

INDEPENDENT AUDITOR'S REPORT

To the Members of Northern Arc Investment Managers Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northern Arc Investment Managers Private Limited (the "Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial



controls 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 5, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 35 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 35 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding,



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

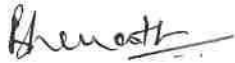
c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Bharath N S

Partner

Membership Number: 210934

UDIN: 22210934AILPOB8197

Place of Signature: Chennai

Date: May 5, 2022



Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Northern Arc Investment Manager Private Limited (“the Company”)

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

- (i)(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There is no immovable property, held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company..
- (d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)(a) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties.
- (b) During the year the investments made to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest. The Company has not provided any guarantee, given any security or granted any loans and advance in nature of loans to companies, firms, Limited Liability Partnerships or any other parties.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to (f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors, investments made, guarantees and securities given in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax and goods and services tax. The provisions relating to employees' state insurance, service tax, sales tax, value added taxes, duty of customs, wealth tax, and duty of excise are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax and goods and services tax at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, income tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute. The provisions of employees' state insurance, income tax, sales tax, customs duty, value added tax,
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv)(a) The Company is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and 3(xiv)(b) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately previous preceding year.
- (xviii) The previous statutory auditors of the Company have resigned during the year. There were no issues, objections or concerns raised by the previous statutory auditor.
- (xix) On the basis of the financial ratios disclosed in note 34 to the financial statements, 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)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 23.4 to the financial statements.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 23.4 to the financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W / E300004



per Bharath N S

Partner

Membership Number: 210934

UDIN: 22210934AILPOB8197

Place of signature: Chennai

Date: May 5, 2022



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NORTHERN ARC INVESTMENT MANAGERS PRIVATE LIMITED

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

We have audited the internal financial controls with reference to financial statements of Northern Arc Investment Managers Private Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these 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 these 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 these 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 these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls 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 controls 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Opinion

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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Bharath N S

Partner

Membership Number: 210934

UDIN: 22210934AILPOB8197

Place of Signature: Chennai

Date: May 5, 2022



Northern Arc Investment Managers Private Limited
Balance Sheet as at March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	5.35	0.02
Financial assets			
Investments	5	2,764.23	4,339.84
Advance Income tax assets (net)	6	92.48	24.89
Total non-current assets		2,862.07	4,364.75
Current assets			
Financial assets			
Investments	5	2,017.18	118.04
Other financial assets	7	91.81	48.97
Trade receivables	8	92.24	360.45
Cash and cash equivalents	9	122.99	606.46
Other current assets	10	772.68	290.96
Total current assets		3,096.89	1,424.88
Total assets		5,958.95	5,789.63
EQUITY AND LIABILITIES			
Equity			
Equity share capital -	11	361.00	361.00
Other equity	12	3,395.76	2,587.22
Total equity		3,756.76	2,948.22
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	1,225.95	1,400.00
Provisions	14	67.76	29.30
Deferred tax liabilities (net)	24	72.26	97.72
Total non-current liabilities		1,365.97	1,527.03
Current liabilities			
Financial liabilities			
Borrowings	13	163.93	738.40
Trade payables	15	-	-
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		186.57	292.41
Other financial liabilities	16	359.12	145.01
Other current liabilities	17	112.99	128.58
Provisions	14	13.61	10.00
Total current liabilities		836.22	1,314.40
Total equity and liabilities		5,958.95	5,789.63

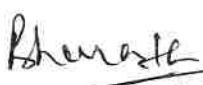
Significant accounting policies


2 and 3

The notes referred to above form an integral part of the financial statements
 As per our report of even date attached

for S.R.Batliloi & Associates LLP
 Chartered Accountants
 ICAI Firm's Registration No. 101049W/E300004

for and on behalf of the Board of Directors of
Northern Arc Investment Managers Private Limited
 CIN: U74120TN2014PTC095064



 per Bharath N S
 Partner
 Membership No. 210934




 Ashish Mehrotra
 Director
 DIN:07277318


 Kshama Fernandes
 Director
 DIN:02539429


 Anvi Vukkadala
 Chief Executive Officer


 Kalyanasundaram C
 Chief Financial Officer


 Nithya Murali Ganam
 Company Secretary
 Membership No. 38778



Place : Chennai
 Date : May 5, 2022

Place : Chennai
 Date : May 5, 2022

Northern Arc Investment Managers Private Limited
Statement of Profit and Loss for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
REVENUE			
Revenue from operations	18	3,088.87	2,231.18
Other income	19	-	180.41
Total income		3,088.87	2,411.59
EXPENSES			
Employee benefit expenses	20	728.55	494.69
Finance costs	21	213.77	294.93
Depreciation and amortisation expense	22	5.19	0.05
Other expenses	23	942.75	451.37
Total expenses		1,890.27	1,241.04
Profit before tax		1,198.60	1,170.56
Tax expense			
Current tax	24	327.45	264.48
Deferred tax charge/ (credit)	24	(19.66)	32.31
		307.79	296.79
Profit after tax		890.81	873.76
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements of the defined benefit asset/ (liability)		(23.07)	22.28
Income tax relating to items that will not be reclassified to profit or loss		5.81	(5.61)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(17.26)	16.67
Other comprehensive income for the year		(17.26)	16.67
Total comprehensive income for the year		873.55	890.44
Earnings per equity share (Face Value - INR 100/ Share)			
Earnings per equity share	32		
Basic (in rupees)		246.76	242.04
Diluted (in rupees)		246.76	242.04

Significant accounting policies

2 and 3

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

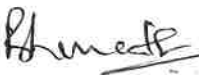
As per our report of even date attached

for S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration No. 101049W/E300004

for and on behalf of the Board of Directors of
Northern Arc Investment Managers Private Limited
CIN: U74120TN2014PTC095064


per Bharath N S
Partner
Membership No. 210934




Ashish Mehrotra
Director
DIN:07277318


Kshama Fernandes
Director
DIN:02539429


Ravi Yakkadala
Chief Executive Officer


Kalyanasundaram C
Chief Financial Officer


Nithya Murali Ganam
Company Secretary
Membership No. 38778

Place : Chennai
Date : May 5, 2022

Place : Chennai
Date : May 5, 2022



Northern Arc Investment Managers Private Limited
Cash Flow Statement for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
A Cash flow from operating activities			
Profit before tax		1,198.60	1,170.56
<u>Adjustments for:</u>			
Depreciation and amortisation expense		5.19	0.05
Unrealised gain on alternative investment funds designated at fair value through profit or loss		(58.76)	(131.82)
Interest expense on term loan		213.77	294.93
Operating profit before working capital changes		1,358.80	1,333.71
<u>Changes in working capital:</u>			
Decrease in trade receivables		268.21	(351.87)
(Increase) / Decrease in other financial assets		(42.83)	(6.66)
Decrease / (Increase) in other non-financial assets		(481.72)	(84.15)
Increase in Investments		(264.76)	(235.15)
Increase in trade payables		(105.84)	137.34
Increase / (decrease) in Other financial liabilities		168.12	(23.51)
Increase / (decrease) in Other non-financial liabilities		(15.60)	(14.87)
Cash generated from operations		884.38	754.84
Income taxes paid (Net)		(395.04)	136.55
Net Cash flow generated from operating activities	(A)	489.34	891.39
B Cash flows from investing activities			
Purchase of property, plant and equipment		(10.53)	0.07
Net cash (used in) investing activities	(B)	(10.53)	0.07
C Cash flow from financing activities			
Proceeds from long term borrowings		7,573.48	604.26
Repayment of long term borrowings		(8,322.00)	(636.00)
Interest paid		(213.77)	(294.93)
Net cash (used in) financing activities	(C)	(962.29)	(326.67)
Net increase in cash and cash equivalents	(A+B+C)	(483.48)	564.65
Cash and cash equivalents at the beginning of the year		606.46	41.82
Cash and cash equivalents at the end of the year		122.99	606.47
Reconciliation of Cash and Cash equivalents:			
Notes to cash flow statement			

	Note	As at March 31, 2022	As at March 31, 2021
1 Components of cash and cash equivalents:	9		
Balances with banks			
- in current accounts		122.99	606.46
		122.99	606.46

2 The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013.

3 Change in liabilities arising from financing activities:

Particulars	As at March 31, 2021	Cash Flows	Non Cash Changes	As at March 31, 2022
Borrowings	2,138.40	(748.52)	0.00	1,389.88
Other financial liabilities	-	-	-	-
Total	2,138.40	(748.52)	0.00	1,389.88

Significant accounting policies

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

As per our report of even date attached

2 and 3

for S.R.Batlboi & Associates LLP
 Chartered Accountants
 ICAI Firm's Registration No. 101049W/E300004

for and on behalf of the Board of Directors of
 Northern Arc Investment Managers Private Limited
 CIN: U74120TN2014PTC095064


 per Bharath N S
 Partner
 Membership No. 210934




 Ashish Mittal
 Director
 DIN:07277318


 Kshama Fernandes
 Director
 DIN:02539429


 Ravi Vukkadala
 Chief Executive Officer


 Kalyanasundaram C
 Chief Financial Officer


 Nrithya Murali Ganam
 Company Secretary
 Membership No. 38778

Place : Chennai
 Date : May 5, 2022

Place : Chennai
 Date : May 5, 2022



Northern Arc Investment Managers Private Limited
Statement of changes in equity for the period ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

A. Equity Share Capital

Equity Share capital of INR 100 each Issued, subscribed and fully paid	
Balance as at March 31, 2020	361.00
Changes in equity share capital during the year	-
Balance as at March 31, 2021	361.00
Changes in equity share capital during the year	-
Balance as at March 31, 2022	361.00

B. Other Equity

	Reserves and surplus			Other	Total Other Equity attributable to Equity Holders of the Company
	Employee stock option reserve	Capital Redemption Reserve	Retained Earnings	Comprehensive Income (OCI) Remeasurements of Defined Benefit Obligations	
Balance as at March 31, 2020	65.00	722.00	909.78	-	1,696.78
Change in equity for the Year ended March 31, 2021					
Profit for the year	-	-	873.76	-	873.76
Remeasurement of net defined benefit liability	-	-	16.67	-	16.67
Balance as at March 31, 2021	65.00	722.00	1,800.22	-	2,587.22
Change in equity for the Year ended March 31, 2022					
Profit for the year	-	-	890.81	-	890.81
Adjustments*	(65.00)	-	-	-	-
Reclassification of remeasurement of net defined benefit liability	-	-	(17.26)	-	(17.26)
Balance as at March 31, 2022	-	722.00	2,673.76	-	3,460.76

* These relate to cost relating to ESOP of holding company to the employees of the Company relating to earlier periods, that will be reimbursed by the Company are utilised from the ESOP reserve during the FY 2021-22.

Significant accounting policies (refer note 2 and 3)

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

As per our report of even date attached

for **S.R. Baliboi & Associates LLP**

Chartered Accountants

ICAI Firm's Registration No. 101049W/E300004



per **Bharath N S**
Partner

Membership No. 210934

Place : Chennai

Date : May 5, 2022



for and on behalf of the Board of Directors of

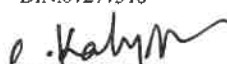
Northern Arc Investment Managers Private Limited

CIN: U74120TN2014PTC095064



Ashish Mehrotra
Director

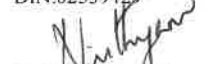
DIN:07277318


Kalyanasundaram C
Chief Financial Officer



Kshama Fernande
Director

DIN:02539429


Nrihya Murali Ganam
Company Secretary
Membership No. 38778



Ravi Vukkadala
Chief Executive Officer

Place : Chennai

Date : May 5, 2022



1 Reporting entity

Northern Arc Investment Managers Private Limited was incorporated on February 17, 2014, with the aim of carrying on the business of Investment Company and also to provide portfolio management services to Offshore funds and all kinds of Investment Funds. The company is a wholly owned subsidiary of Northern Arc Capital Limited. The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act'), other relevant provisions of the Act ("Ind AS").

These financial statements were authorised for issue by the Company's Board of Directors on May 5, 2022.

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.

Division II - Schedule III to the Companies Act, 2013, has been further amended vide Government Notification dated March 24, 2021 to include certain additional presentation and disclosure requirements and changes to some of the existing requirements. These changes need to be applied in preparation of financial statements for the financial year commencing on or after April 1, 2021. Accordingly, these financial statements has been prepared based on the above requirements.

Details of the Company's accounting policies were disclosed in note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Rupees in lakhs (two decimals), unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Investments in Alternative Investment Fund	Fair value
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Current and non current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income or fair value through profit and loss that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.



ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

v) Other assumptions and estimation uncertainties

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- a) Measurement of defined benefit obligations: key actuarial assumptions;
- b) Estimated useful life of property, plant and equipment and intangible assets;
- c) Recognition of deferred taxes;



3 Significant accounting policies

3.1 Revenue Recognition

Fee income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

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.

3.1 Revenue Recognition (continued)

Income from investment in alternative investment fund

Income from investment in alternative investment fund is recognised when the right to receive is established.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend

Fund operating fee

Pursuant to the management agreement/ PPM entered by the Company with the fund, Company incurs all operating expense on behalf of the fund and recharges to the fund at the specified % as Fund operating fee,

3.2 Financial instrument - initial recognition

A. Date of recognition

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) Fair value through other comprehensive income (FVOCI)
- iii) Fair value through profit or loss (FVTPL)

3.3 Financial assets and liabilities

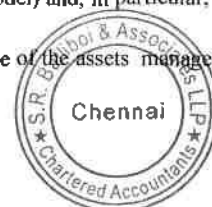
A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.



Sole Payments of Principal and Interest (SPPI test)

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.



3.6 Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.7 Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.8 Determination of fair value

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 has taken into account 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.

In addition, for financial reporting purposes, 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, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.



ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Useful Life
Computers and accessories	3 years
Office equipments	5 years

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

3.11 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.



3.12 Employee benefits (continued)

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Employee Stock Option based compensation

The Company accounts for stock options in accordance with the Guidance Note on 'Accounting for Employee Share Based Payments' issued by the Institute of Chartered Accountants of India. The Guidance Note also applies to grant of stock options of another enterprise in the same group as the Company, to the employees of the Company.

The Company calculates the compensation cost of the stock options as granted by its holding company based on the grant date fair value of such options, which is recognized as an employee expense, with a corresponding increase in capital reserve / payable to holding company, over the vesting period on a graded vesting basis. The amount recognized as an expense is adjusted to reflect the number of options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.

3.14 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



3.15 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.16 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.17 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.18 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.19 Cash flow statement

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.20 Standard Issued But Not Yet Effective

Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 on March 23, 2022, which contains various amendments to Ind AS. Management has evaluated these and have concluded that there is no material impact on the Company's financial statements.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

4 Property, plant and equipment

	Computer and accessories	Office equipments	Total
Cost or deemed cost			
Balance as at March 31, 2020	9.37	0.80	10.17
Additions	0.07	-	0.07
Balance as at March 31, 2021	9.44	0.80	10.24
Balance as at March 31, 2021	9.44	0.80	10.24
Additions	10.53	-	10.53
Balance as at March 31, 2022	19.97	0.80	20.77
Depreciation			
Balance as at March 31, 2020	9.37	0.80	10.17
Depreciation/amortisation for the year	0.05	-	0.05
Balance as at March 31, 2021	9.42	0.80	10.22
Balance as at March 31, 2021	9.42	0.80	10.22
Depreciation/amortisation for the year	5.19	-	5.19
Balance as at March 31, 2022	14.61	0.80	15.41
Net block			
As at March 31, 2021	0.02	-	0.02
As at March 31, 2022	5.35	-	5.35

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

5 Investments

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Alternative Investment Funds - Measured at fair value through profit and loss				
FIMR Fimpart Long Term Multi Asset Class Fund	-	725.44	698.35	-
936.63 (March 31, 2021: 936.63) units of INR 100,000 each				
FIMR Fimpart Long Term Credit Fund	516.12	530.07	37.38	36.42
500.00 (March 31, 2021: 500.00) units of INR 100,000 each				
FIMR Fimpart Medium Term Opportunities Fund	-	561.99	566.52	-
500.00 (March 31, 2021: 500.00) units of INR 100,000 each				
FIMR Fimpart Income Builder Fund	-	673.32	645.78	74.13
493.80 (March 31, 2021: 493.80) units of INR 100,000 each				
Northern Arc Money Market Alpha Fund	1,196.03	1,112.43	-	-
11,67,375.6 (March 31, 2021: 1,102,295.35) units of INR 100 each				
Northern Arc Income Builder Fund (Series II)-Class A	547.50	433.86	51.69	6.29
456.42 (March 31, 2021: 392.59) units of INR 100,000 each				
Northern Arc Income Builder Fund (Series II)-Class B	-	200.22	-	-
Nil (March 31, 2021: 181.26) units of INR 100,000 each				
Northern Arc India Impact Fund	504.58	102.51	17.45	1.19
478.96 (March 31, 2021: 99.99) units of INR 100,000 each				
Total	2,764.23	4,339.84	2,017.18	118.04
Aggregate amount of quoted investments	-	-	-	-
Aggregate amount of unquoted investments	2,764.23	4,339.84	2,017.18	118.04
Aggregate amount of impairment value of investments	-	-	-	-



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
6 Advance Income tax assets (net)		
Advance Income tax(net of provision for tax)	92.48	24.89
	92.48	24.89
7 Other financial assets		
Unsecured, considered good		
Other receivables	87.81	44.97
Security deposits	4.00	4.00
	91.81	48.97
Non-Current	-	-
Current	91.81	48.97
	91.81	48.97

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Trade receivables				
Unsecured, considered good				
Receivables from related parties	92.24	360.45		
Less: allowance for bad and doubtful debts				
	<u>92.24</u>	<u>360.45</u>		
Non-Current				
Current	92.24	360.45		
Trade receivables Ageing Schedule				
As at March 31, 2022				
			Outstanding for following periods from due date of payment	
Particulars	Current but not due	Less than 6 Months	6 months – 1 year	1-2 years
				2-3 years
				More than 3 years
Undisputed Trade Receivables – considered good		92.24		
Total				92.24
Trade receivables Ageing Schedule				
As at March 31, 2021				
			Outstanding for following periods from due date of payment	
Particulars	Current but not due	Less than 6 Months	6 months – 1 year	1-2 years
				2-3 years
				More than 3 years
Undisputed Trade Receivables – considered good		360.45		
Total				360.45

a No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

b There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
9 Cash and cash equivalents		
Balance with banks		
- in current accounts	122.99	606.46
	<u>122.99</u>	<u>606.46</u>
10 Other Current Assets		
Prepaid expenses	686.43	245.06
Balances with government authorities	86.25	44.33
Advance to supplier	-	1.57
	<u>772.68</u>	<u>290.96</u>
11 Share capital		
Authorised		
500,000 (March 31, 2021: 500,000) equity shares of INR 100/- each with voting rights	500.00	500.00
1,500,000 (March 31, 2021: 1,500,000) Redeemable preference Shares of INR 100 each	1,500.00	1,500.00
	<u>2,000.00</u>	<u>2,000.00</u>
Issued, subscribed and paid up		
361,000 (March 31, 2021: 361,000) Equity shares of INR 100/- each with voting rights	361.00	361.00
	<u>361.00</u>	<u>361.00</u>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	3,61,000	361.00	3,61,000	361
Add: Shares issued during the year	-	-	-	-
Less: Shares cancelled during the year	-	-	-	-
At the end of the year	<u>3,61,000</u>	<u>361.00</u>	<u>3,61,000</u>	<u>361</u>

b) Rights, preferences and restrictions attached to each class of shares

i) Equity shares

The Company has only one class of Equity Shares having par value of INR 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

c) **Shares held by holding/ ultimate holding company and /or their subsidiaries / associates:**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Northern Arc Capital Limited including its nominee share holders	3,61,000	100%	3,61,000	100%

d) **Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Northern Arc Capital Limited including its nominee share holders	3,61,000	100%	3,61,000	100%

e) **Details of shares held by promoters**

As at 31 March 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Northern Arc Capital Limited	3,61,000	-	3,61,000	100%	0%

As at 31 March 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Northern Arc Capital Limited	3,61,000	-	3,61,000	100%	0%

12 **Other equity**

a) **Retained earnings**

	As at March 31, 2022	As at March 31, 2021
At the commencement of the year	1,800.22	909.78
Add: Profit for the year	890.81	873.76
Add: Transfer from other comprehensive income	(17.26)	16.67
At the end of the year	2,673.76	1,800.22

b) **Capital Redemption Reserve**

	As at March 31, 2022	As at March 31, 2021
At the commencement of the year	722.00	722.00
Add: Additions for the year	-	-
At the end of the year	722.00	722.00

c) **Capital reserve - Employee stock options outstanding account**

	As at March 31, 2022	As at March 31, 2021
At the commencement of the year	65.00	65.00
Add: Employee compensation expense during the year	-	-
Less: Adjustments*	(65.00)	-
At the end of the year	-	65.00

*These relate to cost relating to ESOP of holding company to the employees of the Company relating to earlier periods, that will be reimbursed by the Company are utilised from the ESOP reserve during the FY 2021-22.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

c) Other comprehensive income	As at March 31, 2022	As at March 31, 2021
At the commencement of the year	-	-
Remeasurements of defined benefit asset/ (liability) (refer note (iii) below)	(17.26)	16.67
Less: Transfer to Retained earnings	17.26	(16.67)
Closing balance	-	-
Total (a+b+c)	3,395.76	2,587.22

Nature and purpose of reserve

- (i) **Retained earnings**
Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.
- (ii) **Capital Redemption Reserve**
The capital redemption reserve was created on account of the redemption of the redeemable preference shares.
- (iii) **Capital Reserve - Employee stock option outstanding**
The Company has established various equity settled share based payment plans for certain categories of employees of the Company.
- (iv) **Other comprehensive income**
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

13 Borrowings

Measured at amortised cost:

	As at March 31, 2022	As at March 31, 2021
Non-current, Unsecured		
Term Loans		
- from banks		
- from holding company	1,225.95	1,400.00
	1,225.95	1,400.00
Current, Unsecured		
Term Loans		
-Loans from holding company (refer note 31)	-	672.45
- Structured Cash credit from holding company	163.93	65.95
	163.93	738.40

13.1 Details regarding terms of borrowings (from Holding Company)-Unsecured

Particulars	Terms of Redemption	Interest rate	Interest
Term Loan-1	5 years	14.00%	350.85
Term Loan-2	4.5 years	13.00%	375.10
Term Loan-3	6 years	13.00%	500.00
Structured Cash credit	NA	13.50%	163.93

13.2 Interest Rate is fixed and interest payable on quarterly basis.

13.3 During the year the company has not defaulted in the repayment of dues to Holding Company.

14 Provisions

Non-Current

Provision for employee benefits:

- Gratuity	40.23	15.41
- Compensated absences	27.53	13.89
	67.76	29.30

Current

Provision for employee benefits:

- Gratuity	6.43	2.25
- Compensated absences	5.51	7.75

Provision towards Corporate Social Responsibility Liability

	1.68	-
	13.61	10.00



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

15 Trade payables*

Trade payables (undisputed)
-Total outstanding dues to micro enterprises and small enterprises
(refer note 34)
-Total outstanding dues of creditors other than micro enterprises and small enterprises

*There are no disputed trade payables to MSME or others.

**Trade payables Ageing Schedule
As at March 31, 2022**

	As at March 31, 2022	As at March 31, 2021
	186.57	292.41
	186.57	292.41

Outstanding for following periods from due date of payment

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
-Total outstanding dues of creditors other than micro enterprises and small enterprises	186.57	-	-	-	186.57

As at March 31, 2021

	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
-Total outstanding dues of creditors other than micro enterprises and small enterprises	292.41	-	-	-	292.41

There are no unbilled* and "Not due" trade payables, hence the same are not disclosed in the ageing schedule.

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
16 Other financial liabilities		
Employee benefits payable	200.00	76.01
Payable to related parties (also refer note 31)	159.13	69.00
	359.12	145.01
Non-Current	-	-
Current	359.12	145.01
	359.12	145.01
17 Other current liabilities		
Statutory dues payable	112.99	128.58
	112.99	128.58

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
18 Revenue from operations		
Revenue from contract with customers		
Fee income (refer note 31)	2,318.93	1,694.91
Income from investment in Alternative Investment Fund	625.31	486.87
Fund operating fee	144.63	49.40
Total	3,088.87	2,231.18
Revenue from customers		
-That are recognised over a certain period of time	-	-
-That are recognised at a point of time	3,088.87	2,231.18
Geographical Market		
-In India	3,088.87	2,231.18
-Outside India	-	-
19 Other income		
Net gain on financial instruments at fair value through profit or loss		
Interest on income tax refund	-	31.27
Net gain on fair value changes	-	131.82
Provision no longer required written back	-	17.32
Total	-	180.41
20 Employee benefits expense		
Salaries, wages and bonus	665.93	453.96
Contribution to provident and other funds (refer note 28)	27.74	25.32
Share based payments to employees (refer note 29)	25.13	-
Gratuity expense (refer note 17)	5.93	14.55
Staff welfare expenses	3.82	0.86
Total	728.55	494.69
21 Finance Cost (refer note 31)		
Interest expenses on		
- Term loan	195.63	278.23
- Cash credits	18.14	16.70
Total	213.77	294.93
22 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer Note 4)	5.19	0.05
Total	5.19	0.05

This space is intentionally left blank



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
23 Other expenses		
Distribution fee expense	318.08	83.26
Legal and professional charges	419.77	485.18
Less: Reimbursement of expense (Refer note 23.1)	<u>187.00</u>	<u>236.91</u>
Loss on sale of investment	127.13	-
Rent	30.19	55.13
Corporate social responsibility	12.68	9.65
Fund Set up cost	-	2.31
Traveling and conveyance	10.77	4.06
Net Loss on fair value changes	58.76	8.24
Director sitting fee	13.52	17.84
Communication expenses	1.66	13.81
Repairs and maintenance	5.72	3.73
Rates and taxes	0.11	0.39
Subscription charges	40.41	8.37
Auditors' remuneration (refer note 23.3 below)	4.02	3.60
Bank Charges	1.31	0.47
Operating expenses of Funds (refer to note 23.2)	51.11	-
Miscellaneous expenses	<u>34.51</u>	<u>0.47</u>
Total	<u><u>942.75</u></u>	<u><u>459.60</u></u>

23.1 *Represents Legal and professional expense incurred on behalf of the following funds and reimbursed to the Company:

Northern Arc Capital Limited	152.75	141.49
IFMR FImpact Long Term Multi Asset Class Fund	3.25	21.72
IFMR FImpact Long Term Credit Fund	1.81	6.95
IFMR FImpact Medium Term Opportunities Fund	27.38	60.05
IFMR FImpact Income Builder Fund	1.82	6.70
	<u>187.00</u>	<u>236.91</u>

23.2 Operating expenses of Funds includes

Legal and Professional charges	41.75	-
Audit Fee	9.36	-
	<u>51.11</u>	<u>-</u>

23.3 Payments to auditor (excluding goods and services tax)

Statutory audit	3.50	3.00
Tax audit	0.50	0.50
Reimbursement of expenses	0.01	0.10
	<u>4.02</u>	<u>3.60</u>

23.4 Corporate social responsibility ("CSR") expenditure

(a) Gross amount required to be spent by the Company during the year	12.68	11.24
(b) Amount approved by the board to be spent during the year	12.68	11.24
(c) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	11.00	9.65
(d) Contributions to Northern Arc Foundation	11.00	9.65

Details of other than ongoing project

(e) Carry forward balances of CSR pre-spent*		
Opening balance - pre-spent / (shortfalls)	(1.59)	-
Amount required to be spent during the year	(12.68)	(11.24)
Amount spent during the year	11.00	9.65
Closing balance - pre-spent / (shortfalls)	(3.27)	(1.59)

* Contribution to Northern Arc Foundation has been spent on educational activities.

** The company has not spent any amount on ongoing projects. Accordingly, no disclosures are made in this regard.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
24 Income tax		
A The components of income tax expense for the years ended March 31, 2022 and 2021 are:		
Current tax	327.45	264.48
Deferred tax charge/ (credit)	(19.66)	32.31
Tax expense	307.79	296.79

B Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2022 and 2021 is, as follows:-

Profit before tax	1,198.60	1,170.55
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	301.66	294.60
Permanent differences	6.13	3.19
Change in tax rate	-	-
Tax expenses recognised in the statement of profit and loss	307.79	297.79
Effective tax rate	25.68%	25.44%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at lower tax rate for the year ended March 31, 2022.

C Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense.

	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	As at March 31, 2022
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property, plant and equipment	0.49	0.47	-	0.96
Provision for employee benefits	9.89	4.36	5.81	20.06
Impact of fair value of assets	(108.10)	14.79	-	(93.31)
Total	(97.72)	19.62	5.81	(72.30)

	As at March 31, 2020	Statement of profit and loss	Other comprehensive income	As at March 31, 2021
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property, plant and equipment	0.76	(0.27)	-	0.49
Provision for employee benefits	14.37	1.13	(5.61)	9.89
Impact of fair value of assets	(74.93)	(33.17)	-	(108.10)
Total	(59.80)	(32.31)	(5.61)	(97.72)

This space is intentionally left blank



25 Financial instruments

A Fair value measurement

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions i.e., exit price. This is regardless of whether that price is directly observable or estimated using a valuation technique.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2022 and March 31, 2021 are as follows:

Particulars	Note	Carrying amount		Fair value	
		Mar-22	Mar-21	Mar-22	Mar-21
Investments					
- Alternate Investment Funds #	5	4,781.41	-	-	4,781.41

Fair value for Investment in Alternate Investment Funds are under Level 3 Category.

Sensitivity analysis - Increase/ decrease of 100 basis points on yield

Investments	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
- Alternate Investment Funds	46.17	46.17	43.31	43.31

The carrying value and fair value of other financial instruments by categories as of March 31, 2022 and March 31, 2021 as follows:

Particulars	Carrying value		Fair value	
	Mar-22	Mar-21	Mar-22	Mar-21
Financial assets not measured at fair value:				
Trade receivables *	92.24	2.32	92.24	2.32
Cash and cash equivalents*	122.99	72.95	122.99	72.95
Other financial assets *	91.81	8.42		
Financial liabilities not measured at fair value:				
Borrowings *	1,389.88	1,140.01	1,389.88	1,140.01
Trade payables*	186.57	230.98	186.57	230.98
Other financial liabilities*	359.12	1,035.42	359.12	1,035.42

* The management assessed that cash and cash equivalents, trade receivables, other financial assets, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

B Measurement of fair values

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities without a specific maturity.

Borrowings and other financial liabilities

The borrowings and other financial liabilities are primarily fixed rate instruments. The interest rates approximates the current market rates for similar instruments with similar terms. Accordingly, the fair value has been assumed to be equal to the carrying amount.

Transfers between levels I and II

There has been no transfer in between level I and level II.

C Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.



The Company's adjusted net debt to equity ratio is as follows:

	As at March 31, 2022	As at March 31, 2021
Total Borrowings	1,389.88	2,138.40
Less: cash and cash equivalents	(122.99)	(606.46)
Adjusted net debt	1,266.89	1,531.93
Total equity	3,756.76	2,948.22
Gearing ratio	0.34	0.52

26 Financial risk management objectives and policies

The main purpose of financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets primarily includes investments, trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

A. Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company's exposure to credit risk for receivables by type of counterparty is as follows. All these exposures are with in India.

Particulars	Carrying Amount	
	As at March 31, 2022	As at March 31, 2021
Management fee receivable	92.24	360.45
Less: Impairment loss allowance	-	-
Total	92.24	360.45

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the receivables are categorised into groups based on days past due and the type of risk exposures. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision



Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Based on the risk characteristics, the Company has only one portfolio:

-Trade receivables- Management fee receivable

Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- a. Marginal probability of default ("MPD")
- b. Loss given default ("LGD")
- c. Exposure at default ("EAD")
- d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside, downside and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. The Company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
 - d) Collateral (security) amount

The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Company has considered expected cash flows of all the management fees receivables at DPD bucket level which was used for computation of ECL.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

$$\text{Conditional ECL for year (yt)} = \text{EAD (yt)} * \text{conditional PD (yt)} * \text{LGD (yt)} * \text{discount factor (yt)}$$

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities.

Proportion of expected credit loss provided for across the stage is summarised below:

	Provisions	As at	
		March 31, 2022	March 31, 2021
Stage 1	12 month provision	-	-
Stage 2	Life time provision	-	-
Stage 3	Life time provision	-	-
Amount of expected credit loss provided for		-	-

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

Particulars	As at	
	March 31, 2022	March 31, 2021
ECL allowance - opening balance	-	-
Addition during the year	-	-
Reversal during the year	-	-
Write offs during the year	-	-
Closing provision of ECL	-	-



B. Investments

Investments primarily represents investments in alternative investment funds which are fair valued through profit and loss and hence no impairment loss allowance is made in accordance with Ind AS 109.

C. Cash and cash equivalents

Credit risk on cash and cash equivalent is limited as the Company does not have any deposits with banks.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility and term loans.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Particulars	Upto 1 year	Over 1 year to 3 year	Over 3 year to 5 year	Over 5 year
As at March 31, 2022				
Borrowings	163.93	1,225.95	-	-
As at March 31, 2021				
Borrowings	738.40	1,400.00	-	-

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any variable rate financial instruments and thus have no exposure to the risk of changes in market interest rates.



27 Contingent Liabilities and capital commitments (to the extent not provided for)

	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debt		
- Income tax related matters	12.47	12.47

28 Employee Benefits

28.1 Defined Contribution Plan

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised INR 27.74 lakhs (March 31, 2021: 25.32 lakhs) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

28.2 Defined Benefit Plans

The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The Calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Details of actuarial valuation of gratuity pursuant to the Ind AS 19

A. Change in present value of

	March 31, 2022	March 31, 2021
Present value of obligations at the beginning of the year	17.66	37.50
Current service cost	5.02	12.45
Interest cost	0.91	2.10
Past service cost	-	-
Benefits settled	-	(12.12)
Actuarial (gain)/ loss	23.07	(22.28)
Present value of obligations at the end of the year	46.66	17.66

B. Change in plan assets

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/ (loss)	-	-
Employer contributions	-	-
Benefits settled	-	-
Fair value of plan assets at the end of the year	-	-

C. Actual Return on plan assets

Expected return on plan assets	-	-
Actuarial gain/ (loss) on plan assets	-	-
Actual return on plan assets	-	-

D. Reconciliation of present value of the obligation and the fair value of the plan assets

Change in projected benefit obligation		
Present value of obligations at the end of the year	46.66	17.66
Fair value of plan assets	-	-
Net liability recognised in balance sheet	46.66	17.66

The liability in respect of the gratuity plan comprises of the following non-current and current portions:

Current	6.43	2.25
Non-current	40.23	15.41
	46.66	17.66

E. Expense recognised in statement of profit and loss and other comprehensive income

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	5.02	12.45
Interest on obligation	0.91	2.10
Past service cost	-	-
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	23.07	(22.28)
Total included in 'employee benefits'	29.00	(7.73)



28 Employee benefits (continued)

F. Assumptions at balance sheet

	March 31, 2022	March 31, 2021
Discount rate	6.48%	5.16%
Salary escalation	8.00%	8.00%
Mortality rate	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)
Attrition rate	15.38%	33.00%

Notes:

- a) The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.
- b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Year ended March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	44.00	49.63	17.04	18.33
Future salary growth (1% movement)	49.78	43.81	18.39	16.97
Attrition Rate (1% movement)	46.23	47.11	17.32	18.01

29 Employee stock option plan (ESOP)

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board of holding company at its meeting held on May 11, 2016 and by the members in the Extra Ordinary General Meeting held on October 7, 2016. ESOP Stock Option Plan 2018 (ESOP) has been approved by the members in the Extra Ordinary General Meeting held on July 25, 2018.

Northern Arc Capital Employee Stock Option Plan 2016 – (“Scheme 1”) formerly IFMR Capital Employee Stock Option Plan 2016 – (“Scheme 1”)
 The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees of the company and its subsidiaries.

The options were issued on 1 March 2017, with an exercise price of INR 10. The options vests over a period of 4 years in 40:20:20:20 proportion.

Northern Arc Capital Employee Stock Option Plan 2016 – (“Scheme 2”) formerly IFMR Capital Employee Stock Option Plan 2016 – (“Plan” or “ESOP”) (“Scheme 2”)

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees.

The options were issued in four batches. The first and second batch was issued at a price of INR 110, third and fourth batch issued with an exercise price of INR 121. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Plan 2018 – (“Plan” or “ESOP”) (“Scheme 3”)

The Northern Arc Capital Employee Stock Option Plan 2018 is applicable to all employees.

The options were issued in two batches. The first and second batch was issued at an exercise price of INR 181. The options are vested over a period of 3 years in 30:30:40 proportion



Options outstanding under Scheme 1, Scheme 2 and Scheme 3

Plan	As at March 31, 2022			As at March 31, 2021		
	Scheme 1	Scheme 2	Scheme 3	Scheme 1	Scheme 2	Scheme 3
Grant date	Various	Various	Various	Various	Various	Various
Number of options	30,000	2,25,000	1,17,720	24,000	1,63,000	75,518
Exercise price in INR	10	110 to 181	181	10	110 to 188	181 to 188
Vesting period		1 to 5 years	1 to 3 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	113.65	33.95-40.89	65.77-73.55	113.65	33.95-40.89	65.77-73.55
Weighted average exercise price in INR				10	122.05	184
Weighted average remaining contractual life (in years)				-	1.71	0.71
Vesting condition			Time based vesting			

Reconciliation of outstanding options

The details of options granted under the above schemes are as follows:

Particulars

Particulars	Number of options	
	As at March 31, 2022	As at March 31, 2021
Outstanding at beginning of year	2,62,518	3,72,720
Forfeited during the year	-	1,10,202
Exercised during the year	-	-
Granted during the year	1,72,810	-
Outstanding as at end of year	4,35,328	2,62,518
Vested and exercisable as at end of year	-	1,28,378

Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Holding Company are not listed on any stock exchange. Accordingly, the Holding Company had considered the volatility of the stock price based on historical volatility of similar listed enterprises. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

	As at March 31, 2022	As at March 31, 2021
Dividend yield	0%	-
Historical Volatility Estimate	48.12%	-
Risk free interest rate	5.61%	-
Expected life of the option (in years)	5.1-5.5	-

30 Segment reporting

Operating segments

The Company's operations predominantly relate to managing Alternative investment funds. The information relating to this operating segment is reviewed regularly by the Company's Board of Directors (Chief Operating Decision Maker) to make decisions about resources to be allocated and to assess its performance. The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments.

The company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

31 Related party disclosures

Related party relationships and transactions are as identified by the management.

Related party relationships and transactions are as identified by the management.

Holding Company :

Northern Arc Capital Limited

Fellow Subsidiaries :

Northern Arc Investment Adviser Services Private Limited
 Northern Arc Foundation

Managed funds:

IFMR FImpact Long Term Multi Asset Class Fund
 IFMR FImpact Long Term Credit Fund
 IFMR FImpact Medium Term Opportunities Fund
 IFMR FImpact Income Builder Fund
 Northern Arc Money Market Alpha Fund
 Northern Arc FImpact Income Builder Fund
 Northern Arc India Impact Fund
 Northern Arc Income Builder Fund (Series II)

Key management personnel

Chaitanya Pande- Non-executive Director
 Ravi Vukkadala - Chief executive Officer
 Kalyanasundaram C - Chief Financial Officer *

* Remuneration is paid by the holding company to the Chief Financial Officer



31 Related party disclosures (continued)

A Transaction with related parties during the year:

Related Party	Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Northern Arc Capital Limited	Interest expense	213.77	294.93
	Fee Expenses	129.27	138.69
	Reimbursement of Expenses	152.75	141.49
	Transfer of Security deposit	-	2.00
	Purchase of Fixed Assets	10.53	0.07
	Loans taken	7,573.48	604.26
	Loans repaid	8,322.00	636.00
Northern Arc Foundation	Corporate social responsibility ("CSR") expenditure	11.00	9.65
IFMR FImpact Investment Fund	Fee Income	-	84.11
	Income from investment in AIF	-	85.96
	Reimbursement of Expenses	-	6.07
IFMR FImpact Long Term Multi Asset Class Fund	Fee Income	542.34	567.95
	Income from investment in AIF	89.28	119.77
	Reimbursement of Legal and professional charges	3.25	21.72
IFMR FImpact Medium Term Microfinance Fund	Reimbursement of Expenses	-	0.81
IFMR FImpact Long Term Credit Fund	Fee Income	285.14	285.14
	Income from investment in AIF	81.55	80.25
	Reimbursement of Legal and professional charges	1.81	6.95
IFMR FImpact Medium Term Opportunities Fund	Fee Income	378.44	378.36
	Income from investment in AIF	99.79	75.91
	Reimbursement of Legal and professional charges	27.38	60.05
IFMR FImpact Income Builder Fund	Fee Income	229.42	229.42
	Income from investment in AIF	171.33	21.16
	Reimbursement of Legal and professional charges	1.82	6.70
Northern Arc Money Market Alpha Fund	Investment in Class B units	65.08	59.25
	Fee Income	396.22	84.23
	Income from investment in AIF	100.05	91.08
	Fund operating fee	71.52	-
Northern Arc Income Builder Fund (Series II)	Investment in Class A units	25.10	342.00
	Investment in Class B units	6,879.00	204.00
	Sale of investments - Class B units	6,960.00	-
	Fee Income	386.17	64.89
	Income from investment in AIF	57.78	3.14
	Loss on sale of investment	127.13	-
	Fund operating fee	54.54	-
Northern Arc India Impact Fund	Investment in Class B units	400.00	100.00
	Fee Income	99.56	0.79
	Income from investment in AIF	25.54	1.36
	Fund operating fee	18.57	-
Ravi Vukkadala	Remuneration*	147.93	97.29
	Employee stock option (in units)	2.41	-

* Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

B Outstanding balances with related parties as on balance sheet date:

Related Party	Transaction	As at	As at
		March 31, 2022	March 31, 2021
Northern Arc Capital Limited	Equity share capital	361.00	361.00
	Preference share capital	-	-
	Advances payable	13.66	238.47
	Other payable	159.13	69.00
	Borrowings	1,389.88	2,138.40
IFMR FImpact Investment fund	Reimbursement of expense receivable	0.17	0.17
IFMR FImpact Long Term Multi Asset Class Fund	Investment in class A (FV)	698.35	725.44
	Fee Income Receivable	-	176.07
	Reimbursement of Legal and professional charges	3.25	21.72
IFMR FImpact Medium Term Microfinance Fund	Reimbursement of expense receivable	0.25	0.25
IFMR FImpact Long Term Credit Fund	Investment in class A (FV)	553.50	566.49
	Fee Income Receivable	-	77.69
	Reimbursement of Legal and professional charges	1.81	6.95
IFMR FImpact Medium Term Opportunities Fund	Investment in class A (FV)	566.52	561.99
	Fee Income Receivable	1.60	0.21
	Reimbursement of Legal and professional charges	27.38	60.05
IFMR FImpact Income Builder Fund	Investment in class A (FV)	645.78	747.46
	Fee Income Receivable	-	62.51
	Reimbursement of Legal and professional charges	1.82	6.70
Northern Arc Money Market Alpha Fund	Investment in class B (FV)	1,196.03	1,112.43
	Fee Income Receivable	54.02	13.85
	Fund operating fee receivable	13.76	3.63
Northern Arc Income Builder Fund (Series II)	Investment in class A (FV)	599.19	440.15
	Investment in class B (FV)	-	200.22
	Fee Income Receivable	-	29.23
	Fund operating fee receivable	-	1.61
Northern Arc India Impact Fund	Investment in class A (FV)	522.03	103.70
	Fee Income Receivable	34.83	0.87
	Fund operating fee receivable	6.71	-
Ravi Vukkadala	Employee stock option (in units) (also refer note 30)	4.52	2.11

C The Company has been appointed as the investment manager

a) by the Trustee of IFMR Finance for Freedom Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

b) by the Trustee of IFMR Finance for Freedom Fund III ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

c) by the Trustee of IFMR Finance for Freedom Fund IV ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

d) by the Trustee of IFMR Finance for Freedom Fund V ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.35% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

f) by the Trustee of Northern Arc Money Market Alpha Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 0.40% per annum on the Assets under management of the Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

g) by the Trustee of Northern Arc India Impact Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

31 Related party disclosures (continued)

h) by the Trustee of Northern Arc Income Builder Fund Series II ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

32 Earnings per share – Basic and Diluted:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	890.81	873.76
Net profit attributable to equity shareholders for calculation of diluted EPS	890.81	873.76
Shares		
Equity shares at the beginning of the period	3,61,000	3,61,000
Shares issued during the period	-	-
Total number of equity shares outstanding at the end of the period	3,61,000	3,61,000
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	3,61,000	3,61,000
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	3,61,000	3,61,000
Face value per share	100.00	100.00
Earning per share		
Basic (in rupees)	246.76	242.04
Diluted (in rupees)	246.76	242.04

33 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL.

Particulars	As at March 31, 2022	As at March 31, 2021
a. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
Principal	-	-
Interest	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-



Northern Arc Investment Managers Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

34 Ratio Analysis

Sl.No.	Ratio	Numerator	Denominator	Mar-22	Mar-21	% of variance	Remarks
(i)	Current ratio	Current Assets	Current Liabilities	3.70	1.08	242%	Variance is due to a) Increase in current assets increase in current maturity of investment balances. b) Decrease in current liabilities - account of repayment of borrowings from holding company availed in current year.
(ii)	Debt Equity ratio	Total debt	Share holder's Equity	0.37	0.73	-49%	Variance is on account of repayment of borrowings from holding company.
(iii)	Debt Service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.10	0.94	-89%	Variance is on account of availment of borrowings in the CY
(iv)	Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.26	0.30	-13%	
(v)	Trade Receivable - Turnover ratio	Net Credit Sales	Average Trade Receivable	13.51	12.09	12%	
(vi)	Trade Payable - Turnover ratio	Net credit purchases	Average Trade Payables	-	-	-	
(vii)	Net capital - Turnover ratio	Net sales	Working capital = Current assets - Current liabilities	1.37	24.91	-95%	Variance is due to a) Increase in current assets increase in current maturity of investment balances. b) Decrease in current liabilities - account of repayment of borrowings from holding company availed in current year.
(viii)	Net Profit ratio	Net Profit	Net sales	0.39	0.49	-20%	
(ix)	Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.32	0.40	-20%	
(x)	Return on Investment	Interest (Finance Income)	Investment	0.13	0.11	20%	

Variances above 25% are explained above.

This space is intentionally left blank




35 Other Statutory Information

- a The company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property
- b The company is not declared as wilful defaulter by any bank of financial institution or other lender
- c The company do not have any transactions with companies struck off.
- d The company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- e The company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- f There company has not provided any loans to directors or has investments made or given guarantees and securities in respect provisions of Section 185 and 186 of the Companies Act 2016.
- g As part of the normal business, the Company obtains borrowings from its holding company and invests in alternative investment fund managed by the Company. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Company's normal investment activities / business, which is conducted after exercising proper due diligence including adherence to terms of Private Placement memorandum of respective AIFs and other guidelines.
Other than the nature of transactions described above,
i) No funds have been advanced or loans or invested by the Company to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company ("Ultimate beneficiaries")
ii) The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- h) The company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

36 Previous year's figures

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable. Previous year's figures have been audited by predecessor auditor.

As per our report of even date attached
for S.R.Balliboi & Associates LLP
Chartered Accountants
ICAI Firm's Registration No. 101049W/E300004


per Bharath N S
Partner
Membership No. 210934



for and on behalf of the Board of Directors of
Northern Arc Investment Managers Private Limited
CIN: U74120TN2014PTC095064


Ashish Mehrotra
Director
DIN:07277318


Kalyanasundaram C
Chief Financial Officer

Place : Chennai
Date : May 5, 2022


Kshama Fernandes
Director
DIN:02539429


Nrihya Murali Ganam
Company Secretary
Membership No. 38778


Ravi Vukkadala
Chief Executive Officer



Place : Chennai
Date : May 5, 2022