

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Northern Arc Capital Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended March 31, 2022 and for the year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2022 and for the year ended March 31, 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents 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.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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.

Other Matter

The figures for the corresponding quarter ended March 31, 2021, as reported in these standalone financial results have been approved by the Company's Board of Directors, but have not been subjected to an audit.

The comparative financial information of the Company for the corresponding year ended March 31, 2022, included in these standalone financial results, were audited by the predecessor auditor who expressed an unmodified opinion on those financial information on May 6, 2021.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership No.: 210934



UDIN: 22210934AISMSN1077

Place: Chennai

Date: May 10, 2022

Northern Arc Capital Limited
CIN: U65910FN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of quarterly and year to date standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended March 31, 2022
Statement of audited standalone profit and loss for the quarter and year ended 31 March 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars | Quarter ended | | | Year ended | |
|---|----------------------------|-----------------------|----------------------------|-------------------|-------------------|
| | 31 March 2022 | 31 December 2021 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | Audited (refer note 13) | Unaudited | Audited (refer note 13) | Audited | Audited |
| Revenue from operations | | | | | |
| Interest income | 21,300.46 | 19,857.70 | 13,038.04 | 75,550.32 | 54,762.69 |
| Fees and commission income | 2,944.65 | 1,031.19 | 2,398.70 | 6,411.12 | 5,228.91 |
| Net gain on fair value changes | 1,675.03 | 1,053.19 | 1,612.85 | 4,749.96 | 4,301.02 |
| Total revenue from operations | 25,920.14 | 21,942.08 | 17,049.59 | 86,711.40 | 64,312.62 |
| Other income | 239.24 | 97.29 | 159.32 | 700.53 | 291.63 |
| Total income | 26,159.38 | 22,039.37 | 17,208.91 | 87,411.93 | 64,604.25 |
| Expenses | | | | | |
| Finance costs | 11,141.75 | 11,012.87 | 8,620.43 | 41,026.93 | 32,296.76 |
| Fees and commission expense | 1,923.59 | 1,560.37 | 85.79 | 5,273.22 | 3,234.62 |
| Impairment on financial instruments (refer note 6) | 882.34 | (20.19) | 4,660.35 | 3,684.74 | 13,602.68 |
| Employee benefits expenses | 2,632.35 | 2,271.76 | 1,323.64 | 8,771.65 | 5,679.95 |
| Depreciation and amortisation | 316.91 | 237.60 | 173.56 | 911.82 | 673.81 |
| Other expenses | 2,423.78 | 1,248.90 | 589.10 | 5,034.73 | 2,473.18 |
| Total expenses | 19,320.72 | 16,311.31 | 15,452.87 | 64,703.09 | 56,971.03 |
| Profit before tax | 6,838.66 | 5,728.06 | 1,756.04 | 22,708.84 | 7,633.22 |
| Tax expense | | | | | |
| Current tax | 1,408.00 | 1,682.00 | 182.00 | 4,718.00 | 3,939.00 |
| Deferred tax charge / (benefit) | 857.92 | (386.66) | 333.19 | 1,617.91 | (1,910.77) |
| | 2,265.92 | 1,295.34 | 515.19 | 6,335.91 | 2,028.23 |
| Profit for the period / year | 4,572.74 | 4,432.72 | 1,240.85 | 16,372.93 | 5,604.99 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurements of the defined benefit asset/ (liability) | (78.10) | (19.72) | 37.55 | (171.43) | 13.38 |
| Income tax relating to items that will not be reclassified to profit or loss | 19.66 | 4.96 | (9.45) | 43.15 | (3.12) |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | (58.44) | (14.76) | 28.10 | (128.28) | 9.26 |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Fair valuation of financial instruments through other comprehensive income | (520.23) | (541.17) | 2,187.27 | (1,376.89) | 1,329.77 |
| Income tax relating to items that will be reclassified to profit or loss | 130.94 | 136.71 | (550.54) | 346.56 | (331.69) |
| | (389.29) | (404.46) | 1,636.73 | (1,030.33) | 995.03 |
| Net movement on effective portion of Cash Flow Hedges | (1,087.47) | (630.14) | (510.78) | (2,092.39) | (510.78) |
| Income tax relating to items that will be reclassified to profit or loss | 273.72 | 158.61 | 128.56 | 526.66 | 178.56 |
| | (813.75) | (471.53) | (382.22) | (1,565.73) | (382.22) |
| Net other comprehensive income to be reclassified subsequently to profit or loss | (1,203.04) | (877.99) | 1,254.51 | (2,596.06) | 612.81 |
| Other comprehensive income for the period / year, net of income tax | (1,261.48) | (892.75) | 1,282.61 | (2,724.34) | 622.07 |
| Total comprehensive income for the period / year, net of income tax | 3,311.26 | 3,539.97 | 2,523.46 | 13,648.59 | 6,227.06 |
| Earnings per equity share of Rs 10 each | | | | | |
| Basic (in rupees) | 5.15 | 5.00 | 1.41 | 18.52 | 6.40 |
| Diluted (in rupees) | 3.46 | 3.36 | 0.84 | 12.43 | 4.48 |
| | Not annualised | Not annualised | Not annualised | Annualised | Annualised |

See accompanying notes to the audited standalone financial results



Northern Arc Capital Limited
CIN: U65910TN1989PLC017021
Regd. Office: ITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
Statement of quarterly and year to date standalone financial results of Northern Arc Capital Limited (the "Company") for the
quarter ended March 31, 2022
Statement of Audited Standalone Balance Sheet as at 31 March 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars | As at 31 March 2022 (Audited) | As at 31 March 2021 (Audited) |
|---|-------------------------------------|-------------------------------------|
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 70,421.30 | 38,787.52 |
| Bank balances other than cash and cash equivalents | 8,734.44 | 6,840.67 |
| Derivative financial instruments | 151.85 | - |
| Trade receivables | 1,814.50 | 1,435.06 |
| Loans | 5,22,265.41 | 3,76,512.91 |
| Investments | 1,63,934.08 | 1,25,312.01 |
| Other financial assets | 7,067.38 | 851.27 |
| | 7,74,388.96 | 5,49,739.44 |
| Non-financial assets | | |
| Current tax assets (net) | 4,056.59 | 3,502.11 |
| Deferred tax assets (net) | 1,360.33 | 2,061.88 |
| Property, plant and equipment | 157.86 | 104.85 |
| Right of use asset | 780.91 | 985.44 |
| Intangible assets under development | 28.44 | 54.02 |
| Other intangible assets | 940.10 | 972.77 |
| Other non- financial assets | 1,807.59 | 172.83 |
| | 9,131.82 | 7,853.90 |
| TOTAL ASSETS | 7,83,520.78 | 5,57,593.34 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Derivative financial instruments | 643.82 | 898.51 |
| Trade payables | | |
| -total outstanding dues of micro and small enterprises | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | 5,405.12 | 1,648.35 |
| Debt securities | 1,34,359.68 | 1,63,956.78 |
| Borrowings (other than debt securities) | 4,59,942.62 | 2,25,258.30 |
| Subordinated liabilities | 3,993.47 | 3,988.79 |
| Other financial liabilities | 5,598.94 | 3,648.97 |
| | 6,09,943.65 | 3,99,399.70 |
| Non-financial liabilities | | |
| Provisions | 2,159.94 | 1,898.15 |
| Other non-financial liabilities | 425.75 | 409.47 |
| | 2,585.69 | 2,307.62 |
| EQUITY | | |
| Equity share capital | 8,890.75 | 8,792.15 |
| Instruments entirely equity in nature | 8,264.64 | 8,264.64 |
| Other equity | 1,53,836.05 | 1,38,829.23 |
| | 1,70,991.44 | 1,55,886.02 |
| TOTAL LIABILITIES AND EQUITY | 7,83,520.78 | 5,57,593.34 |

See accompanying notes to the audited standalone financial results



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Statement of quarterly and year to date standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended March 31, 2022
Audited Standalone Statement of Cashflows for the year ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 22,708.84 | 7,633.22 |
| Adjustments for: | | |
| Depreciation and amortisation | 911.82 | 673.81 |
| Write off of intangible assets under development | 71.36 | |
| Mark-to-market loss on derivative contracts | (406.54) | 898.51 |
| Interest income on loans, fixed deposits and investments | (75,550.32) | (54,762.69) |
| Unrealised gain on alternative investment funds designated at fair value through profit or loss | (430.20) | (546.08) |
| Gain on mutual funds investments designated at fair value through profit or loss | (396.98) | (347.02) |
| Profit on sale of investments | (296.24) | (107.09) |
| Impairment on financial instruments (net) | 3,684.74 | 13,602.68 |
| Employee share based payment expenses | 294.94 | 245.71 |
| Amortisation of discount on commercial papers | 1,333.65 | 187.69 |
| Finance costs | 39,693.28 | 32,109.07 |
| Lease rental concession received | (3.10) | (3.45) |
| Gain on account of termination of lease | (40.97) | (35.20) |
| Operating profit before working capital changes | (8,425.72) | (450.80) |
| Changes in working capital and other changes: | | |
| (Increase) / Decrease in other financial assets | (6,190.38) | 239.46 |
| (Increase) / Decrease in trade receivables | (379.44) | (569.25) |
| (Increase) in loans | (1,49,690.25) | (92,694.78) |
| Decrease in other non financial assets | (1,634.76) | 71.28 |
| Decrease / (Increase) in other bank balances | (1,602.59) | 1,202.32 |
| Increase / (Decrease) in trade payables, other liabilities and provisions | 5,953.14 | 295.84 |
| Cash used in operations | (1,61,970.00) | (91,905.93) |
| Interest income received on loans, fixed deposits and investments | 73,503.28 | 53,037.44 |
| Finance cost paid | (39,209.22) | (30,000.36) |
| Income tax paid (net) | (5,272.48) | (3,778.93) |
| Net cash flow generated used in operating activities | (A) (1,32,948.42) | (72,647.78) |
| B Cash flows from investing activities | | |
| Purchase of Property, plant and equipment | (877.59) | (380.74) |
| Proceeds from disposal of ROU of assets | 104.18 | |
| Purchase of mutual fund investments | (1,95,800.00) | (59,602.21) |
| Proceeds from sale of investments in Mutual fund | 1,96,196.98 | 59,949.23 |
| Purchase of investments measured at FVTPL | (1,06,676.41) | (18,607.45) |
| Purchase of investments measured at FVOCI | (1,33,783.62) | (29,495.78) |
| Purchase of investments measured at Amortised cost | (22,350.16) | |
| Proceeds from sale of investments measured at FVTPL | 64,537.43 | 2,633.34 |
| Proceeds from sale of investments measured at FVOCI | 1,39,587.51 | 26,086.92 |
| Proceeds from sale of investments measured at Amortised cost | 21,357.70 | |
| Net cash generated used in investing activities | (B) (37,703.98) | (19,416.69) |
| Cash flow from financing activities | | |
| Proceeds from issue of debt securities | 76,429.72 | 1,47,608.19 |
| Repayment of debt securities | (1,07,360.47) | (69,859.80) |
| Proceeds from borrowings (other than debt securities) | 3,25,100.00 | 1,18,656.54 |
| Repayment of borrowings (other than debt securities) | (92,880.79) | (97,904.50) |
| Payment of lease liabilities | (158.45) | (347.61) |
| Proceeds from issue of equity share capital including securities premium | 1,136.17 | 714.06 |
| Net cash generated from financing activities | (C) 2,02,286.18 | 98,366.88 |
| Net increase in cash and cash equivalents | (A+B+C) 31,633.78 | 6,302.40 |
| Cash and cash equivalents at the beginning of the year | 38,787.52 | 32,485.12 |
| Cash and cash equivalents at the end of the year | 70,421.30 | 38,787.52 |



Northern Arc Capital Limited
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Notes forming part of the Statement of quarterly and year to date standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended March 31, 2022:

- 1 Northern Arc Capital Limited ("the Company") is a Non-Deposit taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI), registered with the Reserve Bank of India ("the RBI").
- 2 This standalone financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and in compliance with Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) 2015, as amended. Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI) are implemented as and when they are issued/ becomes applicable.
- 3 This standalone financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 9 May 2022 and 10 May 2022. The above financial results have been subjected to audit by the statutory auditors of the Company (also refer note 14).
- 4 The Company is primarily in the business of financing and accordingly there are no separate reportable segments in accordance with IND AS 108, on "Operating Segments" in respect of the Company. The Company operates in a single geographical segment, i.e., India.
- 5 During the year ended 31 March 2022, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 985,993 (including 736,327 shares during the half year ended 31 March 2022) fully paid-up equity shares of Rs 10 each at an aggregate premium of Rs 1,613.08 Lakhs.
- 6 The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrics of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company' management the impact of COVID-19 on its financial metrics are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at March 31, 2022 and is of the view that it does not have any material impact on the financial results of the Company on the basis of the facts and events upto the date of approval of these financial statements/results. However, in view of the dynamic nature of the pandemic, the Company will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Company.
- 7 During the year ended March 31, 2022 on February 22, 2022, the Company entered into a business transfer agreement with S.M.I.L.E Microfinance Limited towards purchase of specified business undertaking covering specified assets, liabilities, systems and processes, subject to completion of certain conditions precedent. Upon completion of the conditions precedent and payment of consideration amounting to Rs 11,162.91 Lakhs, the Company purchased the undertaking on April 12, 2022. This financial statements / results does not reflect the results of this transaction effective subsequent to March 31, 2022.
- 8 Pursuant to RBI Circular on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances Clarification" dated November 12, 2021, the Company has taken necessary steps and complied with the provision of aforesaid circular. On February 15, 2022, the RBI allowed deferment of paragraph 10 of the aforesaid circular till September 30, 2022 pertaining to upgrade of non-performing accounts. However, the Company has not opted for such deferment.
- 9 Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP/BC/3/21.04 048/2020-21 dated 6 August 2020 for the period ended 31 March 2022 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

| Type of borrower** | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A) amount written off during the half-year | Of (A) amount paid by the borrowers during the half-year | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year |
|--------------------|--|---|--|--|--|
| Personal Loans | 81.72 | 4.32 | - | 57.25 | 20.16 |
| Corporate persons | 586.95 | 132.12 | 10.22 | 95.43 | 349.18 |
| Of which MSMEs | 586.95 | 132.12 | 10.22 | 95.43 | 349.18 |
| Others | - | - | - | - | - |
| Total | 668.67 | 136.44 | 10.22 | 152.68 | 369.34 |




10 Details of loans transferred/ acquired during the year ended March 31, 2022 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below

a) Details of loans not in default transferred / acquired through assignment:

| Particulars | Transferred | Acquired | |
|--|-------------|----------|------------|
| | | Retail | Non Retail |
| Aggregate amount of loans transferred/ acquired through assignment | - | 7,945.45 | - |
| Weighted average maturity (in years) | - | 5.19 | - |
| Weighted average holding period (in years) | - | 1.17 | - |
| Retention of beneficial economic interest by originator | - | 882.83 | - |
| Tangible security coverage | - | NA | - |
| Rainy-wise distribution of related loans | - | NA | - |

- 11 All secured non-convertible debentures issued by the Company are secured by way of an exclusive first charge on book debts with security to the extent as stated in the respective information memorandums. Further, the Company has maintained asset cover as stated in the respective information memorandums which is sufficient to discharge the principal amount at all times for the non-convertible debt securities issued.
- 12 During the year ended 31 March 2022, the board of directors of the Company and its shareholder have approved a resolution towards raising of fresh equity shares and subsequent listing of equity shares through an Initial Public Offer ("IPO") and accordingly have initiated the IPO process. The Company filed the draft red herring prospectus with securities exchange board of India (SEBI) on 15 July 2021.
- 12 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2022 is attached as Annexure 1
- 13 Figures for the quarter ended March 31, 2022 are derived by deducting the reported year to date figures for the period ended December 31, 2021 which were subject to limited review, from audited figures for the year ended March 31, 2022. Figures for the quarter ended March 31, 2021 are derived by deducting the unaudited management financial information for the period ended December 31, 2020, from figures for the year ended March 31, 2021, which were subject to audit by the predecessor auditor of the Company.
- 14 Previous periods figures have been regrouped / reclassified wherever necessary, to conform with current period presentation.

For and on behalf of the Board of Directors



Manoj K. Mehrotra
Managing Director & CEO

Place: Mumbai
Date: May 10, 2022



Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

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Annexure I:

1 Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

| Particulars | Ref | As at | |
|--|-----|---------------|---------------|
| | | 31 March 2022 | 31 March 2021 |
| Debt-equity ratio | 1.1 | 3.49 | 2.52 |
| Total debts to total assets | 1.2 | 0.76 | 0.70 |
| Net worth | 1.3 | 1,70,991.44 | 1,55,886.02 |
| Capital redemption reserve (Amount in lakhs) | | 2,660.00 | 2,660.00 |
| Gross Non-Performing Assets (GNPA) Ratio | 1.4 | 0.51% | 2.34% |
| Net Non-Performing Assets (NNPA) Ratio | 1.5 | 0.18% | 0.89% |
| Capital adequacy ratio (CRAR) | 1.6 | 22.79% | 28.89% |
| Asset cover over listed non-convertible debentures | 1.7 | 1.09 | 1.11 |

| Particulars | Ref | Quarter ended | | | Year ended | |
|-----------------------|-----|---------------|----------|----------|---------------|---------------|
| | | 31 March | 31 | 31 March | 31 March 2022 | 31 March 2021 |
| | | 2022 | December | 2021 | | |
| Net profit margin (%) | 1.8 | 12.66% | 16.06% | 14.66% | 15.61% | 9.64% |

- 1.1 Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity
- 1.2 Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets
- 1.3 Net Worth is equal to Equity share capital + Other equity
- 1.4 GNPA Ratio is Gross Stage 3 (loans+investments) / Gross loans and investments
- 1.5 NNPA Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans)/(Gross term loans- Impairment allowance for Stage 3 term loans)
- 1.6 Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.
- 1.7 Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.
- 1.8 Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

2 Credit Rating:

The Rating agency have assigned following rating to the company:

| Facility | Rating agency |
|--------------------------------|-----------------------------------|
| (i) Non-Convertible Debentures | ICRA A+, IND A+ |
| (ii) Commercial Papers | ICRA A1+, CARE A1+ |
| (iii) Subordinated Debt | ICRA A+ |
| (iv) Long term bank facilities | ICRA A+, IND A+ |
| (v) Market Linked debentures | PP-MLD ICRA A+, IND PP-MLD A+ cmr |



Independent Auditor's Report on the Annual Consolidated Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
Northern Arc Capital Limited

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying statement of consolidated financial results of Northern Arc Capital Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the year ended March 31, 2022 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements of the subsidiaries, the Statement:

- i. includes the results of the following entities;

Holding Company

1. Northern Arc Capital Limited

Subsidiaries

1. Northern Arc Investment Managers Private Limited
2. Northern Arc Investment Advisers Private Limited
3. Pragati Finserv Private Limited
4. IFMR FImpact Long Term Credit Fund
5. Northern Arc Foundation
6. Northern Arc Employee Welfare Trust

- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the year ended March 31, 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion



Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 with reference to financial statements in place and the operating effectiveness of such controls.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Group 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 Statement 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors 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.

Other Matter

The accompanying Statement includes the audited financial results and other financial information, in respect of three subsidiaries, whose financial results include total assets of Rs.4,317 lakhs as at March 31, 2022, total revenues of Rs 193 lakhs, total net loss after tax of Rs.421 lakhs, for the year ended on that date respectively, and net cash inflows of Rs. 2 lakhs for the year ended March 31, 2022, as considered in the Statement which have been audited by their respective independent auditors.

The independent auditor's report on the financial results of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

The comparative financial information of the Group, for the corresponding year ended March 31, 2021, included in these consolidated financial results, were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated financial information on May 6, 2021.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Bharath N S

Partner

Membership No.: 210934



UDIN: 22210934AISMXM5382

Place: Chennai

Date: May 10, 2022

Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

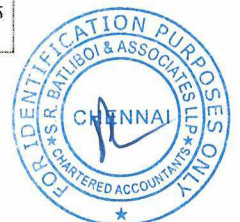
Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of Audited Consolidated financial results for the year ended 31 March, 2022
Statement of audited Consolidated profit and loss for the year ended 31 March 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars | Year ended | |
|--|-------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| | Audited | Audited |
| Revenue from operations | | |
| Interest income | 78,084.53 | 57,986.33 |
| Fees and commission income | 8,604.54 | 6,433.43 |
| Net gain on fair value changes | 4,264.87 | 3,697.14 |
| Net gain on derecognition of financial instruments under amortised cost category | - | - |
| Total revenue from operations | 90,953.94 | 68,116.90 |
| Other income | 700.53 | 411.55 |
| Total income | 91,654.47 | 68,528.45 |
| Expenses | | |
| Finance costs | 41,067.24 | 32,296.76 |
| Fees and commission expense | 5,273.22 | 2,852.19 |
| Impairment on financial instruments (refer note 6) | 3,650.85 | 13,540.96 |
| Employee benefits expenses | 9,794.17 | 6,224.46 |
| Depreciation and amortisation | 957.44 | 674.10 |
| Other expenses | 6,072.66 | 2,940.64 |
| Total expenses | 66,815.58 | 58,529.11 |
| Profit before tax | 24,838.89 | 9,999.34 |
| Tax expense | | |
| Current tax | 5,050.20 | 4,217.50 |
| Deferred tax | 1,594.92 | (1,877.40) |
| Profit for the period | 18,193.77 | 7,659.24 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the defined benefit asset/ (liability) | (195.31) | 48.49 |
| Income tax relating to items that will not be reclassified to profit or loss | 49.17 | (12.32) |
| | (146.14) | 36.17 |
| Items that will be reclassified to profit or loss | | |
| Fair valuation of Financial Instruments through OCI (Net) | (1,981.66) | 1,000.88 |
| Income tax relating to items that will be reclassified to profit or loss | 346.56 | (334.68) |
| | (1,635.10) | 666.20 |
| Net movement on effective portion of Cash Flow Hedges | (2,092.39) | (510.78) |
| Income tax relating to items that will be reclassified to profit or loss | 526.65 | 128.56 |
| | (1,565.74) | (382.22) |
| Other comprehensive income for the year | (3,346.98) | 320.15 |
| Total comprehensive income for the year | 14,846.79 | 7,979.39 |
| Profit for the period attributable to | | |
| Owners of the Company | 17,249.97 | 6,751.44 |
| Non-controlling Interest | 943.80 | 907.80 |
| Other comprehensive income for the year, net of tax | | |
| Owners of the Company | (3,079.97) | 460.26 |
| Non-controlling Interest | (267.01) | (140.11) |
| Total comprehensive income for the year, net of tax | | |
| Owners of the Company | 14,169.99 | 7,211.70 |
| Non-controlling Interest | 676.79 | 767.69 |
| Earnings per equity share of Rs 10 each | | |
| Basic (in rupees) | 19.52 | 7.71 |
| Diluted (in rupees) | 13.09 | 5.35 |

See accompanying notes to the audited Consolidated financial results



Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

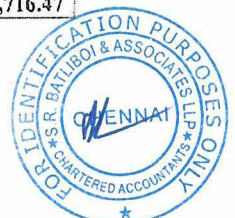
Statement of Audited Consolidated financial results for the year ended 31 March, 2022

Statement of Audited Consolidated Balance Sheet as at 31 March 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars | As at 31 March 2022 (Audited) | As at 31 March 2021 (Audited) |
|---|-------------------------------------|-------------------------------------|
| ASSETS | | |
| Financial assets | | |
| Cash and cash equivalents | 71,517.38 | 39,807.57 |
| Bank balances other than cash and cash equivalents | 8,734.44 | 6,840.67 |
| Derivative financial instruments | 151.85 | - |
| Receivables | | |
| - Trade receivables | 1,918.38 | 1,835.42 |
| Loans | 5,20,875.53 | 3,74,076.68 |
| Investments | 1,76,575.11 | 1,38,256.74 |
| Other financial assets | 6,965.42 | 473.97 |
| | 7,86,738.11 | 5,61,291.05 |
| Non-financial assets | | |
| Current tax assets (net) | 4,208.70 | 3,579.18 |
| Deferred tax assets (net) | 1,369.07 | 2,071.82 |
| Other non- financial assets | 195.33 | 104.89 |
| Property, plant and equipment | 1,121.79 | 985.44 |
| Other intangible assets | 28.44 | 54.02 |
| Intangible fixed assets under development | 942.97 | 972.77 |
| Goodwill | 174.63 | 174.63 |
| Other non- financial assets | 2,632.42 | 482.67 |
| | 10,673.35 | 8,425.42 |
| TOTAL ASSETS | 7,97,411.46 | 5,69,716.47 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Financial liabilities | | |
| Derivative financial instruments | 643.82 | 898.51 |
| Trade payables | | |
| -total outstanding dues of micro and small enterprises | - | - |
| -total outstanding dues of creditors other than micro and small enterprises | 5,581.73 | 1,561.87 |
| Debt securities | 1,34,359.68 | 1,63,956.78 |
| Borrowings (Other than debt securities) | 4,59,942.61 | 2,25,258.31 |
| Subordinated liabilities | 3,993.47 | 3,988.79 |
| Other financial liabilities | 6,694.35 | 4,230.33 |
| | 6,11,215.66 | 3,99,894.59 |
| Non-financial liabilities | | |
| Provisions | 2,245.69 | 1,763.58 |
| Deferred tax liabilities (net) | 72.26 | 97.72 |
| Other non-financial liabilities | 666.72 | 668.86 |
| | 2,984.67 | 2,530.16 |
| EQUITY | | |
| Equity share capital | 8,890.75 | 8,792.15 |
| Other equity | 1,65,016.98 | 1,49,439.36 |
| Equity attributable to the owners of the Company | 1,73,907.73 | 1,58,231.51 |
| Non-controlling interest | 9,303.40 | 9,060.21 |
| Total equity | 1,83,211.13 | 1,67,291.72 |
| Total liabilities and equity | 7,97,411.46 | 5,69,716.47 |

See accompanying notes to the consolidated financial results



Northern Arc Capital Limited
CIN: U65910TN1989PLC017021
Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of Audited Consolidated financial results for the year ended 31 March, 2022
Audited Consolidated Statement of Cashflows for the year ended 31 March, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

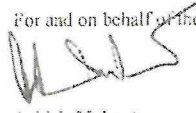
| Particulars | Year ended 31 March, 2022 | Year ended 31 March, 2021 |
|---|------------------------------|------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 24,838.89 | 9,999.34 |
| Adjustments for: | | |
| Depreciation and amortisation | 957.44 | 671.10 |
| Write off of intangible assets under development | 71.36 | - |
| Mark-to-market gain on derivative contracts | (406.54) | 898.51 |
| Unrealised gain on alternative investment funds designated at fair value through profit or loss | (708.38) | (805.08) |
| Interest income on loans, fixed deposits and investments | (77,994.14) | (57,986.33) |
| Gain on mutual funds investments designated at fair value through profit or loss | (420.47) | (368.48) |
| Profit on sale of investments | (169.11) | (107.09) |
| Impairment on financial instruments (net) | 3,650.85 | 13,540.96 |
| Employee share based payment expenses | 320.67 | 245.71 |
| Gain on account of lease rental concession received | (3.10) | (3.45) |
| Gain on account of leases foreclosed | (40.97) | (35.20) |
| Amortisation of discount on commercial papers | 1,333.65 | 187.69 |
| Amortisation of ancillary costs relating to borrowings | 1,538.75 | 1,509.38 |
| Finance costs | 38,194.84 | 30,599.69 |
| Operating profit before working capital changes | (8,836.26) | (1,650.25) |
| Changes in working capital and other changes: | | |
| Decrease in other financial assets | (6,491.45) | 192.06 |
| (Increase)/Decrease in trade receivables | (65.19) | (961.03) |
| Increase in loans | (1,50,812.33) | (92,915.43) |
| (Increase) / Decrease in other non-financial assets | (2,149.74) | (13.05) |
| Decrease / (Increase) in other bank balances | (1,538.49) | 1,205.01 |
| (Decrease) / Increase in trade payables, other liabilities and provisions | 6,286.89 | 491.98 |
| Cash used in operations | (1,63,606.57) | (93,741.61) |
| Interest income received on loans, fixed deposits and investments | 76,463.23 | 36,261.08 |
| Finance cost paid | (39,831.26) | (30,000.36) |
| Income tax paid (net) | (5,679.73) | (3,677.65) |
| Net cash flow used in operating activities | (A) (1,32,654.33) | (71,158.54) |
| B Cash flows from investing activities | | |
| Purchase of fixed assets | (1,230.03) | (380.81) |
| Proceeds from Disposal of ROU assets | 104.18 | 18.63 |
| Purchase of mutual fund investments | (1,94,300.00) | (60,261.77) |
| Proceeds from sale of investments in Mutual fund | 1,93,167.42 | 60,300.47 |
| Purchase of other investments | (3,40,343.94) | (92,408.72) |
| Proceeds from sale of other investments | 3,04,105.14 | 72,660.79 |
| Change in the ownership interest in funds | 49.39 | - |
| Net cash provided by investing activities | (B) (38,447.84) | (20,071.41) |
| C Cash flow from financing activities | | |
| Proceeds from issue of debt securities (net of repayments) | 76,429.72 | 1,47,608.19 |
| Repayment of debt securities | (1,07,360.47) | (69,859.80) |
| Proceeds from borrowings | 3,25,100.00 | 1,18,656.54 |
| Repayment of borrowings (other than debt securities) | (92,258.76) | (97,698.38) |
| Payment of lease liabilities | 198.92 | (366.23) |
| Proceeds from issue of equity share capital including securities premium | 1,136.17 | 214.07 |
| Capital Contributions by NCI | 547.60 | - |
| Distributions made to Investors including Dividend Distribution Tax | (981.21) | (835.88) |
| | (C) 2,02,811.97 | 97,718.51 |
| Net increase in cash and cash equivalents | (A+B+C) 31,709.80 | 6,488.56 |
| Cash and cash equivalents at the beginning of the year | 59,810.26 | 33,321.71 |
| Cash and cash equivalents at the end of the year | 71,520.07 | 39,810.26 |



- 1 Northern Arc Capital Limited ("the Holding Company") is a Non-Deposit taking Systemically Important Non-Banking Financial Group (NBFC-ND-SI), registered with the Reserve Bank of India ("the RBI").
- 2 This Consolidated financial results of the Holding Company and its subsidiaries, (together referred as "Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and in compliance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) 2015, as amended. Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI) are implemented as and when they are issued/ becomes applicable.
- 3 This Consolidated financial results comprising of financial results of the Holding Company and its subsidiaries have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 9 May 2022 and 10 May 2022. The above consolidated financial results have been subjected to audit by the statutory auditors of the Group. The consolidated financial results for the year ended March 31, 2021 were audited by predecessor auditor of the Group.
- 4 The Group is primarily in the business of financing and accordingly there are no separate reportable segments in accordance with IND AS 108, on "Operating Segments" in respect of the Group. The Group operates in a single geographical segment, i.e., India.
- 5 During the year ended 31 March 2022, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 985,993 (including 756,327 shares during the half year ended 31 March 2022) fully paid-up equity shares of Rs 10 each at an aggregate premium of Rs 1,613.08 Lakhs.
- 6 The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Group have returned to normal levels of activity. The Group has been financing actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrics of the Group have improved from the prior year and the Group has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Group's management the impact of COVID-19 on its financial metrics are no longer significantly uncertain. The Group has evaluated the impact of COVID-19 on the business and operations of the Group as at March 31, 2022 and is of the view that it does not have any material impact on the financial results of the Group on the basis of the facts and events upto the date of approval of these financial results.

However, in view of the dynamic nature of the pandemic, the Group will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Group.
- 7 During the year ended March 31, 2022, on February 22, 2022, the Holding Company entered into a business transfer agreement with S.M.I.L.E Microfinance Limited towards purchase of specified business undertaking covering specified assets, liabilities, systems and processes, subject to completion of certain conditions precedent. Upon completion of the conditions precedent and payment of consideration amounting to Rs 11,162.91 Lakhs, the Holding Company purchased the undertaking on April 12, 2022. This financial results does not reflect the results of this transaction effective subsequent to March 31, 2022.
- 8 During the year ended 31 March 2022, the board of directors of the Group and its shareholder have approved a resolution towards raising of fresh equity shares and subsequent listing of equity shares through an Initial Public Offer ("IPO") and accordingly have initiated the IPO process. The Group filed the draft red herring prospectus with securities exchange board of India (SEBI) on 15 July 2021.
- 9 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2022 is attached as Annexure 1.
- 10 Previous period's figures have been regrouped / reclassified wherever necessary, to conform with current period presentation.

For and on behalf of the Board of Directors


Ashish Mehrotra
Managing Director & CEO

Place: Mumbai
Date: May 10, 2022



Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
Notes forming part of the Statement of Consolidated financial results for the year ended March 31, 2022

Annexure I

I Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

| Particulars | Ref | As at | |
|--|-----|---------------|---------------|
| | | 31 March 2022 | 31 March 2021 |
| Debt-equity ratio | 1.1 | 3.27 | 2.33 |
| Total debts to total assets | 1.2 | 0.75 | 0.68 |
| Net worth | 1.3 | 1,83,211.13 | 1,67,291.72 |
| Capital redemption reserve (Amount in lakhs) | | 3,467.00 | 3,467.00 |
| Gross Non-Performing Assets (GNPA) Ratio | 1.4 | 0.50% | 2.34% |
| Net Non-Performing Assets (NNPA) Ratio | 1.5 | 0.18% | 0.89% |

| Particulars | Ref | Year ended | |
|-----------------------|-----|---------------|---------------|
| | | 31 March 2022 | 31 March 2021 |
| Net profit margin (%) | 1.7 | 16.20% | 11.64% |

- Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity
- 1.1 capital + Other equity
- 1.2 Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets
- 1.3 Net Worth is equal to Equity share capital + Other equity
- 1.4 GNPA Ratio is Gross Stage 3 (loans+investments) / Gross loans and investments
- 1.5 NNPA Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans)/(Gross term loans- Impairment allowance for Stage 3 term loans)
- 1.7 Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

