

MSKA & Associates

Chartered Accountants

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED FOR THE YEAR ENDED MARCH 31, 2023

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

- i.
 - (a)
 - A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - (b) Property, Plant and Equipment and right of use assets have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are 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 12 of the financial statements.
 - (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
 - (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.
- ii.
 - (a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.
 - (b) During the year the Company has been sanctioned working capital limits in excess of Rupees Five crores in aggregate from Banks/financial institutions on the basis of security of loans. Quarterly returns/statements filed with such Banks/ financial institutions are in agreement with the unaudited books of account.
- iii.
 - (a) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(iii)(a) of the Order are not applicable to the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made, guarantees provided, securities given and/ or grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the interest of the Company.
 - (c) The Company, being a Non-Banking Financial Company, is registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments schedules are stipulated



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basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of the amount, due date for repayment or receipt and extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid/paid when they were due or were repaid/ paid with a delay, in the normal course of lending business. - Refer Note 51(a) C to the financial statements.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days are as follows:

No. of Cases*	Total overdue (Rs. In Lakhs)	Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest)
909	9,569.05	Yes#

* Amount overdue classified under stage 3 - Refer Note 51(a) C to the financial statements.

The Company has taken all reasonable steps including legal actions to ensure recovery of the principal and interest.

- (e) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(ii)(e) of the order are not applicable to the Company.
- (f) According to the information and explanations provided to us, the Company has not granted any loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person 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, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, cess or other statutory dues which have not been deposited on account of any dispute. Refer Note 40(a) to the financial statements.
- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.



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- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
 - (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - (c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
 - (e) The Company does not have any subsidiary, associate, or joint venture. Hence reporting under the clause (ix)(e) of the order is not applicable to the Company.
 - (f) The Company does not have any subsidiary, associate, or joint venture. Hence, reporting under the clause 3(ix)(f) of the order is not applicable to the Company.
- x.
- (a) In our opinion and according to the information explanation given to us, money raised by way of initial public offer or further public offer (including debt instruments) during the year have been applied for the purpose for which they were raised.
 - (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi.
- (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.
 - (b) We have not come across of any instance 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, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
 - (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. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.



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- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
 - (b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 - 'Using the work of Internal Auditors'.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are 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) In our opinion, the Company has not conducted any Non-Banking Financial activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.
 - (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
 - (d) The Company does not have any Group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016). Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.
- xvii. According to the information and explanations provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization 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 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 up to 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. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.



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xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W


Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVA6117



Mumbai
May 15, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UGRO CAPITAL LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of UGRO Capital Limited on the Financial Statements for the year ended March 31, 2023]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of UGRO Capital Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements 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 issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, 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 with reference to financial statements.



Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 expenditures of the Company are being made only in accordance with authorizations 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 With reference to financial statements

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

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W



Swapnil Kale
Partner

Membership Number: 117812
UDIN: 23117812BGXQVA6117



Mumbai
May 15, 2023

Balance Sheet as at March 31, 2023

(Rupees in lakh)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	4,014.77	6,574.94
Bank balances other than cash and cash equivalents above	4	17,166.14	12,260.25
Derivative financial instruments	5	-	22.29
Loans	6	3,80,636.21	2,45,111.74
Investments	7	6,010.69	6,943.99
Other financial assets	8	2,531.23	789.62
		4,10,359.04	2,71,702.83
Non-financial assets			
Current tax assets (net)	9	203.78	164.23
Deferred tax assets (net)	10	2,547.36	4,381.63
Property, plant and equipment	11	379.30	430.43
Non-current assets held for sale	12	2,194.55	-
Right of use assets	13	3,364.08	2,538.28
Capital work in progress	14	2.82	20.25
Intangible assets under development	15	1,431.41	568.54
Other intangible assets	16	4,741.53	2,602.04
Other non-financial assets	17	5,334.81	3,081.83
		20,199.64	13,787.23
TOTAL ASSETS		4,30,558.68	2,85,490.06
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	18	9.27	-
Payables	19		
(A) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises		145.97	0.08
(II) total outstanding dues of creditors other than micro enterprises and small enterprises		1,168.80	666.93
(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		96.78	42.21
Debt securities	20	1,14,434.45	70,441.43
Borrowings (other than debt securities)	21	2,00,459.00	1,09,783.21
Other financial liabilities	22	7,734.85	4,722.36
		3,24,049.12	1,85,656.22
Non-financial liabilities			
Current tax liabilities (net)	23	1,567.77	126.07
Provisions	24	5,776.71	2,687.22
Other non-financial liabilities	25	760.77	364.23
		8,105.25	3,177.52
TOTAL LIABILITIES		3,32,154.37	1,88,833.74
Equity			
Equity share capital	26	6,932.11	7,055.94
Other equity	27	91,472.20	89,600.38
TOTAL EQUITY		98,404.31	96,656.32
TOTAL LIABILITIES AND EQUITY		4,30,558.68	2,85,490.06

Significant accounting policies
Corporate information
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

1
2

For **M S K A & Associates**
Chartered Accountants
Firm's Registration Number : 105047W

Swapnil Kale
Swapnil Kale
Partner



Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

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

Shachindra Nath
Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023



Kishore Kumar Lodha
Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajjani
Namrata Sajjani
Company Secretary
Mumbai
May 15, 2023

Statement of Profit and Loss for the year ended March 31, 2023

(Rupees in lakh)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
Interest income	28	48,291.34	27,207.62
Net gain on derecognition of financial instruments under amortised cost category	29	15,407.22	2,693.46
Net gain on fair value changes	30	-	49.46
Fees and commission income	31	1,946.81	680.35
Total revenue from operations		65,645.37	30,630.89
Other Income	32	2,730.91	580.32
Total income		68,376.28	31,211.21
Expenses			
Finance costs	33	29,327.40	13,725.68
Net loss on fair value changes	34	640.11	15.79
Impairment on financial instruments	35	5,679.99	2,941.54
Employee benefits expenses	36	14,071.48	7,289.06
Depreciation, amortization and impairment	37	1,763.74	1,233.26
Other expenses	38	8,510.72	3,988.10
Total expenses		59,993.44	29,193.43
Profit before exceptional items and tax		8,382.84	2,017.78
Exceptional items		-	-
Profit before tax		8,382.84	2,017.78
Tax Expense:			
(1) Current tax:			
-Tax as per minimum alternate tax		2,298.62	660.90
(2) Deferred tax benefit (Net)		1,828.08	(98.18)
(3) Excess/ short provision of tax of earlier years		278.50	-
Total tax expenses		4,405.20	562.72
Profit for the year (A)		3,977.64	1,455.06
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
- Remeasurements of the defined benefit obligations		(24.03)	25.67
- Income tax relating to items that will not be reclassified to profit and loss		7.00	(7.47)
Subtotal (B)		(17.03)	18.20
Items that will be reclassified to profit and loss:			
- The effective portion of gains and loss on hedging instrument in a cash flow hedge		45.33	9.00
- Income tax relating to items that will be reclassified to profit and loss		(13.20)	(2.62)
Subtotal (C)		32.13	6.38
Other comprehensive income for the year (net of tax) (D) = (B) + (C)		15.10	24.58
Total comprehensive income for the year (E) = (A) + (D)		3,992.74	1,479.64
Earnings per equity share of face value of Rs.10 each	39		
Basic (Rs.)		5.69	2.06
Diluted (Rs.)		5.66	2.05

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For M S K A & Associates
Chartered Accountants
Firm's Registration Number : 105047W

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



Swapnil Kale
Swapnil Kale
Partner



Shachindra Nath
Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023

Membership Number : 117812
Place : Mumbai
Date : May 15, 2023

Kishore Kumar Lodha
Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajnani
Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

Cash Flow Statement for the year ended March 31, 2023

(Rupees in lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities :		
Profit before tax	8,382.84	2,017.78
Adjustments for:		
Interest income on loans	(46,850.12)	(26,129.70)
Cash inflow from interest on loans	44,700.75	24,227.62
Interest income on debt securities	(248.42)	(214.29)
Interest on income tax	(6.29)	-
Employee stock option expense	256.41	(107.15)
Depreciation, amortisation and impairment	1,763.74	1,233.26
Impairment on financial instruments	5,679.99	2,941.54
Net gain on sale of financial instruments / fair valuation of financial instruments	(15,407.22)	(2,742.92)
Net loss on fair value changes	640.11	15.79
Finance cost on borrowings	25,257.97	11,066.91
Cash outflow towards finance costs	(21,763.21)	(10,116.46)
Provision for gratuity (net of payment)	64.15	38.19
Provision for compensated absences	316.58	116.66
Property, plant and equipment written-off	7.17	-
Operating profit before working capital changes	2,794.45	2,347.23
Changes in working capital:		
(Increase)/decrease in loans	(1,25,753.63)	(1,15,181.26)
(Increase)/decrease in other non-financial assets	(2,252.98)	(1,987.92)
(Increase)/decrease in other financial assets	(1,830.23)	(111.91)
(Increase)/decrease in derivative financial assets	22.29	(22.29)
Increase/(decrease) in derivative financial liabilities	9.27	-
Increase/(decrease) in trade payables	702.33	383.61
Increase/(decrease) in other non-financial liabilities	396.54	226.59
Increase/(decrease) in other financial liabilities	2,353.10	1,086.35
Increase/(decrease) in provisions	2,684.74	1,618.35
Cash (used in) operating activities	(1,20,874.12)	(1,11,641.25)
Income taxes paid	(1,168.70)	(843.21)
Net cash (used in) operating activities (A)	(1,22,042.82)	(1,12,484.46)
Cash flow from investing activities :		
Purchase of property, plant and equipment (including capital work in progress)	(133.36)	(154.09)
Proceeds from / (Investments in) bank deposits of maturity greater than 3 months	(4,906.08)	6,975.88
Sale/realisation of investments	259.08	4,327.30
Purchase of investments	-	(5,610.75)
Interest received from investments	282.54	109.33
Payments for intangible assets	(3,956.38)	(1,300.32)
Net cash generated from / (used in) investing activities (B)	(8,454.20)	4,347.35
Cash flow from financing activities :		
Proceeds from issuance of equity share capital during the year	-	40.00
Payment for purchase of treasury shares	(2,495.26)	-
Share issue expense	(5.90)	-
Principal payment of lease liabilities	(781.38)	(407.19)
Total borrowings and debt securities repaid	(1,26,315.31)	(65,300.15)
Total borrowings and debt securities availed	2,57,534.70	1,68,013.84
Net cash generated from financing activities (C)	1,27,936.85	1,02,346.50



Statement of changes in equity for the year ended March 31, 2023

A. Equity Share Capital (Refer Note 26)

(Rupees in lakh)				
As at March 31, 2023	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 year
7,055.94	-	7,055.94	(123.83)	6,932.11

*Treasury shares issued during the year - refer note 26

As at March 31, 2022

Balance at the beginning of the year	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 (issued during the year)	Balance as at the end of the year
7,052.86	-	7,052.86	3.08	7,055.94

B. Other equity (Refer Note 27)

As at March 31, 2023

Particulars	Reserves & Surplus							Total		
	Statutory reserve u/s 45-IC*	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	2,401.48	1,046.00	77,723.91	7,975.75	446.86	-	-	6.38	-	89,600.38
Total Other 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 the 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 vested options pursuant to ESOP Scheme	-	-	-	219.65	(219.65)	-	-	-	-	-
Share issue expenses on treasury shares	-	-	-	(5.90)	-	-	-	-	-	(5.90)
Premium on treasury shares	-	-	(2,371.43)	-	-	-	-	-	-	(2,371.43)
Balance at the end of the current reporting period	3,197.01	1,046.00	75,352.48	11,354.58	483.62	-	-	38.51	-	91,472.20

(Rupees in lakh)



Cash Flow Statement for the year ended March 31, 2023

(Rupees in lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net increase /(decrease) in cash and cash equivalents (A)+(B)+(C)	(2,560.17)	(5,790.61)
Cash and cash equivalents as at the beginning of the year	6,574.94	12,365.55
Cash and cash equivalents as at the end of the year (Refer Note 3)	4,014.77	6,574.94
Components of cash and cash equivalents:		
Cash on hand	-	-
Balance with banks :		
in current accounts	4,014.77	6,174.61
in Fixed deposits (maturing within a period of three months)	-	400.33
TOTAL	4,014.77	6,574.94

Significant accounting policies 1
Corporate information 2
See accompanying notes forming part of the financial statements
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For **M S K A & Associates**
Chartered Accountants
Firm's Registration Number : 105047W


Swapnil Kale
Partner



Membership Number : 117812
Place : Mumbai
Date : May 15, 2023



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


Shachindra Nath
Vice Chairman &
Managing Director
DIN : 00510618
Mumbai
May 15, 2023


Abhijit Sen
Independent Director &
Chairman - Audit
Committee
DIN : 00002593
Mumbai
May 15, 2023


Kishore Kumar Lodha
Chief Financial Officer
Mumbai
May 15, 2023


Namrata Sajnani
Company Secretary
Mumbai
May 15, 2023

Statement of changes in equity for the year ended March 31, 2023

B. Other equity (Refer Note 27)
As at March 31, 2022

Particulars	Statutory reserve u/s 45-1C*	Reserves & Surplus							Total	
		Capital Reserve	Securities Premium	Retained Earnings	Employee stock options 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	2,110.47	1,046.00	77,673.45	6,507.18	853.86	-	-	-	-	88,190.96
Total Other Comprehensive Income for the current year	-	-	-	18.20	-	-	-	6.38	-	24.58
Transfer to retained earnings	-	-	-	1,455.06	-	-	-	-	-	1,455.06
Transfer to Reserve Fund u/s 45-1C of the Reserve Bank of India Act, 1934	291.01	-	-	(291.01)	-	-	-	-	-	-
Share based payment for the year	-	-	-	-	(107.15)	-	-	-	-	(107.15)
Premium on ESOP exercised during the year	-	-	36.93	-	-	-	-	-	-	36.93
Transfer to Retained Earnings on allotment of shares pursuant to ESOP Scheme	-	-	13.53	-	(13.53)	-	-	-	-	-
Transfer to Retained Earnings on lapse of vested options pursuant to ESOP Scheme	-	-	-	286.32	(286.32)	-	-	-	-	-
Balance at the end of the current reporting period	2,401.48	1,046.00	77,723.91	7,975.75	446.86	-	-	6.38	-	89,600.38

*As required by section 45-1C 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 the Reserve Bank of India from time to time. Till date, the RBI has not specified any purpose for appropriation of Reserve Fund maintained U/S 45-1C of RBI Act, 1934.

Significant accounting policies

Corporate information

See accompanying notes forming part of the financial statements

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For M S K A & Associates

Chartered Accountants

Firm's Registration Number : 105047W

Swapnil Kale
Swapnil Kale
Partner

Membership Number: 117812

Place : Mumbai

Date : May 15, 2023



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

Shachindra Nath
Shachindra Nath

Vice Chairman & Managing Director
DIN : 00510618
Mumbai
May 15, 2023

Abhijit Sen
Abhijit Sen

Independent Director & Chairman - Audit Committee
DIN : 00002593
Mumbai
May 15, 2023

Kishore Kumar Lodha
Kishore Kumar Lodha

Chief Financial Officer
Mumbai
May 15, 2023

Namrata Sajjani
Namrata Sajjani

Company Secretary
Mumbai
May 15, 2023

1. Significant 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.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13,2020.

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.

- 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.



UGRO CAPITAL LIMITED

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

(3) Application of new and revised Ind AS

All the Ind ASs issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised for issue have been considered in preparing these financial statements.

(4) 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 Cash Flow Statement 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 the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(5) Functional and presentation currency

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

(6) 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.

(7) 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



UGRO CAPITAL LIMITED**CIN: L67120MH1993PLC070739****Notes forming part of the financial statements (continued)***For the year ended March 31, 2023*

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.

(8) 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.



UGRO CAPITAL LIMITED

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

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

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.

(9) 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.

(10) 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.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.



UGRO CAPITAL LIMITED

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Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

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

(i) 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)).

(ii) 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.

(iii) 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).

(iv) 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.

(v) 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.

(vi) 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

CIN: L67120MH1993PLC070739

Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

(11) 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.

The Company has elected not to apply the requirements of Ind AS 116 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.



UGRO CAPITAL LIMITED

CIN: L67120MH1993PLC070739

Notes forming part of the financial statements (continued)

For the year ended March 31, 2023

(12) Taxation

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

(12.1) 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.

(12.2) 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.

(12.3) 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.

(12.4) 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.

(13) Employee Benefits

(13.1) 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.

