

Consent letter from the Debenture Trustee to the Issue

Date: September 24, 2024

To,

The Board of Directors

UGRO Capital Limited

Equinox Business Park,
Tower 3, Fourth Floor,
Off BKC, LBS Road,
Kurla, Mumbai,
Maharashtra – 400070

Dear Sir/Ma'am,

Re: Proposed public issue by UGRO Capital Limited ("Company" / "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each ("NCDs") for an amount up to ₹ 10,000 Lakh ("Base Issue Size") with an option to retain over subscription up to ₹ 10,000 Lakh ("Green Shoe Option"), aggregating to ₹ 20,000 Lakh ("Issue").

The Company proposes to file (i) the draft prospectus ("**Draft Prospectus**") to be filed with BSE Limited ("**BSE**") and/or National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**") for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the prospectus ("**Prospectus**" together with Draft Prospectus, the "**Offer Documents**") proposed to be filed with Registrar of Companies, Maharashtra at Mumbai ("**RoC**") and submitted to SEBI and the Stock Exchanges in relation to the Issue. NCDs are proposed to be listed on Stock Exchanges.

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in (i) the Offer Documents; (ii) the abridged prospectus; and (iii) all related advertisements and communications sent pursuant to the Issue. The following details may, be disclosed:

Name: MITCON Credentia Trusteeship Services Limited
Address: 1402/1403, B wing, Dalamal Tower, 14th Floor,
Free Press Journal Marg, 211 Nariman Point,
Mumbai 400 021, Maharashtra, India
Tel: (91) (22) 22828200
Fax: (91) (22) 22024553
Email: contact@mitconcredentia.in
Investor Grievance
Mail: investorgrievances@mitconcredentia.in
Website: www.mitconcredentia.in
Contact Person: Ms. Vaishali Urkude
SEBI Registration No: IND000000596

Logo: 

CIN: U93000PN2018PLC180330

MITCON Credentia Trusteeship Services Limited (MCTSL)

A subsidiary of MITCON Consultancy & Engineering Services Limited CIN: U93000PN2018PLC180330

Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | contact@mitconcredentia.in

Registered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

We confirm that we are registered with the SEBI as Debenture Trustee and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been debarred from functioning as an intermediary by any regulatory authority, court or tribunal. We further confirm that no enquiry/investigation is presently being conducted by SEBI on us.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company; and (iii) any other information in connection thereto.

We confirm that we will immediately inform you and the Lead Manager(s) in writing of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This certificate may be relied upon by the Company, the Lead Manager(s) and the legal advisor to the Issue in respect of the Issue.

Yours faithfully,

For **MITCON Credentia Trusteeship Services Limited**



Name: Yogesh Limbachiya

Designation: AVP & Compliance Officer

Copy to:

Tipsons Consultancy Services Private Limited

1st Floor, Sheraton House, Opp. Ketav Petrol Pump,
Polytechnic Road, Ambawadi, Polytechnic (Ahmedabad),
Ahmedabad, Gujarat – 380 015, India

SNG & Partners

Advocates & Solicitors
One Bazar Lane, Bengali Market
New Delhi – 110 001, India

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Annexure A

डिबेंचर न्यासी FORM-B **DEBENTURE TRUSTEE**

भारतीय प्रतिभूति और विनियम बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA
 (डिबेंचर न्यासी) विनियम, 1993
 (DEBENTURE TRUSTEE) REGULATIONS, 1993
 000 280 (विनियम 8)
 (Regulation 8)

रजिस्ट्रिकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,
 1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

MITCON CREDITIA TRUSTEESHIP SERVICES LIMITED
Kubera Chambers, 1st Floor
Shivajinagar,
Pune-411005, Maharashtra


जो नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रिकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
 as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रिकरण कोड
 2) Registration Code for the debenture trustee is **IND000000596**

This Certificate of registration shall be valid for permanent, unless suspended or cancelled by the Board

3) जब तक नवीकृत न किया जाए, रजिस्ट्रिकरण का प्रमाणपत्र से तक विधिमाम्य है।
 3) Unless renewed, the certificate of registration is valid from to

आदेश से
 भारतीय प्रतिभूति और विनियम बोर्ड
 के लिए और उसकी ओर से
 By order
 For and on behalf of
Securities and Exchange Board of India


DINESH JOSHI
 प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

स्थान Place : **Mumbai**
 तारीख Date : **March 17, 2022**

MITCON Credentia Trusteeship Services Limited (MCTSL)

A subsidiary of MITCON Consultancy & Engineering Services Limited CIN: U93000PN2018PLC180330

Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | contact@mitconcredentia.inRegistered address: 1st Floor, Kubera Chambers, Shivajinagar, Pune 411005, Maharashtra (India) | +91-20-25533309, 25534322 | www.mitconcredentia.in

Annexure B

Date:

To,
The Board of Directors
UGRO Capital Limited
Equinox Business Park,
Tower 3, Fourth Floor,
Off BKC, LBS Road,
Kurla, Mumbai,
Maharashtra – 400070

Proposed public issue by UGRO Capital Limited (“Company” / “Issuer”) of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each (“NCDs”) for an amount up to ₹ 10,000 Lakh (“Base Issue Size”) with an option to retain over subscription up to ₹ 10,000 Lakh (“Green Shoe Option”), aggregating to ₹ 20,000 Lakh (“Issue”).

Dear Ma’am/Sir

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India (“SEBI”) as a Debenture Trustee is true and correct:
and correct:

1.	Registration number	IND000000596				
2.	Date of registration/ Renewal of registration	March 17, 2022				
3.	Date of expiry of registration	Permanent registration				
4.	If applied for renewal, date of application	Not Applicable				
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	None				
6.	Any enquiry/ investigation being conducted by SEBI	Nil at present				
7.	Details of any penalty imposed by SEBI	Sr. No.	Adjudication Order date	Penalty Provisions	Penalty (Rs.)	Remarks
		1	March 18, 2024	15HB of SEBI Act, 1992	Rs. 2,00,000/- (Rs. Two Lakh Only)	In the matter of Pride Properties Private Limited

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We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant Stock Exchanges. In the absence of any such communication the listing and trading of the non-convertible debentures on the relevant Stock Exchanges.

For MITCON Credentia Trusteeship Services Limited



Name: Yogesh Limbachiya

Designation: AVP & Compliance Officer

MITCON Credentia Trusteeship Services Limited (MCTSL)

A subsidiary of MITCON Consultancy & Engineering Services Limited CIN: U93000PN2018PLC180330

Principal address: 1402/ 03, B-Wing, 14th Flr, Dalamal Towers, Free Press Journal Marg, 211, Nariman Point, Mumbai - 400021 MH (India) | contact@mitconcredentia.in

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ANNEXURE C- FINANCIAL STATEMENTS

Financial Statements
Unaudited Financial Results for the three months period ended June 30, 2024
Audited Financial Statements for the fiscal 2024
Audited Financial Statements for the fiscal 2023
Audited Financial Statements for the fiscal 2022

Independent Auditor's Review Report on Unaudited Financial Results of Ugro Capital Limited for the quarter ended June 30, 2024 pursuant to the Regulations 33 and 52 of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended.

To the Board of Directors of Ugro Capital Limited

Introduction

1. We have reviewed the accompanying **Statement of Unaudited Financial Results of Ugro Capital Limited** (the 'Company') for the quarter ended June 30, 2024 (the 'Statement'), being submitted by the Company pursuant to the requirements of Regulations 33 and 52 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors on July 31, 2024, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34, *Interim Financial Reporting* prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

Scope of the Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulations 33 and 52 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning other related matters.



Other Matter

5. The numbers and details pertaining to the quarter ended June 30, 2023 has been traced from the review report of the predecessor auditor who has issued an unmodified review conclusion vide his report dated August 1, 2023 in terms Regulations 33 and 52 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Our report is not modified in respect of this matter.

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration No.109983W
by the hand of




Tirtharaj Khot
Partner
Membership No.037457
UDIN: 24037457BKGEIA9040

Mumbai, July 31, 2024

UGRO CAPITAL LIMITED

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

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

CIN:L67120MH1993PLC070739

Statement of Unaudited Financial Results for the Quarter ended June 30, 2024

(Rupees in lakh)

Sr. No.	Particulars	Quarter Ended			Year Ended
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		Reviewed	Audited#	Reviewed	Audited
	Revenue from operations				
1	(a) Interest income	23,195.01	19,033.56	16,149.85	70,463.05
	(b) Net gain / (loss) on derecognition of financial instruments under amortised cost category	5,040.66	12,238.46	4,383.66	30,746.33
	(c) Net gain on fair value changes	36.60	30.39	-	147.85
	(d) Fees and commission income	872.18	938.31	793.80	3,438.95
2	Other income	1,013.43	798.35	507.59	3,371.94
3	Total income (1+2)	30,157.88	33,039.07	21,834.90	1,08,168.12
	(a) Finance costs	13,614.88	12,814.42	9,268.68	44,292.40
4	(b) Net loss on fair value changes	1.95	0.19	0.50	1.54
	(c) Impairment on financial instruments	3,316.85	4,106.23	2,093.12	11,627.96
	(d) Employee benefits expenses	5,454.64	5,140.88	3,693.30	18,285.41
	(e) Depreciation, amortisation and impairment	994.53	989.83	755.14	3,533.10
	(f) Other expenses	2,492.31	4,393.06	2,459.91	12,551.46
	Total expense	25,875.16	27,444.61	18,270.65	90,291.87
5	Profit before tax (3-4)	4,282.72	5,594.46	3,564.25	17,876.25
	Tax expense				
6	(a) Current tax	456.51	1,138.85	736.84	3,647.61
	(b) Deferred tax	790.62	1,186.88	303.51	2,477.20
	(c) Excess/Short provision of tax of earlier years	-	-	0.31	(183.04)
	Total tax expense (a+b+c)	1,247.13	2,325.73	1,040.66	5,941.77
7	Profit for the period (5-6)	3,035.59	3,268.73	2,523.59	11,934.48
	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
8	Remeasurements of the defined benefit plans	(6.56)	0.68	(7.61)	(40.71)
	Income tax relating to items that will not be reclassified to profit or loss	1.91	(0.20)	2.22	11.85
	Items that will be reclassified to profit or loss				
	The effective portion of gains and (loss) on hedging instrument in a cash flow hedge	(23.05)	(476.30)	(618.35)	(734.58)
	Income tax relating to items that will be reclassified to profit or loss	6.71	138.70	180.06	213.91
	Total other comprehensive income (Net of tax)	(20.99)	(337.12)	(443.68)	(549.53)
9	Total comprehensive income for the period (7+8)	3,014.60	2,931.61	2,079.91	11,384.95
10	Paid up equity share capital (Face value of Rs. 10 each)	9,165.72 *	9,159.16 *	9,119.51 *	9,159.16 *
11	Earnings per equity share (Face Value of Rs. 10 each)				
	Basic (in rupees)	3.31	3.57	3.06	13.39
	Diluted (in rupees)	3.22	3.52	3.04	13.20
		Not annualised	Not annualised	Not annualised	

* Refer Note no 8

Refer Note no 11



Notes to the Statement of Unaudited Financial Results for the Quarter Ended June 30, 2024

1. UGRO Capital Limited ("the Company") is a Non-Deposit taking Non-Banking Financial Company ("NBFC-ND") registered with the Reserve Bank of India ("the RBI") and classified as NBFC- Middle Layer under the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 read with the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 issued by RBI.
2. The above Unaudited financial results for the quarter ended June 30, 2024, have been reviewed by the Audit Committee and subsequently, approved by the Board of Directors of the Company at their respective meetings held on July 31, 2024. The above results have been subjected to limited review by the statutory auditors of the Company and have issued unmodified review conclusion on the said results.
3. These financial results have been prepared in accordance with the recognition and measurement principles as laid down in the Indian Accounting Standard ("Ind AS") as prescribed under Section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued thereunder and in compliance with the requirements of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
4. The Company is engaged primarily in the business of financing and there are no separate reportable segments, 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.
5. Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the 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 quarter ended June 30, 2024*

Sr.No.	Particulars	To Banks / NBFCs
i.	Aggregate principal outstanding of loans transferred through assignment (Rs. in Lakh)	7,981.44
ii.	Aggregate consideration received (Rs. in Lakh)	7,981.44
iii.	Weighted average maturity of loans (in years)	9.07
iv.	Weighted average holding period of loans (in years)	0.88
v.	Retention of beneficial economic interest (in %)	16.34%
vi.	Coverage of tangible security Coverage (in %) **	222.41%
vii.	Rating wise distribution of rated loans	Non- Rated

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 quarter ended June 30, 2024, under the said Notification.



c. Details of stressed loans transferred during the quarter ended June 30, 2024

Particulars	To ARC	To permitted transferees	To other transferees
No. of accounts	455	-	-
Aggregate principal outstanding of loans transferred (Rs. in Lakh)	5,003.98	-	-
Weighted average residual tenor of the loans transferred (in years)	1.27	-	-
Net book value of loans transferred (at the time of transfer) (Rs. in Lakh)	1,774.90	-	-
Aggregate consideration (Rs. in Lakh)*	1,800.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years (Rs. in Lakh)	-	-	-
Excess provisions reversed to the profit and loss account on account of sale of stressed loans	25.10	-	-

*The entire consideration is received in cash and not in form of Security receipts.

d. The Company has not acquired any stressed loans during the quarter ended June 30, 2024, under the said Notification.

e. The rating wise distribution of Security Receipts (SRs) held by the Company as on June 30, 2024 is given below:

Ratings	Recovery Rating*	Rating Agency	Amount (Rs. In Lakh)
IVR RR1	100% - 150%	Infomerics Valuation and Ratings Private Limited	1,676.06

*It indicates the present value of expected recoveries in the specified range of the face value of outstanding SRs.

6. During the quarter ended June 30, 2024, the Company has transferred loans amounting to Rs. 33,711.03 lakh through Co-lending arrangements to the respective participating banks under Circular No. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21, dated November 05, 2020 pertaining to Co-Lending by Banks and NBFCs to Priority Sector which are akin to Direct assignment transaction.
7. All secured Non-Convertible Debentures ("NCDs") issued by the Company are secured by way of an exclusive charge on receivables to the extent as stated in the respective offer document, term sheet and debenture trust deed (together referred to as "transaction documents"). Further the Company has maintained minimum 100% asset cover which is sufficient to discharge the principal amount at all times for the said NCDs as specifically stated in the transaction documents.
The asset cover available as on June 30, 2024 in respect of listed secured debt securities is 1.14 times.
8. During the quarter ended June 30, 2024, the Company has issued and allotted total 65,635 equity shares of face value of Rs. 10 per share at premium of Rs.120 per share pursuant to the exercise of options by the employees of the Company under the CSL Employee Stock Option Scheme 2017.
9. The Company had successfully raised funds through allotment of 97,70,757 Compulsory Convertible Debentures (CCDs) and 3,81,32,474 share warrants both having face value of INR 10 each at an issue price of Rs. 264 each aggregating to Rs. 1,26,464.53 lakh in June 2024. The allotment was made in 2 tranches on June 06, 2024 and June 18, 2024. Each of the CCD and share warrant is convertible into 1 (one) equity share within a period of 18 months from the date of allotment of CCD and share warrant. The CCDs are unsecured and shall carry a coupon of 12% per annum. Further, for share warrants the Company has received 25% of the total consideration towards subscription and the same may be converted into equity shares by the subscribers by paying the remaining 75% within 18 months from the date of allotment of the share warrants.



10. The Company's Board of Directors and shareholders through their approval dated May 05, 2024 and June 01, 2024 respectively had approved the acquisition of 'MyShubhLife' (MSL), a prominent Embedded Finance Fintech platform, for an enterprise value of Rs. 4,500 lakh through a combination of equity and cash consideration, subject to internal closing approvals and regulatory approvals on the said transaction.
11. The figures for the quarter ended March 31, 2024 are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the end of third quarter of the respective financial year, which were subjected to limited review.
12. Information as required by Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 as amended, is attached as Annexure 1.
13. The figures for the period/year have been regrouped wherever necessary.

For and on behalf of Board of Directors of
UGRO CAPITAL LIMITED



Shachindra Nath
Vice Chairman & Managing Director
DIN: 00510618
Mumbai
July 31, 2024



Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, as at and for the quarter ended June 30, 2024:

Sr. No	Particular	Quarter Ended			Year Ended
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		Reviewed	Audited	Reviewed	Audited
1	Debt - Equity Ratio ¹	2.36	3.23	2.50	3.23
2	Debt Service Coverage Ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3	Interest Service Coverage Ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4	Outstanding redeemable preference shares (quantity and value)	Nil	Nil	Nil	Nil
5	Capital redemption reserve (Rs. in lakh.) ³	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6	Debenture redemption reserve (Rs. in lakh.) ³	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7	Net worth ⁴ (Rs. in lakh.)	1,91,716.25	1,43,836.17	1,33,733.99	1,43,836.17
8	Net profit after Tax (Rs. in lakh.)	3,035.59	3,268.73	2,523.59	11,934.48
9	Current Ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
10	Long term debt to working capital ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
11	Bad debts to Account receivable ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
12	Current liability ratio ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
13	Total debts to total assets ⁵	0.68	0.74	0.69	0.74
14	Debtors turnover ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
15	Inventory turnover ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16	Operating margin (%) ²	Not Applicable	Not Applicable	Not Applicable	Not Applicable
17	Net profit margin (%) ⁶	10.07%	9.89%	11.56%	11.03%
18	Sector specific equivalent ratios				
	a. Gross Stage 3 ⁷	2.90%	3.09%	2.67%	3.09%
	b. Net Stage 3 ⁸	1.59%	1.64%	1.45%	1.64%
	c. Capital to risk-weighted assets ⁹	27.94%	20.75%	26.56%	20.75%



Notes –

1. Debt - Equity Ratio = (Debt securities + Borrowings (other than debt securities) + Subordinated Liabilities) / Total Equity.
2. The above-mentioned ratios are not relevant as the company is engaged in financing activities.
3. Capital redemption Reserve / Debenture redemption reserve is not required in respect of privately/publicly placed debentures in terms of Rule 18(7)(b)(iii) of Companies (Share Capital and Debentures) Rules, 2014.
4. Net worth = Equity Share Capital + Other Equity
5. Total debts to Total assets = (Debt securities + Borrowings (other than debt securities) + Subordinated Liabilities) / Total Assets
6. Net profit margin = Net profit after tax / Total income
7. Gross Stage 3 = Gross Stage 3 Loans Exposure at Default (EAD) / Gross Total Loans EAD
8. Net Stage 3 = (Gross Stage 3 Loans EAD - Impairment loss allowance for Stage 3) / (Gross Total Loans EAD - Impairment loss allowance)
9. Capital to Risk-weighted assets is calculated as per the RBI guidelines.



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, 2024, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material and other 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

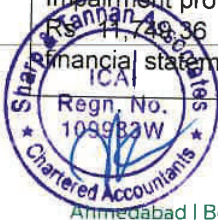
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent 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 we have obtained 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 of the current financial year. 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.

We have determined the matters described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Impairment of loans including Expected Credit Loss (ECL)	
Total loans as at March 31, 2024 was Rs. 5,43,221.03 lakh (net of ECL), (Refer Note 5 to the financial statements)	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: Process understanding and Test of Controls:
Impairment provision as at March 31, 2024: Rs. 11,748.36 lakh, (Refer Note 5 to the financial statements)	



Ind AS 109, *Financial Instruments* requires the Company to provide for impairment of its financial assets using the ECL approach.

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.

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.

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:

- a) Grouping of loan portfolio under various categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics;
- b) Estimation of losses in respect of groups of loans which had no/ minimal defaults in the past;
- c) Staging of loans and estimation of behavioural life;
- d) 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).

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.

1. Read the Company's Board approved Policy on ECL and accounting policies for estimation of ECL loss on financial assets (as explained in Note 2B - (14)(c) to the financial statements) and evaluated the appropriateness of the same with the principles of the Standard Ind AS 109 and Prudential Norms laid down by Reserve Bank of India (RBI).

2. 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 approved Policy, including the appropriateness of the qualitative factors to be applied.

Test of details:

3. Performed, on test check basis, procedures for testing of ECL model and computation of ECL amount including and not limited to the following:

a. Evaluated underlying data related to estimates and judgements used for developing ECL models.

b. 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.

c. 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 PD and LGD rates.

d. Verified the impairment provision for Stage 3 exposures considering the management's estimate of future cash flows for those

