

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Northern Arc Capital Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended December 31, 2022 and year to date from April 1, 2022 to December 31, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, 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 Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Bharath N S**
PartnerMembership No.: 210934
UDIN: 23210934BGYJKQ9662
Place: Chennai
Date: February 9, 2023

Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
Statement of unaudited standalone financial results for the quarter and nine-month period ended 31 December 2022

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

Particulars	Quarter ended			Nine month ended		Year ended
	31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021	31 March 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	28,655.11	27,393.58	19,857.70	82,289.74	55,737.04	75,550.32
Fees and commission income	1,227.52	2,170.34	1,031.19	4,282.26	3,466.47	6,604.23
Net gain on fair value changes	2,701.50	706.24	1,053.19	4,073.27	2,453.00	4,749.96
Net gain on derecognition of financial instruments	494.16	57.30	-	551.46	-	-
Total revenue from operations	33,078.29	30,327.46	21,942.08	91,196.73	61,656.51	86,904.51
Other income	217.19	59.84	97.29	340.03	461.29	507.42
Total income	33,295.48	30,387.30	22,039.37	91,536.76	62,117.80	87,411.93
Expenses						
Finance costs	14,538.87	13,743.92	11,012.87	40,838.03	29,885.18	41,026.93
Fees and commission expense	4,441.68	3,468.91	1,560.37	11,550.83	3,842.53	5,273.22
Impairment on financial instruments	(790.82)	1,071.90	(20.19)	1,551.42	2,802.40	3,684.74
Employee benefits expenses	3,321.90	2,164.99	2,271.76	7,949.97	6,139.30	8,771.65
Depreciation and amortisation	574.07	340.52	237.60	1,265.47	594.91	911.82
Other expenses	2,375.72	2,620.33	1,248.90	6,041.45	2,983.30	5,034.73
Total expenses	24,461.42	23,410.57	16,311.31	69,197.17	46,247.62	64,703.09
Profit before tax	8,834.06	6,976.73	5,728.06	22,339.59	15,870.18	22,708.84
Tax expense						
Current tax	1,831.00	2,327.00	1,682.00	6,297.00	3,310.00	4,718.00
Deferred tax charge / (benefit)	457.37	(518.98)	(386.66)	(623.28)	759.99	1,617.91
	2,288.37	1,808.02	1,295.34	5,673.72	4,069.99	6,335.91
Profit for the period / year	6,545.69	5,168.71	4,432.72	16,665.87	11,800.19	16,372.93
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit asset/ (liability)	(53.00)	(53.00)	(19.72)	(159.00)	(93.33)	(171.43)
Income tax relating to items that will not be reclassified to profit or loss	13.34	13.34	4.96	40.02	23.49	43.15
Net other comprehensive income not to be reclassified subsequently to profit or loss	(39.66)	(39.66)	(14.76)	(118.98)	(69.84)	(128.28)
Items that will be reclassified subsequently to profit or loss						
Fair valuation of Financial Instruments through other comprehensive income (Net)	(3,044.49)	1,525.56	(543.17)	(2,813.33)	(856.66)	(1,376.89)
Income tax relating to items that will be reclassified to profit or loss	766.30	(383.98)	136.71	708.12	215.62	346.56
	(2,278.19)	1,141.58	(406.46)	(2,105.21)	(641.04)	(1,030.33)
Net movement on effective portion of Cash Flow Hedges	(448.51)	(801.14)	(630.14)	(2,082.77)	(1,004.92)	(2,092.39)
Income tax relating to items that will be reclassified to profit or loss	112.89	201.65	158.61	524.24	252.94	526.66
	(335.62)	(599.49)	(471.53)	(1,558.53)	(751.98)	(1,565.73)
Net other comprehensive income to be reclassified subsequently to profit or loss	(2,613.81)	542.09	(877.99)	(3,663.74)	(1,393.02)	(2,596.06)
Other comprehensive income for the period / year, net of income tax	(2,653.47)	502.43	(892.75)	(3,782.72)	(1,462.86)	(2,724.34)
Total comprehensive income for the period / year, net of income tax	3,892.22	5,671.14	3,539.97	12,883.15	10,337.33	13,648.59
Earnings per equity share of Rs 10 each						
Basic (in rupees)	7.35	5.81	5.00	18.74	13.37	18.52
Diluted (in rupees)	4.95	3.90	3.36	12.57	8.96	12.43
	*Not annualised	*Not annualised	*Not annualised	*Not annualised	*Not annualised	*Annualised

See accompanying notes to the unaudited standalone financial results



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 unaudited standalone financial results of Northern Arc Capital Limited (the "Company") for the nine month period ended December 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"). The Unaudited Standalone Financial Results have been prepared in accordance with Indian Accounting Standards ('Ind AS') 34 - "Interim Financial Reporting" as prescribed under section 133 of the Companies Act 2013 ('the Act') and in terms of with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015. Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI) are implemented as and when they are issued/ becomes applicable. In terms of Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) 2015, this statement of standalone financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on February 9, 2023. The above financial results have been subjected to a limited review by the statutory auditors of the Company.
- 2 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.
- 3 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. As required by Ind AS 103 Business Combination, the Company has accounted for assets and liabilities of S.M.I.L.E Microfinance Limited at their respective fair values as at Acquisition Date, and intangibles and resultant goodwill arising from such acquisition in the standalone financial results of the Company as at and for the period(s) ended 31 December, 2022. This accounting treatment is based on management's preliminary assessment of various aspects related to the respective matters as above, and are based on provisional amounts as permitted by paragraph 45 of Ind-AS 103, which provides a measurement period of one year from the acquisition date, to complete the final acquisition accounting. The Company will retrospectively adjust the provisional amounts, as above, to reflect any admissible new information that may arise within the measurement period.
- 4 During the nine-month period ended 31 December 2022, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 1,07,000 fully paid-up equity shares of Rs 10 each at an aggregate premium of Rs 149.03 Lakhs.
- 5 Details of loans transferred/ acquired during the nine month period ended December 31, 2022 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below:

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

Particulars	Loan Participation	Transferred *	Acquired	
			Retail *	Non Retail
Aggregate amount of loans transferred/ acquired through assignment	833.41	14,286.07	2,154.44	-
Weighted average maturity (in years)	3.00	1.82	2.00	-
Weighted average holding period (in years)	1.36	0.74	0.68	-
Retention of beneficial economic interest by originator	-	1,803.53	239.38	-
Tangible security coverage	-	-	-	-
Rating-wise distribution of related loans	-	-	-	-

* Represents the amount of assigned portfolio

- 6 During the quarter, the Company established control by investing Rs 2500 lakhs in A3 class units (representing 55.56% of the total units) of a Fund (Northern Arc Emerging Corporates Bond Fund), a new Category II AIF Fund registered with SEBI and managed by its wholly owned subsidiary Company.
- 7 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.
- 8 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the nine month period ended December 31, 2022 is attached as Annexure 1.
- 9 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
Northern Arc Capital Limited


Ashish Mehrotra
Managing Director & CEO

Place: Chennai
Date: February 9, 2023



Annexure 1:

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

Particulars	Ref	As at	
		31 December 2022	31 March 2022
Debt-equity ratio	1.1	3.47	3.49
Total debts to total assets	1.2	0.76	0.76
Net worth	1.3	1,84,092.86	1,70,991.44
Capital redemption reserve (Amount in lakhs)		2,660.00	2,660.00
Gross Non-Performing Assets (GNPA) Ratio	1.4	0.54%	0.51%
Net Non-Performing Assets (NNPA) Ratio	1.5	0.30%	0.18%
Capital adequacy ratio (CRAR)	1.6	22.11%	22.79%
Asset cover over listed non-convertible debentures	1.7	1.14	1.09

Particulars	Ref	Quarter ended				Year ended	
		31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021	31 March 2022
Net profit margin (%)	1.8	11.69%	18.66%	16.06%	14.07%	16.64%	15.61%

- 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 on loans and Investments - Impairment Loss allowance for Stage 3 term loans and investments)/(Gross term loans and investments- Impairment allowance for Stage 3 term loans and investments)
- 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), capital redemption reserve/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) Short term bank facilities	ICRA A1+
(vi) Market Linked debentures	PP-MLD ICRA A+, IND PP-MLD A+ emf



Statement of Security Cover as at December 31, 2022

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Part-Passu Charge	Part-Passu Charge	Others assets on which there is part-Passu charge (excluding items covered in column F)	Assets not offered as Security	Eliminated on (amount in negative)	(Total C to H) #	Market Value for Assets charged on Exclusive basis	Carrying /book value for assets where market value is not ascertainable or applicable **	Market Value for Part Passu charge Assets	Carrying value/book value for part passu charge assets where market value is not ascertainable or applicable	Total Value=(K+L+M+N)
ASSETS														
Property, Plant and Equipment		-	-	No	-	-	136.50	-	136.50	-	-	-	-	-
Right of Use Assets		-	-	No	-	-	517.20	-	517.20	-	-	-	-	-
Goodwill		-	-	No	-	-	545.13	-	545.13	-	-	-	-	-
Intangible Assets		-	-	No	-	-	2,448.41	-	2,448.41	-	-	-	-	-
Intangible Assets under Development		-	-	No	-	-	107.49	-	107.49	-	-	-	-	-
Investments		40,600.63	1,38,981.60	No	-	-	3,252.43	-	1,82,934.96	-	40,600.63	-	-	40,600.63
Loans	Receivable from Loans	16,723.95	5,35,854.90	No	-	-	53,400.76	-	6,05,979.61	-	16,723.95	-	-	16,723.95
Inventory		-	-	No	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	No	-	-	1,281.29	-	1,281.29	-	-	-	-	-
Cash and Cash Equivalents		-	-	No	-	-	11,542.95	-	11,542.95	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents		-	-	No	-	-	22,219.47	-	22,219.47	-	-	-	-	-
Other #		-	-	No	-	-	16,514.92	-	16,514.92	-	-	-	-	-
Total		57,324.58	6,74,836.50				1,12,066.95		8,44,227.63		57,324.58			57,324.58
LIABILITIES														
Debt securities to which this certificate pertains	Secured Non Convertible Debentures (NCDs)			No	-	-	-	-	-	-	-	-	-	-
Other debt sharing part-passu charge with above debt		50,139.45		No	-	-	-	-	50,139.45	-	-	-	-	-
Other Debt				No	-	-	-	-	-	-	-	-	-	-
Subordinated debt				No	-	-	-	-	-	-	-	-	-	-
Borrowings				No	-	-	3,998.89	-	3,998.89	-	-	-	-	-
Bank				No	-	-	-	-	-	-	-	-	-	-
Debt Securities				No	-	-	-	-	-	-	-	-	-	-
Other #				No	-	-	4,497.16	-	4,497.16	-	-	-	-	-
Trade payables		Not to be filled		No	-	-	-	-	-	-	-	-	-	-
Lease Liabilities				No	-	-	8,909.54	-	8,909.54	-	-	-	-	-
Provisions				No	-	-	843.23	-	843.23	-	-	-	-	-
Other #				No	-	-	3,222.58	-	3,222.58	-	-	-	-	-
Total		50,139.45	5,79,595.86				30,399.48		6,60,134.77					1.14
Cover on Book Value *														
Cover on Market Value														
		Exclusive Security Cover Ratio *	1.14		Pari-Passu Security Cover Ratio	NA								

Represents carrying value as per books of account underling the unaudited Financial Statements of the Company as at and for the period ended December 31, 2022.

** The security cover ratio pertains to listed secured debt. Disclosure in the statement is cumulative for all the listed secured debt of the Company.

** The company carries the receivables and investments at amortised cost and fair value. Market value is not determined at every period end, and hence for the purpose of disclosure in this Statement, the carrying value of these receivables have been disclosed in Column L. The Management of the Company, confirm that the Company has complied with all the covenants including affirmative, informative and negative covenants, as prescribed in the Debenture Trust Deed, as at December 31, 2022.

