

Introduction to UGRO:

Founded in 2018 by Mr. Satindra Nath, [UGRO Capital Limited](#) is a pioneering DataTech [NBFC](#). Specialising in MSME and Small Business Financing. Leveraging advanced data analytics and an extensive distribution network, we bridge the vast small business credit gap in India, delivering tailored credit solutions to Micro, Small and Medium Enterprises (MSMEs) across the country. We are a company that truly believes in the idea that #MSMEAchhaHai. UGRO Capital shortlisted 9 sectors to service in the MSME sector basis an 18-month process involving extensive study of macro and micro economic parameters carried out in conjunction with market experts like CRISIL. These are Healthcare, Education, Chemicals, Food Processing / FMCG, Hospitality, Electrical Equipment and Components, Auto Components, Light Engineering. The Company additionally lends to Micro enterprises, which behave as a monolith and act as a pseudo 9th sector.

INTRODUCTION TO LOAN AGAINST PROPERTY (LAP):

A Loan Against Property, widely known as LAP, is one of the most trusted secured credit products available in India for individuals and business owners. LAP allows borrowers to mortgage a residential, commercial, or industrial property as collateral in exchange for a loan. The borrower continues to retain ownership and usage rights of the property while the lender holds the title

documents until the loan is fully repaid. Unlike unsecured loans, such as personal loans, the presence of collateral significantly reduces the lender's risk, enabling larger loan amounts, longer repayment tenures, and comparatively lower interest rates.

LAP serves a broad range of purposes, including business expansion, working capital needs, debt consolidation, education expenses, medical emergencies, new project investments, or any high-value personal or business requirement. It is particularly beneficial to small and medium business owners who need predictable EMI structures and long-term funding. The essential value proposition of LAP lies in unlocking the financial worth of a property without selling it.

UNDERSTANDING LAP VS PERSONAL LOAN:

A personal loan is unsecured—meaning it carries no collateral. Due to the higher credit risk for lenders, personal loans come with higher interest rates, stricter eligibility filters, and shorter tenures (typically 1–5 years). Meanwhile, LAP offers tenures up to 15 years or more, depending on the lender. LAP interest rates are substantially lower because the loan is secured by high-value collateral.

A key difference lies in the loan amount. Personal loans often cater to small and medium-ticket requirements, while LAP can go significantly higher. For example, a salaried borrower may only qualify for a 5–10 lakh personal loan, whereas the same borrower could qualify for 40–60 lakh under LAP depending on property value. For business owners, LAP frequently becomes a strategic financial tool for long-term and high-value capital planning.

UGRO CAPITAL'S LAP PRODUCT:

UGRO Capital has designed its Loan Against Property program with a strong focus on business needs. It allows individuals, proprietors, partnership firms, and companies to leverage owned property to raise funds for Business expansion, New projects, Inventory

purchase, Bill payments, Working capital, Machinery upgrades, Contract execution, and any other legitimate business

purpose. UGRO accepts a wide range of property types including residential apartments, independent houses, commercial offices, retail shops, industrial sheds, warehouses, and even open plots depending on documentation. The property may be self-occupied, rented, or partially occupied. The lender evaluates three critical factors before approving the loan: property valuation, ability to repay based on income and cash flow, and credit history.

KEY FEATURES OF UGRO'S LOAN AGAINST PROPERTY:

UGRO Capital's LAP product offers several advantages. First is the extended loan tenure—up to 15 years. Long repayment durations significantly reduce monthly EMI burden, supporting sustainability of business cash flow. Second is competitive interest rates. While exact rates depend on risk profile, collateral quality, and business stability, LAP rates are generally more cost-effective compared to unsecured borrowing.

UGRO also offers flexible end-use. While personal use loans exist in the market, UGRO's LAP is largely business-oriented. Funds can be allocated for expansion, vendor payments, raw materials, upgrading operations, or building new business verticals. Third, UGRO ensures a transparent application and approval process by evaluating only relevant factors: financial stability, banking behaviours, property condition, and compliance documentation.

LOAN-TO-VALUE RATIO (LTV):

Loan-to-Value Ratio, or LTV, is one of the most important metrics in a LAP evaluation. LTV indicates the maximum loan amount that a lender is willing to provide in proportion to the property's market value. For instance, if a property is valued at 1 crore and a lender offers 70 lakh, the LTV is 70%. UGRO typically follows market-standard LTV ranges depending on the nature of property—residential properties may get higher LTV compared to industrial or commercial assets. LTV is influenced by several factors such as property type, age, resale value, location, legal clearances, and structural condition. Higher LTV is beneficial for borrowers because it allows more liquidity without selling the property.

CRITICAL TERMINOLOGY FOR BORROWERS:

To fully understand LAP, borrowers must be familiar with a few domain-specific terms used in lending and loan documentation.

Collateral refers to the asset pledged to the lender. In LAP, the property serves as collateral. Collateral minimizes lender risk and allows favourable interest terms. Equity in property means the portion of the property's value that the owner truly "owns," i.e., market value minus outstanding loan (if any). A borrower with high equity is perceived as financially stable by lenders. Another key term is EMI—Equated Monthly Instalment. EMI includes both the interest and the principal portion payable monthly. EMI depends on loan tenure, interest rate, and principal amount. Borrowers must choose a tenure that balances affordability with total interest outflow.

Floating interest rate means the loan rate can change as per market benchmarks. Fixed rate means the interest remains constant for a specific duration. Prepayment refers to repaying the loan early. Many lenders allow prepayment with or without additional charges depending on the loan category.

ELIGIBILITY FACTORS FOR LAP:

Eligibility is determined by multiple criteria including income level, repayment capacity, existing liabilities, banking habits, credit score, business stability (for self-employed), and cash flow strength.

Property-related variables include title clarity, age, valuation accuracy, structural safety, and local regulations.

UGRO performs due diligence through bank statement analysis, financial documentation checks, property visits, and legal verification. Borrowers with consistent income and clean credit history tend to qualify easily.

DOCUMENTATION REQUIRED:

Documentation may include identity proof, address proof, business registration papers (for business loans), financial statements, ITR filings, GST returns, bank statements, and property ownership documents (title deed, sale deed, tax receipts, approved plans, etc.). The clearer the documentation, the faster the approval.

RISK FACTORS AND MITIGATION:

Though LAP is beneficial, borrowers should be mindful of certain risks. Failure to repay may lead to loss of property since collateral is pledged. Property valuation discrepancies may reduce eligible loan amounts. Floating interest rates can increase EMI over time. To mitigate risks, borrowers should maintain healthy repayment discipline, choose a suitable tenure, and avoid overleveraging.

Conclusion:

Loan Against Property is a powerful financial tool for unlocking the monetary value of a property without losing ownership. With competitive interest rates, high loan amounts, long tenure options, and flexible end-use, UGRO Capital's LAP offering is a robust solution for businesses seeking growth capital. By understanding terminology such as LTV, EMI, collateral, and interest structures, borrowers can make informed decisions and maximize financial opportunities.