

Term sheet of issuance of 35 Crores NCDs

Security Name	UGRO Capital Limited, Non-Convertible Debentures 10.25% per annum, 2022
Issuer / Company	UGRO Capital Limited (Formerly Known as Chokhani Securities Limited)
Type of Instrument	350 Rated, Listed, Fully Paid-up, Senior, Secured, Redeemable, Taxable, Non-Convertible Debentures (“NCDs” or “Debentures”)
Debenture Trustee	Beacon Trusteeship Limited
Promoter (s)	Poshika Advisory Services LLP
Nature of Instrument	Secured
Seniority	Senior, on pari-passu basis with current and future secured security holders
Mode of Issue	Private Placement
Eligible Investors	<ul style="list-style-type: none"> • Individuals • Hindu Undivided Family • Trust • Limited Liability Partnerships • Partnership Firm(s) • Portfolio Managers registered with SEBI • Association of Persons • Companies and Bodies Corporate including Public Sector Undertakings • Commercial Banks • Regional Rural Banks • Financial Institutions • FPIs • Insurance Companies • Mutual Funds and <p>any other investor authorized to invest in these Debentures, in terms of Applicable Law.</p>
Listing	<p>The NCDs are proposed to be listed with BSE.</p> <p>The Company shall forward the listing application to the BSE along with the applicable disclosures within 15 (fifteen) days from the date of allotment.</p> <p>In case of delay in listing beyond 15 (fifteen) days from the Deemed date of Allotment, the Company will pay penal interest of 1% (one percent) p.a. over the interest/coupon rate/implicit yield from the</p>

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(Formerly known as Chokhani Securities Limited)

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CIN: L67120MH1993PLC070739

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

	expiry of 30 (thirty) days from Deemed Date of Allotment till the listing of such NCDs to the Investor.
Rating	ACUITE A/Stable by Acuite Rating & Research Limited
Issue Size	INR 35 Crores
Option to retain oversubscription	NA
Purpose and Objects of the Issue	<p>The funds raised by the Issue, after meeting the costs and expenses in respect of the Issue, shall be utilized by the Issuer solely for the following ("Purpose"):</p> <ul style="list-style-type: none"> • financing activities and business operations of the Issuer (including on-ward lending); • re-payment of the existing Financial Indebtedness of the Issuer; and general corporate purposes of the Issuer. • As Described under partial credit guarantee scheme <p>The Issuer shall not use the proceeds of the Issue towards (i) any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities; (ii) any speculative purposes; (iii) investment in the real estate sector; or (iv) in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the Supervisory Authorities) (v) or any usage that are restricted for bank financing</p>
Details of the Utilization of the proceeds	The proceeds would be utilized for meeting the Object of the issue.
Coupon Rate	10.25% per annum payable annually and on maturity
Step Up/Step Down Coupon Rate	Not Applicable
Coupon payment frequency	Annually and at Maturity
Coupon payment dates	11 th September, 2021 and 11 th March, 2022 (maturity date)
Coupon Type	Fixed
Put Date	Not applicable
Call Date	Not applicable
Call Price	Not applicable
Put Notification Date	Not applicable
Call Notification Date	Not applicable
Face Value	INR 10,00,000 (Indian Rupees Ten Lacs)

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Minimum Application and in multiples of 1 Debt securities thereafter	INR 10,00,000/- per Debenture.			
Issue Timing	Issue Opening Date	Issue Closing Date	Pay-in-date	Deemed date of Allotment
	10-09-2020	10-09-2020	11-09-2020	11-09-2020
Day Count Basis	Actual/Actual			
Issuance mode of Debentures	Dematerialized Form			
Trading mode of the Debentures	Dematerialized Form			
Settlement mode of the Debenture	Redemption proceeds, comprising of the value of principal and Interest shall be paid by cheque/demand draft/NEFT/RTGS to the holders of the NCDs as on the Record Date.			
Depository	NSDL / CDSL			
Business days Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, then the succeeding Business Day will be considered as the effective date. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.</p>			
Record Date	<p>15 (fifteen) days prior to any Due Date.</p> <p>In the event the Record date falls on a day which is not a Business Day, the next Business day will be considered as the Record Date.</p>			
Security	<p>The outstanding debentures amount together with interest, default interest, remuneration of the Trustee, charges, fees, expenses and all other monies dues from the Company shall be secured by exclusive charge via deed of hypothecation on the specific standard asset portfolio of receivables ("Company's Receivables") to be executed between the Company and the Debenture Trustee as described herein.</p> <p>The Issuer undertakes:</p>			

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- i. Company's Receivables must be standard
- ii. Company's Receivables are existing at the time of selection, and have not been terminated or prepaid
- iii. Company's Receivables should not have been restructured or rescheduled
- iv. Company's Receivables are free from all Encumbrances and are not subject to any lien or charge;
- v. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines.
- vi. The Company's Specific Receivables being charged must comply with all extant 'know your customer' norms specified by RBI;
- vii. The Company's Receivables generated from lending to Issuer's associate/s & subsidiary/s and/or Related Party shall not be considered for asset cover calculation for this issuance. No drawing power for shall be provided for Company's Specific Receivables generated from the lending to Issuer's associate/s /subsidiary/s/ Related Party.

The Company undertakes to maintain Minimum Security Cover of 1.20 times to be maintained on the outstanding NCD amount of the Debentures along with interest thereon at all times during the tenure of the NCDs.

Non-Maintenance of minimum-security cover as mentioned above will attract 1% p.a. penalty over and above the coupon rate as specified in the term sheet, for the period of non-maintenance of cover. However, in no case reinstatement of such security cover shall exceed 30 days from the day such cover falls below the required cover.

The Company shall have option for providing additional /replacement of security at any time during the tenure of the Debentures to ensure the Minimum-Security Cover as provided hereinabove in consultation with Debenture Trustee.

The Issuer shall execute Debenture Trust Deed and Deed of Hypothecation and perfect the same by filing requisite forms with ROC within three months from the Issue Closure Date. If the Issuer fails to execute the Debenture Trust Deed & Deed of Hypothecation, then the Issuer shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) pay additional interest at the rate

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	<p>of 2% (Two Percent) per annum above the applicable Interest Rate on all amounts outstanding under the NCDs (including the Outstanding Principal Amounts and any accrued interest) from the Deemed Date of Allotment until such time the deed is executed and the conditions prescribed by Debenture Holders (if any) have been complied with.</p> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> the receivables are existing at the time of selection and have not been terminated or pre-paid; the receivables have not been restructured or rescheduled; all “Know Your Customer” norms have been complied with as prescribed by the Reserve Bank of India or the National Housing Bank; All loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines All loans are standard and there is no overdue on them 				
Interest on Application Money	Nil				
Default Interest Rate	In case of default in payment of interest and/or principal redemption on the due dates, additional interest @2% (Two percent) p.a. over and above the applicable Coupon rate will be payable by the Company from the date of the occurrence of the default until the default is cured or the debentures are redeemed pursuant to such default , as applicable				
Tenor	<table border="1"> <tr> <td>Maturity Date</td> <td>11-03-2022</td> </tr> <tr> <td>No. Of Days/Months</td> <td>18 months</td> </tr> </table>	Maturity Date	11-03-2022	No. Of Days/Months	18 months
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Redemption Date	<table border="1"> <tr> <td>Maturity Date</td> <td>11-03-2022</td> </tr> <tr> <td>No. Of Days/months</td> <td>18 months</td> </tr> </table>	Maturity Date	11-03-2022	No. Of Days/months	18 months
Maturity Date	11-03-2022				
No. Of Days/months	18 months				
Redemption Amount	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable.				
Redemption Discount	Nil				
Issue Price	At Par				

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Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Face Value	INR 10,00,000 (Indian Rupees Ten Lacs)
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> 1. Letter appointing Trustees to the Debenture Holders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Mortgage Deed; 4. Deed of Hypothecation; 5. Information Memorandum; 6. Private Placement Offer Letter (Form PAS 4); 7. Board Resolution authorizing this Issuance; 8. Applicable Shareholder Resolutions under the Companies Act 2013; 9. Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and 10. In principal approval from BSE 11. CA Certified total maturing liability over a period of 6 months from the date of the issuance 12. Undertaking from the company :To rework the Asset Liability structure within 3 months to have positive ALM in each bucket for the first three months and on cumulative basis for the remaining period 13. Any other declaration or documentation as mandated in the partial credit guarantee scheme 14. Undertaking from the company that it will not raise funds under the PCG scheme more than 1.25 times total maturing liability over a period of 6 months from the date of the issuance
Conditions Precedent for Disbursement	<p>To be prescribed in the transaction documents. These will include, but not limited to:</p> <ol style="list-style-type: none"> 1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs in accordance with Companies Act, 2013 and submit the same to Debenture Trustee and Debenture Holders. 2. copies of the authorisations, approvals and licenses received by the Issuer from the RBI;

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	<ol style="list-style-type: none"> 3. Copy of the board resolution under Section 179 (3) (c) for issue of Debentures; 4. All relevant form filing before the registrar of company. 5. a copy of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures; Submitting to the Debenture Trustee and Debenture Holders, the rating letter issued by the Rating Agency; 6. a copy of the consent from the Registrar to act as the registrar and transfer agent for the issue of Debentures; 7. a copy of the consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures; 8. The Issuer shall have submitted to the Debenture Holders and Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements; 9. The Issuer shall have submitted to the Debenture Trustee and Debenture Holders a certified true copy of the constitutional documents of the Issuer (the Memorandum and Articles of Association and the Certificate of Incorporation); 10. Execution of Debenture Trustee Agreement, issuance of Letter appointing Trustees to the Debenture Holders and submitting to the Debenture Holder a copy of the consent letter received from the Debenture Trustee agreeing to act as Debenture Trustee for the Debenture Holders; 11. Execution of the Debenture Trust Deed, Deed of Guarantee and Deed of Hypothecation in form and manner satisfactory to the Debenture Trustee; <p>The Issuer shall have submitted to the Debenture Trustee and Debenture Holders its audited account statements for the most recent financial year or audited financial half-year;</p>
<p>Condition Subsequent to Disbursement</p>	<p>To be prescribed in the Transaction Documents. These will include:</p> <ol style="list-style-type: none"> 1. On or prior to the utilisation of the subscription monies by the Company in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Company shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; 2. Dematerialised credit of the Debentures in the demat account of Debenture Holder within 3(Three) Business Days from the Deemed Date of Allotment. 3. The Debentures to be listed on the Bombay Stock Exchange (“BSE”) within 20 calendar days of the Deemed Date of

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	<p>Allotment</p> <ol style="list-style-type: none"> 4. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 3 (Three) Business Days of the Deemed Date of Allotment 5. Creation and perfection of the Security within 30 (Thirty) days from the Deemed Date of Allotment; 6. Filing of the relevant forms with the Registrar of Companies for the perfection of charge over the Hypothecated Assets within and no later 30 (Thirty) calendar days from the Deemed Date of Allotment; and 7. Filing of CHG 9, 8. Updating of the Register of Debenture Holders, <p>The Company shall ensure compliance with RBI Act including Master circulars and guidelines issued by RBI, SEBI Act, circular and Regulations, Companies Act, 2013 and other applicable laws for issuance of Debentures</p>
<p>Covenants</p>	<p>Financial Covenants:</p> <p>To be prescribed in the Transaction Documents. Including but not limited to:</p> <ul style="list-style-type: none"> • Debt equity ratio should be maintained below 4.00 during entire tenor of debenture till maturity; • Minimum CRAR shall be maintained at 20% during entire tenor of debenture till maturity of the subject debenture; • Net NPA should be maintained below 2.5% during entire tenor of debenture till maturity; • If the debentures get delisted during the tenor of the NCD, issuer will bear all expenses for listing it again within 30 days from date of delisting. <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, on standalone balance sheet till the redemption of the Debentures.</p> <p>Within 45 days from the end of each quarter, the Issuer shall submit covenant compliance certificate issued by CFO/authorised signatory in favour of the Debenture Trustee and Debenture Holders.</p> <p>Affirmative Covenants:</p>

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	<p>(a) To utilise the proceeds of this issue in accordance with applicable laws and regulations;</p> <p>(b) To comply with corporate governance, fair practices code prescribed by the RBI;</p> <p>(c) Notification of any potential Event of Default or Event of Default;</p> <p>(d) Obtain, comply with and maintain all licenses / authorizations;</p> <p>(e) Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation);</p> <p>(f) Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes;</p> <p>(g) Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them; Comply with any monitoring and/or servicing requests from Debenture Trustee; and</p> <p>(h) As provided in the Transaction Documents</p> <p>Negative Covenants: The Company hereby covenants that until the Final Settlement Date, the Company shall not for so long as any amount remains outstanding under the Transaction Documents, except as may otherwise be previously agreed to in writing by the Debenture Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s), take any action in relation to:</p> <p>(a) Change in management control</p> <p>(b) Change in Managing Director</p> <p>(c) Change in ownership</p> <p>(d) Merger, restructuring, etc.</p> <p>(e) Arrangement with creditors/shareholders</p> <p>(f) Purchase or redemption of share capital</p> <p>(g) Amendment of constitutional documents</p> <p>(h) Amendment of Transaction Documents</p> <p>(i) Change in financial year</p> <p>(j) Disposal of assets</p> <p>(k) Dividend and buyback of shares</p> <p>(l) Change of business</p> <p>(m) Loans to and investment in group companies</p> <p>(n) Dispose of, acquire or incorporate any associates, subsidiary or joint ventures</p>
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	<p>(o) Acquisition, joint venture (p) Claim any immunity (q) No profit-sharing arrangement (r) Breach of any conditions as mandated by partial credit guarantee scheme</p> <p>In addition, the Issuer shall not permit to use of the Debenture proceeds for any anti-money laundering activities and illegal activities.</p> <p>Reporting Covenants:</p> <p>Quarterly Reports – within 45 (Forty-Five) calendar days from the end of each financial quarter</p> <ol style="list-style-type: none"> 1. Information on financials 2. Financial and other covenant compliance certificate signed by the CFO/authorised signatory of the company. 3. Audited Annual Reports & list comprising all material financial liabilities – within 120 (One Hundred and Twenty) calendar days from the end of each financial year 4. Quarterly MIS data pack- To be submitted within 45 days of each quarter end. It shall cover the following: quarterly financials with schedules, product-wise portfolio cuts, latest operational information, collection efficiency, quarterly DPD, quarterly write-off, shareholding pattern, borrowing profile, ALM, book debt assigned to the Debenture Holder with its delinquency status, etc. <p>Event Based Reports – In case of changes initiated by the company requiring approval of the board, the reporting would be 5 days post approval of the board, all others will be 15 days.</p> <ol style="list-style-type: none"> 1. Change in list of Board of Directors 2. Change in Shareholding structure 3. Change in senior management officials (any CXO or equivalent) 4. Any fraud amounting to more than 1% of Gross Loan Portfolio 5. Material changes in accounting policy 6. Material change in the constitutional documents of the Company that are prejudicial to the interests of the Debenture Holders 7. New segment of business other than the business carried out by the Issuer presently 8. Material Adverse Effect 9. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.
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	<p>10. Winding up proceedings 11. Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. 12. Application of insolvency petition under bankruptcy code/NCLT by the Issuer needs to be notified within 1 calendar day</p> <p>And as set out in greater detail in the Debenture Trust Deed and continuing in nature.</p>
<p>Events of Default</p>	<p>To be prescribed in the Transaction Documents. Including but not limited to:</p> <ul style="list-style-type: none"> (a) If external rating by CRISIL is downgraded by 2 notches or more from current rating of A-, i.e to BBB (Triple B), the investor will have the right to accelerate the redemption of the Debentures and require the Issuer to mandatorily redeem the Debenture and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and all other costs, charges and expenses incurred under or in connection with the Transaction Documents and the company has to pay the amount due within 30 days of receipt of such notice. If such a payment is not made within 30 days, this will constitute an event of default. (b) Non-payment of any of the dues under this Issuance on the payment day, (c) Default or trigger of event of default on any other indebtedness (cross default), (d) Misrepresentation or misleading information in any of the Transaction Documents (e) Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Issuer; (f) Insolvency, winding up, liquidation (g) Creditors' processes including expropriation, attachment, sequestration, distress or execution initiated against the Issuer (h) Repudiation of Transaction Documents (i) Cessation of business or any substantial part thereof or gives notice of its intention to do so

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	<ul style="list-style-type: none"> (j) Bankruptcy, CDR proceedings filed with respect to the Issuer; (k) Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer (l) The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders; (m) Promoters or key management personnel of the Company being declared wilful defaulter (n) The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery; (o) All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority; (p) Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders. (q) Change in management control without prior written consent from the Debenture Holders. (r) Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable; (s) A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 30 (Thirty) days (t) Application of insolvency petition under bankruptcy code/NCLT by the Issuer
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	<p>(u) Breach of any covenants (including financial / management / affirmative / negative / information / reporting) and breach of any terms or conditions of Transaction Documents.</p> <p>(v) Security Cover is not maintained at all times until the redemption of the Debentures</p> <p>(w) Failure of the Company to register and perfect the charge created over the Hypothecated Assets within 30 (Thirty) days from the Deemed Date of Allotment.</p> <p>(x) Failure by the Company to utilise by the proceeds of the Debentures towards the End Use.</p> <p>All RBI/SEBI /other regulatory body guidelines issued from time to time by the regulatory/ statutory bodies to be complied with by the company</p>
Provisions related to Cross Default Clause	When the Company being in default of its obligation to pay the Redemption Amount in respect of any of the debentures issued under the entire issuance which ought to have been paid in accordance with the terms of the issue of such debentures and if the Company fails to cure such default within a maximum period of 5 (five) days from the scheduled date for making such payment then the same shall be an Security Enforcement Event;
Manner of Bidding	Open Book Bidding
Mode of Settlement	Through Indian Clearing Corporation Ltd (ICCL)
Role and Responsibilities of Debenture Trustee	As set out in the Debenture Trust Deed
Transaction Costs	<p>The Issuer shall bear all transaction related costs incurred by the Debenture Holder with respect to legal counsel, valuers and auditors/ consultants. Such costs include:</p> <ul style="list-style-type: none"> • Trustee fees • Rating fees • Stamping and registration costs in relation to all Transaction Documents <p>Any other reasonable transaction related expense incurred by the Debenture Issuer</p>
Representations and Warranties of the Issuer	As mentioned in the caption titled “Representations and Warranties of the issuer” in the Shelf Disclosure document to the Issue. The Representations and Warranties shall be continuous in

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	<p>nature and shall be deemed to occur on every day till redemption of the Debentures.</p> <ol style="list-style-type: none"> 1. The Company is registered with the RBI as an NBFC. 2. No Event of Default has occurred and is continuing on the date of this transaction. 3. The Debentures under this Issuance shall rank pari passu amongst themselves, and with all other secured creditors. 4. Binding obligation of Transaction Documents. 5. No conflict with other obligations / constitutional documents. 6. No Material Adverse Change in business, condition or operations of the Issuer. 7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence. 8. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility. <p>And as set out in greater detail in the Debenture Trust Deed</p>
<p>Role and Responsibilities of Debenture Trustee</p>	<p>To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as is customary for transactions of a similar nature and size and as detailed under the appropriate Transaction Documents</p>
<p>Governing Law and Jurisdiction</p>	<p>The Debentures are governed by and will be construed in accordance with the Indian Law. The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts and tribunals in Chennai</p>

For UGRO Capital Limited




Aniket Karandikar
Company Secretary

UGRO CAPITAL LIMITED

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