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

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

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for the approval of Members.

Item No. 9, 10 and 11

Mr. Satyananda Mishra, Mr. Rajeev Krishnamuralilal Agarwal and Mr. Karuppasamy Singam were appointed as Independent Directors of the Company to hold office for a term of 5 years w.e.f. 5th July 2018. Accordingly, their tenure as Independent Directors is due to expire on 4th July 2023.

In terms of provisions of section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company shall recommend to the Board of the Directors, the appointment/ reappointment of a Director.

In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Shareholders of the Company and disclosure of such appointment in the Board's report.

The Company has received the consent from Mr. Mishra, Mr. Agarwal and Mr. Karuppasamy to act as Director in the prescribed Form DIR-2 under Section 152(5) of the Companies Act, 2013 and Rule 8 of the Companies (Appointment and

Notice (Contd.)

Qualifications of Directors) Rules, 2014 along with the declaration on criteria of Independence as per Section 149(6) of the Companies Act, 2013, Regulation 16 of the SEBI Listing Regulations and confirmation on 'fit and proper' criteria prescribed by RBI. They have further confirmed that they are not restrained from acting as a Director by virtue of any Order passed by SEBI or any such authority and are eligible to be appointed as Directors.

Based on an evaluation of the balance of skills, knowledge and experience on the Board and further, on the report of performance evaluation, skills, experience and the substantial contribution made by Mr. Mishra, Mr. Agarwal and Mr. Karuppasamy, during their tenure and considering that the continued association of Mr. Mishra, Mr. Agarwal and Mr. Karuppasamy, as Independent Directors of the Company would be beneficial to the Company, and based on the recommendation of the Nomination and Remuneration Committee, the Board, vide Resolution passed on 15th May 2023, appointed Mr. Mishra, Mr. Agarwal and Mr. Karuppasamy as Additional Directors of the Company and subject to approval of the Members by way of Special Resolution at the ensuing 30th AGM of the Company, re-appointed them as Non-Executive Independent Directors, not liable to retire by rotation, for a second consecutive term commencing from 5th July 2023 upto 4th July 2028.

Details of Directors pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is provided under heading "Details of Directors Seeking Appointment/Re-Appointment at the Annual General Meeting (pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings)" forming part of the Notice.

Except Mr. Mishra, Mr. Agarwal and Mr. Karuppasamy, being the appointees, no other Director or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed respective resolutions.

The Board recommends the Special Resolutions set out at Item Nos. 9, 10 and 11 of the Notice for the approval of Members.

Item No. 12

The Board at its meeting held on 11th April 2023 and Shareholders of the Company through postal ballot on 11th May 2023, approved issuance of equity shares on preferential basis to Danish Sustainable Development Goals Investment Fund K/S ("IFU"). Accordingly, the Securities Allotment and Transfer Committee of the Board on 17th May 2023, allotted 1,52,38,095 equity shares to IFU, which constitutes 16.49% of the total paid up share capital of the Company.

In terms of the investment agreement dated 11th April 2023 executed with IFU read with clause 3.4 of the Articles of Association of the Company, which entitles every large shareholder who holds more than 10% of the paid up share

capital of the Company, to nominate a representative as non-executive director on the Board, IFU has a right to nominate one representative as non-executive director on the Board as long as it holds 10% share Capital of the Company.

In this regard, IFU has nominated Mrs. Deepa Agar Hingorani (DIN: 00206310) to act as Non-Executive (Nominee) Director on the Board of the Company on its behalf.

Accordingly, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Hingorani as Additional Non-Executive (Nominee) Director to the Board of Directors w.e.f. 18th May 2023 in accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 ("the Act") and relevant provisions of Articles of Association.

The appointment of Mrs. Hingorani as Non-Executive (Nominee) Director shall be effective upon approval by the Members of this AGM and will be liable to retire by rotation.

The Company has received consent letter and other relevant documents as per the Act, SEBI Listing Regulations and RBI guidelines from Mrs. Hingorani confirming her consent and eligibility to be appointed as Director.

Mrs. Hingorani will not be paid any remuneration or sitting fees for attending meetings of the Board and Committees, if any.

The brief profile of Mrs. Hingorani is given below:

"Mrs. Deepa Agar Hingorani is Senior Vice President at IFU, The Danish Investment Fund for developing countries. She is the global head for Financial services and also the Head of Asia at IFU, based in Singapore. IFU is a Danish Government owned investment fund that invests equity and debt for impact in emerging markets. Asia represents one third of IFU's global portfolio.

She has 25+ years of investment experience in Asia and has led several transactions within Climate (renewable energy, waste management, water recycling), Financial Services, Agri business and infrastructure, Manufacturing and Healthcare. Mrs. Hingorani holds a Masters in Finance from University of Delhi, India and an Executive MBA from SIMI Copenhagen, Denmark."

Details of Directors pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings is provided under heading "Details Of Directors Seeking Appointment/Re-Appointment at the Annual General Meeting (pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings)" forming part of the Notice.

Notice (Contd.)

Except Mrs. Hingorani, being the appointee, no other Director or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set out at Item No. 12 of the Notice for the approval of Members.

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

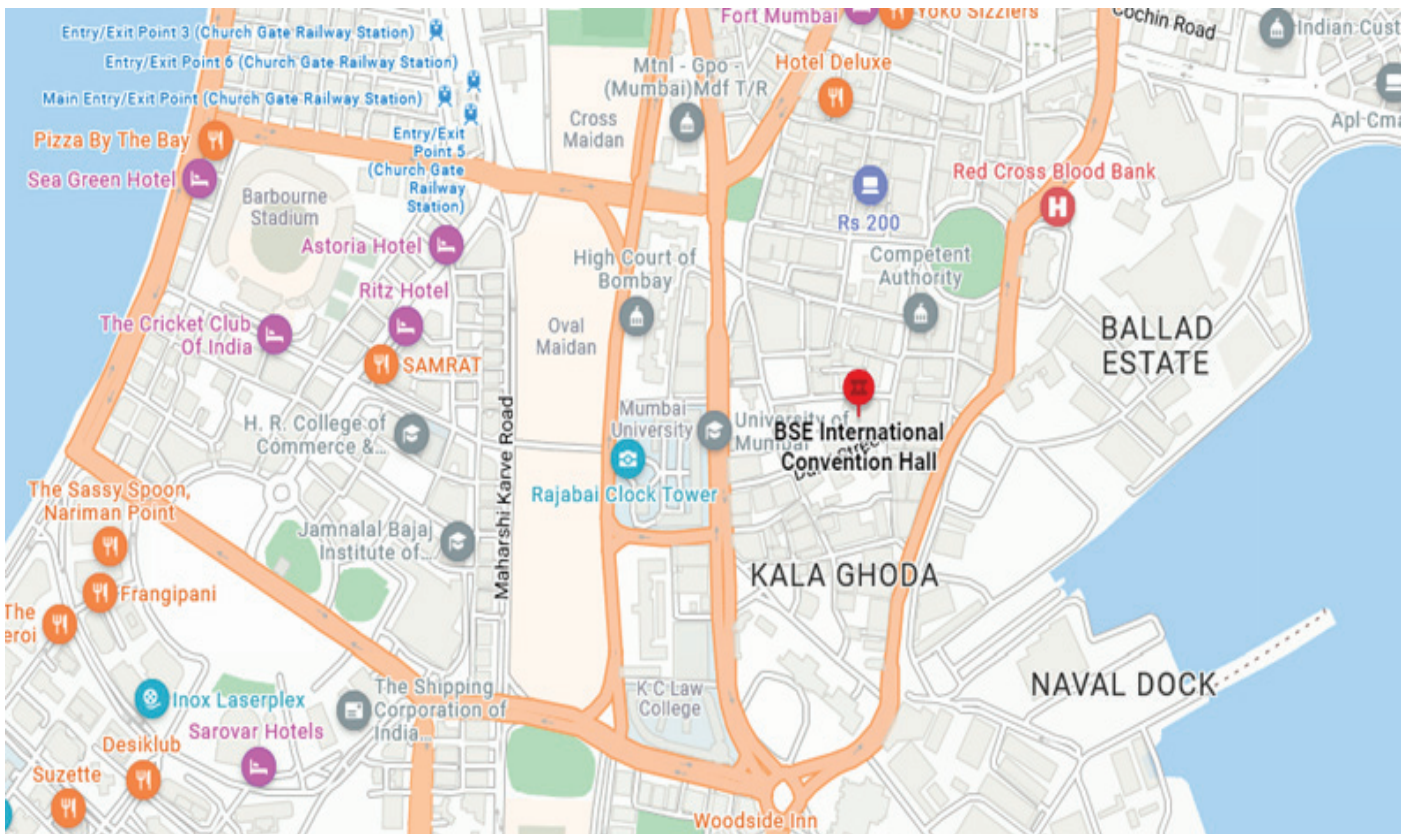
For UGRO CAPITAL LIMITED

Sd/-
Namrata Sajjani
Company Secretary and
Compliance Officer
Membership No: FCS 10030
Date: 18th May 2023

Notice (Contd.)

Route Map to the AGM Venue

Venue: BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001



MANAGEMENT DISCUSSION AND ANALYSIS

Global Economic Review

Global GDP growth rates stood at 3.4%, demonstrating a recovering trend from the powerful blows of the disruptions caused by the pandemic and the tensed Russia-Ukraine situation. Unwinding of the Supply chain disruption and receding dislocations to energy and food markets have impacted positively on the overall growth, which was shadowed by rising inflation which was, in turn, largely weakening household and business spending.

Emerging markets and developing economies are already powering ahead in many cases, with growth rates (fourth quarter over fourth quarter) jumping from 2.8% in Calendar Year (CY) 2022 to 4.5% this year.

Another strong indicator of recovery was the decreasing unemployment rate, which was observed falling to 5.8% from its peak of 6.9% in CY 2020 as economies began recovering from the shock of the Covid-19 pandemic. Informal employment was one of the driving factors for decreasing unemployment across the world; the incidence of informal employment had been slowly declining and stood at 57.8% in CY 2019. However, the same increased to 58.0% in CY 2022.

Decreasing commodity prices in the second half of CY 2022 was also a critical factor in overall economic recovery. Oil and gas prices also began trending downward from their peaks in mid CY 2022, whereas globally, food and energy prices declined in the fourth quarter of CY 2022.

With the cool down in commodity prices, global inflation in CY 2022 closed at an estimated 8.7%. However, the downward momentum in inflation is expected to spill over in CY 2023, with the projected inflation target being at 6.5% in CY 2023.

As a measure to counter inflation, central banks have been raising interest rates in quick succession. To bring this shift towards tighter monetary policy is exceptionally broad-based, as over 85% of central banks worldwide increased interest rates in CY 2022.

The Federal Reserve in the United States has taken an aggressive stance, raising its key policy rate six times from 0% - 0.25% in March 2022 to 4.25% - 4.50% in December 2022. The European Central Bank increased its key interest rates by a cumulative 250 basis points between July and December 2022, while also discontinuing its net asset purchases.

As inflation peaked in late CY 2022, central banks in the developed countries are expected to slow the pace of interest rate hikes in CY 2023.

Source: World Bank, IMF, OECD, ILO

Indian Economic Review

The Indian economy has grown by 7.0% in FY23 and its growth was largely supported by agriculture (up by 3.3%) and services (up by 6.9%). Trade, hotels, transport and communication grew robustly by 14.2%. Manufacturing growth moderated yet remained positive at 0.6%, reflecting a slowdown in global growth and high input costs.

Despite global headwinds, expansion benefited from strong growth in private consumption (up by 7.3%) and in investment (up by 11.2%). The growth rate in India is stronger than in most peer economies, reflecting relatively robust domestic consumption and lesser dependence on global demand. Growth is expected to strengthen to 6.7% in FY25 as private investment improves and growth accelerates in industry.

Headline inflation exceeded the inflation target range of 2% - 6%, averaging 6.7% in the fiscal year. Global prices for oilseed, fertilizer and fuel were elevated by the Russian invasion of Ukraine, an Indonesian ban on palm oil exports, a shortfall in global production of edible oil, and domestic factors - such as disappointing wheat production and an unseasonably hot March. Spiking vegetable prices pushed food inflation to an average of 6.7%, while fuel inflation remained in double digits, averaging 10.3%.

Inflation is forecasted to moderate to 5% in FY23-24 and further slow down to 4.5% in FY25, which will bring back the inflation rate within monetary policy target of 2% - 6%.

The government and the Reserve Bank of India undertook several measures to control inflation and its impact. The government banned exports of wheat and broken rice in 2022 to tamp down domestic price fluctuation and ensure food security. The ban on exports of broken rice was lifted in November 2022 but the ban on wheat remains. The central bank has tightened monetary policy in a series of hikes since April 2022, raising its policy rate by 250 basis points to 6.50% in February 2023, which is higher than the pre-pandemic rate of 5.15%.

The central government fiscal deficit shrank from the equivalent of 6.8% of GDP in FY22 to 6.4% in FY23. The current account deficit is equal to 2.7% of GDP in FY23.

The main reasons for current account deficit rising were higher oil prices and a slowdown in global demand. Import growth outpaced that of exports, which led the goods trade deficit to widen by 38% in FY23, whereas the trade surplus in services grew by 27.9%, despite global economic uncertainty, reflecting India's continued competitiveness in services.

The budget targets to bring down fiscal deficit and current account deficit to 5.9% of GDP and 2.2% of GDP in FY23-24 and the central government is committed to bring down fiscal deficit below 4.5% of GDP by FY25.

Indian Financial Service Sector

Bank credit rose by 15.4% as compared to 9.7% a year ago, driven by large industries, especially metals, petroleum, and chemical industries. Credit growth to the infrastructure sector decelerated on the back of decline in credit to the telecom sector. The MSMEs' credit growth remained buoyant, shored up by the Emergency Line Guarantee Scheme (ECLGS) that was extended till March 2023.

Services sector credit gained further traction in H2FY23, propelled by flows to NBFCs, both housing finance companies and others NBFCs, with wholesale and retail trade included under the MSME category and easier access to loans under the Credit Guarantee Fund Trust

for Micro and Small Enterprises (CGTMSE). Credit to the trade sector registered accelerated growth in H2FY23.

Retail loans remained the prime contributor to the overall credit increase in FY22-23. While credit to the housing sector recorded consistent expansion, vehicle loan growth strengthened further. Credit card loan growth was in high double digits throughout 2022-23 reflecting pent-up consumption demand.

NBFCs had steadily increased their market share till recent years, with AUM accounting for as much as 18% of the overall credit pie in March 2019, up from 12% in March 2008. Several challenges over the past three fiscals lowered their share to 16% in FY 2022, with banks making bigger growth strides. However, NBFC growth is expected to pick up from here on, which should help sustain their ~16% AUM share.

Increase in NBFCs' AUM from just Rs 3.6 lakh crore in March 2008 to almost Rs 27 lakh crore in March 2022, and an expected further increase, indicates the importance of the sector to overall credit delivery in the economy.

Provisioning levels also increased in the past couple of years, as NBFCs created management overlays to provide for uncertainty pertaining to the pandemic. Overall, the NBFCs have stronger balance sheets.

Rising interest rates will partially limit the competitiveness of NBFCs in some segments. The repo rate has already been increased by 250 basis points (bps) this fiscal year, which will impact the borrowing cost for NBFCs. The rising interest rate scenario is expected to increase the cost of borrowings of NBFCs by 100-120 bps in FY23. However, as NBFCs have the ability to pass on the higher borrowing cost for incremental disbursements in some of their asset segments, spreads are estimated to compress 40-60 bps.

Amid interest rate hikes and competition from banks, NBFCs are realigning portfolio strategies for better risk-adjusted returns. The disbursement trends reflect the changing strategies of NBFCs towards non-traditional segments. The share of disbursements in unsecured loans and MSME finance, the non-traditional segments, has increased over the past 1.5 years.

In the first half of FY23, ~35% of incremental disbursements

were for unsecured loans. MSME finance has also posted strong growth. The traditional segments, too, have seen improvement in volumes, but remain range bound compared with previous years. This will result in a change in segmental growth going forward. Overall, the AUM growth of NBFCs is expected to double to 13%-14% in FY23 from 7% in FY22.

Though a rise in borrowing cost will compress spreads, improvement in asset quality metrics should lead to better credit costs, which, in turn, should support earnings and growth prospects. Credit costs will also benefit from the substantial management overlays created by NBFCs, which will be dipped into.

Indian MSME Sector

The MSME sector forms the backbone of Indian economy and is of critical importance for India to reach the USD 5 trillion economy mark. It contributes in a very significant way, with ~6.3 Cr MSMEs producing 8,000+ products and contributing ~30% to the overall GDP. MSMEs employ a large section of Indian population (11.10+ Cr) and has consistently contributed ~ 50% to India's overall exports for the last 5 years.

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

Increasing digital footprint of MSMEs has not only helped in providing enhanced customer experience, operational efficiency, and workforce enhancement, but has also facilitated access to financial services. Demand for MSME loans has accelerated and has grown to about 1.7 times the demand of two years ago.

NBFC saw credit demand crossing 2x for the same period. This can be attributed to the efforts on the part of government and financial sector to develop and implement multiple support mechanisms, and an evolving digital public infrastructure for the MSME sector. MSME lending by banking and non-banking finance companies (NBFCs) is grown by 14% in FY23. Currently, banks

continue to dominate ~ 85% of MSME-lending. However, it is expected to reverse in the future.

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

- Pradhan Mantri MUDRA Yojana (PMMY) offers MUDRA loans to small and micro non-farm enterprises and non-corporate sectors of up to INR 1 Mn. The rate of interest on these loans can be up to 20%. (USD 250 Bn+, 350 Mn+ MSME's served)
- ECLGS Scheme offers collateral-free loans of up to INR 50 Mn to eligible MSMEs, with the government providing a credit guarantee of up to 100% of the loan amount to banks and NBFCs. Interest rates for borrowers under the scheme were capped at 9.25% for banks & FIs, and 14% for NBFCs.
- CGTMSE scheme providing collateral-free loans to MSMEs up to INR 20 Mn. Interest rates on these loans vary from 14-18%. The scheme was revised with the infusion of INR 90 Bn in the corpus in 2023.

Outlook for the Company

- In FY24, the Company would largely focus on improving profitability
- Over the years, the Company has built formidable distribution strength and the cost to income ratio has remained high as a large part of the opex was upfronted in the initial years. Existing infrastructure is sufficient to support growth targets for FY24 and the Company will sweat its existing installed capacity to improve its operational efficiency
- The Company will continue to build on its "Lending as a service" through Co-lending model with a target of 45%+ Off book AUM Proportion
- Leverage the existing 75 GRO Micro branches to increase AUM mix of Micro loans and thereby improve the Asset mix towards high yield products
- Company has raised equity capital of INR 340.50 Crores through mix of Qualified Institutional Placement of INR 100.50 Crores and Preferential allotment of INR 240 Crores.

Business Overview

In the last fiscal year, the Company established itself as one of the leading NBFCs in "Lending as a Service" business model and successfully operationalized Co-lending partnerships with 10+ partners. The Company has successfully scaled its off-book AUM proportion to 40% in Mar-23 from 16% in Mar-22, thereby establishing a strong liquidity funnel to its large distribution channel and proving itself to be a reliable credit underwriter. On the back of its Co-lending partnerships and a strong base of 60+ lenders, the Company was able to scale up all its distribution channels and achieved an overall AUM growth of 105%, thereby crossing INR 6,000 Cr AUM mark. The company employs 1,200+ employees as on 31st March 2023.

The Company strengthened its Balance sheet by raising INR 340.50 Crores capital through a mix of Preferential Allotment and Qualified Institutions Placement. UGRO Capital's Board of Directors have approved a preferential allotment of INR 240 Crores to IFU (Investeringsfonden for Udviklingslande) through its Danish Sustainable Development Goals Investment Fund K/S in Q1FY24. IFU is an independent Denmark government-owned fund and is one of the largest DFIs of the world.

Towards the end of FY23, the Company further strengthened its Direct-to-customer channel with the launch of the GRO X app and undertook multiple brand campaigns to improve brand positioning of the Company.

| Channel wise Gross Disbursements | | FY23 (INR Cr) | FY22 (INR Cr) |
|----------------------------------|------------------------------|---------------|---------------|
| Branch Led Channel | Prime Secured Loans | 1,097 | 663 |
| | Prime Unsecured Loans | 1,464 | 589 |
| | Micro Enterprise Loans | 554 | 119 |
| | Total | 3,115 | 1,370 |
| Ecosystem Channel | Supply Chain Financing (SCF) | 2,855 | 965 |
| | Machinery Loans | 553 | 208 |
| | Total | 3,408 | 1,173 |
| Partnership & Alliances | Total | 678 | 595 |
| Total Gross Disbursements | | 7,201 | 3,138 |
| Net Disbursements | | 4,597 | 2,251 |

Note: Net disbursements represent disbursements net of repayments received in SCF loans i.e. (Gross disbursements – SCF Repayments received during the period)

Branch Channel

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

During the year, we added 5 new prime branches as part of our growth expansion plan, thereby taking the total count of Prime branches to 23. Our monthly exit disbursement run rate for our Prime Business stood at INR 290+ Crores.

Prime Branch business increased penetration into the higher yield secured loan segment, thereby improving the overall yield on secured loans. On the back of Gro Score,

we were able to increase our disbursements through intermediaries by providing faster TAT. The company witnessed robust growth across secured and unsecured prime loans, which has resulted in balanced portfolio quality at optimal yield.

During the year, our Micro Enterprises Business operating from 75 branches had a very strong trajectory of increasing productivity per branch throughout the year, achieving a monthly disbursement rate of 1 Crore per branch. Our monthly exit disbursement run rate of Micro Enterprise Loans stood at INR 100+ Crores. We observed breakeven of 40 micro branches during the year, and it is projected that all branches will breakeven in the next fiscal year.

During the year, Micro enterprises business touched productivity of INR 70 lakhs p.m. per branch, which is expected to further improve in FY24. Given the maturity Micro business vertical has attained in FY23, it will venture into small ticket size machinery loan sourcing by leveraging our existing presence.

Ecosystem Channel

Under our Ecosystem Channel, we operate under two broad categories, namely (A) Supply Chain Financing and (B) Machinery Financing.

In our Supply Chain Financing (SCF), we added around 20+ new anchors during the year, taking our total count of anchors to 63. We have achieved end-to-end digitalization of our supply chain channel. We closed the year with a strong monthly run rate of 350+ Crores in March 2023.

There was strong focus on the dealer side of the supply chain during FY23. We have also added purchase invoice discounting and sales invoice discounting, thereby having a complete suite of products on supply chain financing.

We continue to build our Machinery Financing business by developing strong Original Equipment Manufacturer (OEM) partnerships with 45+ OEMs across light engineering, printing and packaging. We have added renewable energy as part of Machinery Financing

for funding roof top solar. We have achieved a strong monthly disbursement run rate of INR 75+ Crores and successfully scaled out Machinery Financing book to INR 700+ Crores as of March 2023.

Partnership and Alliances

We operationalized partnerships with multiple new partners across small ticket secured and unsecured loans, receivable financing and green energy financing, bringing our partner total to 36. Through this channel we are able to build a quasi-secured portfolio.

Direct Distribution Channel

During the end of FY23, the Company launched GRO X App, on-tap financing for MSMEs. It will enable small business owners, retailers, traders, professionals, and small manufacturers across India to obtain collateral-free instant credit for immediate working capital requirements and to manage their financial liquidity.

The App leverages the Company's data analytics prowess and cashflow backed risk assessment methodology to deliver instant short-term credit limit to the MSMEs. The MSMEs can dispense this credit on tap, receive payments and pay interest only for the time the funds are utilized, thereby making it affordable and transparent.

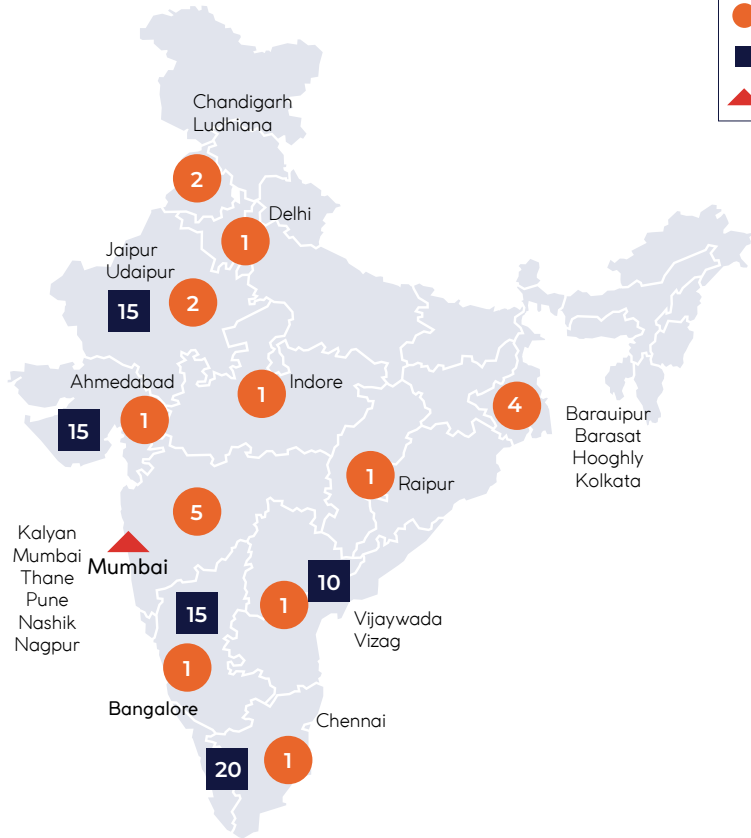
Branch Network

Total 98 Branches as on March 2023

| Major Clusters | # |
|----------------|---|
| Jaipur | 5 |
| Jodhpur | 5 |
| Bikaner | 5 |

| Major Clusters | # |
|----------------|---|
| Ahmedabad | 5 |
| Rajkot | 5 |
| Surat | 5 |

| Major Clusters | # |
|----------------|---|
| Bangalore | 5 |
| Belgaum | 5 |
| Devangere | 5 |



| Major Clusters | # |
|----------------|---|
| Mahbubnagar | 5 |
| Nizamabad | 5 |

| Major Clusters | # |
|----------------|---|
| Chennai | 6 |
| Coimbatore | 5 |
| Madurai | 4 |
| Tirunelveli | 5 |

Operationalizing Co-lending Model

During FY23 the Company operationalized multiple Co-lending / Co-origination arrangements and emerged as one of the leaders in “Lending as a service” business model.

As of March 2023, we have 10+ Co-lending / Co-origination partnerships with large Banks and NBFCs. During FY23, we have entered into Co-lending partnerships for most of our products, which reiterates the confidence of our lending partners in our business model.

Our Co-lending AUM as on March 2023, stood at INR 2,442 Crores.

Liability Update

UGRO follows a 3-pronged approach to liability. These include balance sheet-based borrowings from Banks &

other financial institutions, co-origination partnerships with larger Banks and loan securitization to raise funding against our asset pool.

During the year, we raised 2,400 Crores of total liabilities across products in FY23 and added 10+ new lenders. This is also a testimony to the fact that the larger lending ecosystem recognizes UGRO’s ability to churn out a higher quality portfolio.

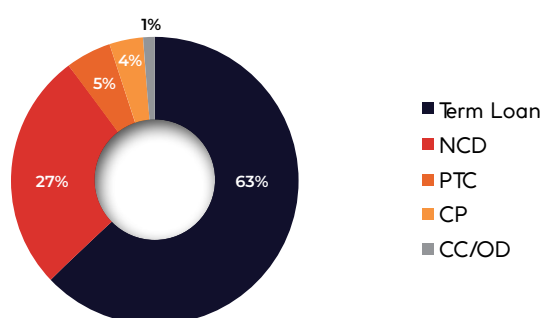
During FY23, we raised debt from 3 Development Finance Institutions (ResponsAbility AG, Enabling Capital and Calvert), aggregating to INR 207 Crores (\$25 million), and raised INR 472.22 Crores through NCDs. Our blended liability interest cost on all outstanding debt as of March 2023 stood at 10.6%.

Our interest cost increased by 25 bps as compared to 250 bps increase in repo rate. Total Debt as of March 2023 stood at INR 3,149 Crores. Given that the Company has a vast lender base of 60+ lenders, going forwards in

FY24, the Company will look to consolidate the count of lenders and look to increase ticket size per lenders with keen focus on lowering cost of borrowing.

We have very strong processes and policies to manage our ALM to enable us to better manage our assets and liability.

Total Debt Outstanding



Risk and Credit Underwriting

Our Company has adopted robust and comprehensive risk management capabilities boosted by sectoral expertise, prowess in data analytics and superior technology infrastructure, and powers our journey of accelerated growth with best-in-class governance and asset quality. With the growing needs of the business, the company has strengthened the requisite areas across lines of defense by enhancing the team structures and headcount across analytics, credit, fraud control and collections strategy. Data analytics lies at the heart of credit assessment and has enabled a migration from traditional income document-based assessment to

cashflow-based underwriting using the tripod of credit bureau, banking and GST information.

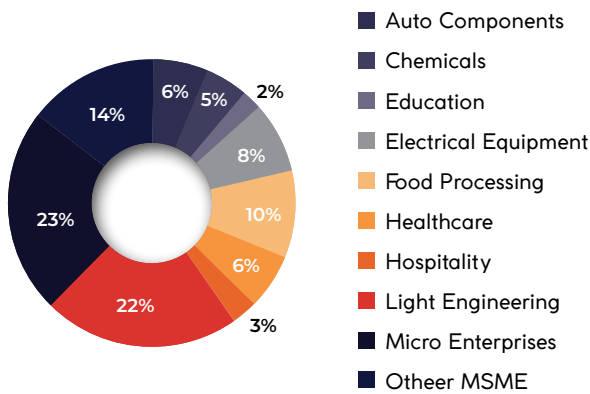
During the year, the company has developed GRO score 3.0 - an enhanced version of its proprietary scoring model, GRO Score 2.0, thereby creating an industry first cashflow-based scoring model, which leverages data from GST in conjunction with credit bureau and banking information. GRO score 3.0, in addition to analyzing banking and bureau behavior, also extracts and analyses critical information from GST - like sales momentum, purchase behavior, margins, scales of business, counterparty relationships, product mix and filing discipline - to calculate and predict the likelihood of the company repaying the loan. The company has also implemented a predictive modelling driven Early Warning Signals framework to generate trigger alerts for portfolio stage collections activity. The company has in place a supervisory risk evaluation and capital adequacy framework with comprehensive coverage of enterprise level risks. Company has undertaken a thorough ICAAP assessment, including identification and review of material risks, assessment of forward-looking business model and operationalization strategy to assess the impact of material risks on the level and quality of capital.

Segment wise/Product wise performance

Our AUM has increased from INR 2,969 Crores in FY22 to INR 6,081 Crores in FY23. Across our offered products, our average ticket size stood at ~ INR 18 Lakhs and our average lending rate stood at 17.3%, which is broken down as follows for each business segment.

| Product category | AUM (INR Cr) | Average Ticket size (in Lakh) | Average Portfolio Yield (%) |
|--------------------------|--------------|-------------------------------|-----------------------------|
| Prime - Secured Loans | 1,727 | 74 | 13.7% |
| Prime - Unsecured Loans | 1,899 | 17 | 19.6% |
| Micro Enterprise Loan | 472 | 7 | 21.3% |
| Supply Chain Financing | 567 | 95 | 14.3% |
| Machinery Loan | 701 | 35 | 13.5% |
| Partnerships & Alliances | 715 | 5 | 23.6% |
| Grand Total | 6,081 | 18 | 17.3% |

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



Restructuring

Total restructured (Stage 1 & Stage 2) book as on 31st March 2023 stood at INR 64.9 Crores , which is 1.1% of our total AUM.

Risk Management

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk

management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature. The Company has an elaborate risk charter and risk policy. The Audit Committee has additional oversight in the area of financial risks and controls.

Internal control systems and their adequacy

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

Key Financial Information

| Particulars | FY23 | FY22 |
|-------------------------------|-----------|-----------|
| Total Income (INR Lakhs) | 68,376.28 | 31,211.21 |
| Total Expenditure (INR Lakhs) | 59,993.43 | 29,193.43 |
| Profit Before Tax (INR Lakhs) | 8,382.86 | 2,017.78 |
| Profit After Tax (INR Lakhs) | 3,977.64 | 1,455.06 |
| Net Worth (INR Lakhs) | 98,404.31 | 96,656.32 |
| Debt to Equity Ratio | 3.2x | 1.86x |
| CRAR | 20.23% | 34.37% |
| GNPA (% On-Book AUM) | 2.46% | 2.28% |
| GNPA (% of AUM) | 1.60% | 1.90% |
| ROTA | 1.1% | 0.6% |
| ROE | 4.1% | 1.5% |

The impact in return on net worth is primarily driven by following factors:

- Increase in net total income (% of Average Gross Loans) from 9.2% in FY22 to 12.2% in FY23; increase in AUM by 105% on Y-o-Y basis and increase in leverage from 1.9x in FY22 to 3.2x in FY23 and;
- Decrease in cost to income ratio offset by;
- Increase in credit cost due to increase in Stage 3 PCR from 27% to 49% and;
- P&L charge on account of Deferred tax written off amounting to INR 20.6 Cr during the year

Credit Rating

As of March 2023, our Company's borrowings enjoy the following ratings:

| Facility | Rating |
|------------------------------|---|
| Bank Loan rating | Crisil A-/Positive, IND A Stable, Acuite A/Stable |
| Commercial Paper | Crisil A1, Acuite A1 |
| Non – Convertible debentures | Crisil A-/Positive, IND A Stable, Acuite A/Stable |

Key Opportunities

- Technology is expected to play a pivotal role in taking the financial services to the next level of growth by helping surmount challenges stemming from India's vast geography, which makes physical footprints in smaller locations commercially unviable. With increasing smartphone penetration and faster data speeds, consumers are now encouraging digitization as they find it more convenient. With the ability of the fintech to offer differentiated solutions to meet the requirement of target customers, the market share of NBFCs in overall systemic credit has increased from approximately 16% in FY 2017 to approximately 18% in FY 2022 and is expected to further grow at 11-12% CAGR between FY23-FY25.
- With NBFCs facing a challenge in raising debt from banks at competitive costs, co-lending framework allows NBFCs to cater to a large customer base by leveraging larger balance sheets of their partners. It also enables Banks and NBFC/HFC to share the risk and rewards throughout the lifecycle of the loans.
- Account Aggregator framework is a system for sharing financial data that has the potential to revolutionize lending and investing by granting millions of consumers greater access to and control over the financial records, as well as increasing potential market for lenders and fintech firms. Traditionally, if someone needs to apply for a loan, they would need to provide various documents such as bank statements, income tax returns and financial statements, etc. However, with the evolution of AA framework, all the data from various financial information providers can be gathered and shared with financial information users within a fraction of time with the consent of users. It will help users to avail loans and get better and quicker deals on other

financial products. It will also ease the integration of MSMEs in financial systems and bring a paradigm shift from asset-backed lending to cashflow-based lending to MSME, which will allow the underserved MSME sector to have greater access to credit.

Key Threats

- Access to funding in a timely manner and at competitive costs remains challenging, especially for smaller and mid-sized NBFCs due to increase in interest rates.
- Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing.
- Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates,

commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to repay our debt which, in turn, would adversely impact our business and financial performance.

- With increasing availability of alternate data, ability to underwrite MSME customers through alternate data and changing landscape from asset-backed

financing to cashflow-based financing, many Banks and NBFCs have started entering MSME financing.

- Unanticipated changes in laws, regulations and government policies may increase compliance costs and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.



DIRECTOR'S REPORT

TO THE MEMBERS,

The Board of Directors of UGRO Capital Limited have great pleasure in presenting the Annual Report together with the Audited Balance Sheet as on 31st March, 2023, Statement of Profit and Loss and Cash Flow Statement for the financial year ended 31st March, 2023.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended 31st March, 2023 and comparison with the previous financial year ended 31st March, 2022 are summarized below:

(Rs. in Lakhs)

| Particulars | Year ended 31 st March, 2023 | Year ended 31 st March, 2022 |
|---|--|--|
| Total Income | 68,376.28 | 31,211.21 |
| Total Expenditure | 59,993.44 | 29,193.43 |
| Profit before Tax and exceptional items | 8,382.84 | 2,017.78 |
| Exceptional items | - | - |
| Profit before tax | 8,382.84 | 2,017.78 |
| Provision for Tax | 4,405.20 | 562.72 |
| Profit after tax | 3,977.64 | 1,455.06 |
| Other comprehensive income | 15.10 | 24.58 |
| Profit available for appropriation | 3,992.74 | 1,479.64 |
| Appropriations: | | |
| Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934 | 795.53 | 291.01 |
| Balance carried forward to Balance Sheet | 3,197.21 | 1,188.63 |

DIVIDEND

The Board of Directors have not recommended any dividend for the financial year 2022-23.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Board of Directors of the Company have adopted a Dividend Policy ('Policy'). The Policy is available on the website of the Company under the 'Investor Relations' section at website of the Company at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

REVIEW OF OPERATIONS

During the year under review, your Company's total revenue, amounted to Rs. 68,376.28 lakhs compared to Rs. 31,211.21 lakhs in the previous year.

Profit before tax was Rs. 8,382.84 lakhs compared to Rs. 2,017.78 lakhs for the previous year. Profit after tax stood at Rs. 3,977.64 lakhs compared to Rs. 1,455.06 lakhs in the previous year.

Over FY23 your Company has established itself as one of the leading NBFCs in "Lending as a Service" business model and has successfully operationalized and scaled Co-lending

partnerships with 10+ partners including large PSU Banks, as a result Company's Off-book Asset Under Management proportion increased to 40% as on March 2023 vis a vis 16% as on March 2022. Strong Asset Under Management growth momentum continued in FY23 on the back of our large distribution infrastructure (98 branches, 1,200+ GRO partners, 105+ Anchors and original equipment manufacturers and 1,200+ employees), AUM as on March 2023 stood at Rs. 6,081 Crores registering a 105% year on year growth. Your Company has upgraded its proprietary scoring model to GRO Score 3.0 thereby automating the data tripod of Banking, Bureau and GST. The Company continues to focus on maintaining the credit quality of our portfolio, our Gross NPA and Net NPA as on March 2023 stood at 1.60% and 0.90% respectively whereas our provision coverage ratio improved to 48.6% as on March 2023 as compared to 26.9% as on March 2022. The Company maintains disbursement to login ratio at 30% despite high pace of overall AUM growth. Your Company continues to focus on shifting its AUM mix towards high yield products and as a result the portfolio weighted average yield improved from 16.4% as on March 2022 to 17.3% as on March 2023. Your Company strengthened its liability franchise by adding 11 new lenders and our overall liabilities stood at Rs. 3,149 Crores with a leverage of 3.2 times. Our overall profitability improved with increasing operating leverage and our cost to net total income ratio decreased from 72% in FY22 to 62% in FY23.

Director's Report (Contd.)

SUBSIDIARY COMPANIES

As on 31st March 2023, your Company has no subsidiaries. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("the Act").

RESERVES

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

CHANGE IN SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2023 was Rs. 70,55,93,190/- consisting of 7,05,59,319 Equity Shares of the face value of Rs. 10/- each, fully paid-up.

There was no change in Share Capital during the year under review.

Further, during the financial year the Company implemented new ESOS Scheme viz. UGRO Employee Stock Option Scheme 2022 under which an Employee Benefit Trust ("Trust") has been constituted. The objective of the Trust is to distribute shares to employees under the employee benefit program. The Trust is responsible for the purchase of shares of the Company from the secondary market for the purpose of this program. The Trust is treated as an extension of the Company, hence the shares held by the Trust are treated as treasury shares. Own equity instruments so reacquired (treasury shares) are recognised at face value and deducted from Equity Share Capital to the tune of Rs. 123.83 lakhs. The amount received in excess of the face value is deducted from the Securities Premium Account.

As on 31st March, 2023, there are no outstanding instruments convertible into equity shares of the Company.

FUND RAISING

Your Company being a Non-Banking Financial Company is required to raise funds for its business requirements. During the year under review, your Company has borrowed funds through diverse methods viz. term loans, commercial papers, market linked debentures, non convertible debentures, co-lending/co-origination of loans, assignment of portfolio, external commercial borrowing etc. from various private and public Banks/ Financial Institutions/ Development Financial Institutions/ through External Commercial Borrowings. Your Company has further augmented its capital base by raising Rs. 340.50 crores through a combination of Preferential Issue and Qualified Institutions Placement in April/May 2023.

CREDIT RATING

The Company has availed credit ratings from Crisil Ratings Limited, India Ratings & Research Private Limited and Acuité Ratings & Research Limited with respect to the financial facilities availed/instruments issued by the Company from time to time. The details of ratings granted to the Company have been given in the Corporate Governance Report for information of the shareholders.

CAPITAL ADEQUACY RATIO

Your Company's Capital Adequacy Ratio as of 31st March 2023, stood at 20.23% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15% and out of total CRAR the Tier 1 capital stood at 19.63% and Tier II Capital at 0.60%.

PUBLIC DEPOSITS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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

Board of Directors:

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

Director's Report (Contd.)

As on 31st March 2023, your Company has 11 (Eleven) Directors on the Board, out of which 7 (Seven) are Independent Directors including one Woman Director, 1 (one) Executive Director and 3 (Three) Non-Executive Directors. The Board composition is in compliance with the requirements of the the Act and the SEBI Listing Regulations.

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

The necessary resolution for re-appointment of Mr. Chetan Kulbhushan Gupta forms part of the Notice convening the Annual General Meeting. The profile and particulars of experience that qualify Mr. Gupta for Board membership, are disclosed in the said Notice.

Pursuant to requirements of Regulation 17 (1) (C) of SEBI Listing Regulations, the shareholders vide special resolutions passed through postal ballot on 5th May 2022, regularized appointment of Mr. Karnam Sekar and Mr. Hemant Bhargava as Independent Directors w.e.f. 8th February 2022 and Mrs. Smita Aggarwal as Independent Director w.e.f. 31st March 2022.

Key Managerial Personnel:

During the year, Ms. Namrata Sajnani was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 22nd July 2022, in place of Mr. Aniket Karandikar who resigned as Company Secretary w.e.f. 13th June 2022 and Mr. Kishore Lodha was appointed as the Chief Financial Officer of the Company with effect from 15th September 2022, in place of Mr. Amit Gupta who resigned as Chief Financial Officer w.e.f. 1st September 2022.

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

| Key Managerial Personnel | Designation |
|--------------------------|--|
| Mr. Shachindra Nath | Vice Chairman and Managing Director |
| Mr. Amit Gupta* | Chief Financial Officer |
| Mr. Kishore Lodha** | Chief Financial Officer |
| Mr. Aniket Karandikar# | Company Secretary |
| Ms. Namrata Sajnani### | Company Secretary and Compliance Officer |

* resigned w.e.f. 1st September 2022

**appointed w.e.f. 15th September 2022

resigned w.e.f. 13th June 2022

appointed w.e.f. 22nd July 2022

COMPLIANCE OF RBI REGULATIONS/GUIDELINES

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

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

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

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, the 'Business Responsibility and Sustainability Report' of the Company for FY 2022-23 forms part of the Annual Report.

FAMILIARISATION PROGRAMME FOR DIRECTORS

The Company has established a Familiarisation Programme for Independent Directors. The framework together with the details of the Familiarisation Programme imparted during the financial year under review has been uploaded on the website of the Company.

Periodic presentations were made at the Board meetings apprising the Board Members about the finer aspects of the Company's businesses, the challenges posed and an overview of future business plans including:

- 1) Macro-economic view of the industry in which the Company operates;
- 2) Budgets, operations and performance of the businesses and relevant regulatory/legal updates in the statutes applicable to the Company;
- 3) Business model of the Company, risks and opportunities for the businesses and the growth levers for them;
- 4) Strategic future outlook and the way forward

Director's Report (Contd.)

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

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

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

DECLARATION OF INDEPENDENCE

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

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

ANNUAL EVALUATION BY THE BOARD OF DIRECTORS

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

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

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

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

Meeting of the Independent Directors pursuant to Schedule IV of the Act: the Independent Directors met on 24th February, 2023 without the presence of Non-Independent Directors and Members of the Management. The meeting of Independent Directors was chaired by Mr. Hemant Bhargava. The Independent Directors, inter alia, evaluated the performance of the Non-Independent Directors, the Board of Directors as a whole, evaluated the performance of the Chairman and Vice Chairman and Managing Director of the Board after taking into account the views of Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

CODE OF CONDUCT

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

The confirmation of compliance of the same is obtained from all concerned on an annual basis. All Board Members and

Director's Report (Contd.)

Senior Managerial Personnel have given their confirmation of compliance. A declaration duly signed by the Vice Chairman and Managing Director is given under Corporate Governance Report as a separate section in this Annual Report. The Code of Business Conduct and Ethics for Board of Directors and Senior Managerial Personnel is also posted on the website of the Company.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

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

The Board of Directors of the Company met 7 (Seven) times during the financial year 2022-23. The details of the Board meetings and the attendance of the Directors are given in Corporate Governance Report, which forms part of this Annual Report.

COMMITTEES OF THE BOARD

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has adopted policies and procedures for the governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy

and completeness of the accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines, which ensure reliability of financial and all other records. The Management periodically reviews the framework, efficacy and operating effectiveness of the Internal Financial Controls of the Company. Internal Audit Reports are discussed with the Management, and they undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. The Company has, in material respect, an adequate internal financial control over financial reporting and such controls are operating effectively.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act, and based on the information provided by the Management, the Board of Directors report that:

- a) in the preparation of the annual accounts for the financial year ended 31st March 2023 the applicable accounting standards had been followed along with proper explanations relating to material departure;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profit of the Company for that year;
- c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the financial statements of the Company had been prepared on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company which are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

Director's Report (Contd.)

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

In terms of the provisions of the Act, the SEBI Listing Regulations and the RBI Directions, the Board of Directors adopted 'Related Party Transaction Policy' to ensure obtaining of proper approvals and reporting of transactions with related parties.

In terms of Section 177 of the Act and Regulation 23 of the SEBI Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval. All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

During the year under review, no material related party transactions as prescribed in Section 188 of the Act read with Companies (Meetings of the Board and its Powers) Rules, 2014, were entered by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company. Further, during the year under review, the Company had not entered into transactions with related parties which could be considered to be 'material' in accordance with the Related Party Transaction Policy of the Company. All other transactions with related parties, during the year under review, were in compliance with the Related Party Transaction Policy of the Company.

Further, the Company has not entered into transactions requiring disclosures in terms of Regulation 53(f) of the SEBI Listing Regulations.

Disclosure of the related party transactions as required under IndAS - 24 are reported in Notes of the audited financial statements of the Company for the financial year ended 31st March 2023.

The policy on 'Related Party Transactions' is available on the Company's website <https://www.ugrocapital.com/corporate-governance#subcategory-policies>.

PARTICULARS OF EMPLOYEES AND REMUNERATION:

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

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

| Name of Director | Ratio to median remuneration |
|---------------------|------------------------------|
| Mr. Shachindra Nath | 48.84 |

- b) The percentage of increase in remuneration of each Director, Chief Financial Officer, Company Secretary

in the financial year: Except the Vice Chairman and Managing Director, none of the Directors drew any remuneration and during the year, there was no increase in remuneration of the Vice Chairman and Managing Director.

Further, since the Company Secretary and Chief Financial Officer were appointed during FY 2022-23, increase in remuneration is not applicable to them.

- c) Percentage of increase in the median remuneration of employees during the financial year ended 31st March, 2023: 42.38%
- d) Number of permanent employees on the rolls of the Company as on 31st March, 2023: 1261 employees
- e) Average percentage increase made in the salaries of employee other than the Managerial Personnel in the financial year was 18.90% whereas the increase in the managerial remuneration for FY 2023 was Nil.
- f) Affirmation that the remuneration is as per remuneration policy of the Company: Yes

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

The statement containing particulars of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be made available during 21 days before the Annual General Meeting in electronic mode to any Shareholder upon request sent at the Email ID: cs@ugrocapital.com

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED AFTER 31ST MARCH, 2023

There are no material changes and commitments affecting the financial position of the Company subsequent to the close of the FY 2022-23 till the date of this report.

Further, after closure of the financial year 2022-23, the Company has raised funds to the tune of Rs. 340.50 crores through qualified institutional placement ('QIP') and preferential allotment. Marquee domestic investors viz. SBI Life, GoDigit and SBI General etc. participated in the QIP and equity shares were allotted to them and Danish Sustainable Development Goals Investment Fund K/S ('IFU'), represented by Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark was allotted shares through preferential issue.

Director's Report (Contd.)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY

A. Conservation of energy-

- | | |
|---|-----------------------|
| i. The steps taken or impact on conservation of energy; | Not applicable |
|---|-----------------------|

- | | |
|---|-----------------------|
| ii. The steps taken by the company for utilizing alternate sources of energy; | Not applicable |
|---|-----------------------|

- | | |
|--|-----------------------|
| iii. The capital investment on energy conservation equipments; | Not applicable |
|--|-----------------------|

B. Technology absorption-

- | | |
|--|---|
| i. The efforts made towards technology absorption; | <p>The Organization has put a lot of work into embracing new technologies. Our objective is to constantly advance our technological capacity in order to provide our customers with superior services and remain competitive in the market. To achieve this, your Company has invested in upgrading information technology infrastructure and adopting new technologies with periodic proficiency assessments. The Company has also established partnerships with leading technology companies to leverage their experience and resources. One of the key focuses has been minimizing turn around time for customers, the organization has been able to considerably reduce the time it takes to process customer requests and provide them with a faster and more efficient service. By digitizing the operations and providing an end-to-end digital journey for customers, the Company has also made an effort to minimize the amount of paper consumption. This not only lessens impact on the environment but also gives the customers a more convenient and seamless experience. The Company has created a digital customer care platform that enables users to quickly access information and help through their loan journey in order to further improve the customer experience. This software responds to client inquiries in a timely and precise manner. In addition, the Company has implemented an API-driven credit assessment process that allows to quickly and accurately assess the creditworthiness of customers of the Company. This has helped the Company to provide more tailored financial products and services for the customers.</p> <p>Overall, Company's efforts towards technology absorption has resulted in improved efficiency, enhanced customer experience and increased competitiveness in the market.</p> |
|--|---|

- | | |
|--|---|
| ii. The benefits derived like product improvement, cost reduction, product development or import substitution; | <p>The aforementioned advantages have significantly reduced total costs in terms of paper and energy use, improved turnaround times by reducing the possibility of human error and reduced risk by preserving digital repositories and audit trails.</p> <p>Through the development of new inorganic channels for sourcing and underwriting MSME loans, technology efforts have also significantly boosted the possibility for business growth.</p> |
|--|---|

Director's Report (Contd.)

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- a) the details of technology imported;
 b) the year of import;
 c) whether the technology been fully absorbed;
 d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof; and

Not applicable

iv. The expenditure incurred on Research and Development.

| Foreign exchange earnings and Outgo- | (Rs. in lakhs) | |
|--------------------------------------|---|---|
| | Year ended 31 st March, 2023 | Year ended 31 st March, 2022 |
| Other Expenses | 533.81 | 79.49 |
| Exchange earned | - | - |

The Company has also taken software containing structural digital database for maintaining names of persons with whom unpublished price sensitive information is shared. The software contains details of information shared and the names of such persons with whom information is shared under this regulation along with the Permanent Account Number.

REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the Company comprising of the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters have been provided in the Corporate Governance Report which is which forms part of the Annual Report and is also available on Company's website at <https://www.ugrocapital.com/corporate-governance>

The Code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of Company securities by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Board is responsible for implementation of the Code. The Code is available on the website of the company at <https://www.ugrocapital.com/corporate-governance>

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

This Policy, inter alia, provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee. During FY23, 2(two) complaints were received by Company and which were investigated and as per the Company's Policy resolved by the Company. As on 31st March, 2023 no complaint is pending.

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the financial year ended 31st March 2023 is as follows:

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

PREVENTION OF INSIDER TRADING

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

Director's Report (Contd.)

STATUTORY AUDITOR'S AND THEIR REPORT

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

Further, the report of the Statutory Auditors is provided in the financial section of the Annual Report. The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers.

In terms of the guidelines issued by RBI on 27th April, 2021 for appointment of statutory auditors for NBFCs which was applicable from second half of financial year 2021-22 which, inter-alia, mandates tenure of statutory auditors to be for a continuous period of three years subject to satisfying the eligibility criteria each year, the term of existing Statutory Auditors will conclude at the conclusion of the 30th AGM.

The approval of Members of the Company is sought for appointment of M/s. Sharp and Tannan, Chartered Accountant (Firm Registration No. 109983W) as the Statutory Auditors of the Company, for a period of 3 (three) consecutive years, to hold office from conclusion of the 30th AGM till conclusion of the 33rd AGM of the Company to be held in the year 2026.

M/s. Sharp and Tannan, Chartered Accountants have given a confirmation to the effect that they are eligible to be appointed and not disqualified from being appointed as the Statutory Auditors. Necessary resolution(s) seeking members approval for appointment of M/s. Sharp and Tannan, Chartered Accountant as statutory auditors forms part of the Notice convening the 30th AGM.

INTERNAL AUDITORS

Your Company has in place sophisticated internal control structures, proportionate to the size, scope and complexity of operations of the Company. Further, the Company has an internal auditor and is developing the inhouse internal audit function. Internal audits are conducted on a regular basis to review and ensure that responsibilities are duly carried out efficiently. The internal audit department monitors and assesses the effectiveness and adequacy of our Company's internal control mechanisms. Internal audits are accompanied, if required, by audits performed by specialised consultants/audit firms. During the year, KKC & Associates, Chartered Accountants had been re-appointed to assist internal audit department of the Company.

SECRETARIAL AUDITOR

In terms of Section 204 of the Act and Rules made thereunder, M/s Pankaj Nigam and Associates, Company Secretaries, have been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor for the financial year 2022-23 is enclosed as Annexure-II to this report.

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

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

CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended 31st March 2023.

DETAILS AND STATUS OF ACQUISITION, MERGER, EXPANSION AND DIVERSIFICATION

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return as on 31st March, 2023 is available on the Company's website at <https://www.ugrocapital.com/investor-relations/annual-reports>

RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan of the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature. The Company has an elaborate risk charter and risk management policy. The Audit Committee has additional oversight in the area of financial risks and controls. The Risk Management Policy is available on the website of the Company at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

Director's Report (Contd.)

EMPLOYEE STOCK OPTIONS DISCLOSURE

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivize employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented CSL Employee Stock Option Scheme 2017 ("ESOS 2017") and UGRO Employee Stock Option Scheme 2022 ("ESOS 2022") ("collectively ESOS Schemes") to attract, retain, motivate and incentivize employees of the Company.

During the year, the shareholders approved new Scheme viz. "UGRO Capital Employee Stock Option Scheme – 2022", for implementation of the Scheme, the UGRO Employee Benefit Trust ("Trust") was set up. The shareholders approved the same through postal ballot on 4th September, 2022.

During the year, the shareholders approved amendment in ESOS 2017 by introducing new vesting conditions, which is now linked with internal rate of return (IRR) as more particularly defined in the Scheme. The shareholders approved the same through postal ballot on 5th May 2022.

During the financial year 2022-23, the Company has granted 3,90,000 stock options under ESOS 2017 and 11,11,929 stock options under ESOS 2022.

The Board of Directors confirm that the ESOS 2017 and ESOS 2022 are in compliance with the provisions of the act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended.

Disclosure in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is forming part of this annual report which is available on the website of the Company at the following link: <https://www.ugrocapital.com/investor-relations/disclosures>

CORPORATE SOCIAL RESPONSIBILITY

The objective of the Company's Corporate Social Responsibility ('CSR') initiatives is to improve the quality of life of communities. The Company has in place a CSR policy which provides guidelines to conduct CSR activities of the Company. The CSR policy is available on the website of the Company at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

During the year, the Company has spent Rs. 52.50/- lakhs on CSR activities through agencies. A report pursuant to Section 135 of the Act & Rules made thereunder is annexed to this report (Annexure IV).

COMPLIANCE WITH SECRETARIAL STANDARDS

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

INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

DETAILS OF FRAUD REPORTED BY AUDITORS

During the year under review, no frauds have been reported by the Auditor (Statutory Auditor, Secretarial Auditor) to the Audit Committee/ Board, under Section 143(12) of the Act.

MAINTENANCE OF COST RECORDS

Your Company is not required to maintain cost records in terms of Section 148(1) of the Act.

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

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations.

GENERAL DISCLOSURES

- (i) There is no proceeding initiated/ pending against the Company under the Insolvency and Bankruptcy Code, 2016.
- (ii) There was no instance of onetime settlement with any Bank or Financial Institution.

Director's Report (Contd.)

ACKNOWLEDGMENT

Your Directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the RBI. Your Directors also thank the shareholders, clients, vendors, investors, banks and other stakeholders for placing their faith in the Company and contributing to its growth. We would also like to appreciate the hard work put in by all our employees, and we look forward to their continuing patronage, going forward.

For and on behalf of Board of Directors

sd/-
Satyananda Mishra
Non-Executive Chairman (Independent Director)
DIN- 01807198

sd/-
Shachindra Nath
Vice Chairman and Managing Director
DIN: 00510618

Place: Mumbai
Date: 15th May 2023

Director's Report (Contd.)

Annexure-I

Form AOC- 2

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

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

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

| Sr. | Name of the Related Party | Nature of Relationship | Nature of contracts / arrangements / transactions | Amount Rs. | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Amount paid as advances, if any |
|-----|---------------------------|------------------------|---|------------|---|--|---------------------------------|
|-----|---------------------------|------------------------|---|------------|---|--|---------------------------------|

Nil

For and on behalf of Board of Directors

sd/-

Satyananda Mishra
Non-Executive Chairman (Independent Director)
DIN- 01807198

sd/-

Shachindra Nath
Vice Chairman and Managing Director
DIN: 00510618

Place: Mumbai

Date: 15th May 2023

Director's Report (Contd.)

Annexure - II

Form No. MR-3
Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

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

To,

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

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder to the extent applicable;
- (ii) The Securities Contracts (regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines/Circulars prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (h) SEBI Operational Circular: SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dt. July29, 2022
- (vi) The Reserve Bank of India Act, 1934.
- (vii) All Master Directions, Master Circulars, Notifications, Guidelines issued by the Reserve Bank of India to the extent applicable to Systemically important non-deposit taking non-banking financial company
- (viii) Prevention of Money Laundering Act, 2002

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

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

Director's Report (Contd.)

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

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India

b) The listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

The Company has complied with the Listing Agreement entered into by the Company with BSE Limited (BSE) and National Stock Exchange India Limited (NSE) during the financial year.

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the review period.

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

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

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

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

We further report that during the audit period apart from the instances mentioned hereunder, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.:

- i) The Company has issued and allotted listed/unlisted commercial papers aggregating upto Rs. 254,00,00,000/- (Rupees Two Hundred and Fifty Four Crores) on private placement basis in multiple tranches;
- ii) The Company has issued and allotted senior, unsubordinated, secured, rated, unlisted/listed, redeemable, taxable, transferable, principal protected market linked Non-Convertible Debentures aggregating upto Rs. 300,00,00,000/- (Rupees Three Hundred Crores) on private placement basis in multiple tranches;
- iii) The Company has issued and allotted senior, unsubordinated, secured, rated, unlisted/listed, redeemable, taxable, transferable, principal protected market linked Non-Convertible Debentures aggregating upto Rs. 172,21,55,000/- (Rupees One Hundred and Seventy Two Crore Twenty One Lakh Fifty Five Thousand) through public issue in multiple tranches;
- iv) The Company has not allotted shares under Employee Stock Option Scheme-2022 to its eligible employees.

For Pankaj Nigam & Associates
Company Secretaries

sd/-

Pankaj Kumar Nigam

Membership No. FCS-7343

Certificate of Practice No. 7979

UDIN:F007343E000311064

Date: 15/05/2023

Place: Ghaziabad

Encl: Annexure A

Director's Report (Contd.)

Annexure A

To,
The Members
UGRO Capital Limited

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

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

**For Pankaj Nigam & Associates
Company Secretaries**

sd/-

**Pankaj Kumar Nigam
Membership No. FCS-7343
Certificate of Practice No. 7979
UDIN:F007343E000311064**

**Date: 15/05/2023
Place: Ghaziabad**

Director's Report (Contd.)

Annexure - III

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

For Pankaj Nigam & Associates
Company Secretaries

sd/-

Pankaj Kumar Nigam

Membership No. FCS-7343
Certificate of Practice No. 7979
UDIN:F007343E000305399

Date: 15/05/2023
Place: Ghaziabad

Director's Report (Contd.)

Annexure IV

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

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

The Committee has adopted CSR policy and same is uploaded on the Company's website at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

2. Composition of CSR Committee as on 31st March, 2023

| Sr. No. | Name of Director | Designation Nature Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-------------------------------------|---|--|--|
| 1 | Mr. Satyananda Mishra | Chairman, Independent Director | 1 | 1 |
| 2 | Mr. Rajeev Krishnamuralilal Agarwal | Member, Independent Director | 1 | 1 |
| 3 | Mr. Shachindra Nath | Member, Vice Chairman and Managing Director | 1 | 1 |

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

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

CSR Policy- <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

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

5. (a) Average net profit of the company as per sub-section (5) of section 135: Rs. 2,362.46 lakhs

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 47.25 lakhs

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

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

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Rs. 47.25 lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 52.50 lakhs

(b) Amount spent in Administrative overheads: NA

(c) Amount spent on Impact Assessment, if applicable: NA

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 52.50 lakhs

(e) CSR amount spent or unspent for the Financial Year: Spent: Rs. 52.50 lakhs

| Total Amount Spent for the Financial Year. (Rs. In lakhs) | Amount Unspent (in Rs.) | | | | |
|---|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 52.50 | - | - | - | - | - |

Director's Report (Contd.)

(f) Excess amount for set off, if any

| Sr. No. | Particular | Amount (in Rs.) |
|---------|---|-----------------|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | Rs. 47.25 lakhs |
| (ii) | Total amount spent for the Financial Year | Rs. 52.50 lakhs |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | Rs. 5.25 lakhs |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | Rs. 5.25 lakhs |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-----------------------------|---|---|---|---|---|------------------|--------------------|
| Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs.) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any Amount (in Rs.) | Amount remaining to be spent in succeeding Financial Years (in Rs.) | Date of transfer | Deficiency, if any |
| | | | | | | | Nil |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

For UGRO Capital Limited

sd/-
Shachindra Nath
Vice Chairman &
Managing Director

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

Date: 15th May 2023

Place: Mumbai

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

UGRO Capital Limited believes that Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. It also understands and respects its fiduciary role and responsibility towards its shareholders, customers, employees, bankers, regulators and other stakeholders and strives hard to meet their expectations. The Company believes that best board practices and transparent disclosures are necessary for creating shareholder value. The Company has embedded the philosophy of corporate governance into all its activities. The Board of Directors of the Company ('the Board') provide strategic supervision and the Company's leadership team performs strategic management activities. In addition to compliance with the regulatory requirements, the Company endeavors to adopt and enforce highest standards of ethical and responsible conduct. The Company continually focuses on upgrading its governance practices and systems to effectively meet the new challenges faced by it. The Company is also committed to achieving and maintaining highest standards of corporate governance by timely and accurate disclosure of information regarding its financial performance. The constitution of the Board and its Committees are compliant with the relevant provisions of the Companies Act, 2013 ('the Act') and the relevant Rules made thereunder, the RBI Master Directions - Non Banking Finance Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ('RBI Master Directions') and relevant provisions of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further, the Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities towards the long-term interest of its stakeholders by upholding the highest standards of governance in all matters concerning the Company.

All the Directors of the Company are well qualified, persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors of the Company exercise their objective judgment independently. The Directors actively participate in all strategic issues, which are crucial for the long-term development of the Company. Detailed profile of the Directors is available on the Company's website at the weblink: <https://www.ugrocapital.com/board-members>

The composition of the Board of your Company is in conformity with the provisions of the Act, RBI Master Directions and SEBI Listing Regulations, as amended from time to time, and is also governed by the Articles of Association of the Company.

As on 31st March, 2023, the Board comprises of eleven directors, viz. one Executive Director (Vice Chairman and Managing Director), seven Independent Directors and three Non-Executive Directors. The Chairman of the Board is a Non-Executive (Independent) Director.

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

The Company believes in providing appropriate representations to the large shareholders in the proceedings of the Board and Committees. Accordingly, our existing Articles of Association allows each Large Shareholder as defined therein the right to nominate a representative as Non- Executive Director on the Board of the Company. In view of the same, the Board has representation from ClearSky Investment Holdings Pte Ltd, NewQuest Asia Investments III Limited and Samena Fidem Holdings.

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

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors (IDs), the Board of Directors have confirmed that the Independent Directors meet the criteria of independence as mentioned under the Act and the SEBI Listing Regulations. Further, the IDs have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs.

The Company has issued formal letters of appointment to the IDs. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs including their role, responsibility and duties are available on our website www.ugrocapital.com. During the financial year 2022-23, none of our Directors acted as Member in more than 10 committees or as Chairperson in more than 5 committees across all listed entities where they serve as a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee have been considered as

Corporate Governance (Contd.)

per Regulation 26(1)(b) of the SEBI Listing Regulations. Further, there are no inter-se relationships between our Board Members.

Selection of New Directors and Board Membership Criteria

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

As on 31st March 2023, Mr. Satyananda Mishra is the Non-Executive (Independent) Chairman and Mr. Shachindra Nath is the Vice Chairman and Managing Director of your Company. Mr. Amit Gupta, Mr. Chetan Kulbhushan Gupta and Mr. Manoj Kumar Sehrawat are Non- Executive Non- Independent Directors of your Company and they do not receive any sitting fees or remuneration from the Company. Mr. Abhijit Sen, Mr. Satyananda Mishra, Mr. Rajeev Krishnamuralilal Agarwal, Mr. Karuppasamy Singam, Mr. Karnam Sekar, Mr. Hemant Bhargava and Mrs. Smita Aggarwal are the Independent Directors of your Company.

Apart from reimbursement of expenses incurred in discharge of their duties and sitting fees, none of these Directors had any other pecuniary relationships or transactions with the Company or Promoters or its Directors, during the two immediately preceding financial years or during the current financial year.

Composition of the Board

As at 31st March, 2023, the Company's Board comprised of eleven Directors, with seven Independent Directors, one Executive Director i.e. Vice Chairman and Managing Director and three Non-Executive Non- Independent Directors.

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

Table 1: Composition of Board of Directors as on 31st March 2023

| Name of the Directors | Category of Director | DIN | Details of Attendance | | | Total Number of Directorships and Committee Directorships in other listed entities and Category | | | Directorships in other listed entities and Category | |
|------------------------|---|----------|--------------------------|----------|-----------------------|---|------------------------|---|---|---|
| | | | Number of Board Meetings | | Last AGM (12.08.2022) | Directorships | Committee Memberships+ | Committee Chairmanships/ Chairpersonship+ | | |
| | | | Held | Attended | | | | | | |
| Mr. Satyananda Mishra | Non-Executive Chairman (Independent Director) | 01807198 | 7 | 7 | Yes | 3 | 4 | 1 | 1. Paradeep Phosphates Ltd | Independent Director |
| Mr. Shachindra Nath | Vice Chairman and Managing Director | 00510618 | 7 | 7 | Yes | 2 | 2 | 1 | N.A. | N.A. |
| Mr. Abhijit Sen | Independent Director | 00002593 | 7 | 7 | Yes | 8 | 7 | 4 | 1. Kalyani Forge Limited 2. Manappuram Finance Ltd. 3. TATA Investment Corporation Ltd. | Independent Director |
| Mr. Karnam Sekar | Independent Director | 07400094 | 7 | 7 | Yes | 4 | 3 | 0 | Nil | Nil |
| Mr. Hemant Bhargava | Independent Director | 01922717 | 7 | 7 | Yes | 4 | 4 | 0 | 1. TATA Power Company Ltd. 2. Larsen and Toubro Ltd. 3. ITC Limited | 1. & 2. Nominee Director 3. Independent Director |
| Mrs. Smita Aggarwal | Independent Director | 01478327 | 7 | 6 | Yes | 2 | 2 | 0 | Nil | Nil |
| Mr. Karuppasamy Singam | Independent Director | 03632212 | 7 | 7 | Yes | 2 | 2 | 0 | Nil | Nil |

Corporate Governance (Contd.)

| Name of the Directors | Category of Director | DIN | Details of Attendance | | | Total Number of Directorships and Committee Memberships/ Chairpersonship of public limited companies | | | Directorships in other listed entities and Category | |
|-------------------------------------|--|----------|--------------------------|----------|-----------------------|--|------------------------|---|--|----------------------|
| | | | Number of Board Meetings | | Last AGM (12.08.2022) | Directorships | Committee Memberships+ | Committee Chairmanships/ Chairpersonship+ | | |
| | | | Held | Attended | | | | | | |
| Mr. Rajeev Krishnamuralilal Agarwal | Independent Director | 07984221 | 7 | 7 | Yes | 3 | 6 | 3 | 1. Star Health and Allied Insurance Company Ltd. 2.ACC Ltd. | Independent Director |
| Mr. Amit Gupta | Non-Executive Director (Nominee-Equity investor) | 02282600 | 7 | 7 | No | 1 | 1 | 0 | Nil | Nil |
| Mr. Chetan Kulbhushan Gupta | Non-Executive Director (Nominee-Equity investor) | 07704601 | 7 | 3 | No | 1 | 0 | 0 | Nil | Nil |
| Mr. Manoj Kumar Sehrawat | Non-Executive Director (Nominee-Equity investor) | 02224299 | 7 | 7 | Yes | 2 | 0 | 0 | 1. Amber Enterprises India Ltd. | Nominee Director |

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act. None of the Directors holds Directorships in more than 20 Companies as stipulated in Section 165 of the Act. + Committees considered are Audit Committee and Stakeholders Relationship Committee including in UGRO.

Number of Board Meetings

The Board of Directors met seven (7) times during the financial year under review on 26th April 2022, 24th May 2022, 22nd July 2022, 1st September 2022, 10th November, 2022, 25th January 2023 and 24th February, 2023.

The requisite quorum was present during all the meetings.

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

Shares/Convertible Instruments Held By Non-Executive Directors

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

Familiarisation Programme For Independent Directors

Pursuant to Regulation 46 of the SEBI Listing Regulations, the details of familiarisation programs are available on the website of the Company at the web-link: <https://www.ugrocapital.com/investor-relations/disclosures>

Key Board Qualifications, Expertise and Attributes

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standards of Corporate Governance. The table below summarises the key skills,

expertise, competencies and attributes which are taken into consideration by the NRC while recommending appointment of Directors to the Board.

Core Skills / Expertise / Competencies of the Board of Directors of the Company

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

| Sr. No. | Name of Director | Skills / Expertise / Competencies |
|---------|-------------------------------------|--|
| 1 | Mr. Satyananda Mishra | Corporate Governance |
| 2 | Mr. Shachindra Nath | Financial Service Sector |
| 3 | Mr. Abhijit Sen | Finance and Corporate Governance |
| 4 | Mr. Karuppasamy Singam | Regulatory Compliance |
| 5 | Mr. Rajeev Krishnamuralilal Agarwal | Regulatory Compliance |
| 6 | Mr. Karnam Sekar | Banking |
| 7 | Mr. Hemant Bhargava | Finance |
| 8 | Mrs. Smita Aggarwal | Finance |
| 9 | Mr. Amit Gupta | Finance, Corporate Governance and Strategy |
| 10 | Mr. Chetan Kulbhushan Gupta | Finance and Investments |
| 11 | Mr. Manoj Kumar Sehrawat | Finance and Strategy |

Corporate Governance (Contd.)

BOARD PROCEDURE

The Company sends detailed agenda setting out the business to be transacted at the meeting(s) to each Director. All the agenda items are supported by detailed notes, supporting documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is hosted on the Board portal to provide web-based solution.

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

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

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

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

COMMITTEES OF THE BOARD

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

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

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

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

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

a) Audit Committee

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

During the year under review, the Audit Committee comprised of Seven Independent Directors, one Executive Director and one Non Executive Director. The Committee met 5 times during the financial year on 24th May 2022, 22nd July 2022, 1st September 2022, 10th November 2022 and 25th January 2023. The gap between two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and particulars of attendance at the meetings of the Committee held in FY 2022-23 are given below:

| Sr. No. | Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|---------|-------------------------------------|--|----------------------|--------------------------|
| 1 | Mr. Abhijit Sen | Chairman of the Committee (Independent Director) | 5 | 5 |
| 2 | Mr. Shachindra Nath | Member (Vice Chairman and MD) | 5 | 5 |
| 3 | Mr. Satyananda Mishra | Member (Independent Director) | 5 | 5 |
| 4 | Mr. Karuppasamy Singam | Member (Independent Director) | 5 | 5 |
| 5 | Mr. Karnam Sekar | Member (Independent Director) | 5 | 5 |
| 6 | Mr. Rajeev Krishnamuralilal Agarwal | Member (Independent Director) | 5 | 5 |
| 7 | Mrs. Smita Aggarwal | Member (Independent Director) | 5 | 5 |
| 8 | Mr. Amit Gupta | Member (Non-Executive Director) | 5 | 5 |
| 9 | Mr. Hemant Bhargava* | Member (Independent Director) | 3 | 3 |

*inducted as a member w.e.f. 4th August 2022

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

Corporate Governance (Contd.)

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

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

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

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

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

Mr. Abhijit Sen, Chairman of the Audit Committee was present at the 29th Annual General Meeting of the Company held on 12th August 2022 through video conferencing.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178(1) of the Act and Regulation 19 of the SEBI Listing Regulations, the Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the Reserve Bank of India vide its notification dated April 29, 2022 read with the revised Scale Based Regulatory (SBR) framework for NBFCs and Corporate Governance Code of the Company.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and

recommend candidates for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company and also in line with the appropriate legislations, devise policy on Board diversity, determine overall compensation policies of the Company.

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

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

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

Performance Evaluation Criteria for Independent Directors:

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

As on 31st March, 2023 the Chairman of the Committee is an Independent Director. The Nomination and Remuneration Committee comprised of Seven Independent Directors and two Non-Executive Directors.

The Committee met three times during the year under review on 22nd July, 2022, 1st September, 2022 and 24th February, 2023.

All the meetings were well attended by all the Directors.

The composition of the Nomination and Remuneration Committee and particulars of attendance at the meetings of the Committee held in FY 2022-23 are given below:

| Sr. No. | Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|---------|-------------------------|--|----------------------|--------------------------|
| 1 | Mr. Hemant Bhargava* | Chairman of the Committee (Independent Director) | 2 | 2 |
| 2 | Mr. Satyananda Mishra** | Member (Independent Director) | 3 | 3 |

Corporate Governance (Contd.)

| | | | | |
|---|-------------------------------------|---------------------------------|---|---|
| 3 | Mr. Abhijit Sen | Member (Independent Director) | 3 | 3 |
| 4 | Mr. Amit Gupta | Member (Non-Executive Director) | 3 | 3 |
| 5 | Mr. Karnam Sekar | Member (Independent Director) | 3 | 3 |
| 6 | Mr. Karuppasamy Singam | Member (Independent Director) | 3 | 3 |
| 7 | Mr. Manoj Kumar Sehrawat | Member (Non-Executive Director) | 3 | 3 |
| 8 | Mr. Rajeev Krishnamuralilal Agarwal | Member (Independent Director) | 3 | 3 |
| 9 | Mrs. Smita Aggarwal | Member (Independent Director) | 3 | 3 |

*inducted as a member w.e.f. 4th August 2022

** Ceased to be Chairman w.e.f. 4th August 2022 and continues to be a member.

c) Stakeholder's Relationship Committee

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

Mr. Rajeev Krishnamuralilal Agarwal, Independent Director is the Chairman of the Committee.

During the year, Stakeholders Relationship Committee comprised of all (three) Independent Directors.

The Committee met twice during the financial year on 21st July, 2022 and 24th January, 2023. The meetings were attended by all the Directors.

The composition of the Stakeholders Relationship Committee and particulars of attendance at the meeting of the Committee held in FY 2022-23 is given below:

| Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|-------------------------------------|--|----------------------|--------------------------|
| Mr. Rajeev Krishnamuralilal Agarwal | Chairman of the Committee (Independent Director) | 2 | 2 |
| Mr. Karuppasamy Singam | Member (Independent Director) | 2 | 2 |
| Mr. Satyananda Mishra | Member (Independent Director) | 2 | 2 |

Ms. Namrata Sajani is the Company Secretary and Compliance Officer. Mr. Rajeev Krishnamuralilal Agarwal,

Chairman of the Committee was present at the 29th Annual General Meeting of the Company held on 12th August 2022 through video conferencing.

Details of complaints/grievances received from Investors and attended by the Company during the financial year 2022-23 are given in below table.

Status of Investor Complaints

| Sr. No. | Nature of Security | No. of complaints pending as on 1 st April 2022 | No. of complaints received during the year | No. of complaints resolved during the year | No. of complaints pending as on 31 st March 2023 |
|---------|----------------------------|--|--|--|---|
| 1 | Equity Shares | Nil | Nil | Nil | Nil |
| 2 | Non-Convertible Debentures | Nil | 4 | 4 | Nil |

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors in accordance with section 135 of the Act, with powers, inter alia, to make donations/contributions to any Charitable and/ or CSR projects or programs. The Company is required to spend at least two percent of its average net profits of the three immediately preceding financial years for the Company's CSR initiatives.

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

The CSR Policy of the Company is displayed on the website of the Company at the web-link: <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

As at 31st March, 2023, the CSR Committee comprised of two Independent Directors and one Executive Director. The Chairman of the Committee is an Independent Director.

The Committee held one meeting during the financial year under review on 13th October 2022.

The composition of the Committee and particulars of attendance at the meeting of the Committee held in FY 2022-23 is given below:

| Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|-------------------------------------|--|----------------------|--------------------------|
| Mr. Satyananda Mishra | Chairman of the Committee (Independent Director) | 1 | 1 |
| Mr. Rajeev Krishnamuralilal Agarwal | Member (Independent Director) | 1 | 1 |
| Mr. Shachindra Nath | Member (Vice Chairman and MD) | 1 | 1 |

Corporate Governance (Contd.)

e) Asset Liability Committee

The Asset Liability Committee has been constituted by the Board in compliance with the RBI requirements.

The Asset Liability Committee is responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company; to review the liquidity risk management, inter alia including, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk; to oversee the liquidity position, etc.

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

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

The Committee met four times during the financial year on 24th May 2022, 22nd July 2022, 10th November 2022 and 25th January 2023.

The composition of the Committee and particulars of attendance at the meetings:

| Sr. No. | Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|---------|-----------------------------|--|----------------------|--------------------------|
| 1 | Mr. Shachindra Nath | Chairman of the Committee (Vice Chairman and MD) | 4 | 4 |
| 2 | Mr. Abhijit Sen | Member (Independent Director) | 4 | 4 |
| 3 | Mr. Satyananda Mishra | Member (Independent Director) | 4 | 4 |
| 4 | Mr. Karnam Sekar | Member (Independent Director) | 4 | 4 |
| 5 | Mr. Manoj Kumar Sehrawat | Member (Non-Executive Director) | 4 | 4 |
| 6 | Mrs. Smita Aggarwal | Member (Independent Director) | 4 | 4 |
| 7 | Mr. Amit Gupta | Member (Non-Executive Director) | 4 | 4 |
| 8 | Mr. Chetan Kulbhushan Gupta | Member (Non-Executive Director) | 4 | 2 |
| 9 | Mr. Hemant Bhargava* | Member (Independent Director) | 2 | 2 |

*inducted as a member w.e.f. 4th August 2022

f) Risk Management Committee

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

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 21 read with Part D of Schedule II of the SEBI Listing Regulations viz. to formulate a detailed risk management policy; to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; to periodically review the risk management policy; to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken etc.

As at 31st March, 2023 the Risk Management Committee comprised of five Independent Directors and four Non-Independent Directors including one Executive Director.

The Committee met four times during the financial year on 24th May 2022, 22nd July 2022, 10th November 2022 and 25th January 2023.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2022-23 are given below:

| Sr. No. | Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|---------|-----------------------------|---|----------------------|--------------------------|
| 1 | Mrs. Smita Aggarwal | Chairperson of the Committee (Independent Director) | 4 | 4 |
| 2 | Mr. Shachindra Nath | Member (Vice Chairman and MD) | 4 | 4 |
| 3 | Mr. Abhijit Sen | Member (Independent Director) | 4 | 4 |
| 4 | Mr. Satyananda Mishra | Member (Independent Director) | 4 | 4 |
| 5 | Mr. Karuppasamy Singam | Member (Independent Director) | 4 | 4 |
| 6 | Mr. Manoj Kumar Sehrawat | Member (Non-Executive Director) | 4 | 4 |
| 7 | Mr. Amit Gupta | Member (Non-Executive Director) | 4 | 4 |
| 8 | Mr. Chetan Kulbhushan Gupta | Member (Non-Executive Director) | 4 | 2 |
| 9 | Mr. Hemant Bhargava* | Member (Independent Director) | 2 | 2 |

*inducted as a member w.e.f. 4th August 2022

Corporate Governance (Contd.)

g) IT Strategy Committee

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

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

The Committee met two times during the financial year on 19th September 2022 and 16th March 2023.

The composition of the Committee and particulars of attendance at the meetings of the Committee held in FY 2022-23 are given below:

| Sr. No. | Name of Member | Category | No. of Meetings held | No. of Meetings attended |
|---------|---------------------|---|----------------------|--------------------------|
| 1 | Mrs. Smita Aggarwal | Chairperson of the Committee (Independent Director) | 2 | 2 |
| 2 | Mr. Abhijit Sen | Member (Independent Director) | 2 | 2 |
| 3 | Mr. Shachindra Nath | Member (Independent Director) | 2 | 2 |
| 4 | Mr. Rishabh Garg | Member (Chief Technology Officer) | 2 | 2 |

Remuneration

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

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

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

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

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

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

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

Your Company has a well-defined Remuneration Policy for its Directors and senior management. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act, principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. and Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the Reserve Bank of India. The NRC while determining the remuneration of the Directors ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees to ensure the quality required to run the Company successfully.

While considering the remuneration, the NRC ensures a balance between fixed and performance-linked variable pay which is aligned with both performance benchmarks and the risk outcomes (adjusted for all types of risks which shall be symmetric with risk outcomes and sensitive to time-horizons of the risks) reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

The Nomination and Remuneration Policy is available on the website of the Company i.e. <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

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

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

Corporate Governance (Contd.)

Service Contracts, Notice Period, Severance Fees:

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

Details of Stock Option granted to Executive Directors

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

For disclosures with respect to remuneration of Mr. Shachindra Nath, Vice Chairman and Managing Director, please refer Directors Report.

During the financial year 2022-23, the Company did not advance loans to any of its Directors.

Remuneration paid to Independent Directors

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

| Sr. No. | Name of the Director | Sitting Fees (INR) |
|---------|-------------------------------------|--------------------|
| 1 | Mr. Abhijit Sen | 39,00,000/- |
| 2 | Mr. Satyananda Mishra | 30,00,000/- |
| 3 | Mr. Karnam Sekar | 29,00,000/- |
| 4 | Mr. Karuppasamy Singam | 26,00,000/- |
| 5 | Mrs. Smita Aggarwal | 25,00,000/- |
| 6 | Mr. Rajeev Krishnamuralilal Agarwal | 23,00,000/- |
| 7 | Mr. Hemant Bhargava | 17,00,000/- |

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

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

Code of Conduct

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

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

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

MD/CFO Certification

As required under Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Vice Chairman and Managing Director and Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2023. The said Certificate is attached herewith and forms part of this Report.

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

GENERAL BODY MEETINGS

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

Corporate Governance (Contd.)

| Financial Year | Date and Time | Venue | Business Transacted by Special Resolutions |
|----------------|----------------------------------|--|---|
| 2021-22 | 12 th August 2022 | Meeting conducted through VC / OAVM pursuant to the MCA Circular | <ol style="list-style-type: none"> 1) To adopt Common Seal of the Company and approve alteration of Articles of Association of the Company 2) Authorization for borrowing money under Section 180 (1) (c) of the Companies Act, 2013 3) Authorization to sell, lease, charge and/or mortgage property of the Company under Section 180 (1)(a) of the Companies Act, 2013 4) To borrow funds by way of issuance of Non-Convertible Debentures 5) To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws |
| 2020-21 | 1 st September, 2021 | Meeting conducted through VC / OAVM pursuant to the MCA Circular | <ol style="list-style-type: none"> 1) To approve alteration of Articles of Association of the Company 2) Authorization for Borrowing Money under Section 180 (1) (c) of the Companies Act, 2013 3) Authorization to sell, lease, charge and/or mortgage etc. property of the Company under Section 180 (1)(a) of the Companies Act, 2013 4) To borrow funds by way of issuance of Non-Convertible Debentures and other instruments 5) To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws |
| 2019-20 | 18 th September, 2020 | Meeting conducted through VC / OAVM pursuant to the MCA Circular | <ol style="list-style-type: none"> 1. Authorization for Borrowing Money under Section 180 (1) (c) of the Companies Act, 2013 2. Authorization to sell, lease, charge and/or mortgage etc. property of the Company under section 180 (1) (a) of the Companies Act, 2013 3. To borrow funds by way of issuance of Non-Convertible Debentures and other instruments 4. To ratify approval of transactions approved by the Board of Directors in a meeting convened through video conferencing 5. To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, and in compliance of applicable laws |

Details of Extra-ordinary General Meetings held during the Financial Year:

No Extra-ordinary General Meeting of the Shareholders was held during the financial year 2022-23.

Postal Ballot:

During the financial year 2022-23, the Company had passed the following Resolutions through Postal Ballot:

Corporate Governance (Contd.)

Postal Ballot No. 1

| Sr. No. | Item no. of Postal Ballot Notice | Resolution | Ordinary/Special Resolution |
|---------------------|----------------------------------|--|-----------------------------|
| Postal Ballot No. 1 | 1 | Appointment of Mr. Karnam Sekar as an Independent Director of the Company | Special Resolution |
| | 2 | Appointment of Mr. Hemant Bhargava as an Independent Director of the Company | Special Resolution |
| | 3 | Appointment of Mrs. Smita Aggarwal as an Independent Director of the Company | Special Resolution |
| | 4 | To approve amendment in 'CSL Employee Stock Option Scheme 2017' | Special Resolution |

Scrutinizer details:

Mr. Pankaj Kumar Nigam (ICSI Membership No. FCS 7343) was appointed as Scrutinizer to conduct and scrutinize the postal ballot process and votes cast (through remote e-voting only) in a fair and transparent manner.

Details of voting on the above resolutions was as under:

| Particulars | Percentage of Total Votes Polled (in %) | | | | Result |
|-----------------------------------|---|-----------|-----------|-----------|---|
| | Item no. 1 | Item no.2 | Item no.3 | Item no.4 | |
| Votes in favour of the resolution | 99.9997 | 99.9997 | 99.9991 | 99.8444 | Passed with requisite majority on 5 th May 2022. |
| Votes against the resolution | 0.0003 | 0.0003 | 0.0009 | 0.1556 | |
| Total | 100 | 100 | 100 | 100 | |

Procedure for Postal Ballot:

Pursuant to the applicable MCA Circulars, the Postal Ballot Notice dated 31st March, 2022 was sent to the Members whose name(s) appeared in the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") / Central Depository Services (India) Limited ("CDSL") as on cut-off date i.e. Thursday, 31st March, 2022 and who had registered their e-mail addresses with the Company/RTA/Depositories/Depository Participants. Hard copy of the Postal

Ballot Notice along with the Postal Ballot Form and pre-paid business reply envelope were not sent to the Members for the Postal Ballot in accordance with the said MCA Circulars and Members were required to communicate their assent or dissent only through the remote e-voting system.

The newspaper advertisement to this effect were published, both in Business Standard newspaper (English) having nationwide circulation and Mumbai Lakshadweep (Marathi) having circulation in Mumbai edition on 5th April, 2022 in accordance with the provisions of the Act and Secretarial Standard -2 on General Meetings.

The remote e-voting facility was provided by CDSL. The remote e-voting period commenced from 9.00 a.m. (IST) on 6th April, 2022 and concluded at 5:00 p.m. (IST) on 5th May, 2022. The Scrutinizer submitted his report on postal ballot by remote e-voting process addressed to the Chairman of the Company on 6th May, 2022. A copy of which was received by the Company Secretary duly authorised by the Chairman of the Board.

The voting results were announced on 6th May, 2022 and submitted to the Stock Exchanges where shares of the Company were listed and uploaded on the website of the Company (www.ugrocapital.com) and CDSL and were also displayed at the Registered Office and the Corporate Office of the Company.

Corporate Governance (Contd.)

Postal Ballot No. 2

| Sr. No. | Item no. of Postal Ballot Notice | Resolution | Ordinary/Special Resolution |
|---------------------|----------------------------------|---|-----------------------------|
| Postal Ballot No. 2 | 1 | Approval of UGRO Capital Employee Stock Option Scheme – 2022 | Special Resolution |
| | 2 | Approval for the acquisition of equity shares by way of secondary acquisition under UGRO Capital Employee Stock Option Scheme – 2022 | Special Resolution |
| | 3 | Approval for provision of money by the company for purchase of its own shares by the trust / trustees for the benefit of employees under UGRO Capital Employee Stock Option Scheme - 2022 | Special Resolution |

Scrutinizer details:

Mr. Pankaj Kumar Nigam (ICSI Membership No. FCS 7343) was appointed as Scrutinizer to conduct and scrutinize the postal ballot process and votes cast (through remote e-voting only) in a fair and transparent manner.

Details of voting on the above resolutions was as under:

| Particulars | Percentage of Total Votes Polled (in %) | | | Result |
|-----------------------------------|---|-----------|-----------|--|
| | Item no. 1 | Item no.2 | Item no.3 | |
| Votes in favour of the resolution | 99.5930 | 99.5924 | 99.5960 | Passed with requisite majority on 4 th September, 2022. |
| Votes against the resolution | 0.4070 | 0.4076 | 0.4040 | |
| Total | 100 | 100 | 100 | |

Procedure for Postal Ballot:

Pursuant to the applicable MCA Circulars, the Postal Ballot Notice dated 22nd July, 2022 was sent to the Members whose name(s) appeared in the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited (“NSDL”) / Central Depository Services (India) Limited (“CDSL”) as on cut-off date i.e. Friday, 29th July, 2022 and who had registered their e-mail addresses with the Company/RTA/Depositories/Depository Participants. Hard copy of the Postal Ballot Notice along with the Postal Ballot Form and pre-paid business reply envelope were not sent to the Members for the Postal Ballot in accordance with the said MCA Circulars and Members were required to communicate their assent or dissent only through the remote e-voting system.

The newspaper advertisement to this effect were published, both in Business Standard newspaper (English) having nationwide circulation and Mumbai Lakshadweep (Marathi) having circulation in Mumbai edition on 5th August, 2022 in accordance with the provisions of the Act and Secretarial Standard -2 on General Meetings.

The remote e-voting facility was provided by CDSL. The remote

e-voting period commenced from 9.00 a.m. (IST) on 6th August 2022 and concluded at 5:00 p.m. (IST) on 4th September 2022. The Scrutinizer submitted his report on postal ballot by remote e-voting process addressed to the Chairman of the Company on 5th September 2022. A copy of which was received by the Company Secretary duly authorised by the Chairman of the Board.

The voting results were announced on 5th September 2022 and submitted to the Stock Exchanges where shares of the Company were listed and uploaded on the website of the Company (www.ugrocapital.com) and CDSL and were also displayed at the Registered Office and the Corporate Office of the Company.

Whether any special resolution is proposed to be conducted through postal ballot:

No Special Resolution is currently proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

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

- The Company publishes its quarterly, half-yearly and annual results in Business Standard/ Free Press Journal (all India editions), Mumbai Lakshadweep and Navshakti (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The Company also publishes certain key Notices in Business Standard, Free Press Journal, Mumbai Lakshadweep and Navshakti.

Corporate Governance (Contd.)

- iii. The Annual Report of the Company, the quarterly/ half yearly and the annual financial results and official press releases are displayed on the Company's website at www.ugrocapital.com
- iv. The Company discloses to the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), all information required to be disclosed under Regulation 30 and 51 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE and NSE.
- v. The Company also makes presentations to international and national institutional investors and analysts which are also uploaded on stock exchanges. These presentations and other disclosures which are required to be disseminated on the Company's website under the SEBI Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.
- vi. The Company has provided a dedicated e-mail address under its Vigil Mechanism, for reporting concerns by all employees, directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.
- vii. The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

GENERAL SHAREHOLDERS INFORMATION

The Company is registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the MCA is L67120MH1993PLC070739

30th Annual General Meeting

Date : Tuesday, 8th August 2023

Time : 3:30 p.m.

Mode of AGM: Physical

Venue of Meeting: BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Book Closure

Book Closure will be from 2nd August 2023 to 8th August 2023 (both days inclusive) for the purpose of AGM.

Registered Office and Corporate Office of the Company

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

Listing Details

A. Equity Shares

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

| Name and Address of the Stock Exchange | Stock Symbol / Scrip Code | ISIN |
|---|---------------------------|--------------|
| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 511742 | |
| National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 | UGROCAP | INE583D01011 |

The requisite listing fees for FY 2023-24 have been paid in full to both the Stock Exchanges.

None of the Company's securities have been suspended from trading.

B. Non-Convertible Debentures (NCDs)

During the financial year, your Company has issued listed/unlisted Non-Convertible Debentures and Commercial Papers.

The Company has paid the requisite listing fees for FY 2023-24 in full.

Corporate Governance (Contd.)

Debenture Trustee

Pursuant to Regulation 53 of the SEBI Listing Regulations, the name and contact details of the Debenture Trustees for the privately placed and public NCDs are given below:

| Sr. No. | Debenture Trustee | Contact Details |
|---------|---|---|
| 1. | Beacon Trusteeship Limited | 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opposite MIG Cricket Club, Bandra (East), Mumbai - 400051 Tel no. 022-26558759 |
| 2. | Catalyst Trusteeship Limited | Windsor, 6 th floor, Office No.604, CST Road, Kalina, Santacruz, Mumbai - 400098 Tel no. 022-49220555 |
| 3. | IDBI Trusteeship Services Limited | Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 Tel no. 022-40807022 |
| 4. | MITCON Credentia Trusteeship Services Limited | 1402/1403, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai -400021 Tel no. 022-22828200 |

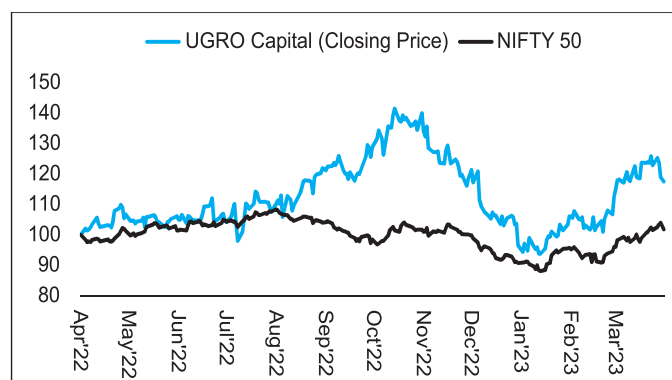
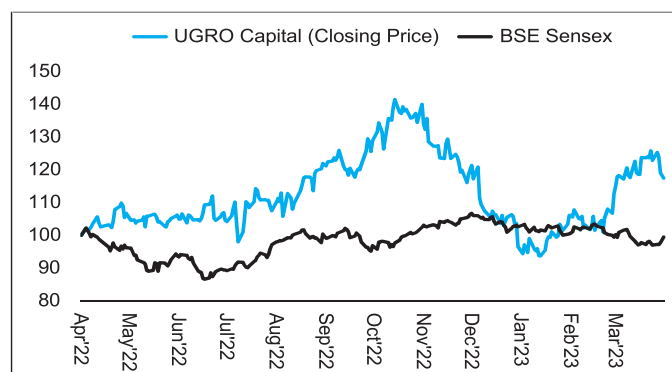
Stock market price information.

The reported high and low closing prices and volume of equity shares of the Company traded on BSE and NSE for FY 2022-23 are set out in the following table: -

| Month | National Stock Exchange of India Limited | | BSE Limited | |
|----------------|--|-----------|-------------|-----------|
| | High Price | Low Price | High Price | Low Price |
| April-2022 | 187.50 | 166.20 | 198.00 | 165.95 |
| May-2022 | 174.80 | 119.95 | 189.80 | 140.50 |
| June-2022 | 157.90 | 132.30 | 155.00 | 130.90 |
| July-2022 | 191.90 | 136.50 | 178.35 | 136.55 |
| August-2022 | 199.20 | 167.00 | 200.05 | 167.45 |
| September-2022 | 212.00 | 173.80 | 211.50 | 173.90 |
| October-2022 | 197.30 | 168.80 | 189.40 | 168.90 |
| November-2022 | 179.80 | 131.25 | 180.70 | 136.30 |
| December-2022 | 170.00 | 140.00 | 170.15 | 136.00 |
| January-2023 | 174.00 | 147.60 | 174.00 | 148.30 |
| February-2023 | 169.00 | 146.75 | 168.00 | 146.00 |
| March-2023 | 160.00 | 144.30 | 160.10 | 144.00 |

Share Price Performance

Share Price Performance



Distribution of Shareholding:

The distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March 2023 is given below:

A. Shareholding pattern by size as on 31st March 2023:

| Sr. No. | Category (shares) | Number of Shareholders | Number of Shares held | % of Total Share Capital |
|---------------|-------------------|------------------------|-----------------------|--------------------------|
| 1 | 1 to 500 | 9,838 | 12,00,968 | 1.7021 |
| 2 | 501 to 1000 | 1,094 | 8,54,728 | 1.2114 |
| 3 | 1001 to 2000 | 580 | 8,60,289 | 1.2192 |
| 4 | 2001 to 3000 | 256 | 6,41,978 | 0.9098 |
| 5 | 3001 to 4000 | 114 | 4,06,902 | 0.5767 |
| 6 | 4001 to 5000 | 100 | 4,67,838 | 0.663 |
| 7 | 5001 to 10000 | 143 | 10,31,254 | 1.4615 |
| 8 | 10001 to above | 210 | 6,50,95,362 | 92.2563 |
| TOTAL: | | 12,335 | 7,05,59,319 | 100.00 |

Corporate Governance (Contd.)

B. Shareholding pattern by ownership as on 31st March 2023:

| Sr. No. | Category | Total Holders | Total shareholding | % of holding |
|--------------|---|---------------|--------------------|---------------|
| 1 | Promoter Company | 1 | 20,27,709 | 2.8738 |
| 2 | Body Corporate - Ltd Liability Partnership | 10 | 8,12,692 | 1.1518 |
| 3 | Clearing Members | 3 | 11,600 | 0.0164 |
| 4 | Directors and their relatives (excluding independent Directors and nominee Directors) | 1 | 1,48,076 | 0.2099 |
| 5 | Foreign Company | 4 | 3,88,69,073 | 55.0871 |
| 6 | Foreign Portfolio Investors | 20 | 49,02,113 | 6.9475 |
| 7 | Hindu Undivided Family | 231 | 6,21,577 | 0.8809 |
| 8 | Insurance Companies | 1 | 14,28,600 | 2.0247 |
| 9 | NBFCs registered with RBI | 1 | 1,25,000 | 0.1772 |
| 10 | Non Resident Indians | 365 | 18,84,448 | 2.6707 |
| 11 | Other Bodies Corporate | 103 | 48,59,239 | 6.8867 |
| 12 | Public | 11,593 | 1,36,30,440 | 19.3177 |
| 13 | Employee Benefit Trust | 1 | 12,38,252 | 1.7549 |
| 14 | Trusts | 1 | 500 | 0.0007 |
| TOTAL | | 12,335 | 7,05,59,319 | 100.00 |

Dematerialisation of Shares and Liquidity

As on 31st March 2023, 99.93% of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

The details are as follows:.

| Description | No. of Shareholders as on 31 st March, 2023 | Percentage (%) |
|----------------|--|----------------|
| Dematerialised | 7,05,10,899 | 99.9314 |
| Physical | 48,420 | 0.0686 |
| Total | 7,05,59,319 | 100 |

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March 2023, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

The Company enters into derivative transactions to hedge its exposure to foreign exchange risk and interest rate risk on account of foreign currency loans. The Company has hedged all its foreign currency borrowings for its full tenure and is in compliance with applicable RBI guidelines in this regard.

Credit Rating

During the year under review, rating agencies reaffirmed/reassessed/issued ratings to the Company, as under:

| Rating agency | Type | Rating |
|--|--|-----------------------------|
| India Ratings & Research Private Limited | Bank Loan (Long Term) | IND A/Stable |
| CRISIL Ratings Limited | Bank Loan (Long Term) | CRISIL A-/Positive |
| CRISIL Ratings Limited | Tier II Bond | CRISIL A-/Positive |
| CRISIL Ratings Limited | Non-Convertible Debentures | CRISIL A-/Positive |
| CRISIL Ratings Limited | Principal Protected Market Linked Debentures (Long Term) | CRISIL PPMLD A-/Positive |
| CRISIL Ratings Limited | Commercial Paper | CRISIL A1 |
| Acuite Ratings & Research Limited | Bank loans (long term) | ACUITE A/Stable |
| Acuite Ratings & Research Limited | Non-Convertible debentures (long term) | ACUITE A/Stable |
| Acuite Ratings & Research Limited | Non-Convertible debentures (Market Linked Debentures) | PP-MLD/ACUITE A/Stable |
| Acuite Ratings & Research Limited | Non-Convertible debentures (Market Linked Debentures) | PP-MLD/ACUITE AA-/CE/Stable |
| Acuite Ratings & Research Limited | Commercial paper (short term) | ACUITE A1 |

Corporate Governance (Contd.)

Plant Locations

The Company is Non-Banking Financial Company having its Registered Office and Corporate office at Equinox Business Park, 4th Floor, Tower 3, Off BKC, LBS Road, Kurla (West), Mumbai- 400070.

However, there are no plants as the Company is not a manufacturing entity.

Registrar and Share Transfer Agent and Share Transfer System

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited. All shares transfers and related operations are conducted by:

Link Intime India Private Limited,
C 101, 247 Park,
L B S Marg, Vikhroli (W),
Mumbai - 400 083
Tel: +91 22 49186000
Fax: +91 22 49186060,
E-mail: mnt_helpdesk@linkintime.co.in

Share Transfer System

Members may please note that SEBI, vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website under the weblink at www.ugrocapital.com and on the website of the Company's RTA at <https://www.linkintime.co.in>. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI, vide its notification dated January 24, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

Norms for furnishing of PAN, KYC, Bank details and Nomination

Pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD-1/P/CIR/2023/37 dated March 16, 2023, issued in supersession of earlier circulars issued by SEBI bearing nos. SEBI/HO/MIRSD/MIRSD RTAMB /P/CIR/2021/655 and SEBI/HO/MIRSD/MIRSD RTAMB/ P/CIR/2021/687 dated November 3, 2021 and December 14, 2021, respectively, SEBI has mandated all the listed companies to record PAN, Nomination,

Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers of holders of physical securities. The forms for updating the same are available at <https://www.ugrocapital.com/investor-relations/disclosures>

The folios wherein any one of the cited documents/details is not available on or after October 1, 2023, shall be frozen by the RTA.

The securities in the frozen folios shall be eligible

- To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website www.ugrocapital.com

In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.

The Company has dispatched a letter to the Members holding shares in physical form in relation to the above referred SEBI Circular.

Members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination, are requested to contact their respective DPs

Secretarial Audit/Reconciliation of Share Capital Audit

In terms of the Act, the Company appointed M/s Pankaj Nigam & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company for FY 2022-23.

The Secretarial Audit Report is annexed to the Board's Report.

Pankaj Nigam & Associates, Company Secretaries carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') and the total issued and listed equity share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Annual Secretarial Compliance Report

The Annual Secretarial Compliance Report for the financial year 2022-23 issued by Pankaj Nigam & Associates, Company Secretaries, has been submitted to the BSE and NSE within 60 days from the end of the financial year.

Corporate Governance (Contd.)

Address for Correspondence

1. Equity Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Link Intime India Private Limited,

C 101, 247 Park,
L B S Marg, Vikhroli (W),
Mumbai - 400 083
Tel: +91 22 49186000
Fax: +91 22 49186060,
E-mail: mt.helpdesk@linkintime.co.in

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the equity shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

2. Non-Convertible Debentures

Link Intime India Private Limited also acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company.

Complaints or queries/requests relating to public issuances of Debentures can be forwarded to Email Id: bonds.helpdesk@linkintime.co.in.

Complaints or queries/ requests with respect to the Company's Privately Placed Debentures may be directed to Email Id: cs@ugrocapital.com

Debenture holders would have to correspond with the respective Depository Participants for debentures held in dematerialised mode.

Other Disclosures

Disclosures on materially significant related party transactions:

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

There were no material related party transactions during the financial year that have a conflict with the interest of the Company.

Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of regulatory authorities.

The Company had received notice from BSE Ltd. and National Stock Exchange of India Limited during the financial year,

imposing a fine of Rs. 10,000+ GST @18 % for Non – Compliance of Regulation 60(2)- SEBI Listing Regulations- Notice of Record Date. The Company had responded within prescribed timeline. Fine of Rs. 11,800/- (incl GST) was paid to NSE and BSE each respectively upon receipt of regret letter.

Whistle Blower Policy

The Company has a Whistle Blower Policy and has established necessary vigil mechanism for Directors, employees, customers, dealers, vendors and suppliers or other stakeholders associated with the Company to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make protected disclosures by sending an email at the designated email id: whistleblower@ugrocapital.com

The Whistle Blower Policy has been hosted on the Company's website at the web-link: <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

Details of Compliance with mandatory requirement and adoption of the non-mandatory requirements:

All mandatory requirements of the SEBI Listing Regulations have been complied with by the Company.

The status of compliance with the discretionary requirements, as stated under Part E of Schedule II to the SEBI Listing Regulations, is as under:

- **Modified opinion(s) in Audit Report:**

The auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

- **Separate Posts of Chairman and Managing Director and CEO:**

As on the date of this report, the Chairman of the Board is a Non-Executive (Independent) Director and his position is separate from that of the Vice-Chairman & Managing Director. They are not related to each other.

Policy for determining Material Subsidiaries:

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

Policy on dealing with related party transactions:

The Company has a policy on dealing with related party transactions which is disclosed on its website at <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

Disclosure of commodity price risks and commodity hedging activities: Not applicable

Corporate Governance (Contd.)

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

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

Further, after closure of the financial year 2022-23, the Company has raised funds to the tune of Rs. 340.50 crores through qualified institutional placement ("QIP") and preferential allotment in April/May 2023.

Certificate from Company Secretary in Practice for non-debarment/disqualification:

The Company has received certificate of non-disqualification of directors from M/s Pankaj Nigam and Associates, Practicing Company Secretaries. The same is enclosed as Annexure III to the Director report.

Disclosure in relation to recommendation made by Committees of the Board

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

Total fees paid to the Statutory Auditors

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

(₹ in lakhs)

| Payment to Statutory Auditors (MSKA & Associates) | 1 st April, 2022 to 31 st March, 2023 |
|--|---|
| Statutory Audit | 57.00 |
| Other Services including reimbursement of expenses | 10.80 |
| Total | 67.80 |

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

Please refer the Directors Report for the said disclosure.

Details of subsidiaries/material subsidiary:

During the financial year 2022-23, your Company did not have any subsidiary.

Disclosure on loans or advances:

There have been no loans or advances extended by the Company, in the nature of loans, to any firms or companies where the Directors of the Company hold an interest.

The disclosures of the compliance with corporate governance requirements:

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in

Schedule V of the SEBI Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations.

Disclosure with respect to demat suspense account/unclaimed suspense accounts:

In accordance with the provisions of Regulation 39 (4) read with Regulation 34 (3) and Part F of Schedule V of the SEBI Listing Regulations, the details in respect of the unclaimed Equity Shares lying in the suspense account are as under:

| Sr. No. | Description | No. of shareholders | No. of shares |
|---------|--|---------------------|---------------|
| 1 | Aggregate Number of shareholders and the outstanding shares lying unclaimed as on date of Listing | 0 | 0 |
| 2 | Number of shareholders who approached listed entity for transfer of shares from suspense account during the year | 0 | 0 |
| 3 | Number of shareholders to whom shares were transferred from suspense account during the year | 0 | 0 |
| 4 | Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2023 | 0 | 0 |

Suspense Escrow Demat Account:

SEBI, vide its letter No. SEBI/HO/MIRSD/POD-1/OW/P/2022/64923 dated December 30, 2022, had issued Guidelines with respect to procedural aspects of 'Suspense Escrow Demat Account' to be opened by listed entities pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/6 dated January 25, 2022, latest by January 31, 2023.

The Company opened the said account within the stipulated timelines.

Disclosure of Accounting Treatment in Preparation of Financial Statements

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

Corporate Governance (Contd.)

Annexure A

DECLARATION REGARDING CODE OF CONDUCT OF THE COMPANY

(Regulation 34(3) read with schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors
UGRO Capital Limited

I, Shachindra Nath, Vice Chairman and Managing Director of UGRO Capital Limited, hereby affirm that the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31st March 2023.

For UGRO Capital Limited

Sd/-
Shachindra Nath
Vice Chairman and Managing Director

Date: 15th May 2023

Corporate Governance (Contd.)

Annexure B

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by UGRO Capital Limited ('the Company') for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para-C, D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 26th June 2023
Place: Ghaziabad

For PANKAJ NIGAM & ASSOCIATES
Company Secretaries

Sd/-
Pankaj Kumar Nigam
Membership No. FCS-7343
Certificate of Practice No.: 7979
UDIN: F007343E000498713

Corporate Governance (Contd.)

Annexure C

MD & CFO CERTIFICATE

To,
The Board of Directors
UGRO Capital Limited
Equinox Business Park,
Mumbai

Dear Madam/Sir(s),

- A. We have reviewed audited financial statements and the cash flow statement for quarter and financial year ended 31st March 2023 that to the best of our knowledge and belief:
- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the quarter and financial year ended 31st March 2023 which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- D. We have indicated to the auditors and the Audit Committee:
- (i) significant changes, if any in internal control over financial reporting during the quarter and financial year 31st March 2023;
 - (ii) significant changes in accounting policies, if any during the and financial year 31st March 2023 and that the same have been disclosed in the notes to the financial statements;
 - (iii) details pertaining to all related party transactions between Key Managerial Personnel and their Related Party(ies) on a periodic basis; and
 - (iv) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management Team or an Employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Shachindra Nath
Vice Chairman & Managing Director
DIN: 00510618
Date- 15th May 2023

Sd/-
Kishore Lodha
Chief Financial Officer

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Section A: GENERAL DISCLOSURES

| I. Details of the listed entity | | |
|---------------------------------|--|--|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L67120MH1993PLC070739 |
| 2. | Name of the Listed Entity | UGRO Capital Limited |
| 3. | Year of incorporation | 1993 |
| 4. | Registered office address | Equinox Business Park, Tower 3, 4 th Floor, LBS Road, Kurla (West), Mumbai - 400070 |
| 5. | Corporate address | Equinox Business Park, Tower 3, 4 th Floor, LBS Road, Kurla (West), Mumbai - 400070 |
| 6. | E-mail | cs@ugrocapital.com |
| 7. | Telephone | +91 22 41821600 |
| 8. | Website | www.ugrocapital.com |
| 9. | Financial year for which reporting is being done | 2022-23 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited ('BSE') National Stock Exchange of India Limited ('NSE') |
| 11. | Paid-up Capital as on 31 st March, 2023 | Rs. 70,55,93,190/- |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Ms. Namrata Sajnani Company Secretary and Compliance Officer cs@ugrocapital.com +91 22 41821600 |
| 13. | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone basis |

II. Products/services

14 Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|--------|------------------------------|--|-----------------------------|
| 1. | Financial Services | The Company is primarily engaged in the business of providing loans exclusively to MSMEs and caters to all the borrowing needs through its diverse range of product offerings like secured, affordable LAP, micro enterprises loans, machinery loans, unsecured business loans and supply chain financing. | 98% |

Business Responsibility & Sustainability Report (Contd.)

15 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total contributed Turnover |
|--------|--|---|---------------------------------|
| 1. | Non-Banking Finance Company engaged in lending and allied activities | 64990 Other financial service activities, except insurance and pension funding activities. | 98% |

III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 0 | 101 | 101 |
| International | 0 | 0 | 0 |

17 Markets served by the entity:

a. Number of locations: 101

| Locations | Number |
|--|--------|
| National (No. of States and union territories) | 15 |
| International (No. of Countries) | 0 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?: Nil, the Company is in lending business.

c. A brief on types of customers:

As a financial institution in the country, we pride ourselves on our commitment to serving the financial needs of the most vulnerable segments of our society i.e. MSME.

MSMEs that have turnovers ranging from Rs. 10 lakhs to Rs. 200 crores. These could be engaged in trading, manufacturing or service industry. Mostly these MSMEs come from target sectors like healthcare, light engineering, FMCG and food processing etc. Most of these are proprietorships. Some are partnerships and private limited companies within a family. Almost all our customers are credit tested and have existing credit history and bureau presence. All of them have bank accounts and at least one owned property.

Business Responsibility & Sustainability Report (Contd.)

IV. Employees

18 Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------------|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1261 | 1109 | 88% | 152 | 12% |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total employees (D + E) | 1261 | 1109 | 88% | 152 | 12% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5. | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 6. | Total workers (F + G) | 0 | 0 | 0 | 0 | 0 |

b. Differently abled employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 0 | 0 | 0 | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total differently abled employees (D + E) | 0 | 0 | 0 | 0 | 0 |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5. | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 6. | Total differently abled workers (F + G) | 0 | 0 | 0 | 0 | 0 |

19 Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 11 | 1 | 9.09% |
| Key Management Personnel | 3 | 1 | 33.33% |

Business Responsibility & Sustainability Report (Contd.)

20 Turnover rate for permanent employees and workers

| | FY 2023 | | | FY 2022 | | | FY 2021 | | |
|---------------------|---------|--------|-------|---------|--------|-------|---------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 63% | 36% | 60% | 76% | 26% | 71% | 32% | 37% | 32% |
| Permanent Workers | - | - | - | - | - | - | - | - | - |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21 (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--|---|--|-----------------------------------|--|
| The Company does not have any holding/ subsidiary/associate companies/joint ventures | | | | |

VI. CSR Details

22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in Rs.)- 656,45,37,491.68/-

(iii) Net worth (in Rs.)- 984,04,30,861.24/-

Business Responsibility & Sustainability Report (Contd.)

VII. Transparency and Disclosures Compliances

23 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|--|--|------------|--|--|
| | | (If Yes, then provide web-link for grievance redress policy)# | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year |
| Communities | Yes | 0 | 0 | - | 0 | 0 | - |
| Investors (other than shareholders)* | Yes | 4 | 4 | - | 0 | 0 | - |
| Shareholders | Yes | 0 | 0 | - | 0 | 0 | - |
| Employees and workers | Yes | 0 | 0 | - | 0 | 0 | - |
| Customers | Yes | 175 | 5 | - | 30 | 1 | - |
| Value Chain Partners | Yes | 0 | 0 | - | 0 | 0 | - |
| Other (please specify) | No | 0 | 0 | - | 0 | 0 | - |

* Stakeholders group considered- debenture holders of the Company.

All applicable grievance policies are available on the website of the Company <https://www.ugrocapital.com/corporate-governance#subcategory-policies>

Business Responsibility & Sustainability Report (Contd.)

24 Overview of the entity's material responsible business conduct issues

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|---|--|--|
| 1 | Financial Inclusion | Opportunity | MSME sector is backbone of Indian economy contributing 30% to GDP and employing ~ 11 Cr people, MSME's are expected to play a crucial role in India's overall economic growth to its mission to become a \$5 trillion GDP country however, only 35% of total addressable demand is currently served through formal credit channel and thus credit availability is a huge pain point for MSMEs in India and acts as one of the deterrents to their growth. Currently there is a wide credit gap of ~ INR 40 Lakh Cr in MSME financing which is currently reliant on informal sources of finance and cannot be completely addressed by traditional underwriting models. | - | Positive. UGRO has developed a unique credit underwriting model which is scalable and templated by adopting a sectoral lending approach. The Company through its Data analytics prowess and technology strength has automated the lending tripod of Banking, Bureau and GST in its AI / ML driven scoring model GRO Score which support < 60 mins of in principle credit decisioning for MSMEs. |
| 2 | Climate Change | Opportunity | The Sustainable Development Goals (SDGs), were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. To support UN in achieving SDG's, the Government of India is implementing the National Action Plan on Climate Change which provides an overarching policy framework for all climate actions including mitigation and adaptation. It comprises eight core Missions in specific areas of solar energy, enhanced energy efficiency, sustainable habitat, water, sustaining Himalayan ecosystems, Green India, sustainable agriculture and strategic knowledge for climate change. | - | Positive. UGRO through its sectoral lending approach is naturally equipped to create an impact by lending to businesses engaged in supporting Green Energy. By virtue of the sectoral lending approach UGRO's lending directly promotes use of Electric Vehicles and Rooftop Solar which are instrumental in reducing the overall carbon footprint. |

Business Responsibility & Sustainability Report (Contd.)

| | | | | | |
|---|---------------------------|------|--|---|-----------|
| 3 | Data Security and Privacy | Risk | <p>The Company has access to vast amount of data related to its borrowers. A data leak in any form or through any medium poses a large threat to company and it can suffer from financial loss, reputational harm, loss of consumer trust and brand erosion.</p> | <p>The Company has implemented the following controls for data security:</p> <ul style="list-style-type: none"> -Robust encryption protocols and data masking mechanisms to protect client personal data. -Strict access control procedures, based on need-to-know and least-privilege principles. -Regular Information Security audits and vulnerability assessments, to identify and eliminate potential data security risks in the company's systems. -Regular data backups and disaster recovery plans are defined, to ensure data integrity and availability in case of system failures or breaches. <p>In addition to this, the Company has a well-defined information security framework, that provides overall strategy to protect data, infrastructure and IT systems.</p> | Negative. |
|---|---------------------------|------|--|---|-----------|

Business Responsibility & Sustainability Report (Contd.)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available | https://www.ugrocapital.com/corporate-governance#subcategory-policies | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | No | No | No | No | No | No | No | No | No |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | - | - | - | - | - | - | - | - | - |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | Our organisation acknowledges the significance of establishing targets to assess advancement towards achieving all the principles of the National Guidelines on Responsible Business Conduct (NGRBC). Please refer ' Annexure A- BRSR ' for details. | | | | | | | | |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | We are committed to providing comprehensive performance updates in the forthcoming years. As we navigate through the future, we intend to diligently communicate our achievements, financial results, and strategic advancements. | | | | | | | | |

Business Responsibility & Sustainability Report (Contd.)

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

Dear Shareholders,

I am pleased to present the Business Responsibility and Sustainability Report for UGRO Capital Limited, ("UGRO") highlighting our commitment to stakeholders, society and the environment. As a responsible financial institution, we recognize the importance of integrating Environmental, Social and Governance (ESG) considerations into our business operations and decision-making processes.

UGRO is dedicated to supporting the MSME sector, which plays a pivotal role in driving economic growth and generating employment opportunities. However, our focus on the MSME sector presents unique challenges in terms of ESG-related data collection, analysis and implementation.

Obtaining data poses a significant challenge for us. The MSME sector is largely unorganized, with borrowers having limited records and reported information. Identifying credible data sources and extracting relevant information in a standardized format is a complex task. To address this, we employ methods like surveys to gather essential data, but we acknowledge the need for more robust mechanisms.

Another challenge lies in data storage and analysis. ESG analysis, both by investors and within companies, requires a specialized talent pool. This field is relatively new and finding qualified internal resources to implement ESG initiatives effectively is a challenge for many organizations, including ours. As a result, we often rely on external consultants to support us in this endeavor, recognizing that while it comes at a cost, it ensures compliance with the evolving ESG landscape.

Implementation of ESG initiatives at the borrower level is crucial to creating a real impact. However, two significant factors hinder our ability to influence borrower behavior. Firstly, if UGRO is not the only or the primary lender to a borrower, our influence on their practices becomes limited. Secondly, the capacity of small MSMEs to undertake and implement suggested changes is constrained by their already limited working capital. We strive to navigate these challenges by working closely with borrowers, fostering dialogue and offering guidance and support.

Despite these challenges, UGRO has made significant strides in our ESG journey. We have strengthened our governance practices, enhanced our risk management framework and established mechanisms to address environmental and social concerns. We continue to invest in building our internal capacity, collaborating with external stakeholders and leveraging technology to improve our ESG performance.

As we move forward, we remain committed to transparency, accountability and sustainable growth. We recognize that ESG considerations are critical for long-term value creation and risk management. Through our actions, we aim to create a positive impact on the MSME sector, the communities we operate in and the environment.

We sincerely thank our stakeholders for their continued trust and support as we strive to be a responsible and resilient financial institution.

Yours sincerely,
Shachindra Nath,
Vice Chairman & Managing Director
UGRO Capital Limited

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). Mr. Shachindra Nath
Vice Chairman and Managing Director

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. No

Business Responsibility & Sustainability Report (Contd.)

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee | | | | | | | | | Frequency (Annually / Half yearly / Quarterly / Any other - please specify) | | | | | | | | |
|---|---|-----|-----|-----|-----|-----|-----|-----|-----|---|-----|-----|-----|-----|-----|-----|-----|-----|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| Performance against above policies and follow up action | As a practice, all the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, senior management personnel/ respective committees and placed before the BoD as and when required. During this assessment, the efficacy of these policies is also reviewed and necessary changes to policies and procedures are implemented. | | | | | | | | | | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | The Company is in compliance with the extant regulations, as applicable. | | | | | | | | | | | | | | | | | |
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | | | | | | | | | |
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | Evaluation is a continuous process and is done internally. | | | | | | | | | | | | | | | | | |
| 12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated: | | | | | | | | | | | | | | | | | | |
| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | | | | | | | | | |
| The entity does not consider the Principles material to its business (Yes/No) | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | | | |
| The entity does not have the financial or/ human and technical resources available for the task (Yes/No) | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | | | |
| Any other reason (please specify) | NA | NA | NA | NA | NA | NA | NA | NA | NA | | | | | | | | | |

Business Responsibility & Sustainability Report (Contd.)

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics/ principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|--|--|
| Board of Directors ("BoD") | On an ongoing basis, the Company carries out familiarisation programme for its directors, as required under the SEBI Listing Regulations and on an ongoing basis keeps the Directors abreast on matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc. | | 100% |
| Key Managerial Personnel ("KMP") | All the Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Directors and Senior Management'. A declaration signed by the Vice Chairman and Managing Director to this effect is enclosed to the Corporate Governance Report forming part of the Annual Report. | | |
| Employees other than BoD and KMPs | UGRO invests significant time and resources in the training and development of its employees, to help them stay ahead of latest trends and technology. Further, for certain relevant topics periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication. Such training / awareness programs are on array of topics, such as KYC, Anti-money laundering, Code of Conduct, Ethics, Cyber Security, Data Privacy, ESG Awareness, Fraud Prevention, Functional Trainings, Health and Safety, Insider Trading, Prevention of Sexual Harassment and Skill Upgradation etc. | | 100% |
| Workers | NA | NA | NA |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary

| NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|-----------------|--|-----------------|-------------------|--|
| Penalty/ Fine | Please refer Corporate Governance Report form part of Annual Report 2023 | | | |
| Settlement | | Nil | | |
| Compounding fee | | Nil | | |

Non Monetary

Business Responsibility & Sustainability Report (Contd.)

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|--------------|-----------------|---|-------------------|--|
| Imprisonment | | | Nil | |
| Punishment | | | Nil | |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---|
| | Nil |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy - The aspects about Anti-Corruption/Anti-bribery are a part of 'Code of Conduct and Business Ethics' of the Company.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2022-23 | FY 2021-22 |
|-----------|------------|------------|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 0 | 0 |
| Workers | 0 | 0 |

6. Details of complaints with regard to conflict of interest:

| | FY 2022-23 | | FY 2021-22 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | NA | 0 | NA |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 | NA | 0 | NA |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest : NA

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | Current Financial Year | Previous Financial Year | Details of improvements in environmental and social impacts |
|-------|------------------------|-------------------------|---|
| R&D | 0 | 0 | 0 |
| Capex | 0 | 0 | 0 |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) - No
b. If yes, what percentage of inputs were sourced sustainably?
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste - NA
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same - No

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|------------|--------------------|------------|---------------------|------------|----------------------|------------|---------------------|-----------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits* | | Paternity Benefits** | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 1109 | 1109 | 100 | 1109 | 100 | 0 | 0 | 1109 | 100 | 0 | 0 |
| Female | 152 | 152 | 100 | 152 | 100 | 152 | 100 | 0 | 0 | 0 | 0 |
| Total | 1261 | 1261 | 100 | 1261 | 100 | 152 | 100 | 1109 | 100 | 0 | 0 |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* The Maternity Leave benefit has been extended to all female employees of the Company.

** The Paternity Leave benefit has been extended to all male employees of the Company.

Business Responsibility & Sustainability Report (Contd.)

b. Details of measures for the well-being of workers:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|---------|--------------------|---------|--------------------|---------|--------------------|-----------|---------------------|----------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | | | | | | | | | | | Not Applicable |
| Total | | | | | | | | | | | |
| Other than Permanent employees | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | | | | | | | | | | | Not Applicable |
| Total | | | | | | | | | | | |

2. Details of retirement benefits, for Current FY and Previous Financial Year.:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|-----------------------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100 | 0 | Y | 100 | 0 | Y |
| Gratuity | 100 | 0 | Y | 100 | 0 | Y |
| ESI | 2.80 | 0 | Y | 61.20 | 0 | Y |
| Others-please specify | 0 | 0 | NA | 0 | 0 | NA |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard - Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy - Yes. The Policy is available internally to the employees.

Business Responsibility & Sustainability Report (Contd.)

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100% | 100% | NA | NA |
| Female | 83.33% | 83.33% | NA | NA |
| Total | 87.5% | 87.5% | NA | NA |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Workers | NA |
| Other than Permanent Workers | NA |
| Permanent Employees | Yes - The Company has in place a Grievance Redressal policy |
| Other than Permanent Employees | NA |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------------|--|--|-----------|--|--|-----------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | | | | | | |
| - Male | 0 | 0 | 0 | 0 | 0 | 0 |
| - Female | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Permanent Workers | | | | | | |
| - Male | 0 | 0 | 0 | 0 | 0 | 0 |
| - Female | 0 | 0 | 0 | 0 | 0 | 0 |

Business Responsibility & Sustainability Report (Contd.)

8. Details of training given to employees and workers:

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|------------------|------------|-------------------------------|-----------|----------------------|-------------|------------|-------------------------------|-----------|----------------------|-----------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Male | 254 | 0 | 0% | 254 | 100% | 0 | 0 | 0 | 0 | 0 |
| Female | 52 | 0 | 0% | 52 | 100% | 0 | 0 | 0 | 0 | 0 |
| Total | 306 | 0 | 0% | 306 | 100% | 0 | 0 | 0 | 0 | 0 |
| Workers | | | | | | | | | | |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------|------------|---------|-----------|------------|---------|-----------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | | | | | | |
| Female | | | | | | |
| Total | | | | | | |
| Workers | | | | | | |
| Male | | | | | | |
| Female | | | | | | |
| Total | | | | | | |

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No) - No
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? - Not Applicable
- Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)- Not Applicable
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)- Yes. UGRO has insured its employees under group term insurance, health insurance and accidental insurance.

Business Responsibility & Sustainability Report (Contd.)

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2022-23 | FY 2021-22 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

12. Describe the measures taken by the entity to ensure a safe and healthy work place- The Company has provided Fire Extinguishers to all the locations and briefed employees on how to use it. Also, company has provided water dispenser where we use water jars.

13. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | NA | 0 | 0 | NA |
| Health & Safety | 0 | 0 | NA | 0 | 0 | NA |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 0 |
| Working Conditions | 0 |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions - No corrective actions pertaining to above mentioned parameters was necessitated by UGRO during the year under review.

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity-

Individual or group concerned or interested with or impacted by the activities of the businesses and vice-versa or adds value to the business chain, now or in the future are identified as key stakeholder by the Company. Based on the this the key stakeholders identified by the Company are its customers, investors, lenders, shareholders, regulators, value chain partners, employees and the society.

Your Company understands the impact of its policies, decisions, products & services and associated operations on the stakeholders. In line with its policies, practices and processes, the Company engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.

The Company also engages with relevant stakeholders for enhancing the sustainable and responsible business practices.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|--------------------------|--|---|--|---|
| Shareholders & Investors | No | Multiple channels - physical and digital including quarterly investor presentations, press releases and communications through stock exchanges, participation in investor conferences, etc. | Frequent and need based | To inform about the performance, major developments and other relevant updates regarding the Company. |
| Customers | No | Multiple channels – physical and digital | Frequent and need based | Servicing throughout the lifecycle of the customer and address queries / grievances that the customer may have. |
| Employees | No | Email, Website | As required | To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth. |

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------------|------------|--|-----------|------------|--|----------|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of employees / workers covered (D) | % (D/ C) |
| Employees | | | | | | |
| Permanent | 0 | 0 | 0 | 0 | 0 | 0 |
| Other than permanent | 0 | 0 | 0 | 0 | 0 | 0 |
| Total employees | 0 | 0 | 0 | 0 | 0 | 0 |
| Workers | | | | | | |
| Permanent | 0 | 0 | 0 | 0 | 0 | 0 |
| Other than permanent | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Workers | 0 | 0 | 0 | 0 | 0 | 0 |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|-----------------------------|------------|-----------------------|-----------|------------------------|-----------|------------|-----------------------|-----------|------------------------|-----------|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 1246 | 0 | - | 1246 | 100% | 1150 | 0 | - | 1150 | 100% |
| Female | 164 | 0 | - | 164 | 100% | 154 | 0 | - | 154 | 100% |
| Other than permanent | | | | | | | | | | |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Workers | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other than permanent | | | | | | | | | | |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Business Responsibility & Sustainability Report (Contd.)

3. Details of remuneration/salary/wages, in the following format:

| | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 1* | Rs.3,15,00,000 | 0 | 0 |
| Key Managerial Personnel | 1** | Rs. 2,00,00,000 | 1 | Rs. 34,00,000 |
| Employees other than BoD and KMP | 1,107 | Rs. 6,24,996 | 151 | Rs. 6,50,004 |
| Workers | 0 | 0 | 0 | 0 |

* Remuneration of Vice Chairman and Managing Director has been considered.

** Remuneration of Chief Financial Officer has been considered.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? - Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues - Yes, The Company has in place a Grievance Redressal Policy.

6. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 | | | FY 2021-22 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | 0 | 0 | 0 | 0 | 0 | 0 |
| Discrimination at workplace | 0 | 0 | 0 | 0 | 0 | 0 |
| Child Labour | 0 | 0 | 0 | 0 | 0 | 0 |
| Forced Labour/ Involuntary Labour | 0 | 0 | 0 | 0 | 0 | 0 |
| Wages | 0 | 0 | 0 | 0 | 0 | 0 |
| Other human rights related issues | 0 | 0 | 0 | 0 | 0 | 0 |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases -

UGRO has formed a Grievance Redressal Committee for all employees including the persons with disabilities and transgender persons to report any discrimination. The mechanism will be easily accessible and ensure confidentiality and non-retaliation. All complaints will be investigated promptly and appropriate action will be taken by the Committee.

8. Do human rights requirements form part of your business agreements and contracts? - Yes

Business Responsibility & Sustainability Report (Contd.)

9. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | 0 |
| Forced/involuntary labour | 0 |
| Sexual harassment | 0 |
| Discrimination at workplace | 0 |
| Wages | 0 |
| Others - please specify | 0 |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above - Not applicable

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in gigaJoules) and energy intensity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|-------------|-------------|
| Total electricity consumption (A) | 3060 | 2988 |
| Total fuel consumption (B) | 0 | 0 |
| Energy consumption through other sources (C) | 0 | 0 |
| Total energy consumption (A+B+C) | 3060 | 2988 |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) | 0.00012 | 0.00027 |
| Energy intensity (optional) - the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any - No

Business Responsibility & Sustainability Report (Contd.)

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|------------|------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 0 | 0 |
| (ii) Groundwater | 0 | 0 |
| (iii) Third party water | 4608000 | 3744000 |
| (iv) Seawater / desalinated water | 0 | 0 |
| (v) Others | 0 | 0 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 4608000 | 3744000 |
| Total volume of water consumption (in kilolitres) | 4608000 | 3744000 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 0.00067 | 0.0012 |
| Water intensity (optional) - the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation - No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|-------------------------------------|---------------------|------------|------------|
| NOx | NA | 0 | 0 |
| SOx | NA | 0 | 0 |
| Particulate matter (PM) | NA | 0 | 0 |
| Persistent organic pollutants (POP) | NA | 0 | 0 |
| Volatile organic compounds (VOC) | NA | 0 | 0 |
| Hazardous air pollutants (HAP) | NA | 0 | 0 |
| Others - please specify | NA | 0 | 0 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

Business Responsibility & Sustainability Report (Contd.)

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|------------|------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 0 | 0 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 0 | 0 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | | 0 | 0 |
| Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity | | 0 | 0 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide detail.- No

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 0 | 0 |
| E-waste (B) | 0 | 0 |
| Bio-medical waste (C) | 0 | 0 |
| Construction and demolition waste (D) | 0 | 0 |
| Battery waste (E) | 0 | 0 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste. Please specify, if any. (G) | 0 | 0 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 0 | 0 |
| Total (A+B + C + D + E + F + G+ H) | 0 | 0 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | 0 | 0 |
| (ii) Re-used | 0 | 0 |
| (iii) Other recovery operations | 0 | 0 |
| Total | 0 | 0 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | 0 | 0 |
| (ii) Landfilling | 0 | 0 |
| (iii) Other disposal operations | 0 | 0 |
| Total | 0 | 0 |

Business Responsibility & Sustainability Report (Contd.)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes - Not applicable
10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|----------------|--------------------------------|--------------------|--|
| Not applicable | | | |

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| Not applicable | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--|---|---------------------------------------|---|---------------------------------|
| Based on the nature of business, your Company is in compliance with applicable environmental norms | | | | |

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations - 4 (four)
 b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1 | Associated Chambers of Commerce & Industry of India | National |
| 2 | Confederation of Indian Industry | National |
| 3 | Fintech Association for Consumer Empowerment | National |
| 4 | Finance Industry Development Council | National |

Business Responsibility & Sustainability Report (Contd.)

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not applicable | | |

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| Nil | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|--------|--|-------|----------|---|--------------------------|---|
| NA | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community - The Company has in place Grievance Redressal Policy

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | NA | NA |
| Sourced directly from within the district and neighbouring districts | NA | NA |

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback - The Company has in place Grievance Redressal Mechanism (GRM) to resolve the issues/ complaints/ grievances raised by the customers. The GRM includes multiple channels of raising complaints and escalation matrix to resolve the complaints.

Business Responsibility & Sustainability Report (Contd.)

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | 0 |
| Safe and disposable usage | 0 |
| Recycling and/or safe disposal | 0 |

3. Number of consumer complaints in respect of the following:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------------------|--------------------------|---------|---------|--------------------------|---------|---------|
| | Received during the year | Pending | Remarks | Received during the year | Pending | Remarks |
| Data privacy | 0 | 0 | - | 0 | 0 | - |
| Advertising | 0 | 0 | - | 0 | 0 | - |
| Cyber-security | 0 | 0 | - | 0 | 0 | - |
| Delivery of essential services | 0 | 0 | - | 0 | 0 | - |
| Restrictive Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Unfair Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Other | 175 | 5 | - | 30 | 1 | - |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | 0 | NA |
| Forced recalls | 0 | NA |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? **(Yes/No)** If available, provide a web-link of the policy. Yes. <https://ugrocapital.com/privacy-policy>

Your Company has implemented Cyber Security framework as per RBI's Master Direction - Information Technology Framework for the NBFC Sector. The company has developed Cyber security and Privacy policies, related controls are monitored through tools and governance methods.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services - NA

Business Responsibility & Sustainability Report (Contd.)

Annexure A- BRSR

Specific commitments, goals and targets set by the entity with defined timelines, if any

| Development outcome 1 | | Increase the access of MSMEs to financial services |
|--|------------|---|
| Indicator 1 | | Count of MSMEs funded under the AUM |
| Baseline | March 2022 | 20000 + SMEs |
| Target | March 2024 | 30000 net additional MSMEs (Total 50000) |
| Target | March 2026 | 75000 net additional MSMEs (Total 125000) |
| Development Outcome 2 | | Achieve full and productive employment and decent work |
| Indicator 2 | | Increase in number of people employed by MSMEs financed by UGRO |
| Baseline | March 2022 | Approx. 200000 plus additional hires since 2019. |
| Target | March 2024 | Additional Hires 300000 |
| Target | March 2026 | Additional Hires 750000 |
| Development Outcome 3 | | Increase share of renewable energy/energy efficient/climate change mitigant funding in the portfolio |
| Description of selected examples of eligible activities. | | <ul style="list-style-type: none"> Secured/Unsecured loans to rooftop solar equipment/panels manufacturers/solar batteries for tier I, II customers through O&M partnerships and intermediaries. Installed capacity to be measured and monitored. Secured loans to Biogas plants and machinery that creates carbon-neutral energy. Installed capacity to be measured and monitored. Secured loans to low/nil CO2 or other GHG emission machinery. CO2/GHG savings to be measured and monitored. UGRO will strive to achieve 15-20% saving per loan. Secured loans to energy saving machinery. Energy savings to be measured and monitored. UGRO will strive to achieve 15-20% saving per loan. Secured loans to electric vehicle through partnership with OEMs to commercial fleet operators, fleet operators. Fleet installed to be measured and monitored. |
| Indicator 3 | | Asset Under Management in INR (Percentage) |
| Baseline | March 2022 | 5% of AUM + Installed capacity (MWh) |
| Target | March 2024 | 8% of AUM + installed capacity (MWh) |
| Target | March 2026 | 10% of AUM + installed capacity (MWh) |
| Development Outcome 4 | | Female Employment at UGRO |
| Indicator 4 | | Proportion of UGRO's Women employees |
| Baseline | March 2022 | 9% |
| Target | March 2024 | 15% |
| Target | March 2026 | 22% |
| Development Outcome 5 | | Impact management capacity |
| Indicator 5 | | UGRO will develop an impact management system to ensure tools for measurement of borrower level impact. The impact scoring will be based on the profile and demographic factors of the borrower. Indicators will include applicable certification, checking the blacklists, entity's initiative towards green activities, labour laws applicability, health and safety, corporate compliance, and governance related certification. When these indicators are chosen it will be decided whether one or two of these will be included in this results framework. |
| Baseline | March 2022 | 0 |
| Target | March 2024 | 50% of portfolio being scored against impact management system indicators |
| Target | March 2026 | 100% of portfolio being scored against impact management system indicators |

INDEPENDENT AUDITOR'S REPORT

To The Members of UGRO CAPITAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UGRO Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's Report (Contd.)

| Sr. Key Audit Matter No. | How the Key Audit Matter was addressed in our audit |
|--|--|
| <p>1 Impairment of loans including Expected Credit Losses</p> <p>Total Loans as at March 31, 2023: Rs. 3806.36 crores (net of ECL)</p> <p>Impairment Provision as at March 31, 2023: Rs. 87.99 crores (Refer Note 6 of the Ind AS financial statements)</p> <p>Ind AS 109 requires the Company to provide for impairment of its financial assets using the expected credit loss (ECL) approach.</p> <p>The Company has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model.</p> <p>ECL model involves an estimation of probability of loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the loans and advances.</p> <p>In the process, a significant degree of judgement has been applied by the Management of the Company including but not limited to the following matters:</p> <ol style="list-style-type: none"> Grouping of loan portfolio under various categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics; Estimation of losses in respect of groups of loans which had no/ minimal defaults in the past; Staging of loans and estimation of behavioural life; Models developed by the Company that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD). <p>Since the impairment of loans including ECL requires a significant level of estimation and given its significance to the overall audit, we have ascertained impairment of loans including ECL as a key audit matter.</p> | <p>In view of the significance of the matter, our audit procedures performed included and not limited to the following:</p> <p>Process understanding and Test of Controls:</p> <ol style="list-style-type: none"> Read the Company's Board approved ECL Policy and accounting policies for estimation of expected credit loss on financial assets as explained in Note 1 Para (20.4) and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments' and prudential norms laid down by Reserve Bank of India ("RBI"). Tested the design and effectiveness of internal controls over the completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. <p>Test of details:</p> <ol style="list-style-type: none"> Performed, on test check basis, procedures for testing of ECL model and computation of ECL amount including and not limited to the following: <ol style="list-style-type: none"> Evaluated underlying data related to estimates and judgements used for developing ECL models. Verified that PD is computed as per the internally developed model, which is a dynamic evaluation based on repayment history, corporate ratings, specific market estimates as applicable to the respective portfolio segments from time to time.. Loss Given Default (LGD) is as per the Foundational-Internal Rating Based (F-IRB) approach and an internal model which factors post default recovery rates and collateral value in case of secured loans. Verified whether appropriate staging of assets have been performed basis their days past due. Ensured the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default ("PD") and loss given default ("LGD") rates. Verified the impairment provision for Stage 3 exposures considering the Management's estimate of future cash flows for those exposures and checked the resultant provision. Verified the adequacy of the adjustment including Management's assessment of additional provision on stressed loan. Verified the ECL provision on restructured cases pursuant to the RBI circular on a sample basis. Verified the computation of ECL by using PD and LGD and other qualitative factors to ensure arithmetical accuracy. Verified the impairment provision under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning norms (IRACP) (including standard asset provisioning) to determine the need to create an Impairment Reserve. Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. Assessed the adequacy and appropriateness of the presentation and disclosures in compliance with the applicable Ind AS. |

Auditor's Report (Contd.)

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

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Report (Contd.)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position - Refer Note 40 of the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 58 (p) to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv.
 1. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in Note 71(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Auditor's Report (Contd.)

2. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in Note 71(b) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 3. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable during the year.
3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 23117812BGXQVA6117

Place: Mumbai

Date: May 15, 2023

Auditor's Report (Contd.)

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2023

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

- i.
 - (a)
 - A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - (b) Property, Plant and Equipment and right of use assets have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company. However, the Company has repossessed properties under the Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Arbitration and Conciliation Act, 1996 from the borrowers who have defaulted their loan repayments. Such properties are acquired to recover the loans from the borrower and accordingly disclosed as non-current assets held for sale. Refer Note 12 of the financial statements.
 - (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
 - (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.
- ii.
 - (a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.
 - (b) During the year the Company has been sanctioned working capital limits in excess of Rupees Five crores in aggregate from Banks/financial institutions on the basis of security of loans. Quarterly returns/ statements filed with such Banks/ financial institutions are in agreement with the unaudited books of account.
- iii.
 - (a) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(iii)(a) of the Order are not applicable to the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made, guarantees provided, securities given and/ or grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.
 - (c) The Company, being a Non-Banking Financial Company, is registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments schedules are stipulated basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of the amount, due date for repayment or receipt and extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid/ paid when they were due or were repaid/ paid with a delay, in the normal course of lending business.

Auditor's Report (Contd.)

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

| No. of Cases * | Total overdue (Rs. In Lakhs) | Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest) |
|----------------|------------------------------|---|
| 909 | 9,569.05 | Yes# |

* Amount overdue classified under stage 3 - Refer Note 51(a) C to the financial statements.

The Company has taken all reasonable steps including legal actions to ensure recovery of the principal and interest.

- (e) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(ii)(e) of the order are not applicable to the Company.
- (f) According to the information and explanations provided to us, the Company has not granted any loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, cess or other statutory dues which have not been deposited on account of any dispute. Refer Note 40(a) to the financial statements.
- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

Auditor's Report (Contd.)

- (e) The Company does not have any subsidiary, associate, or joint venture. Hence reporting under the clause (ix)(e) of the order is not applicable to the Company.
 - (f) The Company does not have any subsidiary, associate, or joint venture. Hence, reporting under the clause 3(ix)(f) of the order is not applicable to the Company.
- x.
- (a) In our opinion and according to the information explanation given to us, money raised by way of initial public offer or further public offer (including debt instruments) during the year have been applied for the purpose for which they were raised.
 - (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi.
- (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.
 - (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statements for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
 - (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
 - (b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 - 'Using the work of Internal Auditors'.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company.
 - (b) In our opinion, the Company has not conducted any Non-Banking Financial activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.
 - (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
 - (d) The Company does not have any Group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016). Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.
- xvii. According to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.

Auditor's Report (Contd.)

- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable.

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 23117812BGXQVA6117

Place: Mumbai

Date: May 15, 2023

Auditor's Report (Contd.)

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of UGRO Capital Limited on the Financial Statements for the year ended March 31, 2023]

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

Opinion

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls With reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls With reference to financial statements

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVA6117

Place: Mumbai
Date: May 15, 2023

BALANCE SHEET

as at MARCH 31, 2023

(Rupees in lakh)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|----------|----------------------|----------------------|
| I. ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 3 | 4,014.77 | 6,574.94 |
| Bank balances other than cash and cash equivalents above | 4 | 17,166.14 | 12,260.25 |
| Derivative financial instruments | 5 | - | 22.29 |
| Loans | 6 | 380,636.21 | 245,111.74 |
| Investments | 7 | 6,010.69 | 6,943.99 |
| Other financial assets | 8 | 2,531.23 | 789.62 |
| | | 410,359.04 | 271,702.83 |
| Non-financial assets | | | |
| Current tax assets (net) | 9 | 203.78 | 164.23 |
| Deferred tax assets (net) | 10 | 2,547.36 | 4,381.63 |
| Property, plant and equipment | 11 | 379.30 | 430.43 |
| Non-current assets held for sale | 12 | 2,194.55 | - |
| Right of use assets | 13 | 3,364.08 | 2,538.28 |
| Capital work in progress | 14 | 2.82 | 20.25 |
| Intangible assets under development | 15 | 1,431.41 | 568.54 |
| Other intangible assets | 16 | 4,741.53 | 2,602.04 |
| Other non-financial assets | 17 | 5,334.81 | 3,081.83 |
| | | 20,199.64 | 13,787.23 |
| TOTAL ASSETS | | 430,558.68 | 285,490.06 |
| II. LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Derivative financial instruments | 18 | 9.27 | - |
| Payables | 19 | | |
| (A) Trade payables | | | |
| (I) total outstanding dues of micro enterprises and small enterprises | | 145.97 | 0.08 |
| (II) total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,168.80 | 666.93 |
| (B) Other payables | | | |
| (I) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (II) total outstanding dues of creditors other than micro enterprises and small enterprises | | 96.78 | 42.21 |
| Debt securities | 20 | 114,434.45 | 70,441.43 |
| Borrowings (other than debt securities) | 21 | 200,459.00 | 109,783.21 |
| Other financial liabilities | 22 | 7,734.85 | 4,722.36 |
| | | 324,049.12 | 185,656.22 |

BALANCE SHEET

as at MARCH 31, 2023

(Rupees in lakh)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|----------|----------------------|----------------------|
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 23 | 1,567.77 | 126.07 |
| Provisions | 24 | 5,776.71 | 2,687.22 |
| Other non-financial liabilities | 25 | 760.77 | 364.23 |
| | | 8,105.25 | 3,177.52 |
| TOTAL LIABILITIES | | 332,154.37 | 188,833.74 |
| Equity | | | |
| Equity share capital | 26 | 6,932.11 | 7,055.94 |
| Other equity | 27 | 91,472.20 | 89,600.38 |
| TOTAL EQUITY | | 98,404.31 | 96,656.32 |
| TOTAL LIABILITIES AND EQUITY | | 430,558.68 | 285,490.06 |

Significant accounting policies

1

Corporate information

2

See accompanying notes forming part of the financial statements

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

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

Sd/-
Swapnil Kale

Partner

Membership Number : 117812

Place : Mumbai

Date : May 15, 2023

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

Sd/-
Shachindra Nath

Vice Chairman &
Managing Director

DIN : 00510618

Mumbai

May 15, 2023

Sd/-
Abhijit Sen

Independent Director and Chairman -
Audit Committee

DIN : 00002593

Mumbai

May 15, 2023

Sd/-
Kishore Kumar Lodha

Chief Financial Officer

Mumbai

May 15, 2023

Sd/-
Namrata Sajnani

Company Secretary

Mumbai

May 15, 2023

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

(Rupees in lakh)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|----------|-----------------------------------|-----------------------------------|
| Revenue from operations | | | |
| Interest income | 28 | 48,291.34 | 27,207.62 |
| Net gain on derecognition of financial instruments under amortised cost category | 29 | 15,407.22 | 2,693.46 |
| Net gain on fair value changes | 30 | - | 49.46 |
| Fees and commission income | 31 | 1,946.81 | 680.35 |
| Total revenue from operations | | 65,645.37 | 30,630.89 |
| Other Income | 32 | 2,730.91 | 580.32 |
| Total income | | 68,376.28 | 31,211.21 |
| Expenses | | | |
| Finance cost | 33 | 29,327.40 | 13,725.68 |
| Net loss on fair value changes | 34 | 640.11 | 15.79 |
| Impairment on financial instruments | 35 | 5,679.99 | 2,941.54 |
| Employee benefits expenses | 36 | 14,071.48 | 7,289.06 |
| Depreciation, amortization and impairment | 37 | 1,763.74 | 1,233.26 |
| Other expenses | 38 | 8,510.72 | 3,988.10 |
| Total expenses | | 59,993.44 | 29,193.43 |
| Profit before exceptional items and tax | | 8,382.84 | 2,017.78 |
| Exceptional items | | - | - |
| Profit before tax | | 8,382.84 | 2,017.78 |
| Tax Expense: | | | |
| (1) Current tax | | | |
| -Tax as per minimum alternate tax | | 2,298.62 | 660.90 |
| (2) Deferred tax benefit (Net) | | 1,828.08 | (98.18) |
| (3) Excess/short provision of tax of earlier years | | 278.50 | - |
| Total tax expenses | | 4,405.20 | 562.72 |
| Profit for the year (A) | | 3,977.64 | 1,455.06 |

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

(Rupees in lakh)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|----------|-----------------------------------|-----------------------------------|
| Other comprehensive income | | | |
| Items that will not be reclassified to profit and loss : | | | |
| - Remeasurements of the defined benefit obligations | | (24.03) | 25.67 |
| - Income tax relating to items that will not be reclassified to profit and loss | | 7.00 | (7.47) |
| Subtotal (B) | | (17.03) | 18.20 |
| Items that will be reclassified to profit and loss : | | | |
| - The effective portion of gains and loss on hedging instrument in a cash flow hedge | | 45.33 | 9.00 |
| - Income tax relating to items that will be reclassified to profit and loss | | (13.20) | (2.62) |
| Subtotal (C) | | 32.13 | 6.38 |
| Other comprehensive income for the year (net of tax) (D) = (B) + (C) | | 15.10 | 24.58 |
| Total comprehensive income for the year (E)= (A) + (D) | | 3,992.74 | 1,479.64 |
| Earnings per equity share of face value of Rs.10 each | 39 | | |
| Basic (Rs.) | | 5.69 | 2.06 |
| Diluted (Rs.) | | 5.66 | 2.05 |

Significant accounting policies

1

Corporate information

2

See accompanying notes forming part of the financial statements

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

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

Sd/-

Swapnil Kale

Partner

Membership Number : 117812

Place : Mumbai

Date : May 15, 2023

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

Sd/-

Shachindra Nath

Vice Chairman &
Managing Director

DIN : 00510618

Mumbai

May 15, 2023

Sd/-

Abhijit Sen

Independent Director and Chairman -
Audit Committee

DIN : 00002593

Mumbai

May 15, 2023

Sd/-

Kishore Kumar Lodha

Chief Financial Officer

Mumbai

May 15, 2023

Sd/-

Namrata Sajnani

Company Secretary

Mumbai

May 15, 2023

CASH FLOW STATEMENT

for the year ended March 31, 2023

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Cash flow from operating activities : | | |
| Profit before tax | 8,382.84 | 2,017.78 |
| Adjustments for: | | |
| Interest income on loans | (46,850.12) | (26,129.70) |
| Cash inflow from interest on loans | 44,700.75 | 24,227.62 |
| Interest income on debt securities | (248.42) | (214.29) |
| Interest on income tax | (6.29) | - |
| Employee stock option expense | 256.41 | (107.15) |
| Depreciation, amortisation and impairment | 1,763.74 | 1,233.26 |
| Impairment on financial instruments | 5,679.99 | 2,941.54 |
| Net gain on sale of financial instruments / fair valuation of financial instruments | (15,407.22) | (2,742.92) |
| Net loss on fair value changes | 640.11 | 15.79 |
| Finance cost on borrowings | 25,257.97 | 11,066.91 |
| Cash outflow towards finance costs | (21,763.21) | (10,116.46) |
| Provision for gratuity (net of payment) | 64.15 | 38.19 |
| Provision for compensated absences | 316.58 | 116.66 |
| Property, plant and equipment written off | 7.17 | - |
| Operating profit before working capital changes | 2,794.45 | 2,347.23 |
| Changes in working capital: | | |
| (Increase)/decrease in loans | (125,753.63) | (115,181.26) |
| (Increase)/decrease in other non-financial assets | (2,252.98) | (1,987.92) |
| (Increase)/decrease in other financial assets | (1,830.23) | (111.91) |
| (Increase)/decrease in derivative financial assets | 22.29 | (22.29) |
| Increase/(decrease) in derivative financial liabilities | 9.27 | - |
| Increase/(decrease) in trade payables | 702.33 | 383.61 |
| Increase/(decrease) in other non-financial liabilities | 396.54 | 226.59 |
| Increase/(decrease) in other financial liabilities | 2,353.10 | 1,086.35 |
| Increase/(decrease) in provisions | 2,684.74 | 1,618.35 |
| Cash (used in) operating activities | (120,874.12) | (111,641.25) |
| Income taxes paid | (1,168.70) | (843.21) |
| Net cash (used in) operating activities (A) | (122,042.82) | (112,484.46) |
| Cash flow from investing activities : | | |
| Purchase of property, plant and equipment (including capital work in progress) | (133.36) | (154.09) |
| Proceeds from / (Investments in) bank deposits of maturity greater than 3 months | (4,906.08) | 6,975.88 |
| Sale/realisation of investments | 259.08 | 4,327.30 |
| Purchase of investments | - | (5,610.75) |
| Interest received from investments | 282.54 | 109.33 |
| Payments for intangible assets | (3,956.38) | (1,300.32) |
| Net cash generated from / (used in) investing activities (B) | (8,454.20) | 4,347.35 |
| Cash flow from financing activities : | | |
| Proceeds from issuance of equity share capital during the year | - | 40.00 |

CASH FLOW STATEMENT

for the year ended March 31, 2023

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Payment for purchase of treasury shares | (2,495.26) | - |
| Share issue expense | (5.90) | - |
| Principal payment of lease liabilities | (781.38) | (407.19) |
| Total borrowings and debt securities repaid | (126,315.31) | (65,300.15) |
| Total borrowings and debt securities availed | 257,534.70 | 168,013.84 |
| Net cash generated from financing activities (C) | 127,936.85 | 102,346.50 |
| Net increase /(decrease) in cash and cash equivalents (A)+(B)+(C) | (2,560.17) | (5,790.61) |
| Cash and cash equivalents as at the beginning of the year | 6,574.94 | 12,365.55 |
| Cash and cash equivalents as at the end of the year (Refer Note 3) | 4,014.77 | 6,574.94 |
| Components of cash and cash equivalents: | | |
| Cash on hand | - | - |
| Balance with banks : | | |
| in current accounts | 4,014.77 | 6,174.61 |
| in Fixed deposits (maturing within a period of three months) | - | 400.33 |
| TOTAL | 4,014.77 | 6,574.94 |

Significant accounting policies 1

Corporate information 2

See accompanying notes forming part of the financial statements

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

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

Sd/-
Swapnil Kale

Partner

Membership Number : 117812

Place : Mumbai

Date : May 15, 2023

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

Sd/-
Shachindra Nath

Vice Chairman &
Managing Director

DIN : 00510618

Mumbai

May 15, 2023

Sd/-
Abhijit Sen

Independent Director and Chairman -
Audit Committee

DIN : 00002593

Mumbai

May 15, 2023

Sd/-
Kishore Kumar Lodha

Chief Financial Officer

Mumbai

May 15, 2023

Sd/-
Namrata Sajjani

Company Secretary

Mumbai

May 15, 2023

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

A. Equity Share Capital (Refer Note 26)

(Rupees in lakh)

As at March 31, 2023

| Balance at the beginning of the year | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the year* | Balance as at the end of the year |
|--------------------------------------|--|---|--|-----------------------------------|
| 7,055.94 | - | 7,055.94 | (123.83) | 6,932.11 |

* Treasury shares issued during the year - refer note 26

As at March 31, 2022

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

B. Other equity (Refer Note 27)

As at March 31, 2023

| Particulars | Statutory reserve u/s 45-IC* | Capital Reserve | Securities Premium | Retained Earnings | Employee stock options outstanding | Reserves & Surplus | | | | Total |
|--|------------------------------|-----------------|--------------------|-------------------|------------------------------------|---|---|---------------------------------------|---------------------|------------------|
| | | | | | | Debt Instruments through Other Comprehensive Income | Equity Instruments through Other Comprehensive Income | Effective portion of Cash Flow Hedges | Revaluation Surplus | |
| Balance at the beginning of the current reporting period | 2,401.48 | 1,046.00 | 77,723.91 | 7,975.75 | 446.86 | - | - | 6.38 | - | 89,600.38 |
| Total Other Comprehensive Income for the current year | - | - | - | (17.03) | - | - | - | 32.13 | - | 15.10 |
| Transfer to retained earnings | - | - | - | 3,977.64 | - | - | - | - | - | 3,977.64 |
| Transfer to Reserve Fund u/s 45-IC of the Reserve Bank of India Act, 1934 | 795.53 | - | - | (795.53) | - | - | - | - | - | - |
| Share based payment for the year | - | - | - | - | 256.41 | - | - | - | - | 256.41 |
| Premium on ESOP exercised during the year | - | - | - | - | - | - | - | - | - | - |
| Transfer to Retained Earnings on allotment of shares pursuant to ESOP Scheme | - | - | - | - | - | - | - | - | - | - |
| Transfer to Retained Earnings on lapse of vested options pursuant to ESOP Scheme | - | - | - | 219.65 | (219.65) | - | - | - | - | - |
| Share issue expenses on treasury shares | - | - | - | (5.90) | - | - | - | - | - | (5.90) |
| Premium on treasury shares | - | - | (2,371.43) | - | - | - | - | - | - | (2,371.43) |
| Balance at the end of the current reporting period | 3,197.01 | 1,046.00 | 75,352.48 | 11,354.58 | 483.62 | - | - | 38.51 | - | 91,472.20 |

**B. Other equity (Refer Note 27)
As at March 31, 2022**

(Rupees in lakh)

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

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

Significant accounting policies
Corporate information

1
2

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

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

For and on behalf of the Board of Directors of

UGRO CAPITAL LIMITED

Sd/-
Swapnil Kale

Partner

Membership Number : 117812

Place : Mumbai

Date : May 15, 2023

Sd/-

Shachindra Nath

Vice Chairman & Managing Director

DIN : 00510618

Mumbai

May 15, 2023

Sd/-

Abhijit Sen

Independent Director and Chairman - Audit Committee

DIN : 00002593

Mumbai

May 15, 2023

Sd/-

Kishore Kumar Lodha

Chief Financial Officer

Mumbai

May 15, 2023

Sd/-

Namrata Sajjani

Company Secretary

Mumbai

May 15, 2023

NOTES FORMING PART OF THE FINANCIAL STATEMENT

for the year ended March 31, 2023

1. Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

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

(2) Basis of preparation

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

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

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

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

(3) Application of new and revised Ind AS

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

(4) Presentation of financial statements

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(5) Functional and presentation currency

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

(6) Use of estimates and judgements

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

(7) Property, plant and equipment (PPE)

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

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

Estimated useful life of assets is as below:

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

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(8) Intangible assets

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

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

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

The estimated useful life of Softwares is considered as 5 years.

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

(9) Impairment of tangible and intangible assets

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

(10) Revenue recognition

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

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

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

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

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

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

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(i) Interest Income:

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

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

(ii) Other Financial Charges

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

(iii) Dividend Income:

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

(iv) Net gain or loss on fair value change:

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

(v) Advisory Fees and Other Income:

Advisory fees and Other Income are recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur. The Company recognises such revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

(vi) Income from de-recognition of assets:

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

(11) Leases

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

Company as a lessee

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

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

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

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

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

Finance Lease

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

As a lessor

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

(12) Taxation

Income tax expense represents the sum of the tax currently payable, deferred tax and any excess / short provision of earlier years.

(12.1) Current tax

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

(12.2) Deferred tax

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

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

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

(12.3) Current and deferred tax for the year

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

(12.4) Minimum alternate tax (MAT)

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

(13) Employee Benefits

(13.1) Retirement benefit costs and termination benefits

Defined contribution plans –

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

The state governed Provident Fund Scheme, Employee State Insurance Scheme and National Pension Scheme (NPS) are defined contribution plans.

Defined benefit plans –

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

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

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

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

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

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

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

The cost of short-term compensated absences is accounted as under:

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

(13.3) Compensatory Payments (Loss of Earned Bonus)

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

(13.4) Share - based payments

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

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

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

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

(14) Finance costs

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

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

(15) Provisions, contingent liabilities and contingent assets

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

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

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(16) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

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

(17) Foreign Currencies

- (i) The functional currency and presentation currency of the Company is Indian Rupee (INR/ Rs.). Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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

(18) Cash and cash equivalents

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

(19) Segment reporting

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

(20) Financial Instruments

(20.1) Recognition of financial instruments

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

(20.2) Initial measurement of financial instruments

Financial assets and financial liabilities are initially measured at fair value. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(20.3) Classification and subsequent measurement of financial instruments

(20.3.1) Financial assets

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

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

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

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

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition).

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate Method

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

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

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

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

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

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

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

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

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

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

(20.4) Impairment of financial asset

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

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

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

Impairment methodology:

Overall impairment methodology

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

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

a) Definition of default:

A default shall be considered to have occurred when any of the following criteria are met:

- An account shall be tagged as NPA once the day end process is completed for the 91st day past due.
- If one facility of borrower is NPA, all the facilities of that borrower are to be treated as NPA.

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b) Portfolio segmentation:

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

c) Probability of Default (PD):

An internally developed statistical model that computes rating at a loan level & categorizes them from Least Risk to High Risk is used for the computation of PD. These internal credit score bands along with external default performance from bureau have been observed & calibrated to derive benchmarked 12-month PD rates. These benchmarked 12-month PD rates have been categorized across 5 Bands viz Risk Band 1 (RB1 – Least Risk) to Risk Band 5 (RB5 – Highest Risk) for secured & unsecured asset types respectively.

Since PD benchmarks for each Risk band have been determined separately for “Secured” and “Unsecured” category, therefore, from a segmentation point, all the business segments are classified into either Secured or Unsecured category. Business segments, wherever risk coverage is available, is factored over and above the PD benchmarks depending on the nature of coverage.

The PD applied in the ECL (Expected Credit Loss) computation model is based on the recomputed/refreshed/updated Risk band/rating at a loan level. All the loans are rated & Risk Bands are recomputed every quarter using the latest credit bureau scrub. For the loan disbursed in the current/latest quarter, wherever the band from credit bureau scrub is not available, the Risk Band at point of origination is applied. Wherever the band is not available at a loan level (either at origination/scrub), the average PD across the 5 Risk Bands shall be applicable for the respective Secured & Unsecured categories.

The 12-month PD shall continue to be applicable in calculating expected credit loss for Stage 1 assets & Lifetime PD shall be applicable for Stage 2 assets.

Life-time PD:

Life-time PD is applied for Stage 2 accounts.

Life-time PDs are computed based on survival approach. Survival analysis is statistics for analysing the expected duration of time until default event happens.

Life-time PD is computed = $(1 - (\text{Probability of surviving in year 1})^{\text{remaining tenure}})$

d) Loss given default:

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

(20.5) Derecognition of financial assets

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

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

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

(20.6) Financial liabilities and equity instruments

(20.6.1) Classification as debt or equity

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(20.6.2) Equity instruments

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

(20.6.3) Compound financial instruments

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

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

(20.6.4) Financial Liabilities

A financial liability is any liability that is::

- > Contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- > a contract that will or may be settled in the entity's own equity instruments.

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

(20.6.4.1) Derecognition of financial liabilities

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

(20.6.5) Write-off

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

(21) Derivative financial instruments

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

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

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(22) Hedge accounting policy

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

(23) Cash flow Hedges

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

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

(24) Non-current assets held for sale

Assets acquired in satisfaction of debt (SOD) are treated as non-current assets held for sale. Assets acquired in satisfaction of debts are disclosed in the Balance Sheet at outstanding principal loan amount or fair market value (as per valuation reports) whichever is lower. In case the fair market value of assets acquired is lower than the outstanding principal loan amount, difference is charged to the statement of Profit and loss under impairment on financial instruments. In case of sale of repossessed assets, the gain/ loss on sale is adjusted in the statement of profit and loss under impairment on financial instruments.

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

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

(26) Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

(27) Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

Cash and cash equivalents (including bank balances) shown in the Cash Flow Statement exclude items which are not available for general use as on the date of the Balance Sheet.

(28) Standards issued but not yet effective

No new standard as notified by the Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

2. Corporate Information

UGRO Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a systemically important non-deposit taking Non-Banking Financial Company ('NBFC-ND-SI') as defined under Section 45-IA of the Reserve Bank of India Act, 1934 under registration no. 13.00325. The Company is engaged in the business of lending and primarily deals in financing MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components and Light Engineering segments.

3. Cash and cash equivalents

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Cash on hand | - | - |
| Balances with banks | | |
| - in current accounts* | 4,014.77 | 6,174.61 |
| - in fixed deposits with banks (original maturity less than 3 months) | - | 400.33 |
| Total | 4,014.77 | 6,574.94 |

*Above balances exclude Escrow balances operated for Direct Assignment, Co-lending and Co-origination.

4. Bank balances other than cash and cash equivalents above

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Unclaimed dividend on equity shares | 1.36 | 1.43 |
| Fixed deposits with banks* | 17,167.83 | 12,261.68 |
| Less: Impairment loss allowance** | 3.05 | 2.86 |
| Total | 17,166.14 | 12,260.25 |

* Earmarked balances with Banks and Financial Institutions are to the tune of Rs. 17,167.83 lakh (previous year: Rs. 12,255.37 lakh)

**Impairment loss allowance is calculated on fixed deposits with Banks and Financial Institutions.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

5. Derivative financial instruments

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---------------------|--------------------------|----------------------|---------------------|--------------------------|
| | Notional Amounts | Fair value - Assets | Fair value - Liabilities | Notional Amounts | Fair value - Assets | Fair value - Liabilities |
| Part I | | | | | | |
| (i) Currency derivatives: | | | | | | |
| - Currency swaps* | - | - | - | 3,109.43 | 22.29 | - |
| (ii) Interest rate derivatives | - | - | - | - | - | - |
| Total Derivative Financial Instruments | - | - | - | 3,109.43 | 22.29 | - |
| Part II | | | | | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | | | | | |
| (i) Fair value hedging: | | | | | | |
| - Currency derivatives | - | - | - | - | - | - |
| (ii) Cash flow hedging: | | | | | | |
| - Currency derivatives* | - | - | - | 3,109.43 | 22.29 | - |
| Total Derivative Financial Instruments | - | - | - | 3,109.43 | 22.29 | - |

* This refers to Cross Currency Interest Rate Swap

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

6. Loans

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|----------------------|----------------------|
| Loans at amortised cost | | |
| (A) | | |
| Supply chain receivables | 45,887.83 | 25,021.38 |
| Term loans | 343,548.37 | 224,154.76 |
| Total Gross Loans | 389,436.20 | 249,176.14 |
| Less: Impairment loss allowance | 8,799.99 | 4,064.40 |
| Total Net Loans | 380,636.21 | 245,111.74 |
| (B) | | |
| Secured by book debts | 50,686.61 | 27,988.88 |
| Secured by property | 131,600.04 | 104,885.65 |
| Secured by machinery | 56,091.96 | 23,066.06 |
| Unsecured | 151,057.59 | 93,235.55 |
| Total Gross Loans | 389,436.20 | 249,176.14 |
| Less: Impairment loss allowance | 8,799.99 | 4,064.40 |
| Total Net Loans | 380,636.21 | 245,111.74 |
| (C) | | |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Loans in India | | |
| Public sector | - | - |
| Others | 389,436.20 | 249,176.14 |
| Total Gross Loans | 389,436.20 | 249,176.14 |
| Less: Impairment loss allowance | 8,799.99 | 4,064.40 |
| Total - Net (a) | 380,636.21 | 245,111.74 |
| Loans outside India (b) | - | - |
| Total - Net (a)+(b) | 380,636.21 | 245,111.74 |

Note :

1. There are no Loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member as at and for the year ended March 31, 2023 and March 31, 2022.
2. The underlying securities for the assets secured by tangible assets are property, machinery and book debts.

7. Investments

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Investments - at FVTPL | | |
| Security Receipts | 1,748.92 | 2,648.11 |
| Investments - at amortised cost | | |
| Debt securities | 4,262.60 | 4,296.72 |
| Less: Impairment loss allowance | 0.83 | 0.84 |
| Total net investments | 6,010.69 | 6,943.99 |
| Investments in India | 6,011.52 | 6,944.83 |
| Investments outside India | - | - |
| Total - Gross investments | 6,011.52 | 6,944.83 |
| Less: Impairment loss allowance | 0.83 | 0.84 |
| Total - Net investments | 6,010.69 | 6,943.99 |

Note : For valuation methodology refer note 54

8. Other financial assets

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Security deposits | 730.84 | 551.15 |
| Other receivables | 1,803.56 | 241.64 |
| Less: Impairment loss allowance | 3.17 | 3.17 |
| Total | 2,531.23 | 789.62 |

9. Current tax assets (net)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Current tax assets | | |
| Advance tax and tax deducted at source (Net of provision for tax Rs. 55.96 lakh (Previous year: Rs. 926.44 lakh)) | 203.78 | 164.23 |
| Total | 203.78 | 164.23 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

10. Deferred tax assets (net)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Deferred tax assets | | |
| Tax effect of timing differences on account of : | | |
| Provision for compensated absences | 175.91 | 83.72 |
| Provision for gratuity | 50.04 | 24.36 |
| Processing fees received | 1,740.14 | 836.37 |
| Provision for impairment loss on financial instruments | 2,628.18 | 1,249.12 |
| Lease rentals expense under Ind AS 116 | 93.63 | 100.25 |
| Preliminary expenses | 7.13 | 69.81 |
| Disallowance on account of Employee stock options scheme outstanding | 217.44 | 217.44 |
| Unutilised minimum alternate tax credit entitlement | 4,105.37 | 1,587.34 |
| Income tax losses carried forward | 3,025.64 | 2,856.51 |
| Provision for bonus | 349.44 | 203.84 |
| Provision for long term incentive plan | 67.86 | - |
| Others | - | 1.36 |
| Total (A) | 12,460.78 | 7,230.12 |
| Deferred tax liabilities | | |
| Tax effect of timing differences on account of : | | |
| Differences in written down value of property, plant and equipment and intangible assets | 342.76 | 218.84 |
| Direct assignment and Co-lending transactions | 4,200.47 | 447.75 |
| Prepaid fees / charges on debt securities allowed upfront in income tax | 542.37 | 348.20 |
| Prepaid fees / charges on borrowings allowed upfront in income tax | 991.55 | 624.58 |
| Deferred loan sourcing cost allowed upfront in income tax | 3,819.62 | 1,209.12 |
| Others | 16.65 | - |
| Total (B) | 9,913.42 | 2,848.49 |
| Deferred tax assets (net) (A-B) | 2,547.36 | 4,381.63 |

11. Property, plant and equipment

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|--------------------------|------------------------|------------------------|-----------------|--------------------------|------------------------|------------------------|---------------|
| | IT and Office equipments | Leasehold improvements | Furniture and fixtures | Total | IT and Office equipments | Leasehold improvements | Furniture and fixtures | Total |
| At cost as at the beginning of the year | 502.23 | 375.75 | 28.30 | 906.28 | 381.99 | 375.75 | 14.70 | 772.44 |
| Additions during the year | 74.94 | - | 75.85 | 150.79 | 120.24 | - | 13.60 | 133.84 |
| Disposals/adjustments during the year | 6.99 | 24.42 | 0.18 | 31.59 | - | - | - | - |
| At cost as at the end of the year | 570.18 | 351.33 | 103.97 | 1,025.48 | 502.23 | 375.75 | 28.30 | 906.28 |
| Accumulated depreciation as at the beginning of the year | 206.54 | 264.71 | 4.60 | 475.85 | 118.71 | 182.10 | 3.03 | 303.84 |
| Depreciation/amortisation for the year | 115.02 | 75.46 | 4.27 | 194.75 | 87.83 | 82.61 | 1.57 | 172.01 |
| Disposals/adjustments during the year | 2.45 | 21.90 | 0.07 | 24.42 | - | - | - | - |
| Accumulated depreciation as at the end of the year | 319.11 | 318.27 | 8.80 | 646.18 | 206.54 | 264.71 | 4.60 | 475.85 |
| Net carrying amounts as at the end of the year | 251.07 | 33.06 | 95.17 | 379.30 | 295.69 | 111.04 | 23.70 | 430.43 |

Note : No revaluation of any class of asset was carried out during the year.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

12. Non-current assets held for sale

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|----------------------------------|-------------------------|-------------------------|
| Non-current assets held for sale | 2,194.55 | - |
| Total | 2,194.55 | - |

'Non-Current Assets held for sale' cover immovable properties and machinery which are repossessed in lieu of satisfaction of debts. These assets are classified as 'Non-Current Assets held for sale' till the assets acquired are finally disposed-off.

13. Right of use asset

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| At fair value as at the beginning of the year | 3,896.26 | 1,971.28 |
| Remeasurement of assets | 43.22 | 10.42 |
| Additions during the year | 1,632.02 | 1,914.56 |
| Deletion during the year | (234.47) | - |
| At fair value as at the end of the year | 5,337.03 | 3,896.26 |
| Accumulated depreciation as at the beginning of the year | 1,357.98 | 876.97 |
| Depreciation for the year | 614.97 | 481.01 |
| Accumulated depreciation as at the end of the year | 1,972.95 | 1,357.98 |
| Net carrying amount as at the end of the year | 3,364.08 | 2,538.28 |

14. Capital work in progress

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| Capital work in progress | 2.82 | 20.25 |
| Total | 2.82 | 20.25 |

The ageing for capital work in progress as at March 31, 2023 is as follows

| Particulars | Amount in Capital Work-in-progress for a period of | | | | Total |
|--------------------------------|--|-----------|-----------|----------------------|-------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2.82 | - | - | - | 2.82 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 2.82 | - | - | - | 2.82 |

The ageing for capital work in progress as at March 31, 2022 is as follows

| Particulars | Amount in Capital Work-in-progress for a period of | | | | Total |
|--------------------------------|--|-----------|-----------|----------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 20.25 | - | - | - | 20.25 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 20.25 | - | - | - | 20.25 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

15. Intangible assets under development

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------|-------------------------|-------------------------|
| Softwares | 1,431.41 | 568.54 |
| Total | 1,431.41 | 568.54 |

The ageing for Intangible assets under development as at March 31, 2023 is as follows

| Particulars | Amount in Intangible assets under development for a period of | | | | Total |
|--------------------------------|---|---------------|---------------|----------------------|-----------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 946.07 | 165.89 | 280.19 | 39.26 | 1,431.41 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 946.07 | 165.89 | 280.19 | 39.26 | 1,431.41 |

The ageing for Intangible assets under development as at March 31, 2022 is as follows

| Particulars | Amount in Intangible assets under development for a period of | | | | Total |
|--------------------------------|---|---------------|--------------|----------------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 208.85 | 276.94 | 72.33 | 10.42 | 568.54 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 208.85 | 276.94 | 72.33 | 10.42 | 568.54 |

16. Other intangible assets

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Software : | | |
| At cost as at the beginning of the year | 4,092.98 | 2,972.79 |
| Additions during the year | 3,093.51 | 1,136.78 |
| Disposal/adjustments during the year | - | (16.59) |
| At cost as at the end of the year | 7,186.49 | 4,092.98 |
| Accumulated amortisation as at the beginning of the year | 1,490.94 | 910.77 |
| Amortisation for the year | 954.02 | 588.76 |
| Disposal/adjustments during the year | - | (8.59) |
| Accumulated amortisation as at the end of the year | 2,444.96 | 1,490.94 |
| Net carrying amounts as at the end of the year | 4,741.53 | 2,602.04 |

Note: No revaluation of any class of asset was carried out during the year.

17. Other non-financial assets

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Advances to vendors and employees | 2,616.33 | 1,190.04 |
| Goods and service tax input credit receivable | 1,022.57 | 693.63 |
| Prepaid expenses | 1,695.91 | 1,198.14 |
| Deferred staff loan cost | - | 0.02 |
| Total | 5,334.81 | 3,081.83 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

18. Derivative financial instruments

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---------------------|--------------------------|----------------------|---------------------|--------------------------|
| | Notional Amounts | Fair value - Assets | Fair value - Liabilities | Notional Amounts | Fair value - Assets | Fair value - Liabilities |
| Part I | | | | | | |
| (i) Currency derivatives: | | | | | | |
| - Currency swaps* | 23,746.43 | - | 9.27 | - | - | - |
| (ii) Interest rate derivatives | - | - | - | - | - | - |
| Total Derivative Financial Instruments | 23,746.43 | - | 9.27 | - | - | - |
| Part II | | | | | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | | | | | |
| (i) Fair value hedging: | | | | | | |
| - Currency derivatives | - | - | - | - | - | - |
| (ii) Cash flow hedging: | | | | | | |
| - Currency derivatives* | 23,746.43 | - | 9.27 | - | - | - |
| Total Derivative Financial Instruments | 23,746.43 | - | 9.27 | - | - | - |

* This refers to Cross Currency Interest rate Swap and Full Currency Swap.

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

19. Payables

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------------|----------------------|----------------------|
| Trade payables | | |
| Due to Micro and small enterprises | 145.97 | 0.08 |
| Due to others | 1,168.80 | 666.93 |
| Other payables | | |
| Due to Micro and small enterprises | - | - |
| Due to others | | |
| - Accrued employee benefits | 78.92 | 27.17 |
| - Payable to customers | 17.86 | 15.04 |
| Total | 1,411.55 | 709.22 |

The ageing for trade payables as at March 31, 2023 is as follows:

| Particulars | Outstanding for the following periods from the due date of payment | | | | | Total |
|------------------------|--|-------------------|---------------|--------------|-------------------|-----------------|
| | Less than 6 months | 6 Months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | 145.97 | - | - | - | - | 145.97 |
| Others | 1,032.70 | 0.41 | 110.00 | 18.73 | 6.96 | 1,168.80 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 1,178.67 | 0.41 | 110.00 | 18.73 | 6.96 | 1,314.77 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

The ageing for trade payables as at March 31, 2022 is as follows:

| Particulars | Outstanding for the following periods from the due date of payment | | | | | Total |
|------------------------|--|-------------------|--------------|--------------|-------------------|---------------|
| | Less than 6 months | 6 Months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | - | 0.08 | - | - | - | 0.08 |
| Others | 530.84 | 38.59 | 53.80 | 39.60 | 4.10 | 666.93 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 530.84 | 38.67 | 53.80 | 39.60 | 4.10 | 667.01 |

Details of dues to micro, small and medium enterprises

The Company has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled the required memorandum with the prescribed authorities. Out of the confirmations sent to the parties, some confirmations have been received till the date of finalisation of the Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under the Micro, Small and Medium Enterprises Development Act 2006 are given below :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| 1. The principal amount remaining unpaid at the end of the accounting year. | 145.97 | 0.08 |
| 2. The interest amount remaining unpaid at the end of the accounting year. | - | - |
| 3. The amount of interest paid by the Company in terms of section 16 of The MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year. | - | - |
| 4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under The MSMED Act, 2006. | - | - |
| 5. The amount of interest due and payable for the period (where the principal has been paid but interest under The MSMED Act, 2006 not paid) | - | - |
| 6. The amount of interest accrued and remaining unpaid at the end of accounting year | - | - |
| 7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of The MSMED Act, 2006. | - | - |
| The balance of MSMED parties as at the end of the year | 145.97 | 0.08 |

20. Debt securities

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|-------------------|----------------------|------------------|
| | At amortised cost | Total | At amortised cost | Total |
| a. Secured | | | | |
| Redeemable non convertible debentures | 85,495.83 | 85,495.83 | 54,621.07 | 54,621.07 |
| Liabilities arising out of securitization transactions | 16,130.24 | 16,130.24 | 3,358.04 | 3,358.04 |
| b. Unsecured | | | | |
| Commercial Paper | 12,146.52 | 12,146.52 | 11,472.03 | 11,472.03 |
| Redeemable non-convertible debentures | 661.86 | 661.86 | 990.29 | 990.29 |
| Total | 114,434.45 | 114,434.45 | 70,441.43 | 70,441.43 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|-------------------------------|----------------------|-------------------|----------------------|------------------|
| | At amortised cost | Total | At amortised cost | Total |
| Debt securities in India | 114,434.45 | 114,434.45 | 70,441.43 | 70,441.43 |
| Debt securities outside India | - | - | - | - |
| Total | 114,434.45 | 114,434.45 | 70,441.43 | 70,441.43 |

Security and other terms of debt security :

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|------------------|------------------|-----------------|------------------|------------------|---------------------|------------------|
| 6.75 - 8.99 % | 7,000.00 | - | - | - | - | 7,000.00 |
| 9.00 - 10.99 % | 46,290.63 | 5,185.10 | 9,401.06 | 2,500.00 | - | 63,376.79 |
| 11.00 - 13.00 % | 1,166.67 | 3,666.67 | 9,928.11 | 10,700.00 | - | 25,461.45 |
| Total | 54,457.30 | 8,851.77 | 19,329.17 | 13,200.00 | - | 95,838.24 |

(ii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2022:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|------------------|------------------|------------------|-----------------|-----------------|---------------------|------------------|
| 6.75 - 8.99 % | 8,000.00 | 2,000.00 | - | - | - | 10,000.00 |
| 9.00 - 10.99 % | 18,136.65 | 16,833.35 | 2,500.00 | - | - | 37,470.00 |
| 11.00 - 13.00 % | 1,166.66 | 1,166.66 | 1,166.68 | 5,000.00 | 10,700.00 | 19,200.00 |
| Total | 27,303.31 | 20,000.01 | 3,666.68 | 5,000.00 | 10,700.00 | 66,670.00 |

The above secured debt securities are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its debt securities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

(i) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|------------------------------------|------------------|-----------------|---------------|--------------|---------------------|------------------|
| Rate of Interest 8.50 % to 11.50%* | 11,618.47 | 4,316.18 | 405.34 | - | - | 16,339.99 |
| Total | 11,618.47 | 4,316.18 | 405.34 | - | - | 16,339.99 |

(ii) Terms of repayment of borrowings under Securitization (repayment schedule mentioned below represents principal outstanding) as at 31 March 2022:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|------------------------------------|-----------------|---------------|---------------|---------------|---------------------|-----------------|
| Rate of Interest 9.75 % to 11.04%* | 1,036.54 | 927.10 | 924.94 | 531.03 | - | 3,419.61 |
| | 1,036.54 | 927.10 | 924.94 | 531.03 | - | 3,419.61 |

* Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of debt securities are as follows :

- Out of the the above, Non-convertible debentures as at March 31, 2023 are not guaranteed by directors. Non-convertible debentures amounting to Rs 5,000 lakh as at March 31, 2022 are guaranteed by directors.
- Debt Securities were used fully for the purpose for which the same were obtained.
- There are no default in repayment of debt securities.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

21. Borrowings (other than debt securities)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--------------------------------------|----------------------|-------------------|----------------------|-------------------|
| | At amortised cost | Total | At amortised cost | Total |
| (a) Term loans | | | | |
| From banks | 139,220.73 | 139,220.73 | 67,444.47 | 67,444.47 |
| From other parties | 33,531.96 | 33,531.96 | 36,657.03 | 36,657.03 |
| External commercial borrowings | 24,228.38 | 24,228.38 | 3,137.88 | 3,137.88 |
| (b) Loans repayable on demand | | | | |
| Cash credit | - | - | - | - |
| Bank overdraft | 3,477.93 | 3,477.93 | 2,543.83 | 2,543.83 |
| Total | 200,459.00 | 200,459.00 | 109,783.21 | 109,783.21 |
| Borrowings in India | 176,230.62 | 176,230.62 | 106,645.33 | 106,645.33 |
| Borrowings outside India | 24,228.38 | 24,228.38 | 3,137.88 | 3,137.88 |
| Total | 200,459.00 | 200,459.00 | 109,783.21 | 109,783.21 |
| Secured | 195,964.10 | 195,964.10 | 103,778.60 | 103,778.60 |
| Unsecured | 4,494.90 | 4,494.90 | 6,004.61 | 6,004.61 |
| Total | 200,459.00 | 200,459.00 | 109,783.21 | 109,783.21 |

Terms of repayment of the term loans

(i) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2023:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|-------------------------------------|------------------|------------------|------------------|------------------|---------------------|-------------------|
| For Banks : | | | | | | |
| Rate of Interest 8.10 % to 13.75%* | 55,269.39 | 45,217.53 | 23,584.60 | 17,425.92 | 95.00 | 141,592.44 |
| For Other Parties : | | | | | | |
| Rate of Interest 10.50 % to 13.20%* | 21,603.07 | 8,856.23 | 2,246.31 | 1,270.13 | - | 33,975.74 |
| Total | 76,872.46 | 54,073.76 | 25,830.91 | 18,696.05 | 95.00 | 175,568.18 |

(ii) Terms of repayment of External commercial borrowings in foreign currency as at March 31, 2023:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|------------------------------------|-------------|-----------------|------------------|-----------------|---------------------|------------------|
| Rate of Interest 11.12% to 12.67%* | - | 3,391.45 | 12,616.36 | 7,937.87 | - | 23,945.68 |
| Total | - | 3,391.45 | 12,616.36 | 7,937.87 | - | 23,945.68 |

The Company had availed total External Commercial Borrowings (ECBs) of USD 14.125 million and USD 15 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time. The borrowings have a maturity of three years and five years respectively. In terms of the RBI guidelines, the borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps and full currency swaps. The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECBs.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(iii) Terms of repayment (repayment schedule mentioned below represents principal outstanding) as at March 31, 2022:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|-------------------------------------|------------------|------------------|------------------|-----------------|---------------------|-------------------|
| For Banks : | | | | | | |
| Rate of Interest 6 % to 12.00%* | 25,303.53 | 19,848.93 | 15,402.65 | 7,695.37 | 250.00 | 68,500.48 |
| For Other Parties : | | | | | | |
| Rate of Interest 10.85 % to 12.75%* | 18,696.31 | 13,737.48 | 3,456.02 | 1,238.08 | - | 37,127.89 |
| Total | 43,999.84 | 33,586.41 | 18,858.67 | 8,933.45 | 250.00 | 105,628.37 |

(iv) Terms of repayment of External commercial borrowings in foreign currency as at March 31, 2022:

| Rate of Interest | 0-12 months | 12-24 months | 24-36 months | 36-60 months | More than 60 Months | Total |
|--------------------------|-------------|--------------|-----------------|--------------|---------------------|-----------------|
| Rate of Interest 11.12%* | - | - | 3,131.29 | - | - | 3,131.29 |
| Total | - | - | 3,131.29 | - | - | 3,131.29 |

The Company had availed total External Commercial Borrowing (ECB) of USD 4.125 million for financing prospective borrowers as per the ECB guidelines issued by the Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of three years. In terms of the RBI guidelines, the borrowing has been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps. The charges for raising of the aforesaid ECB have been amortised over the tenure of the ECB.

* Rate of interest on term loans considered on an annualised basis payable monthly for reporting purpose.

Security and other terms of the loans are as follows :

- Rate of interest of the bank overdraft ranges from 4.65% per annum to 10.60% per annum and the same is secured against fixed deposits and book debt.
- The above borrowings other than Bank overdraft and unsecured borrowings are secured by specific charge on receivables under financing activities. The Company has maintained the required security cover with respect to its secured borrowings.
- Out of the the above, borrowings amounting to Rs. 76,500 lakh as at March 31, 2023 (Previous Year: 30,714 lakh) is guaranteed by a director.
- Term Loans were used fully for the purpose for which the same were obtained.
- There were no default in the repayment of borrowings.
- Periodic statements of securities filed with the lending institutions are as per the books of accounts.

22. Other financial liabilities

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Unclaimed dividend payable on equity shares | 1.36 | 1.43 |
| Others payables : | | |
| Collateral margin money received | 32.37 | 1.67 |
| Deferred consideration on direct assignments | 23.81 | 23.81 |
| Lease liabilities (Refer Note 47) | 3,518.15 | 2,858.76 |
| Other liabilities | 3,335.59 | 1,437.51 |
| Book overdraft | 598.40 | 174.01 |
| Provision on unrealised gain* | 225.17 | 225.17 |
| Total | 7,734.85 | 4,722.36 |

* The unrealised gain is on account of sale of loan to ARC.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

23. Current tax liabilities (net)

(Rupees in lakh)

| Particulars | As at | |
|--|-----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Provision for tax (net of advance tax and tax deducted at source Rs. 730.85 lakh (Previous year: Rs. 534.81 lakh)) | 1,567.77 | 126.07 |
| Total | 1,567.77 | 126.07 |

24. Provisions

(Rupees in lakh)

| Particulars | As at | |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Provision for employee benefits : | | |
| - Provision for gratuity (Refer Note 45b(iii)) | 171.83 | 83.65 |
| - Provision for compensated absences (Refer Note 45c(ii)) | 604.09 | 287.52 |
| - Provision for bonus | 1,200.00 | 700.00 |
| Provision for expenses | 3,800.79 | 1,616.05 |
| Total | 5,776.71 | 2,687.22 |

25. Other non-financial liabilities

(Rupees in lakh)

| Particulars | As at | |
|------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Statutory dues payable | 760.77 | 364.23 |
| Total | 760.77 | 364.23 |

26. Equity

a. Details of authorised, issued and subscribed share capital :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Authorised capital | | | | |
| Equity shares of Rs. 10 each | 81,500,000 | 8,150.00 | 81,500,000 | 8,150.00 |
| Preference shares of Rs. 10 each | 20,500,000 | 2,050.00 | 20,500,000 | 2,050.00 |
| Issued, subscribed and fully paid-up (A) | | | | |
| Equity shares of Rs. 10 each, fully paid-up | 70,559,319 | 7,055.94 | 70,559,319 | 7,055.94 |
| Less: Treasury shares held through ESOP Trust (B) | | | | |
| Equity shares of Rs. 10 each, fully paid-up | (1,238,252) | (123.83) | - | - |
| Equity shares (Net of Treasury shares) (A-B) | 69,321,067 | 6,932.11 | 70,559,319 | 7,055.94 |

b. Reconciliation of number of shares and amount outstanding at the beginning and as at the end of the year:

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding as at the beginning of the year | 70,559,319 | 7,055.94 | 70,528,550 | 7,052.86 |
| Add: equity shares issued during the year * | - | - | 30,769 | 3.08 |
| Shares outstanding as at the end of the year | 70,559,319 | 7,055.94 | 70,559,319 | 7,055.94 |

*During the year, the Company has not allotted equity shares (Previous year: 30,769 equity shares of Rs. 10 each) under the ESOP schemes.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

c. Reconciliation of the number of treasury shares outstanding as at the beginning and end of the year:

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|---------------|----------------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding as at the beginning of the year | - | - | - | - |
| Add: equity shares acquired from secondary market | 1,238,252 | 123.83 | - | - |
| Shares outstanding as at the end of the year | 1,238,252 | 123.83 | - | - |

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

d. Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having a face value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their holding.

e. Particulars of shareholders holding more than 5% of the equity share capital :

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|---------------|----------------------|---------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Newquest Asia Investments III Limited | 15,116,279 | 21.42% | 15,116,279 | 21.42% |
| Clearsky Investment Holdings Pte Limited | 15,116,279 | 21.42% | 15,116,279 | 21.42% |
| DBZ (Cyprus) Limited | 2,679,758 | 3.80% | 6,507,687 | 9.22% |
| Samena Fidem Holdings | 5,956,757 | 8.44% | 5,956,757 | 8.44% |
| Total | 38,869,073 | 55.08% | 42,697,002 | 60.50% |

f. Shares reservation :

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|--|----------------------|--|
| | No. of Shares | | No. of Shares | |
| Equity shares of Rs. 10 each | 3,345,238 | | 2,991,097 | |
| Number of Shares reserved for ESOPs (Refer Note 46) | | | | |

g. Objectives for managing capital :

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as prescribed by the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

h. Shareholding of Promoters Disclosure :

Shares held by promoters at the end of the year

| Promoter Name | As at March 31, 2023 | | | As at March 31, 2022 | | |
|----------------------------------|----------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------|
| | No. of Shares | % of total shares | % Change during the year | No. of Shares | % of total shares | % Change during the year |
| 1. Poshika Advisory Services LLP | 2,027,709 | 2.87% | - | 2,027,709 | 2.87% | - |
| Total | 2,027,709 | 2.87% | - | 2,027,709 | 2.87% | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

27. Other equity

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (i) Securities premium account | 75,352.48 | 77,723.91 |
| (ii) Employee stock options scheme outstanding account | 483.62 | 446.86 |
| (iii) Reserve Fund u/s 45-IC (1) of the Reserve Bank of India Act, 1934 | 3,197.01 | 2,401.48 |
| (iv) Capital reserve | 1,046.00 | 1,046.00 |
| (v) Retained earnings - other than remeasurement of post-employment benefit obligations | 11,371.61 | 7,957.55 |
| (vi) Retained earnings - Remeasurement of post- employment benefit obligations | (17.03) | 18.20 |
| (vii) Cash flow hedges reserve | 38.51 | 6.38 |
| Total | 91,472.20 | 89,600.38 |

Nature and purpose of reserves :

(i) Securities Premium Account:

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee stock options scheme outstanding:

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under the stock option schemes of the Company.

(iii) Statutory reserves u/s 45-IC of the RBI Act, 1934:

Statutory reserve fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of the Reserve Bank of India.

(iv) Capital Reserve:

Capital reserve comprises of the amount received on share warrants and which are forfeited by the Company for non-payment of call money.

(v) Retained earnings - other than remeasurement of post employment benefit obligations:

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

(vi) Retained earnings - Remeasurement of post employment benefit obligations:

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as a part of the retained earnings.

(vii) Cash Flow Hedges Reserve:

It represents the cumulative gains/ (losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

28. Interest income

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|------------------------------------|-----------------------------------|-----------------------------------|
| At Amortised Cost: | | |
| Interest on loans | 46,850.12 | 26,129.70 |
| Interest on deposits with Banks | 930.48 | 696.50 |
| Interest on other financial assets | 41.35 | 61.70 |
| Other interest income | 220.97 | 105.43 |
| Interest on debt securities | 248.42 | 214.29 |
| Total | 48,291.34 | 27,207.62 |

29. Net gain on derecognition of financial instruments under amortised cost category

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Gain on derecognition of financial instruments | 15,407.22 | 2,693.46 |
| Total | 15,407.22 | 2,693.46 |

30. Net gain on fair value changes

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Net gain on financial instruments at fair value through profit and loss: | | |
| (a) On trading portfolio | | |
| - Gain on sale of investments | - | 49.46 |
| Total | - | 49.46 |
| Fair value changes: | | |
| Realised | - | 62.89 |
| Unrealised | - | (13.43) |
| Total | - | 49.46 |

31. Fees and commission income

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|----------------------------|-----------------------------------|-----------------------------------|
| Fees and commission Income | 1,946.81 | 680.35 |
| Total | 1,946.81 | 680.35 |

32. Other Income

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Marketing advisory fees | 707.50 | - |
| Technology support fees | 1,686.93 | 400.00 |
| Web display fees | 330.00 | 180.00 |
| Insurance commission income | 0.02 | 0.32 |
| Interest on income tax refund | 6.46 | - |
| Total | 2,730.91 | 580.32 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

33. Finance costs

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Interest Costs | | |
| Interest expense on financial liabilities measured at amortised cost: | | |
| (a) Interest on borrowings | | |
| Interest on borrowings from banks and financial institutions | 17,346.36 | 8,090.88 |
| (b) Interest on debt securities | | |
| Interest on redeemable non-convertible debentures / discount on commercial paper | 11,476.56 | 5,403.56 |
| (c) Interest on lease liabilities | | |
| Interest on lease liabilities | 504.48 | 225.38 |
| (d) Other interest expense | | |
| Interest on other financial liabilities | - | 5.86 |
| Total | 29,327.40 | 13,725.68 |

34. Net loss on fair value changes

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Net Loss on financial instruments at fair value through profit or loss | | |
| - On financial instruments | 640.11 | 15.79 |
| Total | 640.11 | 15.79 |
| Fair value changes: | | |
| Realised | - | - |
| Unrealised | 640.11 | 15.79 |
| Total | 640.11 | 15.79 |

35. Impairment on financial instruments

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| On financial instruments measured at amortised cost: | | |
| Impairment on financial instruments | | |
| - Loans | 5,591.20 | 2,934.67 |
| - Other assets | 88.62 | 3.17 |
| - Fixed deposits | 0.18 | 2.86 |
| - Debt securities | (0.01) | 0.84 |
| Total | 5,679.99 | 2,941.54 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

36. Employee benefits expenses

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Salaries, other allowances and bonus | 13,186.28 | 7,074.49 |
| Contribution to provident and other funds (Refer Note 45a) | 437.82 | 236.77 |
| Gratuity expenses (Refer Note 45b(ii)) | 64.23 | 38.19 |
| Staff welfare expenses | 126.74 | 46.76 |
| Share based payments to employees (Refer Note 46) | 256.41 | (107.15) |
| Total | 14,071.48 | 7,289.06 |

37. Depreciation, amortisation and impairment

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Depreciation on property, plant and equipment | 194.75 | 172.08 |
| Amortization on intangible assets | 954.02 | 580.17 |
| Depreciation on right of use assets | 614.97 | 481.01 |
| Total | 1,763.74 | 1,233.26 |

38. Other expenses

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Rent | 334.00 | 222.22 |
| Rates and taxes | 1,350.83 | 598.97 |
| Directors' sitting fees | 189.00 | 171.00 |
| Legal and professional fees | 2,612.41 | 1,248.09 |
| Computer maintenance and software | 588.60 | 580.38 |
| Communication | 746.33 | 229.19 |
| Payments to auditor ** | 67.80 | 75.20 |
| Advertisement and publicity | 29.69 | 15.95 |
| Printing and stationery | 98.70 | 49.71 |
| Insurance | 285.18 | 152.29 |
| Marketing and brand promotion | 62.29 | 36.95 |
| Meeting and event expenses | 113.75 | 18.02 |
| Travelling, lodging and boarding | 669.89 | 151.81 |
| Brokerage | 0.75 | 2.85 |
| CSR expenditure (Refer Note 42) | 52.50 | 39.12 |
| Miscellaneous | 1,309.00 | 396.35 |
| Total | 8,510.72 | 3,988.10 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

** Payments to auditor includes :

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|----------------------------------|-----------------------------------|-----------------------------------|
| a. As Auditor | 57.00 | 47.00 |
| b. For taxation matters | 3.00 | 2.00 |
| c. For company law matters | 2.00 | 7.00 |
| d. For other services | 5.80 | 17.70 |
| e. For reimbursement of expenses | - | 1.50 |
| Total | 67.80 | 75.20 |

39. Earnings per share

Basic and diluted earnings per share [EPS] computed in accordance with the Indian Accounting Standard (Ind AS) 33 'Earnings per share' :

Basic EPS is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders (after adjusting the profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-----------------------------------|-----------------------------------|
| Basic | | |
| Profit after tax [A] | 3,977.64 | 1,455.06 |
| Weighted average number of equity shares outstanding during the year (Nos.) [B] | 69,900,472 | 70,535,715 |
| Basic earnings per share Rs. [A/B] | 5.69 | 2.06 |
| Diluted | | |
| Profit after tax [A] | 3,977.64 | 1,455.06 |
| Weighted average number of equity shares outstanding during the year (Nos.) | 69,900,472 | 70,535,715 |
| Weighted average number of potential equity shares on account of employee stock options and share warrants | 422,923 | 573,817 |
| Weighted average number of shares outstanding for diluted earning per share [B] | 70,323,395 | 71,109,532 |
| Diluted earnings per share Rs. [A/B] | 5.66 | 2.05 |
| Face value per share Rs. | 10.00 | 10.00 |

40. Contingent liabilities and capital commitments:

a. Contingent liabilities

All tax related liabilities till July 05, 2018 are covered by a deed of indemnity entered by the existing promoters of the Company with the erstwhile promoters. Further, there are no other contingent liabilities other than those covered under the deed of indemnity.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b. Capital commitments

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Commitments not provided for : | | |
| - Commitments related to loans sanctioned but partially undrawn | 4,477.45 | 882.60 |
| - Other commitments* | 5,141.44 | 872.99 |
| - Amount of contracts remaining to be executed on capital account | 760.50 | 185.00 |
| Total | 10,379.39 | 1,940.59 |

*Other commitments represent financial guarantees given for Co-Origination arrangements entered by the Company during the year.

41. Segment Reporting

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

42. Corporate Social Responsibility

The average net profit as per Section 198 of Companies Act, 2013 of the Company for the last three financial years was Rs. 2,362.46 lakh, basis which the Company was required to spend Rs. 47.25 lakh towards Corporate Social Responsibility (CSR) during the current financial year.

a) Amount spent during the year on :

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|-----------------------------------|-------------------------|-------|-----------------------------------|-------------------------|-------|
| | Amount Spent | Amount unpaid/provision | Total | Amount Spent | Amount unpaid/provision | Total |
| (i) Construction/acquisition of any asset | - | - | - | - | - | - |
| (ii) On purpose other than (i) above | 52.50 | - | 52.50 | 39.12 | - | 39.12 |

b) In case of Section 135(5) unspent amount :

| Opening Balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|---|------------------------------|-----------------|
| - | - | - | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

c) In case of Section 135(5) excess amount spent :

(Rupees in lakh)

| Opening Balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|---|------------------------------|-----------------|
| - | - | 47.25 | 52.50 | 5.25 |

d) In case of Section 135(6) details of ongoing projects :

| Opening Balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|---|------------------------------|-----------------|
| - | - | - | - | - |

e) The additional disclosures with regard to CSR activities are summarized below:

- The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year - Nil
- The total of previous years' shortfall amounts - Nil
- The reason for above shortfalls - Not applicable.

f) Nature of CSR activities

The Company is required to contribute to corporate social responsibility activities as per CSR Rules under the Companies Act, 2013. During the year the Company has spent Rs. 52.50 lakh against the Rs. 47.25 lakh which was the required amount to be spent under CSR activities. The amount is spent towards healthcare and education of the under-privileged through NGOs.

43. Related party

a. List of related parties and their relationships :

(i) Key managerial personnel (KMP) :

| | |
|---|---------------------|
| - Vice Chairman & Managing Director | Shachindra Nath |
| - Chief Financial Officer (upto September 01, 2022) | Amit Gupta |
| - Chief Financial Officer (from September 15, 2022) | Kishore Kumar Lodha |
| - Company Secretary (upto June 13, 2022) | Aniket Karandikar |
| - Company Secretary (from July 22, 2022) | Namrata Sajnani |

(ii) Enterprises over which KMP has control :

| |
|---|
| - Poshika Financial Ecosystem Private Limited |
| - Poshika Advisory Services LLP |

(iii) Other related parties :

| |
|---|
| - Livfin India Private Limited |
| - Orbis Financial Corporation Limited |
| - Qwazent Health Search Private Limited |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b. Transactions with related parties are as enumerated below:

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Transactions during the year : | | |
| Income | | |
| Recovery of transaction fees * | | |
| Livfin India Private Limited | 94.28 | 33.81 |
| Expenses | | |
| Arranger Fees Paid * | | |
| Livfin India Private Limited | 33.44 | 20.57 |
| Reimbursement of expenses | | |
| Aniket Karandikar | 0.02 | 0.17 |
| Amit Gupta | 0.03 | 0.99 |
| Shachindra Nath | 0.08 | 9.43 |
| Kishore Kumar Lodha | 1.34 | - |
| Remuneration paid ** | | |
| Shachindra Nath | 466.22 | 295.60 |
| Abhijit Ghosh | - | 11.38 |
| Sandeepkumar Zanvar | - | 44.48 |
| Amit Gupta | 50.60 | 53.68 |
| Kishore Kumar Lodha | 180.19 | - |
| Namrata Sajnani | 25.77 | - |
| Aniket Karandikar | 8.76 | 30.49 |

* The above figures are excluding GST.

**The above figures do not include provision towards gratuity.

c. Balance outstanding :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------|-------------------------|-------------------------|
| Other financial assets | | |
| Livfin India Private Limited | 11.44 | 7.89 |

d. ESOPs held with Key Managerial Personnel :

| Particulars | As at March 31, 2023 (No. of options) | As at March 31, 2022 (No. of options) |
|---------------------|---|---|
| Amit Gupta | - | 300,000 |
| Kishore Kumar Lodha | 399,010 | - |
| Aniket Karandikar | - | 15,000 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

44. Expenditure in foreign currency :

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|----------------|--------------------------------------|--------------------------------------|
| Other expenses | 533.81 | 79.49 |
| Total | 533.81 | 79.49 |

45. Disclosure pursuant to Ind AS 19 'Employee benefits' :

a. Defined contribution plans :

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Employer's contribution to provident fund | 291.18 | 140.11 |
| Employer's contribution to national pension scheme | 146.29 | 96.61 |
| Employer's contribution to labour welfare fund | 0.35 | 0.05 |
| Total | 437.82 | 236.77 |

b. Defined benefit plan (Gratuity)

The following table sets out the status of the defined benefit plan as per the actuarial valuation by the independent actuary appointed by the Company :

(i). The principal assumptions used for the purposes of the actuarial valuations were as follows :

(Rupees in lakh)

| Particulars | Gratuity plans | |
|---------------------------------------|--|--|
| | As at March 31, 2023 | As at March 31, 2022 |
| Discount rate | 7.29% | 5.66% |
| Expected rate of return on plan asset | NA | NA |
| Salary escalation | 5.00% | 5.00% |
| Attrition rate | 22.00% | 22.00% |
| Mortality table | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |

(ii). Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows :

(Rupees in lakh)

| Particulars | Gratuity plans | |
|--|---|---|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Service cost: | | |
| Current service cost | 59.50 | 34.50 |
| Net interest expense | 4.73 | 3.69 |
| Components of defined benefit costs recognised in the Statement of profit or loss | 64.23 | 38.19 |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | (0.02) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (13.06) | (1.94) |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 37.09 | (23.71) |
| Components of defined benefit costs recognised in other comprehensive income | 24.03 | (25.67) |
| Total | 88.26 | 12.52 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(iii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

| Particulars | Gratuity plans | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Present value of defined benefit obligation | 171.83 | 83.65 |
| Net liability arising from defined benefit obligation | 171.83 | 83.65 |

(iv). Movements in the present value of the defined benefit obligation is as follows :

| Particulars | Gratuity plans | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening defined benefit obligation | 83.65 | 71.13 |
| Current service cost | 59.50 | 34.50 |
| Interest cost | 4.73 | 3.69 |
| Remeasurement (gains)/Loss | 24.03 | (25.67) |
| Benefits paid | (0.08) | 0.00 |
| Closing defined benefit obligation | 171.83 | 83.65 |

(v). Maturity analysis of the benefit payments :

| Projected benefits payable in future years | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| 1st following year | 17.43 | 0.39 |
| 2nd following year | 21.55 | 11.55 |
| 3rd following year | 18.02 | 14.19 |
| 4th following year | 23.78 | 11.81 |
| 5th following year | 31.80 | 14.28 |
| Sum of years 6 To 10 | 91.83 | 40.89 |
| Sum of years 11 and above | 43.90 | 19.52 |

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

(vi). Sensitivity analysis (defined benefit obligation) :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|------------------------------------|----------------------|----------|----------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (7.20) | 7.80 | (3.81) | 4.13 |
| Future salary growth (1% movement) | 7.19 | (6.77) | 3.67 | (3.44) |
| Attrition rate (1% movement) | (3.03) | 3.07 | (1.88) | 1.91 |

Note :

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the defined benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

c. Compensated absences

(i). The principal assumptions used for the purposes of the actuarial valuations towards Privilege Leave liability were as follows :

| Particulars | Compensated absences | |
|--------------------------------|--|--|
| | As at March 31, 2023 | As at March 31, 2022 |
| Demographic Assumptions | | |
| Mortality Rate | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |
| Attrition Rate | 22.00% p.a. for all service groups. | 22.00% p.a. for all service groups. |
| Retirement Age | 60 years | 60 years |
| Financial Assumptions | | |
| Salary Escalation Rate | 5.00% p.a. | 5.00% p.a. |
| Discount Rate | 7.29% p.a. (Indicative G.Sec referenced on 31-03-2023) | 5.66% p.a. (Indicative G.Sec referenced on 31-03-2022) |

(ii). The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

| Particulars | Compensated absences | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Present value of defined benefit obligation | 604.09 | 287.52 |
| Net liability arising from defined benefit obligation | 604.09 | 287.52 |

| Particulars | Compensated absences | |
|----------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Discontinuance liability | 648.30 | 293.61 |
| Defined benefit obligation | 604.09 | 287.52 |
| Funding status | Unfunded | Unfunded |
| Fund balance | N.A. | N.A. |
| Current liability | 143.95 | 67.38 |
| Non-current liability | 460.15 | 220.14 |

The average expected future service is 3.00 years

A distribution of the above liability over different ranges of past service intervals is provided below :

| Past Service Interval | Distribution of DBO |
|-----------------------|---------------------|
| 9 and below | 100% |
| 10 to 19 | 0% |
| 20 to 29 | 0% |
| 30 and above | 0% |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

(iii). Sensitivity analysis (defined benefit obligation) :

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|------------------------------------|----------------------|----------|----------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (17.01) | 18.34 | (8.64) | 9.36 |
| Future salary growth (1% movement) | 18.57 | (17.53) | 9.32 | (8.77) |
| Attrition rate (1% movement) | 2.20 | (2.37) | (0.32) | 0.34 |

46. Disclosure relating to employee stock option scheme

The Company has two employee stock option schemes viz. CSL Employee Stock Option Scheme 2017 ("ESOS 2017") and UGRO Capital Employee Stock Option Scheme 2022 ("ESOS 2022").

The ESOS 2017 was approved by the board of directors on August 13, 2018 and by the shareholders through postal ballot on May 7, 2018. Further, the shareholders of the Company at the Extra Ordinary General Meeting held on September 18, 2018 approved ratification of the number of Options under the ESOS 2017.

The ESOS 2022 was approved by the board of directors on July 22, 2022 and by the shareholders through postal ballot on September 4, 2022.

During the year the Company had issued 15,01,929 (previous year 270,769) options representing equal numbers of equity shares of Rs. 10 each.

The activity in the CSL employee stock option scheme 2017 and UGRO Capital employee stock option scheme 2022 during the year ended March 31, 2023 and March 31, 2022 is set below :

| Particulars | As at | Exercise price range | As at | Exercise price range |
|---|------------------|--------------------------|------------------|--------------------------|
| | March 31, 2023 | | March 31, 2022 | |
| | In numbers | | In numbers | |
| CSL employee stock option scheme 2017 and UGRO Capital employee stock option scheme 2022: (face value of Rs. 10 each) | | | | |
| Options outstanding as at the beginning of the year | 2,991,097 | Rs. 130 | 3,257,033 | Rs. 130 - Rs. 180 |
| Add: Options granted | 1,501,929 | Rs. 137.4 - Rs. 202 | 1,378,039 | Rs. 130 |
| Less: Options exercised | - | - | 30,769 | Rs. 130 |
| Less: Options lapsed | 1,147,788 | - | 1,613,206 | - |
| Option outstanding as at the end of the year | 3,345,238 | Rs. 130 - Rs. 202 | 2,991,097 | Rs. 130 |
| Exercisable as at the end of the year | 138,461 | | 217,949 | |

The Company follows accounting policy of fair value method for employee stock options (ESOPs) valuation. Accordingly, the accumulated expense of Rs. 256.41 lakh (previous year expense reversal Rs. 107.15 lakh) has been debited (previous year credited) to the Statement of profit and loss of the year ended March 31, 2023.

| Particulars | CSL employee stock option scheme 2017 - Grant XXVI | CSL employee stock option scheme 2017 - Grant XXVII | CSL employee stock option scheme 2017 - Grant XXVIII | CSL employee stock option scheme 2017 - Grant XXIX | CSL employee stock option scheme 2017 - Grant XXX |
|---------------------------|--|--|--|--|--|
| Date of the grant | April 19, 2022 | June 9, 2022 | July 1, 2022 | September 9, 2022 | October 18, 2022 |
| Number of options granted | 30,000 | 30,000 | 10,000 | 300,000 | 20,000 |
| Method of settlement | Equity shares | Equity shares | Equity shares | Equity shares | Equity shares |
| Vesting period | Graded vesting - starting from 1 year from the date of the grant | Graded vesting - starting from 1 year from the date of the grant | Graded vesting - starting from 1 year from the date of the grant | Graded vesting - starting from 1 year from the date of the grant | Graded vesting - starting from 1 year from the date of the grant |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

| Particulars | CSL employee stock option scheme 2017 - Grant XXVI | CSL employee stock option scheme 2017 - Grant XXVII | CSL employee stock option scheme 2017 - Grant XXVIII | CSL employee stock option scheme 2017 - Grant XXIX | CSL employee stock option scheme 2017 - Grant XXX |
|--|--|---|--|--|---|
| Vesting pattern | 1) 50% (April 1st, 2023 – March 31st, 2024) 2) 50% (April 1st, 2025 – March 31st, 2026) | | | | |
| Weighted average remaining contractual life | | | | | |
| Granted but not vested (in years) | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Vested but not exercised | Nil | Nil | Nil | Nil | Nil |
| Weighted average share price at the date of exercise for stock options exercised during the year | NA | NA | NA | NA | NA |
| Exercise period | Can be exercised within a period of 3 (three) years from the date of vesting. | | | | |
| Vesting conditions | Graded vesting based on fulfilment of IRR target mentioned in the scheme. | | | | |
| Weighted average fair value of options as on the grant date (in Rs) | 84.23 | 73.36 | 86.04 | 66.07 | 134.11 |

| Particulars | UGRO Capital employee stock option scheme 2022 - Grant I |
|--|---|
| Date of the grant | October 10, 2022 |
| Number of options granted | 1,111,929 |
| Method of settlement | Equity shares |
| Vesting period | Vesting Period shall commence from the grant date, subject to minimum of 1 (One) year from the grant date and to a maximum of 3 (Three) years from the grant date |
| Vesting pattern | 100% |
| Weighted average remaining contractual life | |
| Granted but not vested (in years) | 2.53 |
| Vested but not exercised | Nil |
| Weighted average share price at the date of exercise for stock options exercised during the year | NA |
| Exercise period | Options can be exercised within maximum of 6 (Six) months from the date of respective vesting. |
| Vesting conditions | Time Based |
| Weighted average fair value of options as on grant date (in Rs) | 75.15 |

Exercise pricing formula

The exercise pricing formula for CSL employee stock option scheme 2017 and UGRO Capital employee stock option scheme 2022 is as under :

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent valuer if any. The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

Fair value methodology :

The binomial model of valuation is more advanced and involves the use of computational techniques. In this model, the share price is projected from the date of grant to the date of exercise using upward and downward probabilities. The probabilities are estimated from the share price volatility assumption.

The key assumptions used in Binomial model for calculating fair value under CSL employee stock option scheme 2017 and UGRO Capital employee stock option scheme 2022 with respect to various grants :

| Particulars | CSL employee stock option scheme 2017 - Grant XXVI | CSL employee stock option scheme 2017 - Grant XXVII | CSL employee stock option scheme 2017 - Grant XXVIII | CSL employee stock option scheme 2017 - Grant XXIX | CSL employee stock option scheme 2017 - Grant XXX |
|--|--|---|--|--|---|
| Risk-free interest rate | 6.60% | 7.24% | 7.10% | 6.91% | 7.43% |
| Expected volatility of share price* | 56.88% | 56.29% | 55.59% | 55.10% | 54.91% |
| Time to maturity (in years) | 4.03 | 3.89 | 3.83 | 3.89 | 3.79 |
| Dividend yield | - | - | - | - | - |
| The price of equity share as on the grant date considered for valuation (Rs) | 191.82 | 165.59 | 156.7 | 164.05 | 182.43 |

*The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

| Particulars | UGRO Capital employee stock option scheme 2022 - Grant I |
|--|--|
| Risk-free interest rate | 7.41% |
| Expected volatility of share price* | 54.56% |
| Time to maturity (in years) | 3.25 |
| Dividend yield | - |
| The price of equity share as on grant date considered for valuation in (Rs.) | 180.25 |

* The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

47. Leases (entity as a lessee)

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation/ impairment losses. The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU asset has been included after the line "Property, Plant & Equipment" and lease liabilities has been included under "Other Financial Liabilities" in the Balance Sheet.

a. Right of use asset :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Office Premises : | | |
| At fair value as at the beginning of the year | 3,896.26 | 1,971.28 |
| Additions during the year | 1,632.02 | 1,914.56 |
| Deletions during the year | (234.47) | |
| Remeasurement of assets | 43.22 | 10.42 |
| At fair value as at the end of the year | 5,337.03 | 3,896.26 |
| Accumulated depreciation as at the beginning of the year | 1,357.98 | 876.97 |
| Depreciation for the year | 614.97 | 481.01 |
| Accumulated depreciation as at the end of the year | 1,972.95 | 1,357.98 |
| Net carrying amount as at the end of the year | 3,364.08 | 2,538.28 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b. Amount recognised in Statement of Profit and loss :

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Depreciation expense on right-of-use assets | 614.97 | 481.01 |
| Interest expense on lease liabilities | 504.48 | 225.38 |
| Total expenses recognised in Statement of profit and loss | 1,119.45 | 706.39 |

The total cash outflow on account of lease rentals amounting for the current year Rs. 781.38 lakh (previous year : Rs. 407.19 lakh). The average lease term for the rented office premises is ranging between 3 to 5 years.

c. Lease liabilities :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------|-------------------------|-------------------------|
| Lease liabilities | 3,518.15 | 2,858.76 |
| Total | 3,518.15 | 2,858.76 |

d. Maturity analysis of lease liabilities :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Not later than 1 year | 788.96 | 597.97 |
| Later than 1 year and not later than 5 years | 2,706.62 | 2,185.39 |
| Later than 5 years | 22.57 | 75.40 |
| Total | 3,518.15 | 2,858.76 |

The entity has adequate liquidity for payment of lease liabilities. The Company regularly monitors and pays lease rentals on a timely manner as per the terms of the respective leave and license agreement.

The Company has the right to extend the lease term as per mutually agreed terms laid down in the respective leave and license agreement. The Company takes into account the effect of the extended lease term while recording the lease assets and lease liabilities accordingly.

48. Disclosure under Clause 28 of the Listing Agreement for Debt Securities:

(Rupees in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| a) Loans and advances in the nature of loans to Subsidiaries | | |
| Name of the Company | Not Applicable | Not Applicable |
| Amount | - | - |
| b) Loans and advances in the nature of loans to Associates | | |
| Name of the Company | Not Applicable | Not Applicable |
| Amount | - | - |
| c) Loans and advances in the nature of loans to Firms/Companies in which directors are interested | | |
| Name of the Company | Not Applicable | Not Applicable |
| Amount | - | - |
| d) Investments by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan. | Not Applicable | Not Applicable |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

49. Impact of Hedging activities

a) Disclosure of effects of hedge accounting on the financial position:

(Rupees in lakh)

As at March 31, 2023

| Type of hedge and risk | Nominal value | | Carrying amount of hedging instrument | | Maturity Date | Changes in fair value of hedging instruments | Change in the value of hedged item used as the basis for recognising hedge effectiveness | Line item in the Balance Sheet |
|--|---------------|-------------|---------------------------------------|-------------|--------------------|--|--|---|
| | Assets | Liabilities | Assets | Liabilities | | | | |
| Cashflow Hedge | | | | | | | | |
| Currency Derivative (Cross Currency Interest Rate Swaps) | 3,109.43 | - | 340.07 | - | December 06, 2024 | 317.78 | 317.78 | Borrowings (other than debt securities) |
| Currency Derivative (Full Currency Swap) | 4,095.00 | - | - | 34.15 | September 28, 2027 | 34.15 | 34.15 | Borrowings (other than debt securities) |
| Currency Derivative (Full Currency Swap) | 8,272.00 | - | - | 198.22 | November 07, 2025 | 198.22 | 198.22 | Borrowings (other than debt securities) |
| Currency Derivative (Full Currency Swap) | 8,270.00 | - | - | 116.98 | February 16, 2028 | 116.98 | 116.98 | Borrowings (other than debt securities) |

As at March 31, 2022

| Type of hedge and risk | Nominal value | | Carrying amount of hedging instrument | | Maturity Date | Changes in fair value of hedging instruments | Change in the value of hedged item used as the basis for recognising hedge effectiveness | Line item in the Balance Sheet |
|--|---------------|-------------|---------------------------------------|-------------|-------------------|--|--|---|
| | Assets | Liabilities | Assets | Liabilities | | | | |
| Cashflow Hedge | | | | | | | | |
| Currency Derivative (Cross Currency Interest Rate Swaps) | 3,109.43 | - | 22.29 | - | December 06, 2024 | 22.29 | 22.29 | Borrowings (other than debt securities) |

b) Disclosure of effects of hedge accounting on the financial performance:

As at March 31, 2023

| Type of Hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in the statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in the statement of profit and loss because of the reclassification |
|---|--|--|--|--|
| Cash flow hedge | | | | |
| -Foreign exchange risk and interest rate risk | | 45.33 | - | Finance Cost |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

As at March 31, 2022

(Rupees in lakh)

| Type of Hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in the statement of profit and loss | Amount reclassified from cash flow hedge reserve to statement of profit and loss | Line item affected in the statement of profit and loss because of the reclassification |
|---|--|--|--|--|
| Cash flow hedge | | | | |
| -Foreign exchange risk and interest rate risk | 9.00 | - | - | Finance Cost |

50. Summarised classification of financial assets and liabilities :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|----------------------|---|--|-------------------|----------------------|---|--|-------------------|
| | Amortised cost | At fair value through profit and loss account | At fair value through other comprehensive income | Total | Amortised cost | At fair value through profit and loss account | At fair value through other comprehensive income | Total |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 4,014.77 | - | - | 4,014.77 | 6,574.94 | - | - | 6,574.94 |
| Bank balances other than cash and cash equivalents above | 17,166.14 | - | - | 17,166.14 | 12,260.25 | - | - | 12,260.25 |
| Derivative financial instruments | - | - | - | - | - | - | 22.29 | 22.29 |
| Loans | 380,636.21 | - | - | 380,636.21 | 245,111.74 | - | - | 245,111.74 |
| Investments | 4,261.77 | 1,748.92 | - | 6,010.69 | 4,295.88 | 2,648.11 | - | 6,943.99 |
| Other financial assets (Refer Note 8) | 2,531.23 | - | - | 2,531.23 | 789.62 | - | - | 789.62 |
| Total | 408,610.12 | 1,748.92 | - | 410,359.04 | 269,032.43 | 2,648.11 | 22.29 | 271,702.83 |
| Financial liabilities | | | | | | | | |
| Derivative financial instruments | - | - | 9.27 | 9.27 | - | - | - | - |
| Payables : | | | | | | | | |
| (A) Trade payables | | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | 145.97 | - | - | 145.97 | 0.08 | - | - | 0.08 |
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,168.80 | - | - | 1,168.80 | 666.93 | - | - | 666.93 |
| (B) Other payables | | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - |
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 96.78 | - | - | 96.78 | 42.21 | - | - | 42.21 |
| Debt securities | 114,434.45 | - | - | 114,434.45 | 70,441.43 | - | - | 70,441.43 |
| Borrowings (other than debt securities) | 200,459.00 | - | - | 200,459.00 | 109,783.21 | - | - | 109,783.21 |
| Other financial liabilities (Refer Note 22) | 7,509.68 | 225.17 | - | 7,734.85 | 4,497.19 | 225.17 | - | 4,722.36 |
| Total | 323,814.68 | 225.17 | 9.27 | 324,049.12 | 185,431.05 | 225.17 | - | 185,656.22 |

51. Financial risk management

The Company has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

The Company is exposed to a variety of risks such as credit risk, liquidity risk, market risk, operational risk etc. The Company has therefore, invested in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. The Board of Directors has constituted a Risk Management Committee to address these risks. The Risk Management Committee's mandate includes periodic review of the risk management policy, risk management planning, implementation and monitoring of the risk management plan and mitigation of key risks. The risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of risks. The board of directors are responsible for providing overall risk oversight, approving risk appetite, risk management policies and frameworks and providing adequate oversight for the decisions.

a. Credit Risk

Risk Management team is engaged in defining a framework, overseeing enterprise wide risks and building a portfolio within the risk appetite of the Company. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. Credit underwriting is driven by a deep understanding of the selected segments, which forms proprietary risk models and approaches. The Company believes in positive sector/sub-sector selection to source its business. The same is done primarily through analytics and survey. Further, the Company has also developed sophisticated sector/sub-sector scorecards, both statistical and expert. The proposals are appraised based on the understanding of these sector/sub-sectors. A fine balance of sector knowledge, data analytics, touch and feel and digital process is used for underwriting the proposals.

Given the dynamic nature of the market, the credit policies are regularly reviewed and amended.

Management of Credit Risk

Write off policy :

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instruments in the Statement of profit and loss. The write-off decisions are taken by the management which would be based on suitable justification notes presented by the responsible business / collections team.

Credit quality analysis :

The Company's policies for computation of expected credit loss (ECL) are set out below:

(I) ECL on Loans and advances

ECL is computed for loans and investments portfolio of the Company:

Loan portfolio :

UGRO Capital Ltd is primarily engaged into SME lending and has segmented its lending portfolio based on the homogenous nature of the group of borrowers.

Definition of default :

A default shall be considered to have occurred when any of the following criteria is met:

- a) An account shall be tagged as NPA once the day end process is completed for the 91st day past due.
- b) If one facility of a borrower is NPA, all the facilities of that borrower are to be treated as NPA.

Significant increase in credit risk (SICR) criteria :

- (a) External credit rating going below investment grade rating.
- (b) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(c) Other qualitative parameters :

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the sector that results in a significant change in the sector's ability to meet its debt obligations.

(d) Any other qualitative parameter.

Definition of low credit risk :

A case which has scores above cut-off norms as set by the Company from time to time and current status is Stage 1 is termed as low credit risk.

Forward looking factors :

Forward looking factors are considered while determining the significant increase in credit risk.

Staging criteria :

Following staging criteria is used for loans :

- (i) Stage 1: 0-30 DPD;
- (ii) Stage 2: 31-90 DPD and
- (iii) Stage 3: > 90 DPD

Any deviation to the above classification, except as per the RBI Circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarification dated November 12, 2021 shall be approved by the audit committee of the board (ACB).

Probability of default (PD%)

PDs are determined using internally developed model, which is a dynamic evaluation based on repayment history, corporate ratings, specific market estimates as applicable to the respective portfolio segments from time to time.

Loss given default (LGD%)

Loss given default (LGD) represents recovery from defaulted assets.

LGD computation for secured loans is based on an internal model which factors post default recovery rates and collateral value; for unsecured loans, LGD is taken as a standard estimate in line with the Foundational-Internal Rating Based (F-IRB) approach. LGD for stage 1 & 2 assets, thus determined, is subject to a minimum floor of 20%. For Stage 3 loans, the Company determines ECL requirement based on cash flows expected over the future time period.

Exposure at default (EAD)

Exposure at default represents the outstanding balance at the reporting date taking into account expected drawdowns on committed facilities, including repayments of principal and interest, and accrued interest from missed payments.

(II) ECL on fixed deposits, investments, trade and other receivables

With respect to the fixed deposits and investments held by the Company, ECL provisioning has been computed taking guidance from the RBI's IRB approach.

The Company has followed simplified approach of ECL provisioning on its trade and other receivables.

Applicable provisions for NBFCs covered under Ind AS:

RBI vide circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, provides that NBFCs which are required to comply with Indian Accounting Standards (Ind AS) shall, as hitherto, continue to be guided by the guidelines duly approved by their board and as per the ICAI guidelines for recognition of the impairments. The Company follows the aforesaid circular.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

A. Movement of expected credit loss on advances :

(Rupees in lakh)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit impaired | Management overlay | Total |
|--|-----------------|---------------|-----------------|---|--------------------|-----------------|
| Opening balances as at April 01, 2022 | 2,481.66 | 93.91 | 1,215.04 | - | 273.79 | 4,064.40 |
| Changes in the loss allowance during the year : | | | | | | |
| Transfer to Stage 1 | 5.33 | (3.44) | (1.89) | - | - | - |
| Transfer to Stage 2 | (202.42) | 205.34 | (2.92) | - | - | - |
| Transfer to Stage 3 | (1,727.12) | (395.09) | 2,122.21 | - | - | - |
| New loans originated during the year | 2,222.79 | 166.92 | 337.66 | - | - | 2,727.37 |
| Other movements (on account of changes in EAD) | 1,065.74 | 306.30 | 909.97 | - | - | 2,282.01 |
| Management overlay* | - | - | - | - | (273.79) | (273.79) |
| Closing balance as at March 31, 2023 | 3,845.98 | 373.94 | 4,580.07 | - | - | 8,799.99 |
| Opening balance as at April 01, 2021 | 1,197.28 | 75.03 | 1,011.00 | - | 270.00 | 2,553.31 |
| Changes in the loss allowance during the year : | | | | | | |
| Transfer to Stage 1 | 2.95 | (2.44) | (0.51) | - | - | - |
| Transfer to Stage 2 | (64.73) | 64.90 | (0.17) | - | - | - |
| Transfer to Stage 3 | (887.16) | (34.09) | 921.25 | - | - | - |
| New loans originated during the year | 2,156.49 | 28.68 | 168.15 | - | - | 2,353.32 |
| Other movements (on account of changes in EAD) | 76.83 | (38.17) | (884.68) | - | - | (846.02) |
| Management overlay | - | - | - | - | 3.79 | 3.79 |
| Closing balance as at March 31, 2022 | 2,481.66 | 93.91 | 1,215.04 | - | 273.79 | 4,064.40 |

* There is no reversal on account of management overlay, the same has been incorporated in the ECL Model itself during the year ended March 31, 2023.

B. Movement of expected credit loss (ECL) on loan commitments :

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-------------|---------|---------|-------------|
| Opening balances as at April 01, 2022 | - | - | - | - |
| Changes in the loss allowance during the year : | | | | |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| Write off | - | - | - | - |
| Changes due to modifications that did not result in derecognition | - | - | - | - |
| New loan commitments originated during the year | - | - | - | - |
| Other movements (on account of changes in EAD) | - | - | - | - |
| Closing balance as at March 31, 2023 | - | - | - | - |
| Opening balances as at April 01, 2021 | 8.69 | - | - | 8.69 |
| Changes in the loss allowance during the year : | | | | |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| Write off | - | - | - | - |
| Changes due to modifications that did not result in derecognition | - | - | - | - |
| New loan commitments originated during the year | - | - | - | - |
| Other movements (on account of changes in EAD) | (8.69) | - | - | (8.69) |
| Closing balance as at March 31, 2022 | - | - | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

C. Movement in gross carrying amount of advances :

(Rupees in lakh)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit impaired | Total |
|--|-------------------|------------------|-----------------|---|-------------------|
| Opening balance of gross carrying amount as at April 01, 2022 | 240,279.65 | 3,255.34 | 5,641.15 | - | 249,176.14 |
| Changes in the gross carrying amount during the year: | | | | | |
| Transfer to Stage 1 | 1,384.17 | (1,164.23) | (219.94) | - | - |
| Transfer to Stage 2 | (5,647.62) | 5,742.82 | (95.20) | - | - |
| Transfer to Stage 3 | (4,284.81) | (715.97) | 5,000.78 | - | - |
| New loans originated during the year | 266,582.08 | 4,562.11 | 709.85 | - | 271,854.04 |
| Other movements (on account of changes in EAD) | (128,893.77) | (1,232.62) | (1,467.59) | - | (131,593.98) |
| Closing balance as at March 31, 2023 | 369,419.70 | 10,447.45 | 9,569.05 | - | 389,436.20 |
| Opening balance of gross carrying amount as at April 01, 2021 | 124,036.19 | 3,751.00 | 3,044.42 | - | 130,831.61 |
| Changes in the gross carrying amount during the year : | | | | | |
| Transfer to Stage 1 | 430.59 | (289.11) | (141.48) | - | - |
| Transfer to Stage 2 | (2,004.44) | 2,010.61 | (6.17) | - | - |
| Transfer to Stage 3 | (4,175.51) | (277.22) | 4,452.73 | - | - |
| New loans originated during the year | 194,319.04 | 1,198.16 | 843.55 | - | 196,360.75 |
| Other movements (on account of changes in EAD) | (72,326.22) | (3,138.10) | (2,551.90) | - | (78,016.22) |
| Closing balance as at March 31, 2022 | 240,279.65 | 3,255.34 | 5,641.15 | - | 249,176.14 |

D. Movement in loan commitments :

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-----------------|----------|----------|-----------------|
| Opening balance as at April 01, 2022 | 882.60 | - | - | 882.60 |
| Changes in loan commitments during the year : | | | | |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| Changes due to modifications that did not result in derecognition | - | - | - | - |
| New loan commitments originated during the year | 4,477.45 | - | - | 4,477.45 |
| Other changes | - | - | - | - |
| Other movements (on account of changes in EAD) | (882.60) | - | - | (882.60) |
| Closing balance as at March 31, 2023 | 4,477.45 | - | - | 4,477.45 |
| Opening balance as at April 01, 2021 | 1,381.88 | - | - | 1,381.88 |
| Changes in loan commitments during the year : | | | | |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| Changes due to modifications that did not result in derecognition | - | - | - | - |
| New loan commitments originated during the year | 882.60 | - | - | 882.60 |
| Other changes | - | - | - | - |
| Other movements (on account of changes in EAD) | (1,381.88) | - | - | (1,381.88) |
| Closing balance as at March 31, 2022 | 882.60 | - | - | 882.60 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underlying securities for the assets secured by tangible assets are property, machinery, plant & equipment and book debts. The value of the collaterals for the below calculation is taken at the date of inception of the loan

Advances other than credit impaired advances (LTV band wise) : (Rupees in lakh)

| LTV ratio | As at March 31, 2023 | | As at March 31, 2022 | |
|---------------|-----------------------------------|---------------------------|-----------------------------------|---------------------------|
| | Gross carrying amount of advances | Cumulative loss allowance | Gross carrying amount of advances | Cumulative loss allowance |
| Less than 50% | 51,968.44 | 1,247.82 | 152,906.62 | 1,563.92 |
| 51% - 70% | 740.40 | 2.04 | - | - |
| 71%-90% | 181,887.88 | 933.51 | - | - |
| > 90% | - | - | - | - |

Credit impaired advances (LTV band wise) :

| LTV ratio | As at March 31, 2023 | | As at March 31, 2022 | |
|---------------|-----------------------------------|---------------------------|-----------------------------------|---------------------------|
| | Gross carrying amount of advances | Cumulative loss allowance | Gross carrying amount of advances | Cumulative loss allowance |
| Less than 50% | 2,086.38 | 502.21 | 3,033.97 | 325.26 |
| 71%-90% | 4.89 | 1.43 | - | - |
| > 90% | 1,690.62 | 299.90 | - | - |

b. Liquidity risk

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line-up of committed credit facilities. The Treasury team actively manages asset and liability positions in accordance with the overall guidelines laid down by the regulator in the Asset liability management framework. The Company continues to maintain a positive ALM.

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continuously monitors liquidity in the market and as a part of its ALCO strategy.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2023:

(Rupees in lakh)

| Particulars | Carrying amount* | Gross nominal | Not later than one month | Later than one month and not later than three months | Later than three months and not later than one year | Later than one year and not later than five years | Later than five years |
|--|------------------|---------------|--------------------------|--|---|---|-----------------------|
| Financial assets (inflow) : | | | | | | | |
| Cash and cash equivalents | 4,014.77 | 4,014.77 | 4,014.77 | - | - | - | - |
| Bank balances other than cash and cash equivalents above | 17,169.19 | 17,169.19 | 3,412.54 | 988.26 | 6,432.63 | 6,334.40 | 1.36 |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Loans | 389,436.20 | 384,849.48 | 31,274.12 | 51,371.24 | 63,369.04 | 173,134.43 | 65,700.65 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Particulars | Carrying amount* | Gross nominal | Not later than one month | Later than one month and not later than three months | Later than three months and not later than one year | Later than one year and not later than five years | Later than five years |
|---|------------------|---------------|--------------------------|--|---|---|-----------------------|
| Investments | 6,011.52 | 6,011.52 | - | - | - | 6,011.52 | - |
| Other financial assets (Refer Note 8) | 2,534.41 | 2,534.41 | - | 1,803.57 | - | 730.84 | - |
| Financial liabilities (outflow) : | | | | | | | |
| Derivative financial instruments | 9.27 | 9.27 | - | - | 9.27 | - | - |
| Payables | | | | | | | |
| (A) Trade payables | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | 145.97 | 145.97 | - | 145.97 | - | - | - |
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,168.80 | 1,168.80 | - | 1,168.80 | - | - | - |
| (B) Other payables | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 96.78 | 96.78 | - | 96.78 | - | - | - |
| Debt securities | 114,434.45 | 116,296.98 | 4,134.04 | 17,096.13 | 48,270.31 | 46,796.50 | - |
| Borrowings (other than debt securities) | 200,459.00 | 203,864.05 | 6,151.02 | 20,367.12 | 54,704.52 | 122,546.39 | 95.00 |
| Other financial liabilities (Refer Note 22) | 7,734.85 | 8,524.00 | 95.20 | 4,110.26 | 859.76 | 3,430.89 | 27.89 |

* Carrying amount reported above is on a gross basis.

Undiscounted cash flows by contractual maturities for financial assets and financial liabilities as at March 31, 2022 :

| Particulars | Carrying amount* | Gross nominal | Not later than one month | Later than one month and not later than three months | Later than three months and not later than one year | Later than one year and not later than five years | Later than five years |
|---|------------------|---------------|--------------------------|--|---|---|-----------------------|
| Financial assets (inflow) : | | | | | | | |
| Cash and cash equivalents | 6,574.94 | 6,574.94 | 6,574.94 | - | - | - | - |
| Bank balance other than cash and cash equivalents | 12,263.11 | 12,263.11 | 562.29 | 5,061.49 | 755.98 | 5,881.92 | 1.43 |
| Derivative financial instruments | 22.29 | 22.29 | - | - | 22.29 | - | - |
| Loans | 249,176.14 | 244,841.52 | 14,557.20 | 18,930.32 | 46,775.13 | 123,644.55 | 40,934.32 |
| Investments | 6,944.83 | 6,854.27 | - | - | 2,663.90 | 4,190.37 | - |
| Other financial assets (Refer Note 8) | 792.79 | 792.79 | - | 139.20 | 228.38 | 425.21 | - |
| Financial liabilities (outflow) : | | | | | | | |
| Payables | | | | | | | |
| (A) Trade payables | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | 0.08 | 0.08 | - | 0.08 | - | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Particulars | Carrying amount* | Gross nominal | Not later than one month | Later than one month and not later than three months | Later than three months and not later than one year | Later than one year and not later than five years | Later than five years |
|---|------------------|---------------|--------------------------|--|---|---|-----------------------|
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 666.93 | 666.93 | - | 666.93 | - | - | - |
| (B) Other payables | | | | | | | |
| (I) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (II) Total outstanding dues of creditors other than micro enterprises and small enterprises | 42.21 | 15.04 | - | 15.04 | - | - | - |
| Debt securities | 70,441.43 | 71,924.34 | 5,479.87 | 6,255.99 | 18,438.72 | 31,049.76 | 10,700.00 |
| Borrowings (other than debt securities) | 109,783.21 | 111,572.30 | 3,242.70 | 10,458.32 | 33,111.47 | 64,509.81 | 250.00 |
| Other financial liabilities (Refer Note 22) | 4,722.36 | 5,470.75 | 78.07 | 1,753.94 | 639.48 | 2,902.39 | 96.87 |

* Carrying amount reported above is on a gross basis.

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2023 :

| Particulars | Carrying Amount | Gross Nominal | Less than one year | Between 1 - 5 years | over 5 years |
|-------------------------------|-----------------|---------------|--------------------|---------------------|--------------|
| Loan commitments (outflow) | - | 4,477.45 | 4,477.45 | - | - |
| Other commitments | - | 5,141.44 | 5,141.44 | - | - |
| Capital commitments (outflow) | - | 760.50 | 373.50 | 387.00 | - |

Undiscounted cash flows by contractual maturities for off-Balance Sheet items as at March 31, 2022 :

| Particulars | Carrying Amount | Gross Nominal | Less than one year | Between 1 - 5 years | over 5 years |
|-------------------------------|-----------------|---------------|--------------------|---------------------|--------------|
| Loan commitments (outflow) | - | 882.60 | 882.60 | - | - |
| Other commitments | - | 872.99 | - | 872.99 | - |
| Capital commitments (outflow) | - | 185.00 | 185.00 | - | - |

The Company has disclosed the below information as stated in the RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 that enables the market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

(i) Funding concentration based on significant counterparty (both deposits and borrowings) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI).

The Company had not raised any public deposits.

The details of the borrowings are given below:

| Sr.No. | Number of Significant counterparties | Amount (Rs lakh)* | % of Total Liabilities |
|--------|--------------------------------------|-------------------|------------------------|
| 1 | 27 | 230,164.77 | 69.29% |

* The Principal outstanding amounts as on March 31, 2023 have been considered above.

(ii) Top 20 large deposits (amount in Rs lakh and % of total deposits) :

The Company is a systemically important non-deposit taking non-banking finance company (NBFC-ND-SI). The Company had not accepted any deposits during the year.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

(iii) Top 10 borrowings (amount in Rs lakh and % of total borrowings) :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Total borrowings from ten largest lenders * | 142,894.94 | 84,607.78 |
| Percentage of borrowings from ten largest lenders to total borrowings of the Company | 45.34% | 46.62% |

* The amount considered above excludes unamortised borrowing costs.

(iv) Funding concentration based on significant instrument / product :

| Sr No. | Name of instrument / product | As at March 31, 2023 | | As at March 31, 2022 | |
|--------------|--|----------------------|------------------------|----------------------|------------------------|
| | | Amount (Rs lakh) | % of total liabilities | Amount (Rs lakh) | % of total liabilities |
| 1 | Term loans facilities | 175,568.18 | 52.86% | 105,628.37 | 55.96% |
| 2 | Cash credit / overdraft facilities | 3,477.93 | 1.05% | 2,567.71 | 1.36% |
| 3 | Non-convertible debenture | 83,338.23 | 25.09% | 54,670.00 | 28.96% |
| 4 | From liabilities arising out of securitization transactions resulting into recording of borrowings | 16,339.99 | 4.92% | 3,419.61 | 1.81% |
| 5 | Commercial paper | 12,500.00 | 3.76% | 12,000.00 | 6.36% |
| 6 | External Commercial borrowing | 23,945.67 | 7.21% | 3,131.29 | 1.66% |
| Total | | 315,170.00 | 94.89% | 181,416.98 | 96.11% |

(v) Stock Ratios :

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|-------------------|-------------------------|------------------------|-------------------|-------------------------|------------------------|-------------------|
| | % of total public funds | % of total liabilities | % of total assets | % of total public funds | % of total liabilities | % of total assets |
| Commercial papers | 3.97% | 3.76% | 2.90% | 6.61% | 6.36% | 4.20% |

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets :

The Company does not have borrowings through non-convertible debentures with original maturity of less than one year in the current and previous years.

(c) Other short term borrowings, if any as a % of total public funds, total liabilities and total assets :

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|------------------------------------|-------------------------|------------------------|-------------------|-------------------------|------------------------|-------------------|
| | % of total public funds | % of total liabilities | % of total assets | % of total public funds | % of total liabilities | % of total assets |
| Cash credit / overdraft facilities | 1.10% | 1.05% | 0.81% | 1.42% | 1.36% | 0.90% |
| Working capital | 1.89% | 1.79% | 1.38% | 0.00% | 0.00% | 0.00% |

The Principal outstanding amounts as on March 31, 2023 and March 31, 2022 have been considered above.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(vi) Institutional set-up for liquidity risk management :

The Company has an asset liability management committee (ALCO) that is formed in accordance with the Directions issued by the Reserve Bank of India. The asset liability committee takes into account interest rate forecasts and spreads, the internal cost of funds, operating results, projected funding needs, projected loan disbursements, liquidity position, loan loss reserves to outstanding loans, funding strategies. This committee reviews the fund position, asset liability maturity profile, variance between forecast and actuals of the concluded quarter, analysis of sensitivity of interest rates variation in various buckets, what if scenario analysis, etc. The Company maintains a positive cumulative mismatch in all buckets.

C. Market Risk :

Market risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates.

The Company primarily deploys funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing / lending cost including proportion of fixed and floating rate borrowings / loans so as to manage the impact of changes in interest rates.

Exposure to price risk :

The Company's exposure to price risk arises from investments held by the Company and is classified in the Balance Sheet through fair value through statement of Profit and Loss.

Interest rate risk :

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial conditions. The interest rate risk can be viewed from the two perspectives as mentioned below:

- Earnings perspective – change in net interest income (NII) or net interest margin (NIM) due to change in interest rates.
- Economic value perspective – change in market value of the company due to change in the company's assets, liabilities and off-balance sheet positions due to variation in interest rates.

The board has established limits on the interest rate gaps for stipulated periods. The management monitors these gaps on a regular basis to ensure that the positions are maintained within the established limits.

The exposure of the Company's borrowings to interest rate changes as at the end of the reporting period are as follows:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| Variable rate borrowings | 165,035.27 | 69,642.00 |
| Fixed rate borrowings | 150,134.73 | 111,774.98 |
| Total borrowings | 315,170.00 | 181,416.98 |

The Company had the following variable rate borrowings outstanding :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|-------------------------|-------------------------|
| Weighted average cost | 10.60% | 9.78% |
| Outstanding balance | 165,035.27 | 69,642.00 |
| % of total borrowings | 52.36% | 38.39% |

Sensitivity :

| Particulars | Impact on profit or loss | |
|---------------------------------|--------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| *Interest rate - increase by 1% | (1,166.67) | (602.80) |
| *Interest rate - decrease by 1% | 1,166.67 | 602.80 |

* Impact on Statement of Profit and Loss up to 1 year, holding all other variables constant.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the company arises mainly on account of the foreign currency borrowings. The Company manages this foreign currency risk by entering into cross-currency interest rate swaps / full currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds the derivative financial instruments such as cross-currency interest rate swaps, full currency swaps to mitigate the risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on the quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

d. Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Capital Management :

The Company's capital management objective is primarily to safeguard the business continuity. The Company's capital raising policy is aligned to the macro-economic situations and incidental risk factors. The Company's cashflows are regularly monitored in sync with the annual operating plans and the long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes that this approach would create shareholder value in the long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present, a large portion of the company's resource base is equity. Therefore, the company enjoys a low gearing.

The Company maintains its capital structure in line with the economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| The gearing ratio at each date were as follows : | | |
| *Debt (I) | 318,411.60 | 183,083.40 |
| Less: Cash and cash equivalents (II) (Refer Note 3) | 4,014.77 | 6,574.94 |
| Net debt (I - II) | 314,396.83 | 176,508.46 |
| Total equity | 98,404.31 | 96,656.32 |
| Net debt to equity ratio | 3.19 | 1.83 |

* Debt includes debt securities, borrowings and lease liabilities.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

52. Details of all collateral used as security for liabilities

(Rupees in lakh)

| Particulars | Carrying amount of financial assets pledged | |
|--|---|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Assets type : | | |
| Loans receivable as collateral under lending agreements | 342,953.54 | 180,756.52 |
| Loans receivable as collateral under PTC agreements | 2,306.96 | 348.88 |
| Fixed deposits with original maturity of less than 3 months as collateral under lending agreements | - | 100.30 |
| Fixed deposits as collateral under lending agreements | 9,124.95 | 11,493.08 |
| Fixed deposits as collateral for liabilities arising out of securitization transactions resulting into recording of borrowings | 2,096.91 | 762.29 |

53. Income tax

(Rupees in lakh)

a. The major components of tax expense for the year ended March 31, 2023 and March 31, 2022 :

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|----------|--|-----------------------------------|-----------------------------------|
| 1 | Statement of profit and loss : | | |
| | Profit and loss section : | | |
| | Current income tax : | | |
| | Tax for current year as per minimum alternate tax | 2,298.62 | 660.90 |
| | Deferred tax : | | |
| | Tax expense on origination and (elimination) of temporary differences | 1,828.08 | (98.18) |
| | Excess/short provision of tax of earlier years: | | |
| | Tax expense for earlier years as per minimum alternate tax | 278.50 | - |
| | Income tax expense reported in the Statement of profit and loss | 4,405.20 | 562.72 |
| 2 | Other comprehensive income (OCI) section : | | |
| | Deferred tax : | | |
| | Net (loss)/ gain on remeasurement of defined benefit obligations | (7.00) | 7.47 |
| | The effective portion of gains and loss on hedging instrument in a cash flow hedge | 13.20 | 2.62 |
| | Income tax expense reported in the OCI section | 6.20 | 10.09 |

b. Reconciliation of effective tax rate :

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---------|--|-----------------------------------|-----------------------------------|
| 1 | Profit before tax as per books | 8,382.84 | 2,017.78 |
| 2 | Book profit as per MAT | 13,156.03 | 3,782.60 |
| 3 | Applicable income tax rate* | 29.12% | 29.12% |
| 4 | Tax rate as per MAT | 17.47% | 17.47% |
| 5 | Tax at the applicable income tax rate on profit before tax (A) | 2,441.08 | 587.58 |
| 6 | Tax effect of amounts not deductible/not taxable while calculating taxable income | | |
| | -Corporate social responsibility | 15.29 | 5.70 |
| | -Excess interest spread receivable on direct assignment and Co-lending transactions | - | (20.48) |
| | -Interest / penalty on TDS | - | 0.02 |
| | -Other adjustments | 59.21 | (10.10) |
| | -Impact on account of brought forward losses | 1,889.62 | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---------|---|-----------------------------------|-----------------------------------|
| | Total of adjustments (B) | 1,964.12 | (24.86) |
| 7 | Total tax impact (excl. MAT related adjustments) (C) = (A) - (B) | 4,405.20 | 562.72 |
| 8 | Tax under MAT (Current Tax) | 2,577.12 | 660.90 |
| 9 | Less: MAT credit entitlement (D) | (2,577.12) | (660.90) |
| 10 | Total Deferred tax (E) = (D) - (C) | 1,828.08 | (98.17) |
| 11 | Total Tax expense / (refund) | 4,405.20 | 562.72 |

* The applicable tax rate is the rate prescribed under the Income tax act, 1961.

c. Components of deferred tax assets and liabilities recognised in the Balance Sheet and Statement of profit and loss :

| Sr. No. | Particulars | Balance Sheet | | Statement of profit and loss and other comprehensive income | |
|----------|---|----------------------|----------------------|---|-----------------------------------|
| | | As at March 31, 2023 | As at March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| A | Deferred tax assets (DTA) | | | | |
| 1 | Provision for compensated absences | 175.91 | 83.72 | 92.19 | 33.97 |
| 2 | Provision for gratuity | 50.04 | 24.36 | 25.68 | 3.65 |
| 3 | Deferred revenue income - processing fees allowed upfront in income tax | 1,740.14 | 836.37 | 903.77 | 478.03 |
| 4 | Provision for impairment losses on financial instruments | 2,628.18 | 1,249.12 | 1,379.06 | 503.07 |
| 5 | Lease rentals expense under Ind AS 116 | 93.63 | 100.25 | (6.62) | 28.26 |
| 6 | Preliminary expenses (gross) | 7.13 | 69.81 | (62.69) | (62.69) |
| 7 | ESOS expenses disallowance | 217.44 | 217.44 | (0.00) | (31.20) |
| 8 | Unutilised minimum alternate tax credit entitlement | 4,105.37 | 1,587.34 | 2,518.03 | 660.90 |
| 9 | Income tax losses carried forward | 3,025.64 | 2,856.51 | 169.13 | 107.59 |
| 10 | Others | 417.30 | 205.20 | 212.10 | 176.33 |
| 11 | Total (A) | 12,460.78 | 7,230.12 | 5,230.65 | 1,897.91 |
| B | Deferred tax liabilities (DTL) | | | | |
| 1 | Difference in written down value of property, plant and equipment and intangible assets | 342.76 | 218.84 | 123.92 | 61.05 |
| 2 | Receivables on EIS Direct assignment and Co-lending transactions | 4,200.47 | 447.75 | 3,752.72 | 425.48 |
| 3 | Unrealised gain/ (loss) on investments | - | (0.00) | 0.00 | (3.91) |
| 4 | Prepaid fees/ charges on debt securities allowed upfront in income tax | 542.37 | 348.20 | 194.17 | 234.59 |
| 5 | Prepaid fees/ charges on borrowings allowed upfront in income tax | 991.55 | 624.58 | 366.97 | 263.46 |
| 6 | Deferred loan sourcing cost allowed upfront in income tax | 3,819.62 | 1,209.12 | 2,610.51 | 829.15 |
| 7 | Others | 16.65 | - | 16.65 | - |
| 8 | Total (B) | 9,913.42 | 2,848.49 | 7,064.94 | 1,809.82 |
| C | Deferred tax asset / (liability) | 2,547.36 | 4,381.63 | - | - |
| D | Deferred tax expense / (benefit) | - | - | 1,834.29 | (88.09) |

d. Unrecognised deductible temporary differences, unused tax losses and unused tax credits :

There are no deductible temporary differences, unused tax losses and unused tax credits for which deferred tax assets have not been recognised.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

54. Fair value of financial instruments :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

Ind AS 107, 'Financial Instruments - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance sheet using a three-level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on the entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a. Fair value hierarchy of financial instruments classified in amortised cost category :

(Rupees in lakh)

| Particulars | Fair value as on March 31, 2023 | | | Carrying value as on March 31, 2023 | Fair Value as on March 31, 2022 | | | Carrying value as on March 31, 2022 |
|---|---------------------------------|-------------------|-------------------|-------------------------------------|---------------------------------|-------------------|-------------------|-------------------------------------|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| Assets | | | | | | | | |
| Loans | - | - | 380,707.90 | 389,436.20 | - | - | 240,905.99 | 249,176.14 |
| Investments | 4,069.86 | - | - | 4,262.60 | 3,972.12 | - | - | 4,296.72 |
| Other financial assets (Refer Note 8) | - | - | 2,534.41 | 2,534.41 | - | - | 792.79 | 792.79 |
| Total | 4,069.86 | - | 383,242.31 | 396,233.21 | 3,972.12 | - | 241,698.78 | 254,265.65 |
| Liabilities | | | | | | | | |
| Debt securities | - | 113,013.35 | - | 114,434.45 | - | 74,189.29 | - | 70,441.43 |
| Borrowings (other than debt securities) | - | 204,193.98 | - | 200,459.00 | - | 101,864.90 | - | 109,783.21 |
| Other financial liabilities (Refer Note 22) | - | - | 7,734.85 | 7,734.85 | - | - | 4,722.36 | 4,722.36 |
| Total | - | 317,207.33 | 7,734.85 | 322,628.30 | - | 176,054.19 | 4,722.36 | 184,947.00 |

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value :

Short-term financial assets and liabilities :

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, are a reasonable approximation of their fair value. Such instruments include: other financial assets and other financial liabilities.

Loans and advances to customers :

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Impairment loss allowance and adjustments related to effective interest rate are not part of above disclosure.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

Debt securities and Borrowings :

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated / proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.

b. Fair value hierarchy of financial instruments classified in FVTPL category :

(Rupees in lakh)

| Particulars | Fair value as on March 31, 2023 | | | Carrying value as on March 31, 2023 | Fair Value as on March 31, 2022 | | | Carrying value as on March 31, 2022 |
|----------------------------------|---------------------------------|-----------------|---------|-------------------------------------|---------------------------------|-----------------|---------|-------------------------------------|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| Assets | | | | | | | | |
| Investments in mutual funds | - | - | - | - | - | - | - | - |
| Investments in security receipts | - | 1,748.92 | - | 1,748.92 | - | 2,648.11 | - | 2,648.11 |
| Total | - | 1,748.92 | - | 1,748.92 | - | 2,648.11 | - | 2,648.11 |

There were no transfers between Level 1 and Level 2 during the year.

55. Maturity profile of assets and liabilities :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Assets : | | | | | | |
| Financial assets : | | | | | | |
| Cash and cash equivalents | 4,014.77 | - | 4,014.77 | 6,574.94 | - | 6,574.94 |
| Bank balances other than cash and cash equivalents above | 10,831.75 | 6,334.39 | 17,166.14 | 6,379.17 | 5,881.08 | 12,260.25 |
| Derivative financial instruments | - | - | - | 22.29 | - | 22.29 |
| Loans | 143,460.05 | 237,176.16 | 380,636.21 | 77,786.65 | 167,325.09 | 245,111.74 |
| Investments | - | 6,010.69 | 6,010.69 | 2,648.11 | 4,295.88 | 6,943.99 |
| Other financial assets (Refer note 8) | 1,800.39 | 730.84 | 2,531.23 | 364.41 | 425.21 | 789.62 |
| Non-financial assets : | | | | | | |
| Current tax assets (net) | 203.78 | - | 203.78 | 164.23 | - | 164.23 |
| Deferred tax asset (net) | - | 2,547.36 | 2,547.36 | - | 4,381.63 | 4,381.63 |
| Property, plant and equipment | - | 379.30 | 379.30 | - | 430.43 | 430.43 |
| Non-current assets held for sale | 2,194.55 | - | 2,194.55 | | | |
| Right of use asset | 922.46 | 2,441.62 | 3,364.08 | 631.68 | 1,906.60 | 2,538.28 |
| Capital work in progress | 2.82 | - | 2.82 | 20.25 | - | 20.25 |
| Intangible assets under development | 1,431.41 | - | 1,431.41 | 568.54 | - | 568.54 |
| Other intangible assets | - | 4,741.53 | 4,741.53 | - | 2,602.04 | 2,602.04 |
| Other non-financial assets (Refer note 17) | 4,721.27 | 613.54 | 5,334.81 | 278.27 | 2,803.56 | 3,081.83 |
| Total | 169,583.25 | 260,975.43 | 430,558.68 | 95,438.54 | 190,051.52 | 285,490.06 |
| Liabilities : | | | | | | |
| Financial liabilities : | | | | | | |
| Derivative financial instruments | 9.27 | - | 9.27 | - | - | - |
| (A) Trade payables | | | | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 145.97 | - | 145.97 | 0.08 | - | 0.08 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,168.80 | - | 1,168.80 | 569.43 | 97.50 | 666.93 |
| (B) Other payables | | | | | | |

Notes forming part of the financial statement for the year ended 31st March 2023 (contd.)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 96.78 | - | 96.78 | 15.04 | 27.17 | 42.21 |
| Debt securities | 68,107.94 | 46,326.51 | 114,434.45 | 29,037.79 | 41,403.64 | 70,441.43 |
| Borrowings (other than debt securities) | 79,954.55 | 120,504.45 | 200,459.00 | 46,027.44 | 63,755.77 | 109,783.21 |
| Other financial liabilities (Refer note 22) | 4,756.68 | 2,978.17 | 7,734.85 | 2,212.59 | 2,509.77 | 4,722.36 |
| Non-financial liabilities : | | | | | | |
| Provisions | 5,000.79 | 775.92 | 5,776.71 | 2,316.05 | 371.17 | 2,687.22 |
| Current tax liabilities (net) | 1,567.77 | - | 1,567.77 | 126.07 | - | 126.07 |
| Other non-financial liabilities (Refer note 25) | 760.77 | - | 760.77 | 364.23 | - | 364.23 |
| Total | 161,569.32 | 170,585.05 | 332,154.37 | 80,668.72 | 108,165.02 | 188,833.74 |

56. Disclosure pursuant to IndAS 7 'Statement of Cash Flows' - changes in liabilities arising from financing activities :

| Particulars | As at April 01, 2022 | Cash inflow / (outflow) | Creation of right of use assets* | As at March 31, 2023 |
|--|----------------------|-------------------------|----------------------------------|----------------------|
| Debt securities | 70,376.77 | 44,057.68 | - | 114,434.45 |
| Borrowings (other than debt securities) | 109,807.09 | 90,651.91 | - | 200,459.00 |
| Other financial liabilities | | | | |
| Lease liabilities | 2,858.76 | (781.38) | 1,440.77 | 3,518.15 |

*The figures represent net of creation, remeasurement and deletion of right of use assets.

| Particulars | As at April 01, 2021 | Cash inflow / (outflow) | Creation of right of use assets | As at March 31, 2022 |
|--|----------------------|-------------------------|---------------------------------|----------------------|
| Debt securities | 31,557.55 | 38,819.22 | - | 70,376.77 |
| Borrowings (other than debt securities) | 45,011.94 | 64,795.15 | - | 109,807.09 |
| Other financial liabilities | | | | |
| Lease liabilities | 1,340.97 | (407.17) | 1,924.96 | 2,858.76 |

57. Financial assets are transferred but not derecognised in their entirety :

a. Securitisation

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|------------------------------------|---------------------------|------------------------------------|---------------------------|
| | Financial assets at amortised cost | Financial assets at FVTPL | Financial assets at amortised cost | Financial assets at FVTPL |
| Carrying amount of assets | 18,252.35 | - | 3,633.76 | - |
| Carrying amount of associated Liabilities | 16,339.99 | - | 3,419.61 | - |
| For those liabilities that have recourse only to the transferred financial assets | | | | |
| Fair value of assets (A) | 18,348.09 | - | 3,657.84 | - |
| Fair value of associated liabilities (B) | 16,385.17 | - | 3,426.42 | - |
| Net Position (C) = (A - B) | 1,962.92 | - | 231.42 | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b. Assignment and Colending

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment and colending, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Carrying amount of de-recognised financial asset | 144,807.71 | 50,558.53 |
| Carrying amount of retained asset at amortised cost | 31,866.75 | 6,945.20 |
| Net gain on sale of the de-recognised financial asset* | 15,407.22 | 2,693.46 |

*It represents net gain on derecognition of financial asset for the year ended March 31, 2023 and March 31, 2022.

58. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification"), as updated from time to time.

a. Capital to risk assets ratio (CRAR)

(Rupees in lakh)

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|---|-------------------------|-------------------------|
| i) | CRAR (%) | 20.23 | 34.37 |
| ii) | CRAR - Tier I capital (%) | 19.63 | 33.61 |
| iii) | CRAR - Tier II capital (%) | 0.60 | 0.76 |
| iv) | Amount of subordinated debt raised as Tier-II capital | - | - |
| v) | Amount raised by issue of perpetual debt instruments | - | - |

b. Investments

(Rupees in lakh)

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|--|-------------------------|-------------------------|
| (1) | Value of investments | | |
| | (i) Gross value of investments | | |
| | (a) In India | 6,011.52 | 6,944.83 |
| | (b) Outside India, | - | - |
| | (ii) Provision for depreciation | | |
| | (a) In India | 0.83 | 0.84 |
| | (b) Outside India, | - | - |
| | (iii) Net value of investments | | |
| | (a) In India | 6,010.69 | 6,943.99 |
| | (b) Outside India. | - | - |
| (2) | Movement of provisions held towards depreciation on investments. | | |
| | (i) Opening balance | 0.84 | |
| | (ii) Add : provisions made during the year | - | 0.84 |
| | (iii) Less : Write-off / write-back of excess provisions during the year | 0.01 | - |
| | (iv) Closing balance | 0.83 | 0.84 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

c. Derivatives

1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(Rupees in lakh)

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|---|----------------------|----------------------|
| I | The Notional principal of swap agreement | 23,746.43 | 3,109.43 |
| II | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement | - | - |
| III | Collateral required by the Company upon entering into swaps | - | - |
| IV | Concentration of credit risk arising from the swaps | - | - |
| V | The fair value of the swap book (Asset/(liability)) | (9.27) | 22.29 |

2. Exchange traded interest rate (IR) derivatives

The Company has not entered into any exchange traded derivative.

3. Disclosures on risk exposure and derivatives

Qualitative Disclosures

- I. The Company undertakes the derivative transactions to prudently hedge the risk in context of a particular borrowing or diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transaction. The Company reviews the proposed transaction and outlines any consideration associated with the transaction, including identification of the benefits and potential risks (worst case scenario) ; an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz. , counter party risk , market risk, operational risk, basis risk etc.
- II. Credit risk is controlled by restricting the counter parties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/ price risk arising from the fluctuation of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counter parties to those who have adequate facility, sufficient information and sizable trading capacity and capability to enter into transactions in any market around the world.
- III. The respective functions of trading, confirmation and settlement should be performed by different personnel. The front-office and the back-office roles are well defined and segregated. All the derivative transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the Board of Directors on every quarterly board meetings including their financial positions.

Quantitative disclosures

(Rupees in lakh)

| Sr. No. | Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---------|--|------------------------|---------------------------|-----------------------|---------------------------|
| | | Currency Derivatives** | Interest Rate Derivatives | Currency Derivatives* | Interest Rate Derivatives |
| I | Derivative (Notional Principal Amount) - For Hedging | 23,746.43 | - | 3,109.43 | - |
| II | Market to market position | - | - | 22.29 | - |
| | (a) Asset [+] Estimated Gain | | | | |
| | (b) Liability [-] Estimated Loss | (9.27) | - | - | - |
| III | Credit Exposure | 23,737.16 | - | 3,131.72 | - |
| IV | Unhedged exposures | - | - | - | - |

* Cross-currency interest rate swap

** Cross-currency interest rate swap and full currency swap

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

d. Disclosures as required by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/85 Master Direction DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (the "Notification"), as updated from time to time.

Details of securitization :

(Rupees in lakh)

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|--|----------------------|----------------------|
| 1 | No of SPVs sponsored by the applicable NBFC for securitization transactions* | 10.00 | 3.00 |
| 2 | Total amount of securitized assets as per books of the SPVs sponsored | 18,252.35 | 3,633.76 |
| 3 | Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of Balance Sheet | | |
| | a. Off - balance sheet exposures | | |
| | First loss | - | - |
| | Others | - | - |
| | b. On - balance sheet exposures | | |
| | First loss | 2,306.96 | 348.88 |
| | Others | - | - |
| 4 | Amount of exposures to securitization transactions other than MRR | | |
| | a. Off - balance sheet exposures | | |
| | i) Exposure to own securitizations | | |
| | First loss | - | - |
| | Others | - | - |
| | ii) Exposure to third party securitization | | |
| | First loss | - | - |
| | Others | - | - |
| | b. On - balance sheet exposures | | |
| | i) Exposure to own securitizations | | |
| | First loss | 2,096.91 | 762.29 |
| | Others | - | - |
| | ii) Exposure to third party securitization | | |
| | First loss | - | - |
| | Others | - | - |

* Only the SPVs relating to outstanding securitization transactions.

Details of financial assets sold to securitization / reconstruction company for assets reconstruction :

During the current and previous year, the Company has not entered into any sale of financial assets to any securitization / reconstruction company for assets reconstruction.

Details of assignment transactions undertaken during the year :

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|---|----------------------|----------------------|
| 1. | No. of accounts | 2,641 | 1,853 |
| 2. | Aggregate value (net of provisions) of accounts assigned* | 47,746.89 | 29,135.80 |
| 3. | Aggregate consideration* | 47,746.89 | 29,135.80 |
| 4. | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| 5. | Aggregate gain / loss over net book value | - | - |

* Details pertaining to direct assignment transactions entered during the year.

Details of non-performing financial assets purchased / sold :

During the current and previous year the Company has not entered into any purchase or sale of any non performing financial assets. Also Refer Note no. 63.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

e. Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2023 as follow :

(Rupees in lakh)

| Particulars | 1 to 7 days | 8 to 14 days | 15 days to 30/31 days | Over 1 month & upto 2 Months | Over 2 months & upto 3 months | Over 3 months & upto 6 months | Over 6 months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total |
|--|-------------|--------------|-----------------------|------------------------------|-------------------------------|-------------------------------|-----------------------------|----------------------------|-----------------------------|--------------|------------|
| Assets | | | | | | | | | | | |
| Advances* | 10,495.73 | 3,542.47 | 17,234.03 | 22,353.02 | 26,466.63 | 24,592.81 | 38,775.37 | 127,824.46 | 45,309.97 | 72,841.71 | 389,436.20 |
| Investments** | | | | | | | | 3,311.04 | 2,700.48 | | 6,011.52 |
| Liabilities | | | | | | | | | | | |
| Borrowings : | | | | | | | | | | | |
| Borrowings from banks and financial Institutions | 2,734.91 | 149.66 | 3,153.01 | 9,158.79 | 10,977.88 | 19,640.91 | 34,139.40 | 94,418.75 | 25,991.54 | 94.15 | 200,459.00 |
| Market borrowings (Debt Securities) | - | - | 3,917.39 | 4,812.51 | 11,922.07 | 8,270.72 | 39,185.25 | 33,039.57 | 13,286.94 | - | 114,434.45 |

* Impairment loss allowance of Rs. 8,799.99 lakh on advances is not a part of the above disclosure.

** Impairment loss allowance of Rs. 0.83 lakh on investments is not a part of the above disclosure.

Asset liabilities management maturity pattern of certain items of asset and liabilities (at book values) as at March 31, 2022 as follow :

| Particulars | 1 to 7 days | 8 to 14 days | 15 days to 30/31 days | Over 1 month & upto 2 Months | Over 2 months & upto 3 months | Over 3 months & upto 6 months | Over 6 months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total |
|--|-------------|--------------|-----------------------|------------------------------|-------------------------------|-------------------------------|-----------------------------|----------------------------|-----------------------------|--------------|------------|
| Assets | | | | | | | | | | | |
| Advances* | 7,819.67 | 2,199.02 | 4,609.91 | 7,962.82 | 10,994.70 | 20,887.39 | 26,011.27 | 89,636.76 | 30,686.00 | 48,368.60 | 249,176.14 |
| Investments | - | - | - | - | - | - | 2,648.11 | - | 4,296.72 | - | 6,944.83 |
| Liabilities | | | | | | | | | | | |
| Borrowings : | | | | | | | | | | | |
| Borrowings from banks and financial Institutions | 542.51 | 992.33 | 1,651.26 | 5,588.46 | 4,673.27 | 12,406.70 | 20,172.91 | 54,633.62 | 8,874.21 | 247.94 | 109,783.21 |
| Market borrowings (Debt Securities) | 1,801.10 | 76.83 | 3,459.12 | 4.27 | 6,003.58 | 6,529.34 | 11,163.56 | 25,173.80 | 5,530.86 | 10,698.97 | 70,441.43 |

* Impairment loss allowance of Rs. 4,064.40 lakh on advances is not a part of the above disclosure.

** Impairment loss allowance of Rs. 0.84 lakh on investments is not a part of the above disclosure.

f. Exposures :

(Rupees in lakh)

| Category | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| a) Exposure to real estate sector : | | |
| A. Direct exposure | | |
| (i) Residential mortgages : | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits. | 125,965.38* | 100,526.69* |
| (ii) Commercial real estate : | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits. | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Category | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (iii) Investments in mortgage backed securities (MBS) and other securitised exposures: | | |
| a. Residential | - | - |
| b. Commercial real estate | - | - |
| B. Indirect exposure | | |
| (i) Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies. | - | - |
| Total exposure to real estate sector | 125,965.38 | 100,526.69 |

* These comprise properties held as underlying security at gross exposure at default.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| b) Exposure to capital market : | | |
| (i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual fund the corpus of which is not exclusively invested in corporate debt. | - | - |
| (ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds. | - | - |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security. | - | - |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances. | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers. | - | - |
| (vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources. | - | - |
| (vii) bridge loans to companies against expected equity flows / issues. | - | - |
| (viii) all exposures to venture capital funds (both registered and unregistered). | - | - |
| Total exposure to capital market | - | - |

g. Details of financing of parent company products :

The Company does not have any parent company hence, this clause is not applicable.

h. Details of single borrower limit (SBL) / group borrower limit (GBL) exceeded by the Company :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Single borrower limit (SBL) / group borrower limit (GBL) exceeded by the Company. | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

i. Unsecured advances :

Details of unsecured advances the rights, licenses, authorisations, etc. charged to the applicable NBFCs as collateral in respect of projects (including infrastructure projects) financed by the Company.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Advances against securities of intangible assets | - | - |

j. Registration obtained from other financial sector regulators :

| Particulars | Type | Number Reference |
|-------------|-----------------|------------------|
| IRDA | Corporate Agent | CA0733 |

k. Disclosure of penalties imposed by RBI and other regulators :

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|-------------|--------------------------------------|--------------------------------------|
| Nil | - | - |

During the current year and the previous year, there are no penalties imposed by the RBI and other regulators.

l. Related party transactions :

Details of all material transactions with related parties has been given in note 43 of the financial statements.

m. Ratings assigned by credit rating agencies and migration of ratings for the year ended March 31, 2023 :

| Rating agency | Type | Rating FY 22-23 | Rating FY 21-22 |
|--|---|-----------------------------|-----------------------------|
| India Ratings & Research Private Limited | Bank loans (long term) | IND A/Stable | - |
| CRISIL Ratings Limited | Bank loans (long term) | CRISIL A-/Positive | - |
| CRISIL Ratings Limited | Tier II Bond | CRISIL A-/Positive | - |
| CRISIL Ratings Limited | Non-Convertible Debentures | CRISIL A-/Positive | - |
| CRISIL Ratings Limited | Principal Protected Market Linked Debentures (Long Term) | CRISIL PPMLD A-/Positive | - |
| CRISIL Ratings Limited | Commercial paper | CRISIL A1 | - |
| Acuite Rating & Research Limited | Bank loans (long term) | ACUITE A/Stable | ACUITE A+/Stable |
| Acuite Rating & Research Limited | Commercial paper (short term) | ACUITE A1 | ACUITE A1+ |
| Acuite Rating & Research Limited | Non-convertible debentures (long term) (Market Linked Debentures) | PP-MLD/ACUITE AA-/CE/Stable | PP-MLD/ACUITE AA+/CE/Stable |
| Acuite Rating & Research Limited | Non-convertible debentures (long term) (Market Linked Debentures) | PP-MLD/ACUITE A/Stable | PP-MLD/ACUITE A+/Stable |
| Acuite Rating & Research Limited | Non-convertible debentures (long term) | ACUITE A / stable | ACUITE A+ / stable |

n. Remuneration of directors :

(Rupees in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Transactions with the independent directors | 189.00 | 171.00 |
| Directors' Sitting Fees | | |

Refer Note 43 for remuneration to executive directors.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

o. During the year there are no changes in the accounting policies and no prior period items (Refer Note 1).

p. Provisions and contingencies :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision towards NPA | 4,580.07 | 1,488.83 |
| Provision made towards income tax | 1,567.77 | 126.07 |
| Provision for depreciation on investments | 0.83 | 0.84 |
| Provision for depreciation on fixed deposits | 3.05 | 2.86 |
| Provision for depreciation on other receivables | 3.17 | 3.17 |
| Provision for gratuity | 171.83 | 83.65 |
| Provision for compensated absences | 604.09 | 287.52 |
| Provision for bonus | 1,200.00 | 700.00 |
| Provision for expenses | 3,800.79 | 1,616.05 |
| Provision for standard assets | 4,219.92 | 2,575.57 |

q. Draw down from reserves :

During the year, the Company has not drawn any amount from the reserves.

r. Concentration of deposits, advances, exposures and NPAs :

(i) Concentration of advances :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Total advance to twenty largest borrowers | 12,050.35 | 12,099.18 |
| Percentage of advances to twenty largest borrowers to total advances of the Company | 3.32% | 4.98% |

(ii) Concentration of exposures :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Total exposure to twenty largest borrowers | 12,079.77 | 12,099.18 |
| Percentage of exposures to twenty largest borrowers to total exposure of the Company | 3.20% | 4.98% |

(iii) Concentration of NPAs :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Total exposure to top four NPA accounts | 1,447.12 | 1,454.67 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

s. Sector-wise NPAs :

| Sr. No. | Sector | Percentage of NPAs to total advances in that sector | |
|---------|---------------------------------|---|----------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| 1 | Agriculture & allied activities | - | - |
| 2 | MSME | 2.41% | 2.11% |
| 3 | Corporate borrowers | 100.00% | 87.07% |
| 4 | Services | - | - |
| 5 | Unsecured personal loans | - | - |
| 6 | Auto loans | - | - |
| 7 | Other personal loans | - | - |

Note :The base considered for calculation of sector-wise NPA for Corporate borrowers has decreased from 2 customers amounting to Rs. 547.88 lakh as at March 31, 2022 to 1 customer amounting to Rs. 471.14 lakh as at March 31, 2023 resulting in a higher percentage of NPA as at March 31, 2023.

t. Movement of NPAs :

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|-------------|---|----------------------|----------------------|
| (i) | Net NPAs to net advances (%) | 1.31% | 1.70% |
| (ii) | Movement of NPAs (gross) | | |
| (a) | Opening balance | 5,641.15 | 3,647.71 |
| (b) | Additions during the year | 5,720.50 | 4,671.57 |
| (c) | Reductions during the year | 1,792.60 | 2,678.13 |
| (d) | Closing balance | 9,569.05 | 5,641.15 |
| (iii) | Movement of Net NPAs | | |
| (a) | Opening balance | 4,152.32 | 2,297.45 |
| (b) | Additions during the year | 3,530.19 | 3,364.96 |
| (c) | Reductions during the year | 2,693.53 | 1,510.09 |
| (d) | Closing balance | 4,988.98 | 4,152.32 |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) | Opening balance | 1,488.83 | 1,350.25 |
| (b) | Provisions made during the year | 3,357.50 | 242.63 |
| (c) | Write-off / write-back of excess provisions | 266.26 | 104.05 |
| (d) | Closing balance | 4,580.07 | 1,488.83 |

u. Overseas assets (for those with joint ventures and subsidiaries abroad) :

There are no overseas assets.

v. Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :

There are no off-balance sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

w. Customer complaints :

| Sr No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------|---|----------------------|----------------------|
| (a) | No. of complaints pending as at the beginning of the year | 1 | Nil |
| (b) | No. of complaints received during the year | 175 | 30 |
| (c) | No. of complaints redressed during the year | 171 | 29 |
| (d) | No. of complaints pending as at the end of the year | 5 | 1 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

x. Revenue recognition :

There are no postponement of revenue due to pending resolution of significant uncertainties.

y. Restructured accounts for the year ended March 31, 2023 :

| Sr. No. | Type of restructuring | Under CDR Mechanism / SME Debt Restructuring Mechanism | | | | | Others | | | | |
|---------|---|--|--------------|----------|------|-------|----------|--------------|----------|------|---------|
| | | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |
| 1. | Restructured accounts as on April 1, 2022 | No. of borrowers | - | - | - | - | - | 4 | - | - | 4 |
| | | Amount outstanding | - | - | - | - | - | 636.34 | - | - | 636.34 |
| | | Provision thereon | - | - | - | - | - | 79.14 | - | - | 79.14 |
| 2. | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 3. | Upgradation | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 4. | Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 5. | Downgradation of restructured accounts during the year | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 6. | Write-offs of restructured accounts during the year | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 7. | Others * | No. of borrowers | - | - | - | - | - | 4 | - | - | 4.00 |
| | | Amount outstanding | - | - | - | - | - | (32.31) | - | - | (32.31) |
| | | Provision thereon | - | - | - | - | - | 141.65 | - | - | 141.65 |
| 8. | Restructured accounts as on March 31, 2023 | No. of borrowers | - | - | - | - | - | 4 | - | - | 4 |
| | | Amount outstanding | - | - | - | - | - | 604.03 | - | - | 604.03 |
| | | Provision thereon | - | - | - | - | - | 220.79 | - | - | 220.79 |

* It represents recovery against the existing 4 accounts and increase in provision thereon.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

Restructured accounts For the year ended March 31, 2022 :

| Sr. No. | Type of restructuring | Under CDR Mechanism / SME Debt | | | | | Others | | | | |
|----------------------|---|--------------------------------|--------------|----------|------|-------|----------|--------------|----------|------|---------|
| | | Restructuring Mechanism | | | | | | | | | |
| Asset classification | | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |
| 1. | Restructured accounts as on April 1, 2021 | No. of borrowers | - | - | - | - | 5 | - | - | - | 5 |
| | | Amount outstanding | - | - | - | - | 597.76 | - | - | - | 597.76 |
| | | Provision thereon | - | - | - | - | 69.25 | - | - | - | 69.25 |
| 2. | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | 3 | - | - | 3 |
| | | Amount outstanding | - | - | - | - | - | 159.29 | - | - | 159.29 |
| | | Provision thereon | - | - | - | - | - | 23.24 | - | - | 23.24 |
| 3. | Upgradation | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 4. | Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year | No. of borrowers | - | - | - | - | 4 | - | - | - | 4 |
| | | Amount outstanding | - | - | - | - | 101.63 | - | - | - | 101.63 |
| | | Provision thereon | - | - | - | - | 6.87 | - | - | - | 6.87 |
| 5. | Downgradation of restructured accounts during the year | No. of borrowers | - | - | - | - | (1) | 1 | - | - | - |
| | | Amount outstanding | - | - | - | - | - | 477.05 | - | - | (19.08) |
| | | Provision thereon | - | - | - | - | (62.38) | 55.90 | - | - | (6.48) |
| 6. | Write-offs of restructured accounts during the year | No. of borrowers | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - |
| 7. | Restructured accounts as on March 31, 2022 | No. of borrowers | - | - | - | - | - | 4 | - | - | 4 |
| | | Amount outstanding | - | - | - | - | - | 636.34 | - | - | 636.34 |
| | | Provision thereon | - | - | - | - | - | 79.14 | - | - | 79.14 |

z. Schedule to the balance sheet of a NBFC :

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|----------------|----------------------|----------------|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| Liabilities side : | | | | |
| 1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid : | | | | |
| a | Debtors : | | | |
| i | Secured | 85,495.83 | - | 54,621.07 |
| ii | Unsecured (other than falling within the meaning of public deposits) | 661.86 | - | 990.29 |
| b | Deferred credits | - | - | - |
| c | Term loans | 196,981.07 | - | 107,239.38 |
| d | Inter - corporate loans and borrowings | - | - | - |
| e | Commercial paper | 12,146.52 | - | 11,472.03 |
| f | Public deposits | - | - | - |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| g Other loans | 19,608.17 | - | 5,901.87 | - |
| 2 Break - up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) : | | | | |
| a In the form of unsecured debentures | - | - | - | - |
| b In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | - | - | - | - |
| c Other public deposits | - | - | - | - |
| Assets Side : | As at March 31, 2023 | | As at March 31, 2022 | |
| 3 Break - up of gross loans and advances including bills receivables (other than those included in (4) below) : | | | | |
| a Secured | | 238,378.61 | | 155,940.59 |
| b Unsecured | | 151,057.59 | | 93,235.55 |
| 4 Break - up of leased assets and stock on hire and other assets counting towards asset financing activities : | | | | |
| a Lease assets including lease rentals under sundry debtors | | | | |
| i. Finance lease | | NA | | NA |
| ii. Operating lease | | NA | | NA |
| b Stock on hire including hire charges under sundry debtors | | | | |
| i. Assets on hire | | NA | | NA |
| ii. Repossessed assets | | NA | | NA |
| c Other loans counting towards asset financing activities | | | | |
| i. Loans where assets have been repossessed | | NA | | NA |
| ii. Loans other than (a) above | | NA | | NA |
| 5 Break - up of investments : | | | | |
| Current investments | | | | |
| a Quoted | | | | |
| (i) Shares | | | | |
| a. Equity | | - | | - |
| b. Preference | | - | | - |
| (ii) Debentures and bonds | | - | | - |
| (iii) Units of mutual funds | | - | | - |
| (iv) Government securities | | - | | - |
| (v) Others | | - | | - |
| b Unquoted | | | | |
| (i) Shares | | | | |
| a. Equity | | - | | - |
| b. Preference | | - | | - |
| (ii) Debentures and bonds | | - | | - |
| (iii) Units of mutual funds | | - | | - |
| (iv) Government securities | | - | | - |
| (v) Others | | - | | - |
| Long term investments | | | | |
| a Quoted | | | | |
| (i) Shares | | | | |
| a. Equity | | - | | - |
| b. Preference | | - | | - |
| (ii) Debentures and bonds | | 4,261.77 | | 4,295.88 |
| (iii) Units of mutual funds | | - | | - |
| (iv) Government securities | | - | | - |
| (v) Others | | - | | - |
| b Unquoted | | | | |
| (i) Shares | | | | |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|--|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| a. Equity | | - | | - |
| b. Preference | | - | | - |
| (ii) Debentures and bonds | | - | | - |
| (iii) Units of mutual funds | | - | | - |
| (iv) Government securities | | - | | - |
| (v) Others | | 1,748.92 | | 2,648.11 |
| 6 Borrower group wise classification of assets financed in (3) and (4) above (gross) : | As at March 31, 2023 | | As at March 31, 2022 | |
| Category | Amount Secured | Amount Unsecured | Amount Secured | Amount Unsecured |
| a Related parties ** | | | | |
| i. Subsidiaries | - | - | - | - |
| ii. Companies in the same group | - | - | - | - |
| iii. Other related parties | - | - | - | - |
| b Other than related parties | 238,378.61 | 151,057.59 | 155,940.59 | 93,235.55 |
| Total | 238,378.61 | 151,057.59 | 155,940.59 | 93,235.55 |
| ** As per accounting standard issued by ICAI. | | | | |
| 7 Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : | As at March 31, 2023 | | As at March 31, 2022 | |
| Category | Amount Secured | Amount Unsecured | Amount Secured | Amount Unsecured |
| 1 Related parties ** | | | | |
| a. Subsidiaries | - | - | - | - |
| b. Companies in the same group | - | - | - | - |
| c. Other related parties | - | - | - | - |
| 2 Other than related parties | | 6,010.69 | | 6,943.99 |
| Total | | 6,010.69 | | 6,943.99 |
| ** As per accounting standard issued by ICAI. | | | | |
| 8 Other information | | | | |
| a Gross non performing assets : | | 9,569.05 | | 5,641.15 |
| i. Related parties | | - | | - |
| ii. Other than related parties | | 9,569.05 | | 5,641.15 |
| b Net non performing assets : | | 4,988.98 | | 4,152.32 |
| i. Related parties | | - | | - |
| ii. Other than related parties | | 4,988.98 | | 4,152.32 |
| c Assets acquired in satisfaction of debt | | 2,194.55 | | - |

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31, 2023 :

(Rupees in lakh)

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS* | Loss allowances (provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRAC norms | Difference between Ind AS 109 provisions and IRAC norms |
|---------------------------------------|--|--------------------------------------|---|---------------------|---------------------------------------|---|
| (1) | (2) | (3) | (4) | (5)=(3)-(4) | (6) | (7)=(4)-(6) |
| Performing assets | | | | | | |
| Standard | Stage 1 | 362,278.62 | 3,845.98 | 358,432.64 | 1,780.62 | 2,065.36 |
| | Stage 2 | 10,447.45 | 373.94 | 10,073.51 | 109.34 | 264.60 |
| Non-performing assets (NPA) | | | | | | |
| Substandard | Stage 3 | 6,740.56 | 2,893.34 | 3,847.22 | 715.05 | 2,178.29 |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

(Rupees in lakh)

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS* | Loss allowances (provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRAC norms | Difference between Ind AS 109 provisions and IRAC norms |
|--|--|--------------------------------------|---|---------------------|---------------------------------------|---|
| Doubtful - up to 1 year | Stage 3 | 2,711.80 | 1,648.58 | 1,063.22 | 2,674.13 | (1,025.55) |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Loss | Stage 3 | 116.68 | 38.15 | 78.53 | 115.99 | (77.84) |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms | Stage 1 | 4,477.45 | - | 4,477.45 | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Total | Stage 1 | 366,756.07 | 3,845.98 | 362,910.09 | 1,780.62 | 2,065.36 |
| | Stage 2 | 10,447.45 | 373.94 | 10,073.51 | 109.34 | 264.60 |
| | Stage 3 | 9,569.04 | 4,580.07 | 4,988.97 | 3,505.17 | 1,074.90 |
| | Total | 386,772.56 | 8,799.99 | 377,972.57 | 5,395.13 | 3,404.86 |

* The above numbers are reported at gross excluding effective interest rate impact on the same.

aa. Provision under prudential norms of income recognition, asset classification (IRAC) as at March 31, 2022 :

| Asset classification as per RBI norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS* | Loss allowances (provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRAC norms | Difference between Ind AS 109 provisions and IRAC norms |
|--|--|--------------------------------------|---|---------------------|---------------------------------------|---|
| (1) | (2) | (3) | (4) | (5)=(3)-(4) | (6) | (7)=(4)-(6) |
| Performing assets | | | | | | |
| Standard | Stage 1 | 239,025.36 | 2,481.66 | 236,543.70 | 1,856.21 | 625.45 |
| | Stage 2 | 3,255.34 | 93.91 | 3,161.43 | 50.52 | 43.39 |
| Non-performing assets (NPA) | | | | | | |
| Substandard | Stage 1 | 5,451.73 | 1,299.41 | 4,152.32 | 623.40 | 676.01 |
| Substandard | Stage 3 | 189.42 | 189.42 | - | 184.06 | 5.36 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRAC) norms | Stage 1 | 882.60 | - | 882.60 | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Total | Stage 1 | 239,907.96 | 2,481.66 | 237,426.30 | 1,856.21 | 625.45 |
| | Stage 2 | 3,255.34 | 93.91 | 3,161.43 | 50.52 | 43.39 |
| | Stage 3 | 5,641.15 | 1,488.83 | 4,152.32 | 807.46 | 681.37 |
| | Total | 248,804.45 | 4,064.40 | 244,740.05 | 2,714.19 | 1,350.21 |

* The above numbers are reported at gross excluding effective interest rate impact on the same.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

59. Disclosures as required by Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and Disclosures in Financial Statements- Notes to Accounts of NBFCs vide Notification No. DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022.

A. Exposure

1. Exposure to real estate sector (refer note no 58f)

2. Exposure to capital market

The Company does not have any capital market exposure.

3. Sectoral exposure

(Rupees in lakh)

| Sectors | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|---|-----------------|---|---|-----------------|---|
| | Total Exposure (includes on balance sheet and off-balance sheet exposure) | Gross NPAs | Percentage of Gross NPAs to total exposure in that sector | Total Exposure (includes on balance sheet and off-balance sheet exposure) | Gross NPAs | Percentage of Gross NPAs to total exposure in that sector |
| 1. Agriculture and Allied activities | 6,095.31 | - | 0.00% | - | - | 0.00% |
| 2. Industry | | | | | | |
| i. Food processing | 19,182.57 | 431.00 | 2.25% | 8,243.71 | 184.24 | 2.23% |
| ii. Textiles | 15,220.40 | 171.76 | 1.13% | 1,317.10 | - | 0.00% |
| iii. Paper & paper products | 7,612.24 | 49.89 | 0.66% | 376.68 | - | 0.00% |
| iv. Rubber, Plastic & their products | 10,023.23 | 95.40 | 0.95% | 2,208.10 | 102.61 | 4.65% |
| v. Basic metal & metal product | 16,957.80 | 93.31 | 0.55% | 681.52 | 1.76 | 0.26% |
| vi. All Engineering | 20,177.70 | 859.32 | 4.26% | 35,982.95 | 658.76 | 1.83% |
| vii. Others | 116,225.46 | 3,070.15 | 2.64% | 62,745.24 | 2,780.61 | 4.43% |
| Total of Industry (i+ii+iii+iv+v+vi+vii) | 205,399.40 | 4,770.83 | 2.32% | 111,555.30 | 3,727.98 | 3.34% |
| 3. Services | | | | | | |
| i. Tourism, hotel and restaurants | 12,913.13 | 406.24 | 3.15% | 5,884.55 | 265.92 | 4.52% |
| ii. Professional services | 12,200.18 | 160.08 | 1.31% | 6,604.18 | 46.76 | 0.71% |
| iii. Wholesale trade (other than food procurement) | 26,388.21 | 767.44 | 2.91% | 12,808.36 | 41.87 | 0.33% |
| iv. Retail trade | 33,668.87 | 1,577.76 | 4.69% | 44,768.92 | 687.01 | 1.53% |
| v. Others | 85,543.64 | 1,886.70 | 2.21% | 63,540.45 | 882.54 | 1.39% |
| Total of Services (i+ii+iii+iv+v) | 170,714.03 | 4,798.22 | 2.81% | 133,606.46 | 1,924.10 | 1.44% |

4. Intra-group exposures

The Company is a standalone entity hence there is no intra group exposure.

5. Unhedged foreign currency exposure

The Company does not have any unhedged foreign currency exposure.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

B. Related Party (Refer Note 43 for KMP and other related parties except directors)

The Company has not granted loans or advances to promoters, directors and KMPs, either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment for the financial year ended March 31, 2023 and March 31, 2022.

C. Disclosure of complaints

1. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman :

| Sr No | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|----------------------|----------------------|
| Complaints received by the NBFC from its customers | | | |
| 1. | Number of complaints pending at beginning of the year | 1 | - |
| 2. | Number of complaints received during the year | 148 | 24 |
| 3. | Number of complaints disposed during the year | 145 | 23 |
| 3.1 | Of which, number of complaints rejected by the NBFC | - | - |
| 4. | Number of complaints pending at the end of the year | 4 | 1 |
| 5. | Number of maintainable complaints received by the NBFC from Office of Ombudsman | 27 | 6 |
| 5.1 | Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman | 26 | 6 |
| 5.2 | Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman | 3 | - |
| 5.3 | Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC | - | - |
| 6. | Number of Awards unimplemented within the stipulated time (other than those appealed) | - | - |

1. Top five grounds of complaints received by the NBFCs from customers.#

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| Current Year | | | | | |
| Loans and advances | 1 | 43 | 438.00% | 1 | 1 |
| Levy of charges without prior notice/ excessive charges/ foreclosure charges | - | 50 | 900.00% | 1 | 1 |
| Difficulty in operation of accounts | - | 4 | (20.00%) | - | - |
| Recovery Agents/ Direct Sales Agents | - | 9 | 800.00% | - | - |
| Other | - | 69 | 527.00% | 3 | 1 |
| Previous Year | | | | | |
| Loans and advances | - | 8 | NA* | 1 | - |
| Levy of charges without prior notice/ excessive charges/ foreclosure charges | - | 5 | NA* | - | - |
| Difficulty in operation of accounts | - | 5 | NA* | - | - |
| Recovery Agents/ Direct Sales Agents | - | 1 | NA* | - | - |
| Other | - | 11 | NA* | - | - |

* There were nil complaints during FY 2020-21.

This also includes complaints raised with RBI.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

D. Corporate Governance (refer Corporate Governance section in the annual report)

E. Breach of covenant

Breach in terms of covenant in respect of loan availed by the Company is as follows.

JM Financial Products Limited had sanctioned a Term Loan of Rs. 4,000 lakh and had stipulated to maintain a CRAR of >20.24%, which was marginally breached by 0.01%, since the CRAR of the Company stood at 20.23% as of March 31, 2023. However, the Company has raised fresh Equity in April 2023 and therefore considering the impact of this event occurring after the Balance Sheet date (Refer Note 60), there is no breach of the covenant. The maturity of the term loan is due on September 29, 2023. There is no material impact on the cost or liquidity of the Company as the Company has already complied with the covenant on a post balance sheet event basis.

F. Divergence in asset classification and provisioning

During the current year the Company underwent routine RBI supervision for the year ended March 31, 2019, March 31, 2020 and March 31, 2021 and no divergence in asset classification and provisioning has been reported.

G. There is no modification of opinion, expressed by the auditors.

H. There are no items of income and expenditure of exceptional nature.

60 Events after the reporting period

Non-adjusting events after the reporting period that require disclosure are as follows:

The Company raised equity share capital through Qualified Institutional Placement (QIP) in April 2023. The issue remained open from April 10, 2023, to April 13, 2023, and Rs. 10,049.21 lakh was raised in lieu of the same. The Company issued and allotted 66,11,325 equity shares (face value of Rs. 10 per share) at a premium of Rs. 142 per share. These shares were allotted on April 13, 2023.

The Company has entered into definitive investment agreement inter alia with Danish Sustainable Development Goals Investment Fund K/S, a limited liability partnership incorporated under the laws of Denmark, represented by Investment Fund for Developing Countries, an investment fund incorporated under the laws of Kingdom of Denmark, to the tune of Rs. 24,000 lakh ('Issue'). It is a Danish Development Finance Institution (independent Denmark government-owned fund) and an impact investor which invests to support sustainable development in developing countries and contributes to the realization of the sustainable development goals (SDGs) by creating better opportunities for people in low and middle-income countries. The said Issue has been approved by the Board on April 11, 2023, and the shareholders through postal ballot on May 11, 2023. The allotment of shares under the said issue will be done within 15 days from the date of passing resolution by the shareholders.

61 Total Fixed deposits stand at Rs. 2,096.91 lakh as at March 31, 2023 (previous year Rs. 762.29 lakh) on account of securitisation transactions.

62 Disclosure on frauds pursuant to the RBI Master direction- Monitoring of Frauds in NBFCs, Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016 detected and reported to RBI:

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Number of Frauds | - | 1 |
| Amount involved (Rs. in Lakh) | - | 400.14 |

63 The Company has neither purchased any credit impaired financial assets nor has the company transferred any credit impaired assets to the Asset Reconstruction Company during the financial year 2022-23, in terms of guidelines issued by RBI circular number DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021. Further, the Company has also not sold any credit impaired financial asset to institutions other than to securitization/reconstruction Company (SC/RC).

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

64. Title deeds of immovable property not held in the name of the Company as at March 31, 2023:

(Rupees in lakh)

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director | Property held since which date | Reason for not being held in the name of the company* |
|---|---------------------------------|----------------------|---------------------------------|---|--------------------------------|---|
| PPE | Land | - | - | - | - | - |
| PPE | Building | - | - | - | - | - |
| Investment property | Land | - | - | - | - | - |
| | Building | - | - | - | - | - |
| Non-current assets held for sale | Land | 348.88 | Borrower | No | - | - |
| Non-current assets held for sale | Building | 1,782.95 | Borrower | No | - | - |
| Others | - | - | - | - | - | - |

*The Borrowers had mortgaged the immovable properties with the Company to secure the loan facility. Consequent to default in repayment of secured loan upon classification of the account as Non-Performing Asset ("NPA"), the proceedings under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("The SARFAESI Act, 2002") are initiated, whereby the immovable property mortgaged by the Borrower, is taken into possession of the Company with or without intervention of Court. The said properties will be sold to the prospective buyer(s) and the sale proceeds shall be appropriated towards the dues in the respective loan account. Meanwhile, if the borrower/co-borrower approaches to settle the dues and closes the loan account, the property may be released to them.

65 During the year ended March 31, 2023, there was one company with whom the Company had a transaction whose status is reflected as "struck-off" as at March 31, 2023 as shown below under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. Further the Company did not have any such transactions during the year ended March 31, 2022.

Name of struck-off company with whom Company had transaction during FY 2022-23

| | |
|---|-----------------------------------|
| Name of the Company | Northern Aircool Private Limited* |
| Nature of transaction | Loan Disbursement |
| Balance outstanding as at March 31, 2023 | Nil |
| Relation with struck-off company | Customer |

*The Company had transaction with the above Company before the Company was struck-off as per the ROC records.

- 66** No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at March 31, 2023 and March 31, 2022.
- 67** The Company is not declared wilful defaulter by any bank or financial institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India during the year ended March 31, 2023 and March 31, 2022.
- 68** a. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

b. Instances of delayed filing of registration of charges or satisfaction with Registrar of Companies (ROC) during the year ended March 31, 2023.

| Brief description of charge | Location of registrar | Period by which charge has been registered | Reason for delay |
|--|-----------------------|---|--|
| CHG-1 Nabsamruddhi Term Loan- Rs. 15,00,00,000/- Charge ID 100603629 DOH Date-05.08.2022 | Mumbai | 06.09.2022 (Form Filed with MCA) 13.09.2022 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-4 Beacon Trusteeship Limited Charge ID-100493809 NOC Date-02.08.2022 | Mumbai | 23.09.2022 (Form Filed with MCA) 27.09.2022 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 Catalyst Trusteeship Limited- Rs. 31,09,00,000/- Charge ID:100518344 List of Receivables Date- 31.12.2022 | Mumbai | 02.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 Catalyst Trusteeship Limited- Rs. 12,40,80,000/- Charge ID:100628374 List of Receivables Date- 31.12.2022 | Mumbai | 01.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 Catalyst Trusteeship Limited- Rs. 14,48,00,000/- Charge ID: 100628373 List of receivables:31.12.2022 | Mumbai | 02.02.2023 (Form filed with MCA) 06.02.2023 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 Catalyst Trusteeship Limited- Rs. 82,70,00,000/- Charge ID: 100688034 Resubmission Date- 10-02- 2023 | Mumbai | 21.03.2023 (Form filed with MCA) 22.03.2023 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 Canara Bank Term Loan- Rs. 75,00,00,000/- Charge ID-100684349 DOH Date-21.01.2023 | Mumbai | 10.03.2023 (Form filed with MCA) 15.03.2023 (Charge Certificate Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |
| CHG-1 IDFC First Bank Term Loan- Rs. 100,00,00,000/- Charge ID-100692382 DOH Date-30.01.2023 | Mumbai | 24.03.2023 (Form filed with MCA) 30.03.2023 (Charge Certification Date) | The form could not be filed within the prescribed timelines due to technical and operational issues on newly introduced MCA V3 portal. |

69 There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2023 and 31 March 2022 in tax assessments under the Income tax act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of accounts during the year ended March 31, 2023 and March 31, 2022.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

70 The Company has not traded or invested in crypto currency or virtual currency during the year ended March 31, 2023 and March 31, 2022.

71 Disclosure under rule 11(e) of the Companies (Audit and Auditors) Rules, 2014:

(a) - The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or

- provide any guarantee, security or the like to or on behalf of ultimate beneficiaries;

(b) - The company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or

- provide any guarantee, security or the like to or on behalf of ultimate beneficiaries;

72 Gold Loans

The Company does not provide any loans on collateral of gold and gold jewellery.

73 RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021.

Under the Circular all the lending institutions were required to refund/adjust the “interest on interest” charged to the borrower during the moratorium period i.e. March 1, 2020 to August 31, 2020 in conformity with the Supreme Court judgement. The status of the same is mentioned in below table.

(Rupees in lakh)

| Sr. No | Particulars | March 31, 2023 | March 31, 2022 |
|--------|---------------------|----------------|----------------|
| 1 | Aggregate amount | 14.59 | 54.71 |
| 2 | Refunded/adjusted | - | 40.12 |
| 3 | Outstanding balance | 14.59 | 14.59 |

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

a. Details of transfer through Assignment in respect of loans not in default during the year ended March 31, 2023*

| Sr. No | Particulars | To Banks / NBFCs |
|--------|---|------------------|
| 1 | Aggregate principal outstanding of loans transferred through assignment (Rs. in lakh) | 47,746.89 |
| 2 | Aggregate consideration received (Rs. in lakh) | 47,746.89 |
| 3 | Weighted average Maturity of Loans (in years) | 7.95 |
| 4 | Weighted average Holding period of Loans (in years) | 1.03 |
| 5 | Retention of Beneficial economic interest (in %) | 11.16% |
| 6 | Coverage of Tangible security (in %) ** | 228.90% |
| 7 | Rating- wise distribution of rated loans | Non- Rated |

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

Note

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

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

b. The Company has not acquired loans not in default during the year ended March 31, 2023..

c. The Company has neither transferred nor acquired any stressed loans during the year ended March 31, 2023.

d. The rating wise distribution of Security Receipts (SRs) held by the Company as on March 31, 2023 is given below:

| Ratings | Rating Agency | Amount (in Lakh) |
|---------|--|------------------|
| IVR RR1 | Infomerics Valuation and Ratings Private Limited | 943.48 |
| BW RR3 | Brick Works Rating India Private Limited | 805.44 |

75 Disclosure pursuant to Reserve Bank of India RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19 related stress read with RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048/2021-22 dated May 5, 2021, pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of individuals and Small Businesses.

(Rupees in lakh)

| Type of borrower | Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at September 30, 2022 (A) | Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2023 | Of (A), amount written off during the half year ended March 31, 2023 | Of (A), amount paid by the borrowers during the half year ended March 31, 2023 | Exposure to accounts classified as Standard consequent to Implementation of resolution plan - Position as at March 31, 2023* |
|-------------------|---|--|--|--|--|
| Personal loans | - | - | - | - | - |
| Corporate persons | - | - | - | - | - |
| Of which, MSMEs | 5,646.45 | 39.77 | - | 1,465.73 | 4,140.95 |
| Others | - | - | - | - | - |
| Total | 5,646.45 | 39.77 | - | 1,465.73 | 4,140.95 |

* Total ECL Provision for the above loans as on March 31, 2023 is Rs. 414.09 Lakh.

Notes forming part of the financial statement for the year ended March 31, 2023 (contd.)

76. Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP BC/4/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 on “Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)”:

(Rupees in lakh)

| Typers of borrower | Year | No. of accounts restructured | Amount outstanding |
|--------------------|----------------------|------------------------------|--------------------|
| MSMEs | As at March 31, 2023 | 144 | 4,121.34 |
| | As at March 31, 2022 | 184 | 6,623.10 |

- 77 Previous year figures have been reclassified/ regrouped wherever necessary to conform to/ with the current year classification/ disclosure.

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

Sd/-
Swapnil Kale
Partner

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Sd/-
Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Sd/-
Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Sd/-
Abhijit Sen
Independent Director and Chairman -
Audit Committee
DIN : 00002593
Mumbai
May 15, 2023

Sd/-
Namrata Sajjani
Company Secretary
Mumbai
May 15, 2023

UGRO Capital Limited

Corporate Identification Number (CIN) : L67120MH1993PLC070739.
Registered Office: Equinox Business Park, Tower -3, 4th Floor, LBS Marg, Off BKC Road, Kurla (West), Mumbai 400070.
Tel: +91-22-41821600, Website : www.ugrocapital.com, E-mail : cs@ugrocapital.com

| | |
|------------|--|
| DP ID* | |
| Client ID* | |

| | |
|---------------|--|
| Folio No. | |
| No. of shares | |

Name (IN BLOCK LETTERS) :

Address :

We/I certify that I am member/ proxy/ authorized representative for the member of the Company.

We/I hereby record our/my presence at the **30th Annual General Meeting** of the Company held on Tuesday, 8th August, 2023 at 03.30 p.m. at BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001.

*Applicable for investors holding shares in electronic form.

Signature of Member / Proxy
Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

UGRO Capital Limited
Proxy Form
Form No. MGT-11
[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]
30th Annual General Meeting on Tuesday, 8th day of August, 2023

CIN : L67120MH1993PLC070739
Name of the company : UGRO Capital Limited
Registered office : Equinox Business Park, Tower -3, 4th Floor, LBS Marg, Off BKC Road, Kurla (West), Mumbai 400070.
E-mail address : cs@ugrocapital.com
Website : www.ugrocapital.com
Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id /DP Id :

I/We, being the member (s) of shares of UGRO Capital Ltd. hereby appoint:

1. Name : Address:
E-mail Id: Signature: or failing him

2. Name : Address:
E-mail Id: Signature: or failing him

3. Name : Address:
E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on the Tuesday, 8th August, 2023 at 03.30 p.m. at BSE International Convention Hall, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, Maharashtra 400001 and at any adjournment thereof in respect of such resolutions as are indicated below :

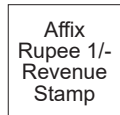
*I wish my above proxy to vote in the manner as indicated below:

| No. | Item No. (Resolutions) | For | Against |
|--------------------------|--|-----|---------|
| ORDINARY BUSINESS | | | |
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company as on 31 st March, 2023 along with Director's Report and Auditor's Report thereon. | | |
| 2 | To appoint a Director in place of Mr. Chetan Kulbhushan Gupta (DIN: 07704601), who retires by rotation and being eligible, offers himself for re-appointment. | | |
| 3 | To appoint M/s Sharp and Tannan, Chartered Accountant (ICAI Firm Registration No. 109983W) as Statutory Auditor of the Company | | |
| SPECIAL BUSINESS | | | |
| 4 | To approve alteration of Articles of Association of the Company | | |
| 5 | Authorization for borrowing money under Section 180(1)(c) of the Companies Act, 2013 | | |
| 6 | Authorization to sell, lease, charge and/or mortgage property/assets of the Company under Section 180(1)(a) of the Companies Act, 2013 | | |
| 7 | To borrow funds by way of issuance of Non-Convertible Debentures | | |



| | | | |
|----|--|--|--|
| 8 | To consider and approve raising of funds to the tune of INR 500 Crores (INR Five Hundred Crores only) by way of Qualified Institutions Placement ("QIP") or through any other method, in compliance with applicable laws | | |
| 9 | Appointment of Mr. Satyananda Mishra as a Director and his re-appointment as an Independent Director of the Company for the second term | | |
| 10 | Appointment of Mr. Rajeev Krishnamuralilal Agarwal as a Director and his re-appointment as an Independent Director of the Company for the second term | | |
| 11 | Appointment of Mr. Karuppasamy Singam as a Director and his re-appointment as an Independent Director of the Company for the second term | | |
| 12 | To approve appointment of Mrs. Deepa Agar Hingorani as Director of the Company | | |

Signed this..... day of..... 2023.



Signature of shareholder

Signature of Proxy holder(s)

Notes:

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
3. A proxy need not be a member of the Company.
4. Notwithstanding the above the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.
5. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
6. *This is only optional. Please put a "✓" in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



UGRO CAPITAL LIMITED

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

CIN: L67120MH1993PLC070739

Telephone: +91 22 4891 8686 | **E-mail:** customercare@ugrocapital.com | **Website:** www.ugrocapital.com