

	<p>exposures and checked the resultant provision.</p> <p>e. Verified the adequacy of the adjustment including management's assessment of additional provision on stressed loan.</p> <p>f. Verified the ECL provision on restructured cases pursuant to the RBI Circular, on a sample basis.</p> <p>g. Verified the computation of ECL by using PD and LGD and other qualitative factors to ensure arithmetical accuracy.</p> <p>h. Verified the impairment provision under the Standard, Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning Norms (IRACP) (including standard asset provisioning) to determine the need to create an Impairment Reserve.</p> <p>i. Reconciled the total financial assets considered for ECL estimation with the books of account to ensure the completeness.</p> <p>j. Assessed the adequacy and appropriateness of the presentation and disclosures in compliance with the applicable Standard.</p>
--	--

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility and Sustainability Report, Corporate Governance Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

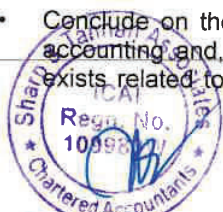
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's



ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The financial statements of the Company for the year ended March 31, 2023 was audited by the predecessor auditor who has issued an unmodified opinion on the financial statements, vide report dated May 15, 2023.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'** a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the relevant rules thereunder;
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. Further, the Ministry of Corporate Affairs has not prescribed other details under aforesaid section which are required to be commented upon by us; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has no pending litigations on its financial position in its financial statements – (Refer Note 42 to the financial statements);
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – (Refer Note 60(g)(1) to the financial statements);
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - (iv) (a) The management of the Company has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management of the Company has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the financial statements, during the year, no funds have been received by the Company from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of





the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances that nothing has come to our notice that has caused us to believe that the representations under paragraph (a) and (b) above, contain any material misstatement:
- (v) The Company neither declared nor paid dividend during the year. Accordingly, the Company is not required to comply with Section 123 of the Act; and
- (vi) In our opinion and based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

Further, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended is applicable from April 1, 2023 reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.



Mumbai, May 2, 2024

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

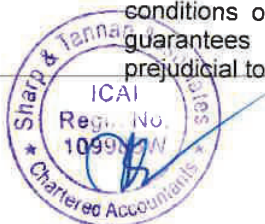
**Tirtharaj Khot**  
Partner  
Membership No. (F) 037457  
UDIN: 24037457BKGEFX9704

**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

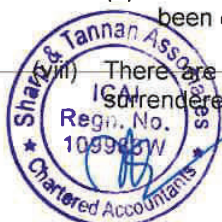
(Referred to in paragraph 1 of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of the Company's property, plant and equipment and intangible assets
  - (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment; and
  - (B) The Company is maintaining proper records showing full particulars of intangible assets;
  - (b) The Company physically verifies the property, plant and equipment to cover all items once in a period of three years considering the value and materiality involved which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Further, the Company has physically verified its property, plant and equipment in the previous financial year. No material discrepancies were noticed on such physical verification;
  - (c) According to the information and explanations given to us, there are no immovable properties. Accordingly, the reporting under the Paragraph 3(i)(c) of the Order is not applicable to the Company. However, the Company has repossessed properties under the Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Arbitration and Conciliation Act, 1996 from the borrowers who have defaulted their loan repayments. Such properties are acquired to recover the loans from the borrower and accordingly, disclosed as non-current assets held for sale. (Refer Note 11 of the financial statements)
  - (d) The Company has not revalued any of its property, plant and equipment (including Right-of-Use assets) or intangible assets or both during the year; and
  - (e) According to the information and explanations given to us, there are no immovable properties. Accordingly, the reporting under the Paragraph 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company's principal business is to give loans. Accordingly, reporting on the Paragraph 3(ii)(a) of the Order is not applicable to the Company; and
- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, during the year, in aggregate from banks and/or financial institutions on the basis of security of loans. The quarterly returns / statements filed by the Company with such banks and/or financial institutions are in agreement with the books of account.
- (iii) (a) The Company's principal business is to give loans. Accordingly, reporting on the Paragraph 3(iii)(a) of the Order is not applicable to the Company.
- (b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided by the Company during the year are, *prima facie*, not prejudicial to the Company's interest;



- (c) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act / Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest are not received as stipulated, the impact thereof is taken by the Company in course of its periodic regulatory reporting;
- (d) In respect of the aforesaid loans and advances, Rs. 17,147.91 lakh is overdue for more than ninety days (Refer Note 51(a)C to the financial statements), we have been informed that the Company has taken all reasonable steps, including legal actions to recover the principal and the interest, as the case may be;
- (e) The Company's principal business is to give loans. Accordingly, reporting on the Paragraph 3(iii)(e) of the Order is not applicable to the Company; and
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, reporting on the Paragraph 3(iii)(f) of the Order is not applicable to the Company.
- (iv) The Company has neither, directly or indirectly, granted any loan, or provided guarantee for security to any of its directors or to any other persons in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, reporting on the Paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, reporting on the Paragraph 3(v) of the Order is not applicable to the Company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148 of the Act for any of the products of the Company. Accordingly, reporting on the Paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
  - (a) In our opinion, the Company is generally regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, cess and any other statutory dues to the appropriate authorities, though there has been a slight delays in a few cases. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable; and
  - (b) In our opinion, there are no statutory dues referred to (a) above, which have not been deposited on account of any dispute.



(ii) There are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the

Income Tax Act, 1961. Accordingly, reporting on the Paragraph 3(viii) of the Order is not applicable to the Company.

- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) The Company has, applied the term loans for the purpose for which the loans were obtained;
- (d) On an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes;
- (e) The Company does not have subsidiaries, associates or joint ventures. Accordingly, reporting on the Paragraph 3(ix)(e) of the Order is not applicable to the Company; and
- (f) The Company does not have subsidiaries, joint ventures or associate companies. Accordingly, reporting on the Paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has raised monies by way of initial public offer or further public offer (debt instruments) during the year and has been applied for the purposes for which those are raised.
- (b) The Company has made preferential allotment and private placement of shares during the year in accordance with the requirements of Sections 42 and 62 of the Act and the funds raised have been used for the purposes for which the funds were raised.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, we report that no material fraud by the Company nor on the Company has been noticed or reported during the year, other than the instances of fraud noticed and reported by the management to the regulator - (Refer Note 67 to the financial statements);
- (b) We have not come across of any instances of material fraud by the Company or on the Company during the course of audit of the financial statements for the year ended March 31, 2024. Accordingly, reporting on the Paragraph 3(xi)(b) of the Order is not applicable to the Company; and
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on the Paragraph 3(xii)(a) to (c) of the Order is not applicable to the Company.
- (xiii) The Company is in compliance with Sections 177 and 188 of the Act with respect to applicable transaction with the related parties and the relevant details of such related party transactions have been disclosed in the financial statements as required under the applicable Indian Accounting Standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and the nature of its business; and





- (b) We have considered the internal audit reports for the period under audit issued to the Company.
- (xv) In our opinion, the Company, during the year, has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the provisions of Section 192 of the Act is not applicable. Accordingly, reporting on Paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934, as Non-Banking Financial Company;
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activity without any valid Certificate of Registration (CoR) from the Reserve Bank of India. Accordingly, reporting on Paragraph 3(xvi)(b) of the Order is not applicable to the Company;
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting on the Paragraph 3(xvi)(c) the Order is not applicable to the Company; and
- (d) The Group to which the Company belongs has no CIC as part of the Group. Accordingly, reporting on the Paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the preceding financial year. Accordingly, reporting on the Paragraph 3(xviii) of the Order is not applicable to the Company
- (xviii) There has been no resignation of statutory auditors during the year. Accordingly, reporting on the Paragraph 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We, further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to Section 135(5) of the Act. Accordingly, reporting on the Paragraph 3(xx)(a) of the Order is not applicable to the Company; and



- (b) There are no unspent amounts towards Corporate Social Responsibility ongoing projects requiring a transfer to a Special account in compliance with the provisions of Section 135(6) of the said Act. Accordingly, reporting on the Paragraph 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, reporting on the Paragraph 3(xxi) of the Order is not applicable to the Company.



Mumbai, May 2, 2024

For **Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No. 109983W  
by the hand of  
  
**Tirtharaj Khot**  
Partner  
Membership No. (F) 037457  
UDIN: 24037457BKGEFX9704

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) of our report of even date)

**Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (the 'Act')**

We have audited the internal financial controls over financial reporting of **URGO Capital Limited** (the 'Company'), as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

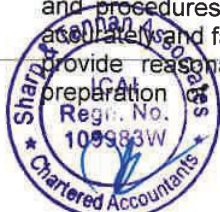
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting



principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.



Mumbai, May 2, 2024

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

  
**Tirtharaj Khot**  
Partner

Membership No. (F) 037457  
UDIN: 24037457BKGEFX9704



Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>I. ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	8,835.15	4,014.77
Bank balances other than cash and cash equivalents above	4	36,652.91	17,166.14
Loans	5	5,43,221.03	3,80,636.21
Investments	6	5,918.60	6,010.69
Other financial assets	7	2,021.19	2,531.23
		<b>5,96,648.88</b>	<b>4,10,359.04</b>
<b>Non-financial assets</b>			
Current tax assets (net)	8	275.18	203.78
Deferred tax assets (net)	9	295.94	2,547.36
Property, plant and equipment	10	449.60	379.30
Non-current assets held for sale	11	10,142.11	2,194.55
Right-of-use assets	12	4,775.08	3,364.08
Capital work-in-progress	13	-	2.82
Intangible assets under development	14	-	1,431.41
Other intangible assets	15	7,760.87	4,741.53
Other non-financial assets	16	7,650.29	5,334.81
		<b>31,349.07</b>	<b>20,199.64</b>
<b>TOTAL ASSETS</b>		<b>6,27,997.95</b>	<b>4,30,558.68</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	17	65.00	9.77
Payables	18		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		448.65	145.97
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		821.57	1,168.80
(B) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises		-	-
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		89.85	96.78
Debt securities	19	1,39,483.13	1,14,434.45
Borrowings (other than debt securities)	20	3,22,322.27	2,00,459.00
Subordinated liabilities	21	3,519.13	-
Other financial liabilities	22	7,654.85	7,501.83
		<b>4,74,404.45</b>	<b>3,23,816.10</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	23	2,895.67	1,567.77
Provisions	24	5,987.17	6,009.73
Other non-financial liabilities	25	874.49	760.77
		<b>9,757.33</b>	<b>8,338.27</b>
<b>TOTAL LIABILITIES</b>		<b>4,84,161.78</b>	<b>3,32,154.37</b>
<b>EQUITY</b>			
Equity share capital	26	9,159.16	6,932.11
Other equity	27	1,34,677.01	91,472.20
<b>TOTAL EQUITY</b>		<b>1,43,836.17</b>	<b>98,404.31</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,27,997.95</b>	<b>4,30,558.68</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No : 109983W

Ankharaj Khot

Partner

Membership No : (F) 037457

For and on behalf of the Board of Directors of

UGRO CAPITAL LIMITED

Shachindra Nath

Vice Chairman &  
Managing Director

DIN : 00510618

Hemant Bhargava

Independent Director &  
Chairman - Audit Committee

DIN : 01922717

Kishore Kumar Lodha

Chief Financial Officer

Place : Mumbai

Date : May 02, 2024

Satish Kumar Chelladurai

Company Secretary

Place : Mumbai

Date : May 02, 2024




Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Revenue from operations</b>			
Interest income	28	70,794.38	48,291.34
Net gain on derecognition of financial instruments under amortised cost category	29	30,746.33	15,407.22
Net gain on fair value changes	30	147.85	-
Fees and commission income	31	3,107.62	1,946.81
<b>Total revenue from operations</b>		<b>1,04,796.18</b>	<b>65,645.37</b>
Other income	32	3,371.94	2,730.91
<b>Total income</b>		<b>1,08,168.12</b>	<b>68,376.28</b>
<b>Expenses</b>			
Finance costs	33	44,292.40	29,327.40
Net loss on fair value changes	34	1.54	640.11
Impairment on financial instruments	35	11,627.96	5,679.99
Employee benefits expenses	36	18,285.41	14,071.48
Depreciation, amortization and impairment	37	3,533.10	1,763.74
Other expenses	38	12,551.46	8,510.72
<b>Total expenses</b>		<b>90,291.87</b>	<b>59,993.44</b>
<b>Profit before exceptional items and tax</b>		<b>17,876.25</b>	<b>8,382.84</b>
<b>Exceptional items</b>		-	-
<b>Profit before tax</b>		<b>17,876.25</b>	<b>8,382.84</b>
<b>Tax Expense:</b>			
(1) Current tax		3,647.61	2,298.62
(2) Deferred tax		2,477.20	1,828.08
(3) Excess/Short provision of tax of earlier years		(183.04)	278.50
<b>Total tax expenses</b>		<b>5,941.77</b>	<b>4,405.20</b>
<b>Profit for the year (A)</b>		<b>11,934.48</b>	<b>3,977.64</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit obligations		(40.71)	(24.03)
- Income tax relating to items that will not be reclassified to profit or loss		11.85	7.00
<b>Sub-total (B)</b>		<b>(28.86)</b>	<b>(17.03)</b>
Items that will be reclassified to profit or loss			
- The effective portion of gains and loss on hedging instrument in a cash flow hedge		(734.58)	45.33
- Income tax relating to items that will be reclassified to profit or loss		213.91	(13.20)
<b>Sub-total (C)</b>		<b>(520.67)</b>	<b>32.13</b>
<b>Other comprehensive income for the year (net of tax) (D) = (B) + (C)</b>		<b>(549.53)</b>	<b>15.10</b>
<b>Total comprehensive income for the year (E) = (A) + (D)</b>		<b>11,384.95</b>	<b>3,992.74</b>
<b>Earnings per equity share (Face Value of Rs.10 each)</b>	41		
Basic (Rs.)		<b>13.39</b>	<b>5.69</b>
Diluted (Rs.)		<b>13.20</b>	<b>5.66</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached  
For **Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No : 109983W

**Tirtharaj Khot**  
Partner  
Membership No : (F) 037457

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

**Shachindra Nath**  
Vice Chairman &  
Managing Director

DIN : 00510618

**Hemant Bhargava**  
Independent Director &  
Chairman - Audit Committee  
DIN : 01922717

Place : Mumbai  
Date : May 02, 2024



**Kishore Kumar Lodha**  
Chief Financial Officer  
Place : Mumbai  
Date : May 02, 2024

**Satish Kumar Chelladurai**  
Company Secretary



Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Cash flow from operating activities :</b>		
Profit before tax	17,876.25	8,382.84
<b>Adjustments for:</b>		
Interest income on loans	(67,587.95)	(46,850.12)
Cash inflows from interest on loans	62,972.94	44,700.75
Interest income on debt securities	(247.21)	(248.42)
Interest on income tax	(7.39)	(6.29)
Employee stock option expense	449.87	256.41
Depreciation, amortisation and impairment	3,533.10	1,763.74
Impairment on financial instruments	11,627.96	5,679.99
Net gain on sale of financial instruments / fair valuation of financial instruments	(30,894.18)	(15,407.22)
Net loss on fair value changes	1.54	640.11
Finance cost on borrowings	38,951.71	25,257.97
Cash outflow towards finance cost borrowings	(38,288.62)	(21,763.21)
Provision for gratuity net of payment and compensated absences	370.46	380.73
Property, plant and equipment written-off	-	7.17
Interest on other financial assets	(77.51)	-
Interest on lease liabilities	516.45	-
Gain on pre-closure of lease	(25.66)	-
<b>Operating profit before working capital changes</b>	<b>(828.24)</b>	<b>2,794.45</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in loans	(1,46,794.71)	(1,25,753.63)
(Increase)/decrease in other non-financial assets	(2,315.48)	(2,252.98)
(Increase)/decrease in other financial assets	502.89	(1,830.23)
(Increase)/decrease in derivative financial assets	-	22.29
Increase/(decrease) in derivative financial liabilities	55.73	9.27
Increase/(decrease) in trade payables	(55.30)	702.33
Increase/(decrease) in other non-financial liabilities	113.72	396.54
Increase/(decrease) in other financial liabilities	(1,538.73)	2,120.08
Increase/(decrease) in provisions	(433.73)	2,917.76
<b>Cash (used in) operating activities</b>	<b>(1,51,293.85)</b>	<b>(1,20,874.12)</b>
Income taxes paid	(2,200.68)	(1,168.70)
<b>Net cash (used in) operating activities (A)</b>	<b>(1,53,494.53)</b>	<b>(1,22,042.82)</b>
<b>Cash flow from investing activities :</b>		
Purchase of property, plant and equipment (including capital work-in-progress)	(273.48)	(133.36)
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	(19,491.05)	(4,906.08)
Sale/realisation of investments	74,499.38	259.08
Purchase of investments	(74,296.29)	-
Interest received from investments	282.52	282.54
Payments for intangible assets	(3,766.11)	(3,956.38)
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(23,045.03)</b>	<b>(8,454.20)</b>
<b>Cash flow from financing activities :</b>		
Proceeds from issuance of equity share capital during the year	34,598.90	-
Payment for purchase of treasury shares	-	(2,495.26)
Share issue expense	(1,001.88)	(5.90)
Principal payment of lease liabilities	(1,270.48)	(781.38)
Total borrowing and debt securities repaid	(1,90,137.37)	(1,26,315.31)
Total borrowing and debt securities availed	3,39,170.77	2,57,534.70
<b>Net cash generated from financing activities (C)</b>	<b>1,81,359.94</b>	<b>1,27,936.85</b>
<b>Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>4,820.38</b>	<b>(2,560.17)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>4,014.77</b>	<b>6,574.94</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>8,835.15</b>	<b>4,014.77</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand		
Balance with banks :		
in current accounts	8,835.15	4,014.77
in Fixed deposits (maturing within a period of three months)	-	-
<b>TOTAL</b>	<b>8,835.15</b>	<b>4,014.77</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Sharp & Tannan Associates  
Chartered Accountants

Firm's Registration No : 109983W

Tishharaj Khot  
Partner  
Membership No : (F) 037457For and on behalf of the Board of Directors of  
UGRO CAPITAL LIMITEDShachindra Nath  
Vice Chairman &  
Managing Director

DIN : 00510618

Hemant Bhargava  
Independent Director &  
Chairman - Audit Committee

DIN : 01922717

Place : Mumbai  
Date : May 02, 2024

Kishore Kumar Lodha

Kishore Kumar Lodha  
Chief Financial Officer  
Place : Mumbai  
Date : May 02, 2024Satish Kumar Chelladurai  
Company Secretary

**UGRO CAPITAL LIMITED**

**Statement of Changes in Equity for the year ended March 31, 2024**

**A. Equity Share Capital (Refer Note 26)**

(Rupees in lakh)				
As at March 31, 2024				
Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at the end of the current reporting period
6,932.11	-	6,932.11	2,227.05	9,159.16

**As at March 31, 2023**

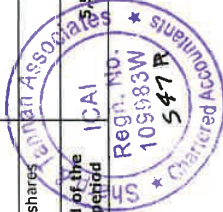
Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year*	Balance as at the end of the previous reporting period
7,055.94	-	7,055.94	(123.83)	6,932.11

\* Treasury shares issued during the year - (Refer Note 26)

**B. Other equity (Refer Note 27)**

**As at March 31, 2024**

Particulars	Statutory reserve u/s 45-1C	Reserves & Surplus							Total	
		Capital Reserve	Securities Premium	Retained Earnings	Employee stock options scheme outstanding	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges		Revaluation Surplus
Balance at the beginning of the current reporting period	3,197.01	1,046.00	75,352.48	11,354.58	483.62	-	-	38.51	-	91,472.20
Total Comprehensive Income for the current year	-	-	-	(28.86)	-	-	-	(520.67)	-	(549.53)
Transfer to retained earnings	-	-	-	11,934.48	-	-	-	-	-	11,934.48
Transfer to Reserve Fund u/s 45-1C of Reserve Bank of India Act, 1934	2,386.90	-	-	(2,386.90)	-	-	-	-	-	-
Share based Payment for the year	-	-	-	-	449.89	-	-	-	-	449.89
Premium on ESOP exercised during the year	-	-	507.57	-	-	-	-	-	-	507.57
Transfer to securities premium on allotment of shares pursuant to ESOP Scheme	-	-	192.32	-	(192.32)	-	-	-	-	-
Transfer to Retained Earnings on lapse of options pursuant to ESOP Scheme	-	-	-	28.79	(28.79)	-	-	-	-	-
Share issue expense	-	-	(1,001.88)	-	-	-	-	-	-	(1,001.88)
Share application money pending allotment	-	-	-	-	-	-	-	-	-	-
Premium on equity shares issued	-	-	31,864.28	-	-	-	-	-	-	31,864.28
Balance at the end of the current reporting period	5,583.91	1,046.00	1,06,914.77	20,902.09	712.40	-	-	(482.16)	-	1,34,677.01





## UGRO CAPITAL LIMITED

## Statement of Changes in Equity for the year ended March 31, 2024

## B. Other equity (Refer Note 27) (continued)

As at March 31, 2023

Particulars	Statutory reserve u/s 45-IC	Reserves & Surplus							(Rupees in lakh)	
		Capital Reserve	Securities Premium	Retained Earnings	Employee stock options scheme outstanding	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Total
Balance at the beginning of the previous reporting period	2,401.48	1,046.00	77,723.91	7,975.75	446.86	-	-	6.38	-	89,600.38
Total Comprehensive Income for the current year	-	-	-	(17.03)	-	-	-	32.13	-	15.10
Transfer to retained earnings	-	-	-	3,977.64	-	-	-	-	-	3,977.64
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	795.53	-	-	(795.53)	-	-	-	-	-	-
Share based payment for the year	-	-	-	-	256.41	-	-	-	-	256.41
Premium on ESOP exercised during the year	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings on allotment of shares pursuant to ESOP Scheme	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings on lapse of options pursuant to ESOP Scheme	-	-	-	219.65	(219.65)	-	-	-	-	-
Share issue expense	-	-	-	(5.90)	-	-	-	-	-	(5.90)
Premium on treasury shares	-	-	(2,371.43)	-	-	-	-	-	-	(2,371.43)
<b>Balance at the end of the previous reporting period</b>	<b>3,197.01</b>	<b>1,046.00</b>	<b>75,352.48</b>	<b>11,354.58</b>	<b>483.62</b>			<b>38.51</b>		<b>91,472.20</b>

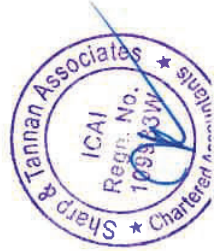
As required by Section 45-IC of the RBI Act, 1934, the Company maintains a reserve fund and transfers there a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. The Company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve Fund maintained u/s 45-IC of RBI Act, 1934.

See accompanying notes forming part of the financial statements

As per our report of even date attached  
For **Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No : 109983W

**Pranaraj Khot**  
Partner

Membership No : (F) 037457



Place : Mumbai  
Date : May 02, 2024

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

*Shachindra Nath*

**Shachindra Nath**  
Vice Chairman & Managing Director  
DIN : 00510618

*Hemant Bhargava*

**Hemant Bhargava**  
Independent Director & Chairman - Audit Committee  
DIN : 01922717

*Kishore Kumar Lodha*

**Kishore Kumar Lodha**  
Chief Financial Officer  
Place : Mumbai  
Date : May 02, 2024

*Satish Kumar Chelladurai*

**Satish Kumar Chelladurai**  
Company Secretary



## **1. Corporate Information**

UGRO Capital Limited ('the Company'), is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934 vide Certificate of registration bearing ref. no. 13.00325 as non-deposit taking Non-Banking Financial Company ('NBFC-ND') 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, issued by the Reserve Bank of India ("RBI"). The Company is also registered under Registration of Factors (Reserve Bank) Regulations, 2022 dated January 14, 2022, as NBFC – Factor, vide Certificate of registration bearing ref. no. N-13.02475 dated January 9, 2024, issued by RBI, authorizing the Company to commence and carry out the factoring business. The Company is engaged in the business of lending and primarily deals in financing MSME sector with focus on Healthcare, Education, Chemicals, Food Processing/FMCG, Hospitality, Electrical Equipment & Components, Auto Components, Micro enterprises and Light Engineering.

The financial statements are approved for issue by the Company's Board of Directors on May 02, 2024.

## **2A. Material Accounting Policies**

### **(1) Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of the Companies Act, 2013. In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

The Company has complied with the disclosures as required by the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India (RBI) vide their Notification No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, as updated on March 21, 2024.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

### **(2) Basis of preparation**

The financial statements have been prepared on a historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values as at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on this basis.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

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

For the year ended March 31, 2024

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(3) Presentation of financial statements**

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 (the 'Act') applicable for Non-Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, *Statement of Cash Flows*. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Division III of Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting standards and the Stock Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**(4) Functional and presentation currency**

These financial statements are presented in Indian rupees (Rs.) which is also the Company's functional currency. All accounts are rounded-off to the nearest lakh with two decimals, unless otherwise stated.

**(5) Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods.

**(6) Key accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment and intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

**2B. Other Accounting Policies:****(1) Revenue recognition**

Revenue (other than those items to which Ind AS 109, *Financial Instruments* is applicable) is measured based on the consideration specified in the contracts with the customers. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115, *Revenue from Contracts with Customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers.



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

For the year ended March 31, 2024

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Standard.

Specific policies for the Company's different sources of revenue are explained below:

(a) Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The interest income is calculated by applying the Effective Interest Rate (EIR) Method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the Effective Interest Rate (EIR) Method to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

(b) Other financial charges:

Cheque bouncing charges, pre- payment charges, foreclosure charges and initial margin money etc. are recognised on a point-in-time basis and are recorded when realised, since the probability of collecting such monies is established when the customer pays.

(c) Dividend income:

Dividend Income is recognised once the unconditional right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(d) Net gain or loss on fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/ loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains on fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses", in the statement of profit and loss.

(e) Advisory fees and other income:

Advisory fees and Other Income are recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur. The Company recognises such revenue from contracts with customers based on a five-step model as set out in Ind AS 115.

(f) Income from de-recognition of assets:

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the transferee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the transferee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.





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

For the year ended March 31, 2024

**(2) Property, plant and equipment (PPE)**

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of an item of property, plant and equipment is recognised if it is probable that future economic benefits associated with the item will flow to the company and the cost thereof can be measured reliably. All property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits/ functioning capability from/ of such assets. Advances paid towards acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advances under other non-financial assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis. Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Estimated useful life of assets is as below:

Category of PPE	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II to the Act
Office equipments	5 years	5 years
Computer	3 years	3 years
Leasehold improvements	Tenure of lease agreements	Tenure of the lease agreements
Furniture fixture and fittings	10 years	10 years

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

**(3) Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated amortization, and cumulative impairment. Direct expenses (including salary costs) and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as Intangible assets under development.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life of Softwares is considered as 5 years.

