

UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

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.

(4) 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.

(5) 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.

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.



UGRO CAPITAL LIMITED**Notes forming part of the financial statements (continued)**

For the year ended March 31, 2024

The Company has elected not to apply the requirements of the Standard 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.

(6) Income taxes

Income tax expense represents the sum of the tax currently payable, deferred tax and any excess/short provision of earlier years.

(a) 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.

(b) 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.

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.

(c) 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.

(d) 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.



(7) Employee Benefits

(a) 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 half yearly. 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.

(b) 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.

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.

(c) 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.



(d) Share based Payment

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 payment*. 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.

(8) 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 (EIR) 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.

(9) 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, it's 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.



UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

(10) 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.

(11) Foreign currencies

(i) The functional currency and presentation currency of the Company is Indian Rupee (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.

(12) 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.

(13) 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.

(14) Financial instruments

(a) 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.

(b) 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.



UGRO CAPITAL LIMITED**Notes forming part of the financial statements (continued)**

For the year ended March 31, 2024

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.

(c) Classification and subsequent measurement of financial instruments**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.

- 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.

- 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.



UGRO CAPITAL LIMITED**Notes forming part of the financial statements (continued)**

For the year ended March 31, 2024

- 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.

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.

Impairment of financial assets

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



For loans, cash credit and term loans measured at amortised cost

(1) Definition of default:

A default shall be considered to have occurred when any of the following criteria are met:

- i) An account shall be tagged as NPA once the day end process is completed for the 91st day past due.
 - ii) 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.

(2) 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.

(3) Probability of Default (PD):

An internally developed statistical model that computes rating at a loan level and 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 and 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 and 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 and 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 and Unsecured categories.

The 12-month PD shall continue to be applicable in calculating expected credit loss for Stage 1 assets and 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.

(4) Loss given default:

Loss given default (LGD) is defined as the expected/estimated amount or percentage of exposure that may not be recovered when a loan defaults. UGRO Capital Limited calculates LGD at a loan level considering the type of advance (Secured/Unsecured) & the collateral (financial/ property/ machine/ physical) available.

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.



UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

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.

Financial liabilities and equity instruments

- 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.

- 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.

- 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.

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.

- 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



UGRO CAPITAL LIMITED**Notes forming part of the financial statements (continued)**

For the year ended March 31, 2024

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.

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.

(15) 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.

(16) Hedge

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.

(17) Cash flow hedge

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.



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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.

(18) 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.

(19) 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 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.

(20) Statement of cash flows

The Statement of cash flows 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 statement of cash flows exclude items which are not available for general use as on the date of the Balance Sheet.

(21) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March 2023 to amend the following Ind-AS which are effective for annual periods beginning on or after 1st April 2023. The Company has applied these amendments for the first time in the financial statements.

(a) Amendments to Ind-AS 1 - disclosure of accounting policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.



The amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the financial statements.

(b) Amendments to Ind-AS 8 - definition of accounting estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on these financial statements.

(c) Amendments to Ind-AS 12 - deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exception under Ind-AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company has previously recognized deferred tax on leases on a net basis. As a result of these amendments, the Company has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since these balances qualify

for offset as per the requirements of paragraph 74 of Ind-AS 12, there is no impact on the balance sheet. There was also no impact on the opening retained earnings as at 1st April 2022.

(d) New standards and amendments issued but not effective

There are no such standards which are notified but not yet effective.

(e) The other amendments to Ind-AS notified by these rules are primarily in the nature of clarifications.



UGRO CAPITAL LIMITED**Notes forming part of the financial statements (continued)****For the year ended March 31, 2024****3. Cash and cash equivalents****(Rupees in lakh)**

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	-	-
Balances with banks		
- in current accounts*	8,835.15	4,014.77
Total	8,835.15	4,014.77

*Above balances exclude Escrow balances operated for Direct Assignment, Co-lending and Co-origination.

4. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed dividend on equity shares	1.27	1.36
Fixed deposits with banks and financial institutions*	36,658.98	17,167.83
Less: Impairment loss allowance**	7.34	3.05
Total	36,652.91	17,166.14

*Earmarked balances with banks and financial institutions are to the tune of Rs. 34,481.21 lakh (Previous year: Rs. 17,167.83 lakh)

**Impairment loss allowance is calculated on fixed deposits with banks and financial institutions.



UGRO CAPITAL LIMITED
Notes forming part of the financial statements (continued)
For the year ended March 31, 2024
5. Loans
(Rupees in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Loans at amortised cost		
(A)		
Supply chain receivables	57,952.22	45,887.83
Term loans	4,97,018.17	3,43,548.37
Total Gross Loans	5,54,970.39	3,89,436.20
Less: Impairment loss allowance	11,749.36	8,799.99
Total Net Loans	5,43,221.03	3,80,636.21
(B)		
Secured by book debts	63,321.39	50,686.61
Secured by property	1,86,160.58	1,31,600.04
Secured by machinery	72,365.46	56,091.96
Unsecured	2,33,122.96	1,51,057.59
Total Gross Loans	5,54,970.39	3,89,436.20
Less: Impairment loss allowance	11,749.36	8,799.99
Total Net Loans	5,43,221.03	3,80,636.21
(C)		
Loans in India		
Public sector	-	-
Others	5,54,970.39	3,89,436.20
Total Gross Loans	5,54,970.39	3,89,436.20
Less: Impairment loss allowance	11,749.36	8,799.99
Total - Net (a)	5,43,221.03	3,80,636.21
Loans outside India (b)	-	-
Total - Net (a)+(b)	5,43,221.03	3,80,636.21

Notes :

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, 2024 and March 31, 2023.
2. The underlying securities for the assets secured by tangible assets are property, machinery and book debts.
3. Gross loans classified as unsecured include quasi-secured loans backed by First Loss Default Guarantee (FLDG) and loans partly secured by Government Guarantee Schemes.

6. Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Investments - at FVTPL		
Security receipts	1,692.13	1,748.92
Investments - at Amortised Cost		
Debt securities	4,227.29	4,262.60
Less: Impairment loss allowance	0.82	0.83
Total Net Investments	5,918.60	6,010.69
Investments in India	5,919.42	6,011.52
Investments outside India	-	-
Total - Gross	5,919.42	6,011.52
Less: Impairment loss allowance	0.82	0.83
Total - Net	5,918.60	6,010.69

Note : For valuation methodology Refer Note 54



Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

7. Other financial assets

(Rupees in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	1,280.10	730.84
Other receivables	744.26	1,803.56
Less: Impairment loss allowance	3.17	3.17
Total	2,021.19	2,531.23

8. Current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax Rs.2,139.48 lakh (Previous year: Rs.55.96 lakh))	275.18	203.78
Total	275.18	203.78

9. Deferred tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets		
Tax effect of timing differences on account of -		
Unutilised minimum alternate tax credit entitlement	7,537.88	4,105.37
Income tax losses carried forward	5,905.96	3,025.64
Provision for impairment losses on financial instruments	3,488.29	2,628.18
Deferred revenue income - processing fees allowed upfront in income tax	707.18	1,740.14
Employee benefit provisions and expenses	914.50	860.69
Others	377.23	100.76
Total (A)	18,931.04	12,460.78
Deferred tax liabilities		
Tax effect of timing differences on account of -		
Receivables on EIS Direct assignment and Co-lending transactions	11,215.41	4,200.47
Deferred loan sourcing cost allowed upfront in income tax	4,244.46	3,819.62
Prepaid fees / charges on borrowings allowed upfront in income tax	2,600.10	1,533.92
Difference in written down value of property, plant and equipment and intangible assets	569.59	342.76
Others	5.54	16.65
Total (B)	18,635.10	9,913.42
Deferred tax assets (net) (A)-(B)	295.94	2,547.36



UGRO CAPITAL LIMITED

Notes forming part of the financial statements (continued)
For the year ended March 31, 2024

10. Property, plant and equipment

(Rupees in lakh)

Particulars	As at March 31, 2024				As at March 31, 2023			
	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	570.18	351.33	103.97	1,025.48	502.23	375.75	28.30	906.28
Additions during the year	245.77	11.17	19.36	276.30	74.94	-	75.86	150.79
Disposals during the year	-	-	-	-	(6.99)	(24.42)	(0.18)	(31.59)
At cost as at the end of the year	815.95	362.50	123.33	1,301.78	570.18	351.33	103.97	1,025.48
Accumulated depreciation as at the beginning of the year	319.11	318.27	8.80	646.18	206.54	264.71	4.60	475.85
Depreciation/amortisation for the year	152.89	44.08	9.03	206.00	115.02	75.46	4.27	194.75
Disposals during the year	-	-	-	-	(2.45)	(21.90)	(0.07)	(24.42)
Accumulated depreciation as at the end of the year	472.00	362.35	17.82	852.18	319.11	318.27	8.80	646.18
Net carrying amounts as at the end of the year	343.95	0.15	105.50	449.60	251.07	33.06	95.17	379.30



Notes forming part of the financial statements (continued)
For the year ended March 31, 2024

11. Non-current assets held for sale

(Rupees in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current assets held for sale	10,142.11	2,194.55
Total	10,142.11	2,194.55

'Non-current assets held for sale' covers immovable property and machinery which are repossessed in satisfaction of debts. These assets are classified as 'Non-Current Assets held for sale' till the time assets acquired are finally disposed.

Non-current assets held for sale is measured at lower of principal outstanding of the loan and fair market value of the repossessed assets against the said loan account. If fair market value is less than the principal outstanding, then impairment loss is recorded for the difference amount. Impairment loss recorded for measuring non-current assets held for sale for the year ended March 31, 2024 is Rs. 120.22 lakh (Previous year Rs. 39.79 lakh)

12. Right-of-use assets

Particulars	As at March 31, 2024	As at March 31, 2023
At fair value as at the beginning of the year	5,337.03	3,896.26
Remeasurement of assets	25.66	43.22
Additions during the year	2,777.70	1,632.02
Deletion during the year	(243.42)	(234.47)
At fair value as at the end of the year	7,896.97	5,337.03
Accumulated depreciation as at the beginning of the year	1,972.95	1,357.98
Depreciation for the year	1,148.94	614.97
Accumulated depreciation as at the end of the year	3,121.89	1,972.95
Net carrying amount as at the end of the year	4,775.08	3,364.08

13. Capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Capital work-in-progress	-	2.82
Total	-	2.82

The ageing for capital work-in-progress as on 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

14. Intangible assets under development

Particulars	As at March 31, 2024	As at March 31, 2023
Softwares	-	1,431.41
Total	-	1,431.41

The ageing for Intangible assets under development as on 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

15. Other intangible assets

Particulars	As at March 31, 2024	As at March 31, 2023
Softwares :		
At cost as at the beginning of the year	7,186.49	4,092.98
Additions during the year	5,197.51	3,093.51
Disposal during the year	-	-
At cost as at the end of the year	12,384.00	7,186.49
Accumulated amortisation as at the beginning of the year	2,444.96	1,490.94
Amortisation for the year	2,178.17	954.02
Disposals during the year	-	-
Accumulated amortisation as at the end of the year	4,623.13	2,444.96
Net carrying amounts as at the end of the year	7,760.87	4,741.53

Note: No revaluation of any class of assets was carried out during the year.



Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

16. Other non-financial assets

(Rupees in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances to vendors and employees	3,218.01	2,616.33
Goods and services tax input credit receivable	2,125.74	1,022.57
Prepaid expenses	2,306.54	1,695.91
Total	7,650.29	5,334.81

17. Derivative financial instruments

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional Amounts	Fair value - Assets	Fair value - Liabilities	Notional Amounts	Fair value - Assets	Fair value - Liabilities
Part I						
(i) Currency derivatives:						
-Currency swaps*	37,694.23	-	65.00	23,746.43	-	9.27
(ii) Interest rate derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments	37,694.23	-	65.00	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*	37,694.23	-	65.00	23,746.43	-	9.27
Total Derivative Financial Instruments	37,694.23	-	65.00	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 table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. 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 (Refer Note 60(c)).

18. Payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
Due to micro and small enterprises	448.65	145.97
Due to creditors other than micro and small enterprises	821.57	1,168.80
Other payables		
Due to micro and small enterprises	-	-
Due to creditors other than micro and small enterprises		
- Accrued employee benefits	54.44	78.92
- Payable to customers	35.41	17.86
Total	1,360.07	1,411.55



Notes forming part of the financial statements (continued)

For the year ended March 31, 2024

18. Payables (continued)

(Rupees in lakh)

The ageing for trade payables as on March 31, 2024 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	448.65	-	-	-	-	448.65
Others	715.40	8.49	8.94	64.50	24.24	821.57
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	1,164.05	8.49	8.94	64.50	24.24	1,270.22

The ageing for trade payables as on 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

Details of dues to micro, small and medium enterprises

The below information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company. The same has been relied upon by the auditors.

Particulars	As at March 31, 2024	As at March 31, 2023
1. The principal amount remaining unpaid at the end of the accounting year.	448.65	145.97
2. 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	448.65	145.97



19. Debt securities

(Rupees in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	At amortised cost	Total	At amortised cost	Total
Secured				
Redeemable non-convertible debentures	1,23,627.37	1,23,627.37	85,495.83	85,495.83
Liabilities arising out of securitization transactions	3,758.93	3,758.93	16,130.24	16,130.24
Unsecured				
Commercial Paper	6,849.59	6,849.59	12,146.52	12,146.52
Redeemable non-convertible debentures	5,247.24	5,247.24	661.86	661.86
Total	1,39,483.13	1,39,483.13	1,14,434.45	1,14,434.45
Debt securities in India	1,39,483.13	1,39,483.13	1,14,434.45	1,14,434.45
Debt securities outside India	-	-	-	-
Total	1,39,483.13	1,39,483.13	1,14,434.45	1,14,434.45

Redeemable non-convertible debentures (Secured):

Particulars	Face Value	Quantity	Date of Redemption	Date of Allotment	Terms of Repayment	As at March 31, 2024	As at March 31, 2023
10.27% Secured Unrated Unlisted Redeemable Non-Convertible Debenture	1,00,000	24,990	30-Jan-28	30-Jan-24	Half-Yearly Repayment	24,990.00	-
11.30% Secured Rated Listed Redeemable Taxable Non-Convertible Debentures	10,00,000	350	12-Jan-28	12-Jan-22	Bullet Repayment	3,500.00	3,500.00
11.30% Secured Rated Listed Redeemable Taxable Non-Convertible Debentures	10,00,000	260	29-Dec-27	29-Dec-21	Bullet Repayment	2,600.00	2,600.00
11.30% Secured Rated Listed Redeemable Taxable Non-Convertible Debentures	10,00,000	460	17-Dec-27	17-Dec-21	Bullet Repayment	4,600.00	4,600.00
10.38% Secured Rated Unlisted Redeemable Non-Convertible Debenture	1,00,000	24,960	12-Dec-27	12-Dec-23	Half-Yearly Repayment starting from June 2025 followed by moratorium of 2 instalments	24,960.00	-
10.50% Secured Unrated Unlisted Redeemable Non-Convertible Debentures	1,00,000	2,800	26-Sep-26	27-Sep-23	Half-Yearly Repayment	2,333.33	-
11% Secured Rated Listed Redeemable Non-Convertible Debenture Series V	1,000	4,64,198	27-May-26	27-Feb-24	Bullet Repayment	4,641.98	-
10.50% Secured Rated Listed Redeemable Non-Convertible Debenture Series IV	1,000	3,41,527	27-May-26	27-Feb-24	Bullet Repayment	3,415.27	-
G-SEC Linked Secured Rated Listed Redeemable Principal Protected Market Linked Non-Convertible Debentures	10,00,000	250	15-Apr-26	19-Dec-22	Bullet Repayment	2,500.00	2,500.00
10.50% Secured Rated Listed Redeemable Non-Convertible Debentures	1,00,000	5,000	08-Mar-26	08-Mar-23	Bullet Repayment	5,000.00	5,000.00
10.35% Secured Rated Listed Redeemable Non-Convertible Debenture Series III	1,000	2,58,511	27-Feb-26	27-Feb-24	Quarterly Repayment	2,585.11	-
10.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series III	1,000	4,92,811	26-Sep-25	26-Sep-22	Bullet Repayment	4,928.11	4,928.00
10.25% Secured Rated Listed Redeemable Non-Convertible Debenture Series I	1,000	2,71,193	27-Aug-25	27-Feb-24	Bullet Repayment	2,711.93	-
10.75% Secured Rated Listed Redeemable Non-Convertible Debenture Series II	1,000	6,64,571	27-Aug-25	27-Feb-24	Bullet Repayment	6,645.71	-
G-SEC Linked Secured Rated Unlisted Redeemable Taxable Principal Protected Market Linked Non-Convertible Debentures	10,00,000	500	29-May-25	29-Mar-22	Bullet Repayment	5,000.00	5,000.00
1% XIRR Secured Rated Listed Redeemable Non-Convertible Debenture	1,00,000	3,000	10-May-25	10-Nov-23	Bullet Repayment	3,000.00	-

