

28th June, 2019

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001

Scrip Code: 511742

Sub: Intimation of approval of the Hon'ble National Company Law Tribunal, Mumbai Bench to the scheme of arrangement between Asia Pragati Capfin Private Limited and UGRO Capital Limited (formerly known as Chokhani Securities Limited) and their respective shareholders and creditors under section 230-232 read with section 52 and section 66 of the Companies Act, 2013

Ref.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI (LODR)")

Dear Sir/ Madam,

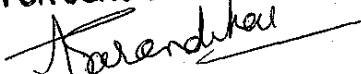
Pursuant to Regulation 30 of SEBI (LODR), we are pleased to inform you that Hon'ble National Company Law Tribunal, Mumbai Bench ("Hon'ble NCLT"), vide its order dated 13th June, 2019 (certified true copy received today, i.e 28th June, 2019) has sanctioned the scheme of arrangement between Asia Pragati Capfin Limited ("the Demerged Company") and Ugro Capital Limited (formerly known as Chokhani Securities Limited) ("the Resulting Company") and their respective shareholders and creditors under section 230-232 read with section 52 and section 66 of the Companies Act, 2013 ("Act") and other relevant provision of the Act ("Scheme"). Copy of the order of the Hon'ble NCLT is attached for your records.

The Scheme shall become effective on the date on which certified copy of the order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment of other conditions prescribed in the Scheme. The effective date will be communicated to the Stock Exchange for further public dissemination as and when the Scheme becomes effective.

You are requested to take the same on record.

Thanking you.

FOR UGRO CAPITAL LIMITED


Aniket Karandikar
Company Secretary
Membership No. ACS 24107

UGRO CAPITAL LIMITED

(Formerly known as Chokhani Securities Limited)

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

CIN: L67120MH1993PLC070739

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

C.P.(CAA)/1478/MB/2019

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH

C.P.(CAA)/1478/MB/2019

Under Sections 230 to 232 read with section 52 and 66 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013

In the matter of Scheme of Arrangement between ASIA PRAGATI CAPFIN PRIVATE LIMITED, the Demerged Company and UGRO CAPITAL LIMITED, (Formerly known as Chokhani Securities Limited) the Resulting Company and their respective Shareholders.

ASIA PRAGATI CAPFIN PRIVATE LIMITED

....Petitioner Company No. 1/ the Demerged Company
AND

UGRO CAPITAL LIMITED

....Petitioner Company No. 2/ the Resulting Company

Judgement/ order delivered on 13th June, 2019

Coram:

Hon'ble Bhaskara Pantula Mohan Hon'ble Member (J)

Hon'ble V. Nallasenapathy Hon'ble Member (T)

For the Petitioner(s): Mr. Rajesh Shah with Mr. Ahmed M Chunawala

I/b M/s. Rajesh Shah & Co., Advocate for the Petitioner

Per: *Bhaskara Pantula Mohan, Member (Judicial)*

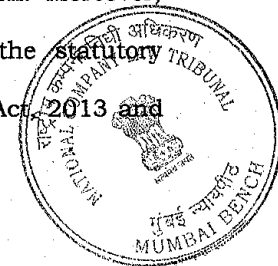
ORDER:

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted



any averments made in the Petitions to the Scheme of Arrangement between ASIA PRAGATI CAPFIN PRIVATE LIMITED, the Demerged Company and UGRO CAPITAL LIMITED, (Formerly known as Chokhani Securities Limited), the Resulting Company and their respective shareholders.

2. The sanction of the Tribunal is sought under Sections 230 to 232 read with section 52 and 66 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 to a Scheme of Arrangement between ASIA PRAGATI CAPFIN PRIVATE LIMITED, the Demerged Company and UGRO CAPITAL LIMITED, (Formerly known as Chokhani Securities Limited), the Resulting Company and their respective shareholders.
3. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions which are annexed to the Company Scheme Petition.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Petition has been filed in consonance with the Order passed in their Consolidated Company Application No. 182 of 2019 of the National Company Law Tribunal.
5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 2013 and

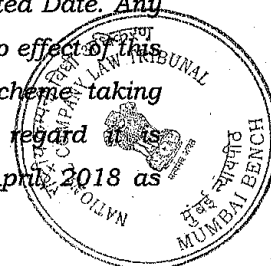


the Rules made there under whichever is applicable. The said undertaking is accepted.

6. The Learned Counsel for the Petitioners states that the Lending Business of APCPL requires a focused management team and investment to grow. The nature of risk, competition, challenges, opportunities and business operations for the Lending Business is separate and distinct from the other and new businesses proposed to be carried out by APCPL. Thus, the Scheme, which envisages demerger of Lending Business into UGRO, would enable the Lending Business to innovate, scale up and pursue growth opportunities in a more focused manner. As part of UGRO, the Lending Business is expected to be in a position to attract the right set of investors, strategic partners, employees and other relevant stakeholders. There would be enhanced focus on the operations of the Lending Business under a dedicated management team of the Resulting Company, who can chart out and pursue an independent strategy to maximize value creation for stakeholders.
7. The Regional Director has filed a Report on 9th day of May, 2019 stating therein:-

“IV. The observations of the Regional Director on the proposed Scheme to be considered by the Hon’ble NCLT are as under:

- a. *As per Part - A Definition Clause – 1.7 of the Scheme “Effective Date” means the date on which the last of the conditions mentioned in Clause 19 of the Part C of the Scheme is fulfilled and the scheme is made effective from the Appointed Date. Any references in this Scheme to the “date of coming into effect of this Scheme” or “effectiveness of the Scheme” or “Scheme taking effect” shall mean the Effective Date. In this regard it is submitted that the “Effective Date” shall be 1st April, 2018 as*



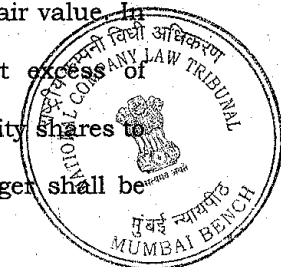
per provisions of section 232(6) of the Companies Act, 2013 and not as specified in the above said clause of the scheme

- b. *As per Part - B - Accounting Treatment in the Books of Asia Pragati Capfin Private Limited (APCPL) the Demerged Company - Clause - 14.2 of the Scheme, it is stated that, "The difference between the book value of assets and book value of liabilities of the Demerged Undertaking as on the Appointed Date shall be first adjusted against the securities Premium Account to the extent available, thereafter the balance shall be adjusted against the share Capital account of APCPL as per clause 15". In this regard it is submitted that the petitioner be directed to quantify the difference between the book value of assets and book value of liabilities of the Demerged Undertaking as on the Appointed Date;;*
- c. *As per Part - B - Accounting Treatment in the Books of Ugro Capital Limited (UGRO) the Resulting Company - Clause - 14.6 of the Scheme, it is stated that "the difference between the aggregate issue price of the new equity shares over the amount credited to the share capital account pursuant to Clause 14.5 above, shall be credited by the Resulting Company to its Securities Premium Account" In this regard it is submitted that on perusal of financial statement, the Balance Sheet as at 31.03.2018 it is noticed that the breakup of Reserves and Surplus is mentioned at Note 3, does not indicate existence of any Share Premium Account. Hence, clauses related to Securities premium Account needs to be deleted from the scheme;*
- d. *It is submitted that both Asia Pragati Capfin Private Limited ("APCPL", or the "Demerged Company"), and UGRO Capital Limited ("UGRO" or the "Resulting Company") are engaged in Non-Banking Finance Companies registered with RBI. In this regard. it is submitted that both the petitioners be directed to submit NOC from RBI for the proposed demerger;*
- e. *It is submitted that UGRO Capital Limited ("UGRO" or the Resulting Company") shares are listed on BSE Limited (BSE) in this regard it is submitted that the petitioner be directed to submit NOC from SEBI for the proposed demerger;*



f. Hon'ble NCLT may kindly direct the petitioners to file an affidavit to the extent that the Scheme enclosed to Company Application & Company Petition, are one and same and there are no discrepancy/any change/changes are made, for changes made if any, liberty be given to Central Government to file further report if any required.

8. So far as the observation in paragraph IV (a) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies states that the Petitioner Companies shall abide by the provisions of Section 232(6) of the Companies Act, 2013. Accordingly, the Scheme shall be deemed to be effective from April 1, 2018.
9. So far as the observation in paragraph IV (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies states that the difference between the book value of assets and book value of liabilities of the Demerged Undertaking as on the Appointed Date i.e. 1st April 2018 is approximately INR 144 crores. The total book value of assets of the Demerged Undertaking is approximately INR 144 crores and the total book value of the liabilities of the Demerged Undertaking is NIL.
10. So far as the observation in paragraph IV (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies hereby submits that financial statement of Resulting Company as at March 31, 2018 does not reflect Securities Premium Account. However as per the share exchange ratio recommended by Chartered Accountant, shares of the Resulting Company shall be issued to the shareholders of the Demerged Company at fair value. In view thereof clause 14.6 of the Scheme specifies that excess of consideration, viz. fair value over the face value of new equity shares to be issued by the Resulting Company pursuant to demerger shall be



recognized as Securities Premium in the books of Resulting Company. The Petitioner Companies hereby state that the fair value of the shares to be issued to the shareholders of the Demerged Company is approximately INR 175 crores and the face value of such shares is approximately INR 14 crores. Accordingly, an amount of approximately INR 161 crores would be credited to the Securities Premium Account in the books of the Resulting Company pursuant to the Demerger. This accounting treatment is also certified by the statutory auditor of the Resulting Company and the said certificate is attached as Exhibit G-2 to the Consolidated Petition filed with the Hon'ble Tribunal. Accordingly the Petitioner Companies humbly submits that it is not required to delete the clause 14.6 related to creation of Securities Premium.

11. So far as the observation in paragraph IV (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies hereby submits that the Petitioner Companies are not required to obtain prior approval of the RBI in terms of the RBI Circular No. RBI/2015-16/122 DNBR (PD) CC. No. 065/03.10.001/2015-16 since there would be no change in the shareholding of the Petitioner Companies of 26 percent or more of the paid up equity share capital. Further in accordance with the provisions of section 230(5) of the Companies Act, 2013 and as per the order of Hon'ble Tribunal, the Petitioner Companies have filed a consolidated intimation with the RBI on 13th February, 2019. Pursuant to the said intimation filed by the Resulting Company, RBI has communicated no objection on the Scheme of demerger vide its letter dated 13th March, 2019. However, the Petitioner Companies



shall comply with the Foreign Exchange Management Act, 1999 (FEMA) Regulations wherever applicable.

12. So far as the observation in paragraph IV (e) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies hereby submits that the NOC from SEBI through BSE has been received by the Resulting Company and the same has been filed as Exhibit-L to the Consolidated Scheme Application filed with the Hon'ble tribunal.
13. So far as the observation in paragraph IV (f) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Scheme enclosed to the Company Application and the scheme enclosed to the Company Petition are one & same and there is no discrepancy or deviation.
14. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 13 above. The clarifications and undertakings given by the Petitioner Companies are accepted by the Tribunal.
15. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law including but not limited to Companies Act, 2013; Income Tax Act; Accounting Standards and various other applicable statutory acts and is not contrary to public policy.
16. Since all the requisite statutory compliances have been fulfilled, Consolidated Company Petition No. 1478 of 2019 is made absolute in terms of prayers clause (a) to (f) thereof.



17. Petitioners are directed to lodge a copy of this Order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically along with E-Form INC-28, as per the relevant provisions of the Companies Act 2013, within 30 days from the date of receipt of the order.
18. The Petitioner Companies to lodge a copy of this Order and the Scheme duly certified by the Deputy Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the order, if any.
19. The Petitioner Companies to pay costs of Rs. 25,000/- each to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of the Order.
20. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly authenticated by the Deputy Director, National Company Law Tribunal, Mumbai.

Sd/-
V. Nallasenapathy
Member (T)

Sd/-
Bhaskara Pantula Mohan
Member (T)



Certified True Copy
Date of Application 17-06-2019
Number of Pages 8
Fee Paid Rs. 40
Applicant called for collection copy on 28-06-19
Copy prepared on 28-06-19
Copy Issued on 28-06-19

B.A. Patil
Assistant Registrar
National Company Law Tribunal, Mumbai Bench