


**NORTHERN
ARC**



NORTHERN ARC CAPITAL LIMITED
ANNUAL REPORT 2024-25



In this report

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Chairman's Message

Dear Shareholders,

It is with great pleasure and pride that Northern Arc presents the Annual Report for FY 2024-25. This year has been a transformative period for the Company, marking its first full financial year as a listed entity — This year marked a transformative period for the Company, being its first full financial year as a listed entity — a milestone that signified market acceptance, enhanced public perception of Northern Arc and underscored the Company's responsibility to deliver sustained value, generate financial returns and uphold shareholder trust.

Economic Overview

In FY 2024-25, the Indian economy navigated a complex landscape shaped by both opportunities and challenges:

- ▶ **Monsoon variability and food inflation:** Unpredictable rainfall patterns and volatility in food prices exerted pressure on rural incomes and inflation management.
- ▶ **Global headwinds:** Slowing global growth, elevated energy prices, and geopolitical tensions weighed on export demand and investment flows.
- ▶ **Tight monetary conditions:** Elevated global interest rates impacted domestic liquidity and increased borrowing costs, creating a cautious lending environment and impacting credit flow to both retail individuals and MSMEs.
- ▶ **Slowdown in retail credit markets:** Retail credit growth decelerated from 18.0% YoY growth in FY 2023-24 to 13.9% in FY 2024-25.
- ▶ **Rising delinquencies:** FY 2024-25 also witnessed a rise in delinquencies, particularly in the consumer finance and MFI sectors. As a result, banks and NBFCs adopted a more risk-averse stance, focusing on asset quality over growth, despite multiple rate reductions by the RBI.

Amidst these challenges, India overtook Japan to become the world's 4th largest economy, behind only the United States, China and Germany. India's real GDP grew by 6.5% in FY 2024-25 to INR 188 trillion, supported by government-led infrastructure investments, resilient services exports, and accommodative monetary policy.

Government-led reforms across physical infrastructure, digital platforms, and financial inclusion have laid the foundation for a more equitable and connected economy. In this context, NBFCs like Northern Arc played a critical role, bridging credit gaps, innovating financial delivery, and reaching the last mile. In FY 2024-25, Northern Arc surpassed INR 2 trillion in cumulative volumes since inception and positively impacted over 118 million lives, reaffirming its role as a vital enabler of inclusive growth and economic progress.

Company Performance

In FY 2024-25, Northern Arc faced several macro and sectoral headwinds - including stress in the MFI sector, heightened regulatory scrutiny and tightening liquidity conditions. Despite these, Northern Arc remained steadfast in its commitment to addressing the credit needs of underserved households and businesses across India.

The Company continued to expand its footprint and strengthen its product suite, delivering consistent growth across business segments. This was made possible through a strong balance sheet, built on prudent risk management, robust provisioning, healthy capital reserves, sound asset-liability management, and an unwavering focus on governance and compliance.

Growth during the year was driven by a strategic emphasis on customer-centricity, portfolio granularity, tech-led innovation, and

disciplined cost control. Guided by agility, innovation, and a strong sense of purpose, Northern Arc continued to make meaningful strides towards building a more inclusive and sustainable financial ecosystem.

Corporate Governance

Strong governance lies at the core of Northern Arc's institutional ethos. Guided by an experienced and independent Board, the Company has maintained a disciplined approach to strategy, compliance, and ethics. Northern Arc's governance framework is anchored in transparency, accountability, and a robust risk management culture. Backed by a well-capitalised balance sheet and proactive asset-liability management, Northern Arc ensures resilience even as it pursues growth. As the Company evolves, it remains committed to continuously raising the bar on governance standards and deepening risk capabilities to protect and create value for all stakeholders.

Commitment to ESG and CSR

At Northern Arc, ESG and CSR are not peripheral activities—they are embedded in the fabric of its purpose. Sustainable development and social responsibility are viewed as powerful enablers of long-term impact and stakeholder value. By facilitating efficient access to debt finance for underserved households and enterprises, Northern Arc's work contributes meaningfully to nine of the 17 UN Sustainable Development Goals (UNSDGs), reaffirming its role in advancing financial inclusion as a national and global priority. Through collaborative efforts with the Northern Arc Foundation on CSR to further Inclusive Growth, Northern Arc continues to deliver tangible impact across all states and union territories—supporting livelihoods, empowering communities, and driving inclusive progress.

Future Outlook

Looking ahead, the future presents a landscape rich with opportunity for the NBFC sector, driven by accelerating digital transformation, regulatory support, and rising credit demand from underserved markets. Northern Arc is well-positioned to capitalise on this momentum by scaling responsibly and deepening its presence across its three core segments - MSME, consumer finance, and rural finance, which together represent a significant share of India's growing credit needs. With its domain expertise, advanced technology platforms, comprehensive data infrastructure and extensive distribution network, the Company is strategically poised for growth and innovation centred around customer need. Its unwavering focus on risk management and commercial viability ensures that it continues to create sustainable impact at the grassroots level, while building an agile, future-ready organisation.

Northern Arc thanks all its stakeholders for their continued trust and support.

Best wishes,

PS Jayakumar
Chairman

Message from MD and CEO

Dear Shareholders,

FY 2024–25 was a defining chapter in Northern Arc’s journey, marked by resilience, strategic clarity and transformative progress. Despite a volatile operating environment, the Company advanced its mission through strategic scaling, granular outreach and digitisation. In doing so, it carved a path of growth that is innovative in its approach and sustainable in its impact, remaining focused on enabling financial inclusion. Reflecting on the year gone by, Northern Arc presents a comprehensive overview of the external environment, its business performance, and forward-looking strategy.



Industry Overview

FY 2024-25 proved to be a volatile year for the NBFC sector, marked by multiple macroeconomic, regulatory, and structural challenges, not only testing industry resilience but also reshaping strategic priorities across peers. Operating within the NBFC space, Northern Arc too faced its share of external pressures and internal disruptions.

- ▶ The RBI’s increase in risk weights on unsecured consumer credit tightened capital availability and affected portfolio returns. Retail credit growth slowed to ~14.0% YoY in FY 2024-25, down from ~18.0% in FY 2023-24, as lenders turned cautious and consumer sentiment remained muted.
- ▶ The RBI increased risk weights by 25.0% on banking exposures to scheduled banks and NBFCs, which were subsequently restored to 100.0% effective April 2025.
- ▶ RBI’s draft guidelines on Default Loss Guarantees (DLG) created temporary uncertainty, especially around Stage I and II loans, prompting accounting and computational changes in several fintech-NBFC partnership models.
- ▶ The microfinance sector experienced stress, driven by overleveraging trends across geographies and evolving regulatory scrutiny.

Northern Arc’s History

Northern Arc is a diversified financial services platform focused on serving the credit needs of underserved households and businesses across India. Since 2009, it has facilitated over INR 2 trillion in financing through a wide distribution network of 360 branches, 50+ digital and retail lending partners, 350 originator partners and 1,300+ investors, impacting over 118 million lives across 28 states, 7 union territories, and 680 districts. The Company operates through a dual-channel model Direct to customer and credit solutions to originator partners to address key credit gaps in India with a focus on inclusion, scale and sustainability.

The Company remains deeply grateful to its passionate and committed team, whose belief in the Company’s vision and relentless efforts have laid the foundation to propel the organisation toward its future aspirations.

Business Overview

FY 2024–25 was a landmark year in Northern Arc’s growth journey, marked by key milestones that reinforced its strong market position. Northern Arc secured an equity infusion of INR 382 crore from IFC and other marquee investors, followed by a successful Initial Public Offering in September 2024, raising INR 777 crore, including INR 500 crore of primary capital. These fundraises reflect strong investor confidence in the Company’s business model, growth strategy and corporate governance, while providing adequate capital to fuel growth over the next 2–3 years.

Northern Arc has remained committed to serving the diverse retail credit requirements of underserved households and businesses across India. The Company’s dual-channel approach includes: a) lending directly to the customers (D2C) across core sectors such as MSMEs, consumer finance and rural finance; and b) offering credit solutions to originator partners (NBFCs) through performing credit funds (“fund management”), structured debt placements (“placements”), balance sheet lending (“intermediate retail lending”) and SaaS offerings. This enables Northern Arc to build a differentiated and comprehensive play across India’s retail credit ecosystem.

Northern Arc’s diversified business model provides it with the flexibility to dynamically adjust sectoral or customer segment exposures, allowing to scale efficiently in response to emerging opportunities or challenges in the market. With risk management at the core, the Company continues to emphasise proactive risk monitoring and strong collections, helping mitigate stress by both arresting flows and enhancing recoveries.

Northern Arc has navigated multiple credit cycles over the past 16 years, including demonetisation, the NBFC crises, the COVID-19 pandemic and recent MFI sector headwinds - while maintaining consistent profitability. This track record highlights the resilience of Northern Arc’s business model, backed by prudent risk practices and sound governance. It has enabled Northern Arc to consistently deliver top-quartile performance, regardless of external challenges.

At the heart of the Company’s strategy is a high-performing team with deep sectoral expertise, a robust set of risk policies and mature risk frameworks implemented effectively across the business. These capabilities form the bedrock of Northern Arc’s focus on managing risk-adjusted returns.

A key differentiator of Northern Arc’s growth and overall strategy is its strong technology and data analytics capabilities.

The Company has built strong proprietary technology platforms to enhance efficiency and scale across its operations. These include:

- ▶ **Nimbus** – a curated debt platform that enables the seamless flow of credit to Originator Partners.
- ▶ **nPOS** – provides on-lending and co-lending solutions.
- ▶ **NuScore** – the proprietary scorecard and analytics platform.
- ▶ **Altifi** – a retail distribution platform designed to democratise retail participation in the credit space.

Key Highlights

- ▶ **Strengthened capital base for future growth** - Raised INR 382 crore in a private round led by IFC and others, followed by INR 500 crore through IPO.
- ▶ **Robust AUM growth despite market headwinds** – AUM grew 16.0% YoY, rising from INR 11,710 crore (March 2024) to INR 13,634 crore (March 2025).

- ▶ **Retail mix sustained through focused execution** – D2C mix rose to 52.0% (March 2025), serving 19.88 lakh customers across India.
- ▶ **Improved yields** – Yields improved by 14 bps from 16.8% in FY 2023-24 to 16.9% in FY 2024-25, driven by a favourable D2C portfolio mix.
- ▶ **Strong revenue growth with margin expansion** - Total income grew 23% YoY to INR 2,071 crore, led by volume growth, NIM expansion, and fee-based income.
- ▶ **Balanced network expansion with cost optimisation** Opened 57 MSME and MFI branches, consolidated 13 unproductive MFI branches, closing FY 2024-25 with 360 locations. Sharper focus on cost efficiency led to a 39 bps drop in operating expenses (as a percentage of average total assets), down from 4.0% to 3.6%.
- ▶ **Pre-provision operating profit (PPOP)** - PPOP grew 46.0% YoY to INR 791 crore in FY 2024-25 from INR 543 crore in FY 2023-24.
- ▶ **Profit after tax (PAT)** – PAT for FY 2024-25 stood at INR 305 crore vs INR 308 crore in FY 2023-24, with ROA at 2.4% and ROE of 10.0%. The flat YoY PAT was driven by two exceptional items:
 - ▶ A one-time provision was made in accordance with the RBI's directive to exclude credit enhancements in ECL calculation under FLDG arrangements. Of the total exclusion amounting to INR 80 crore, the Company recorded INR 68 crore in Q4 of FY 2024–25.
 - ▶ A management overlay of INR 51 crore in Q4 FY 2024-25 on an intermediate retail exposure, reflecting the Company's proactive approach to safeguarding balance sheet strength.

Excluding the FDLG related provision, the net profit for the year would have stood at INR 356 crore, representing a 15.4% YoY increase compared to FY 2023–24.

Northern Arc's ability to navigate FY 2024-25 effectively was a result of several measured strategic moves, including recalibrating its exposure to the microfinance sector, adopting a measured approach to MSME growth, and leveraging the growth potential in consumer finance. These decisions, underpinned by a robust risk management framework, allowed Northern Arc to manage sectoral shifts dynamically while staying focused on high-quality, sustainable growth.

Looking Ahead

In line with Northern Arc's long-term strategy, it aims to scale the D2C business across the three sectors namely MSME, Consumer Finance and Rural Finance. Over the past 4 years, Northern Arc has built a strong foundation growing the D2C assets from INR 986 crore

in FY21 to INR 7,064 crore in FY25 (64.0% CAGR). Northern Arc's continued focus on growing the segment by going deep in existing geographies and slowly expanding its wings to newer geographies is a testament of the Company's strategy "Test – Validate – Scale".

In the credit solution business, Northern Arc remains focused on building a strong credit ecosystem, facilitating capital flows for originator partners through fund management, placements, balance sheet lending and SaaS solutions.

This holistic presence across India's credit landscape positions Northern Arc to achieve 20.0%–25.0% annual AUM growth over the next three years, while delivering improved profitability and return metrics.

Northern Arc strongly believes that its experienced management team, along with the guidance of its board, will steer the Company to its next phase of growth. Northern Arc expects over 70.0% of its portfolio to comprise granular retail loans, with MSME as the largest segment, followed by consumer and rural finance. Furthermore, the Company's fee-generating businesses - fund management and placements, will contribute to ROA expansion by providing sticky fee income. This, in turn, will improve Northern Arc's return profile through enhanced net interest margins and operating efficiency, driving superior risk-adjusted returns.

Acknowledgement

The Management extends its heartfelt thanks to all Northern Arc's stakeholders—clients, employees, and shareholders—for their continued trust and support. Together, Northern Arc can help create a dynamic, resilient, inclusive, and equitable society.

Northern Arc also expresses deep appreciation to its board members for their guidance and to its colleagues for their dedication and contributions, which have played a key role in positioning the Company among India's leading financial institutions.

Regards,

Ashish Mehrotra
Managing Director and
Chief Executive Officer
(MD & CEO)



Northern Arc's Expanding Reach Across Diverse Landscapes

Northern Arc continues to grow its presence across India, reaffirming its commitment to empowering underserved communities and promoting financial inclusion nationwide. With a deep understanding of diverse regional needs, the Company leverages its expanding network to deliver tailored financial solutions to millions across the country.

♦ Strengthening Distribution Network

360 Own
Branches

Core to Our Presence
in Diverse Regions

54 Retail
Lending Partners

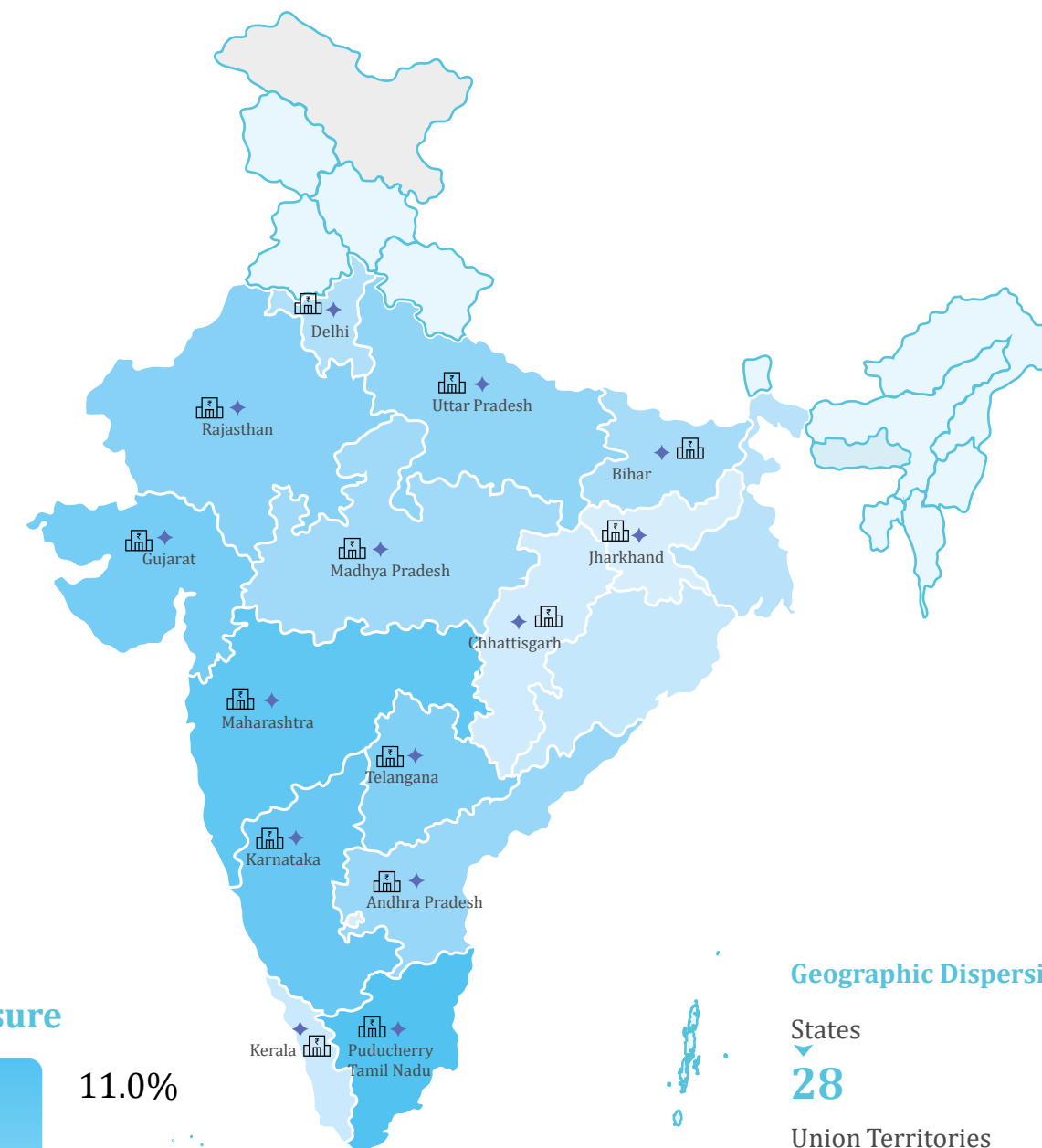
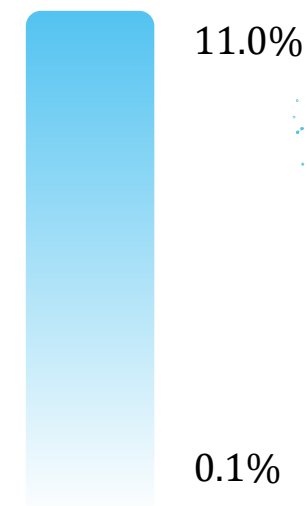
Enhancing Reach to
Underserved Areas

♦ Sustainable and Inclusive Business Model

Bridging Regional
Gaps with
a Broad Network

Committed to
Inclusive Growth and
Financial Empowerment

Exposure



Geographic Dispersion*

States

28

Union Territories

7

Districts

680

*Spread of AUM (direct and indirect)

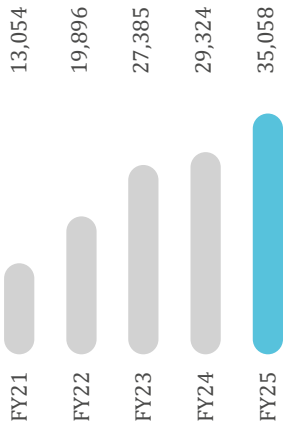
Represents states and UT where
Northern Arc has a branch presence

Northern Arc's Performance

Business

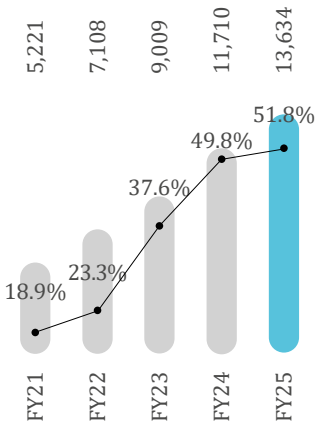
Gross Transaction
volume*
(INR cr)

28.0%
CAGR



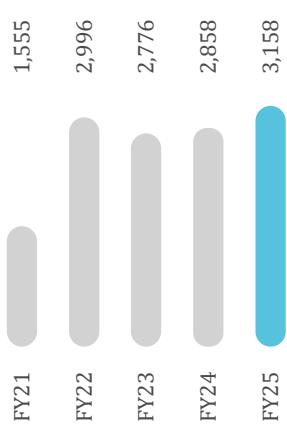
AUM & D2C Mix %
(INR cr)

27.1%
CAGR



Fund AUM
(INR cr)

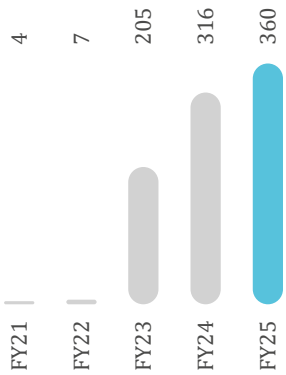
19.4%
CAGR



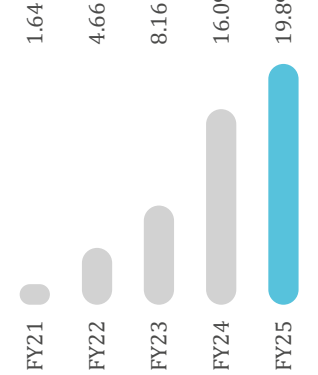
*Gross transaction value consist of disbursements in D2C and credit solutions segment + placement volumes + fund deployments

Network

Branches
(in numbers)

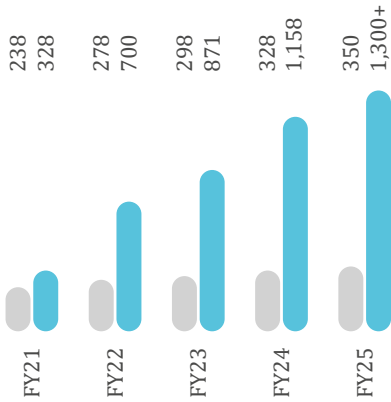


D2C customers
(in lakhs)



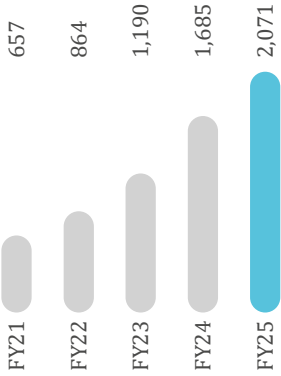
Credit Solution Ecosystem
(in Nos.)

● Cumulative Originator Partners
● Cumulative Investor Partners

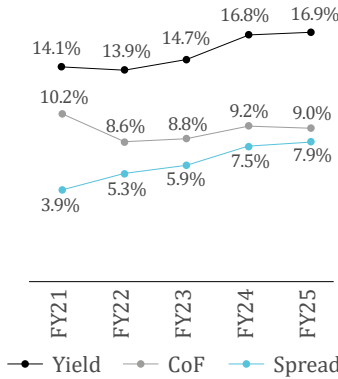


Total Income
(INR cr)

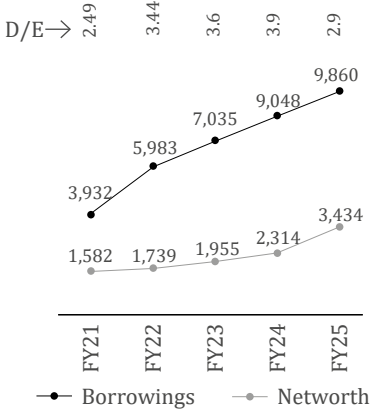
33.3%
CAGR



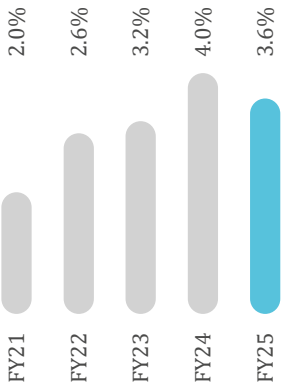
Yield & CoF & Spreads



Borrowings & Networth & D/E



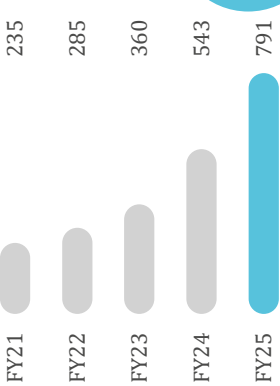
Operating Expense %*



*as a % of quarterly average total assets

PPOP
(INR cr)

35.4%
CAGR

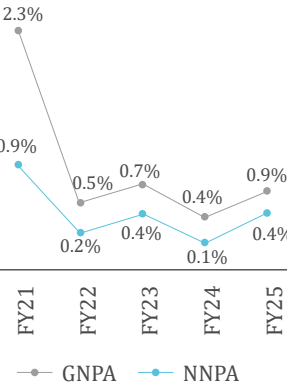


Credit cost %*



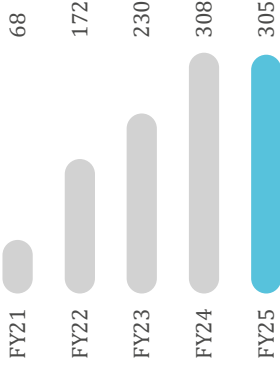
*% of quarterly average total assets

GNPA & NNPA
(in %)

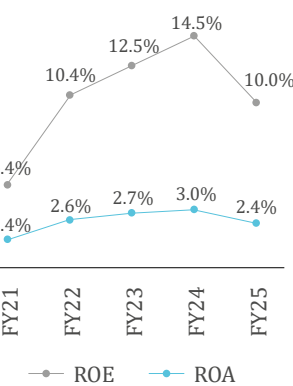


PAT
(INR cr)

45.7%
CAGR



ROA & ROE
(in %)



*Raised INR 882 crore in FY 2024-25

Northern Arc at a Glance

Building India's Retail Credit Ecosystem

Northern Arc is a distinctive financial services platform dedicated to financing India's retail credit market across MSME, consumer finance and rural finance sectors. Valued at INR 82 trillion in FY 2024-25, India's retail credit market grew at a CAGR of 15% between FY 2017-18 and FY 2024-25. Northern Arc addresses this opportunity through a dual-channel approach (D2C and credit solutions) and a strong technology-led model. Over the years, Northern Arc has developed a robust risk management framework that has helped the Company stay resilient across multiple credit cycles.



Our Mission

To enable access to finance for the underbanked in an efficient, scalable and reliable manner.



Our Beliefs

- ▶ Unstinted commitment to our sectors, clients, investors and the nation.
- ▶ Leading, through the creation of knowledge and expertise in the space we operate in.
- ▶ Using innovation as a tool to develop new products and processes for creating investment opportunities.
- ▶ Understanding risks and pricing them fairly.
- ▶ Skin-in-the-game and long-term incentivising as a means of building a stable platform for access to finance.
- ▶ Long-term growth and profitability as important ingredients for scalability.



Our Values

Ethical

We adhere to a shared code of ethics and high standards of professional conduct.

Responsive

We are nimble and quick to adapt, learning and evolving as we go.

Innovative

We push the frontiers of finance through knowledge and innovation.

Empathetic

We understand the needs of our stakeholders and are aligned with them.

Resolute

We are unwavering in our commitments and stand by them.



Northern Arc's Dual Engines of Growth

Northern Arc's operational model is built on two pillars — Direct-to-Customer Lending and Credit Solutions. Each channel is tailored to address specific credit gaps in the Indian financial landscape, while jointly advancing its mission of inclusive, scalable and sustainable financing.



Catalysing Progress, Delivering Impact

Dual Growth Engines

Direct to Customer Lending

~2 Mn customers
Customers

360
Branches

54
Retail lending partners

INR 7,064 crore
Lending-AUM

Credit Solutions

INR 1.7 Tn+
Credit enabled

350
Originator Partners

1,300+
Investors

Sectors

- MSME
- Consumer Finance
- Rural Finance

Channels

- Own Branches
- Partnership Based Lending

Solutions across focus sectors

- Fund Management- AUM INR 3,158 crore
- Placements-Volumes INR 12,393 crore
- Lending-AUM INR 6,570 crore
- SaaS Offerings

SaaS offerings

Direct-to-Customer (D2C) Lending

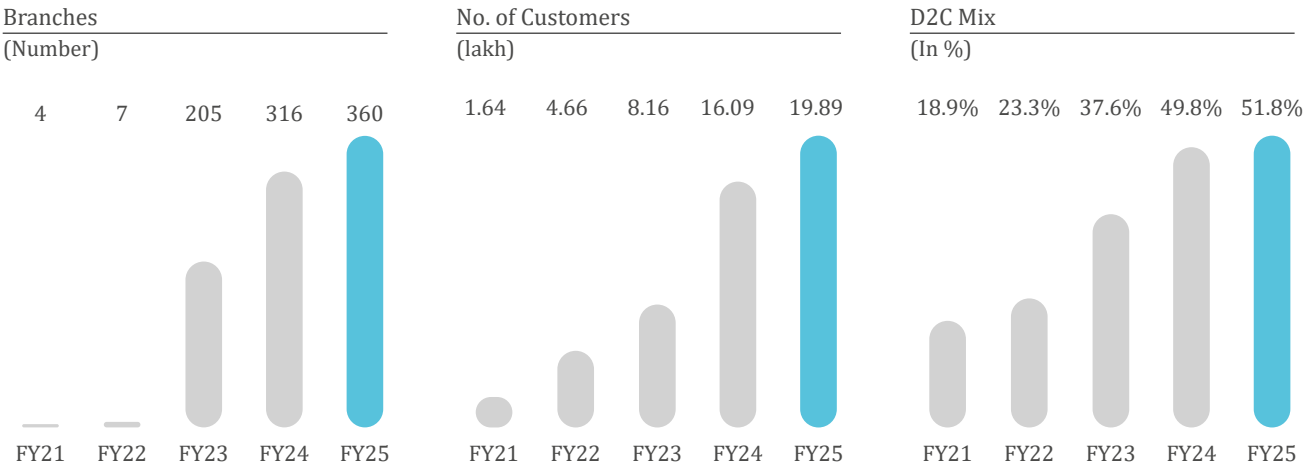
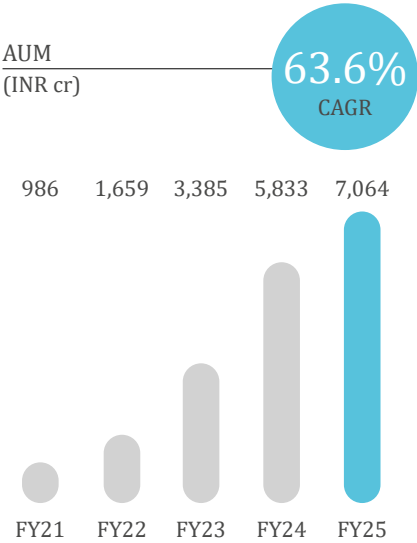
In the D2C segment, the Company adopts a blended model of own branches and partnerships with digital and retail lending partners to maximise customer outreach. Northern Arc’s omnichannel distribution strategy across core sectors has been pivotal in scaling the D2C portfolio from INR 986 crore in March 2021 to INR 7,064 crore in March 2025, reflecting a remarkable CAGR of 63.6%. As a result, the D2C segment now contributes 51.8% of Northern Arc’s AUM, up from 18.9 in March 2021 - underscoring the Company’s strategic shift towards a more granular and customer-centric portfolio.

This growth has been driven by the following key enablers:

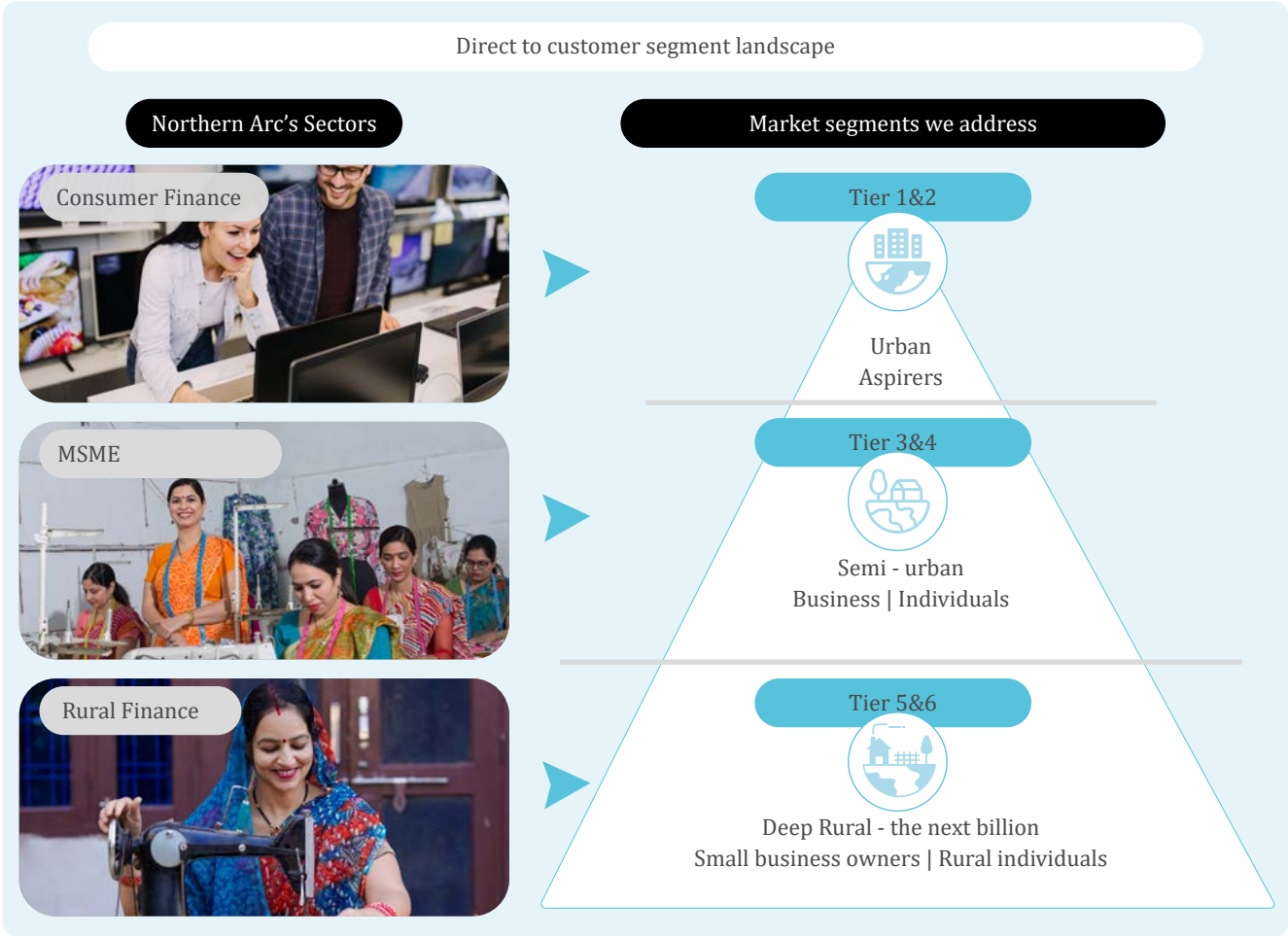
- Comprehensive MSME portfolio spanning the entire value chain, offering secured LAP, working capital facilities, Supply Chain Financing (SCF) and unsecured business loans through retail lending partners.
- Digital tie-ups and retail lending partnership network, designed to enhance accessibility to consumer finance.

- An extensive rural lending distribution network aimed at improving financial accessibility for rural consumer.
 - Significant customer base growth, with D2C customers reaching 2 Mn by FY 2024-25.
- These initiatives have collectively strengthened Northern Arc’s presence in underserved markets and reaffirmed its commitment to sustainable and inclusive growth.

Following is the performance of Northern Arc’s D2C segment



The D2C channel serves three core sectors: MSME, Consumer Finance and Rural Finance. Following is Northern Arc’s target customer landscape:



D2C Segment: A Deep Dive

MSME Lending



Micro, small, and medium enterprises (MSMEs) are the backbone of India's economy, contributing approximately 29.0% to the nation's GDP and employing over 278 million people. Despite their significant role, many MSMEs face challenges in accessing organised capital, resulting in an estimated credit gap of around INR 117 trillion in the sector.

Northern Arc's MSME Lending Business

MSMEs form a substantial part of India's GDP and employment base, yet they continue to be underserved by formal credit systems due to the diverse and dynamic nature of their requirements. To address this gap, Northern Arc has developed a comprehensive MSME product suite tailored to meet the varying needs of the sector. Over the past four years, Northern Arc has expanded its MSME portfolio to include a blend of secured LAP, supply chain finance, working capital loans, and unsecured business loans, designed to support evolving business needs.

Secured LAP:

- ▶ The Company commenced its secured LAP offering in FY 2022-23 and currently operates across 69 branches in 7 states, supported by a team of 550+ employees.
- ▶ It offers secured LAP with an average ticket size of INR 11 lakh, at interest rates ranging from 16.0% to 24.0%, primarily serving self-employed customers.

As of March 31, 2025, the LAP portfolio comprised approximately 9,800 customers with an AUM of INR 1,120 crore. The Company primarily extends credit to borrowers with CIBIL scores of 650 and above, maintaining a prudent Loan-to-Value (LTV) ratio of 50.0-60.0% and a Fixed Obligation to Income Ratio (FOIR) capped at 50.0%.

Supply Chain Finance (SCF) and Mid-Market Loans:

In its endeavour to build a full-scale MSME stack, Northern Arc also provides supply chain finance and business loans to mid-size enterprises.

- ▶ Northern Arc's SCF ecosystem spans suppliers and vendors on the procurement side, as well as buyers, distributors and dealers on the sales side enabling seamless financing across value chain. As of March 31, 2025, SCF AUM stood at INR 228 crore across 30 customers, reflecting a 112.4% YoY growth from INR 107 crore as on March 31, 2024. This portfolio is well diversified across businesses such as agriculture, logistics, metals, manufacturing, textiles, retail and other industries.
- ▶ Northern Arc also offers business loans to mid-sized enterprises under its mid-market loan segment. This segment also helps build a pipeline of investment opportunities for Northern Arc's fund business. Through the Emerging Corporate Bond Fund, Northern Arc invests in these mid-sized enterprises. As of March 31, 2025, the mid-market loan portfolio had an AUM of INR 249 crore.

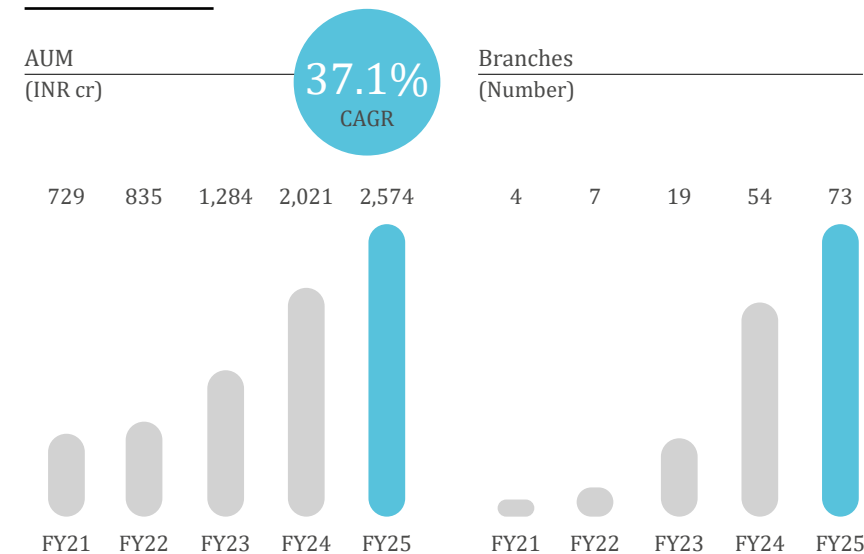


Loans through Retail Lending Partners:

Northern Arc also offers unsecured business loans to MSMEs through its network of retail lending partners under the First-Loss Default Guarantee (FLDG) model. As of March 31, 2025, this portfolio has grown at a healthy CAGR of 29.5%, with AUM rising from INR 292 crore to INR 822 crore. We make net yield (adjusted for credit cost) in the range of 15.0%-17.0%

Northern Arc's total MSME portfolio has grown from INR 729 crore in FY 2020-21 to INR 2,574 crore in FY 2024-25, reflecting a robust four-year CAGR of 37.1%. The Company sees strong growth potential in the MSME sector and is well-positioned to be a key driver of India's economic expansion. Going forward, Northern Arc expects its MSME AUM to grow by more than 30.0%.

Following is the performance of Northern Arc's D2C MSME segment



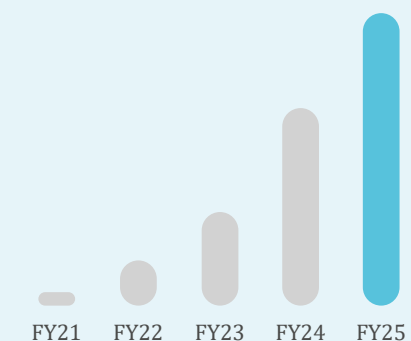
Consumer Finance

Following is the performance of Northern Arc's D2C Consumer finance segment

AUM
(INR cr)

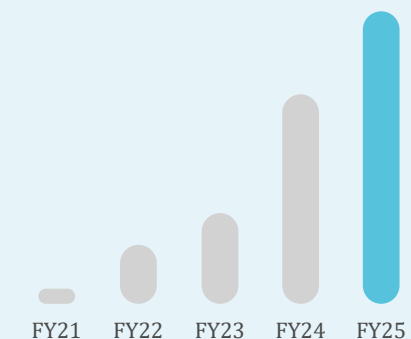
119.5%
CAGR

146 523 1,091 2,300 3,390



Customers
(lakh)

0.80 3.04 4.57 10.45 14.58



India's evolving consumption patterns have led to a heightened demand for credit, prompting us to collaborate with fintech firms and NBFCs to deliver tailored financial solutions to end customers.

The Company serves urban customers through digital tie-ups and retail lending partners under an FLDG model. The product suite includes personal loans, vehicle finance, etc. The ticket size of these loans ranges from INR 50,000 to INR 5,00,000 and these loans are provided for a tenure of 12-48 Months. We make net yield (adjusted for credit cost) in the range of 15.0%-18.0%. As of now, around 14 lakh customers are covered under this model.

This book has grown multi-fold at a four-year CAGR of 119.5% between FY 2020-21 and FY 2024-25, reaching an AUM of INR 3,390 crore.

Rural Finance

Northern Arc entered rural finance segment, with a focus on providing small-ticket loans to underserved rural and semi-urban areas.

The Product Characteristics

- ✦ Tailored specifically for rural borrowers
- ✦ Loan ticket size ranges from INR 50,000 to INR 75,000
- ✦ Coupon rate of 24.9%

Operational Highlights (as of March 2025)

- ✦ Operating through 287 branches
- ✦ Presence across 8 states and 1 union territory
- ✦ Serving over 0.4 million customers

Leveraging its deep domain expertise and experience across multiple credit cycles, Northern Arc responded proactively to emerging stress in the rural finance segment, arising from over-leveraging, socio-political disruptions, regional delinquencies, and

operational challenges. As a result, the Company strategically reduced its rural finance exposure by 27.2% year-on-year to INR 1,100 crore in FY 2024-25.

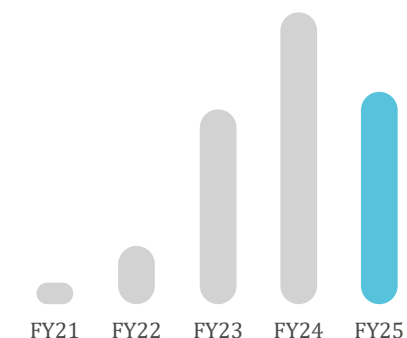
In line with the strengthened guardrails introduced by industry self-regulatory bodies, MFIN and Sa-Dhan, Northern Arc has institutionalised robust processes to ensure full compliance. These measures aim to reinforce credit discipline and contribute to the long-term stability of the rural finance ecosystem.

Following is the performance of Northern Arc's rural finance segment

AUM
(INR cr)

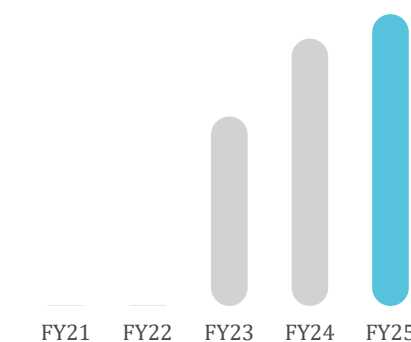
77.6%
CAGR

111 302 1,010 1,512 1,100



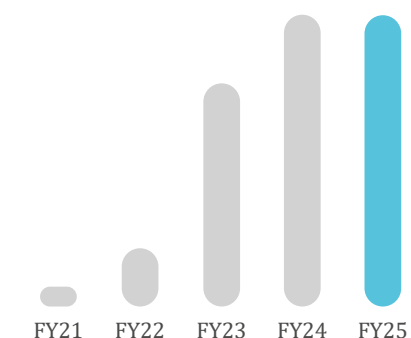
Branches
(Number)

- - 186 262 287



Customers
(in lakh)

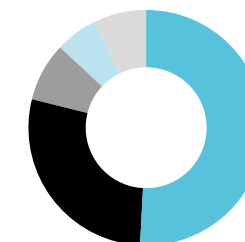
0.38 1.20 3.47 5.41 4.89



Portfolio cuts of Northern Arc's rural finance business's AUM

AUM Mix by State

Tamil Nadu	51.0%
Karnataka	28.0%
Bihar	8.0%
UP	6.0%
Others	7.0%



AUM Mix by repeat customer

1st time customer	26.0%
Repeat customer	74.0%



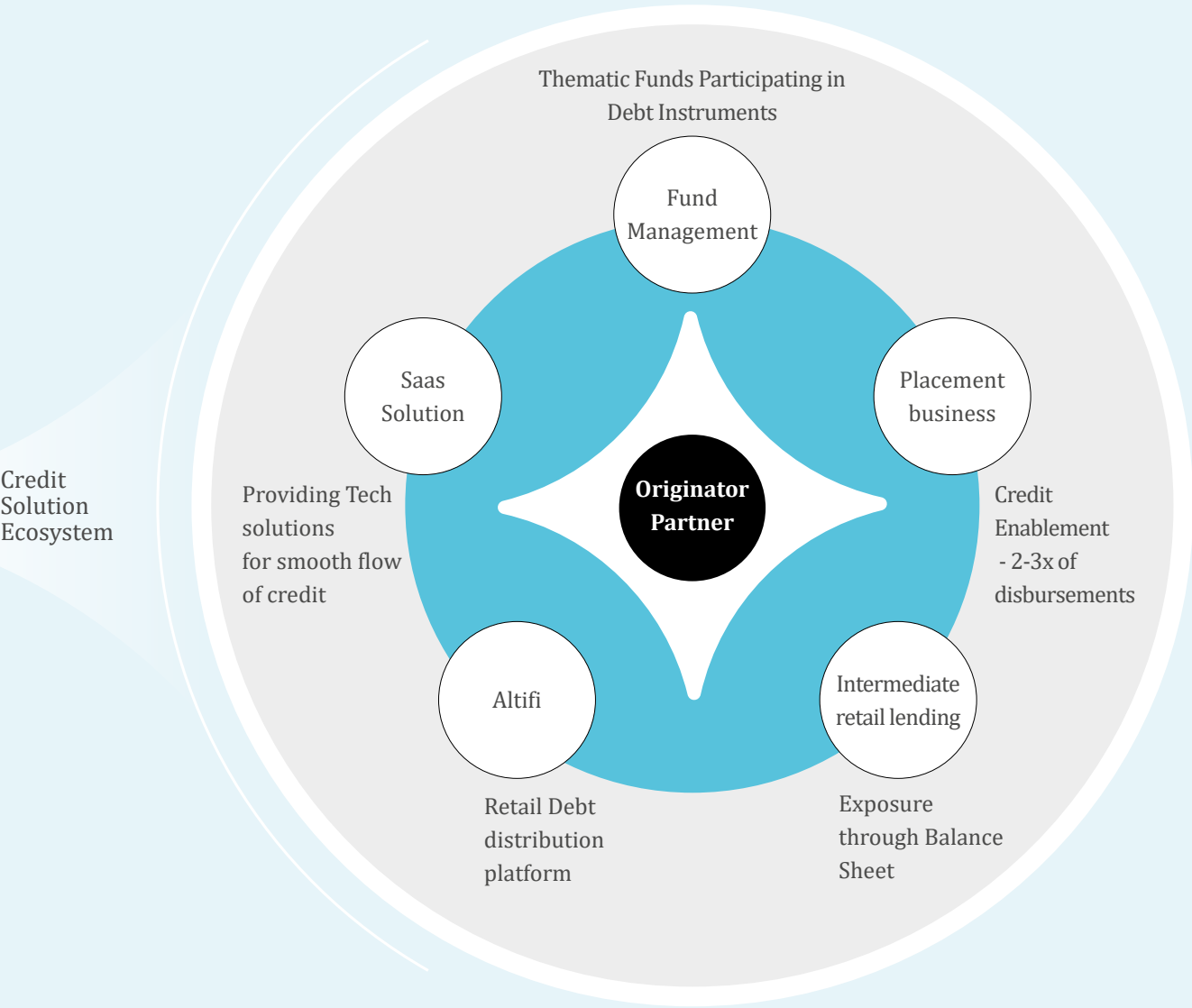
The rural segments remain pivotal to Northern Arc's strategy. It will continue to strategically dial up or dial down exposure in rural finance sector based on prevailing opportunities and stress levels.

Credit Solutions

Strategic Solutions, Sustainable Returns

Credit Solutions to Originator Partners

Beyond D2C, the Company plays a pivotal role as an ecosystem enabler, collaborating with 350 originator partners (financial institutions) and more than 1,300 investors to deliver comprehensive financial solutions. Northern Arc’s credit solution includes:



Credit Solution Business Deep Dive

Fund Management (Performing Credit Funds)

The fund management business complements the credit solutions segment by selectively investing in financial institutions and corporates that align with the thematic criteria of the funds. Northern Arc has a strong fiduciary track record, with all funds structured as clean, performing credit vehicles—without carry structures—to optimise investor returns. These funds typically feature amortising NCDs supporting better risk management.

Over the years, the Company has managed 12 category 2 AIF funds and 3 PMS schemes, deployed more than INR 12,000 and with over 1,000 unique investors. It has also closed six funds, all of which have delivered ahead of target returns.

During the year, Northern Arc Income Builder Trust (Series II) matured in September 2024, delivering a return of 14.1% to investors.

The following are the details of the matured funds:

Names	Year of Launch	Fund tenor (Year)	Fund size (INR cr)	Target	Actual
IFMR Fimpact Long Term Multi Asset Class Fund	2015	6	388	14.5%	15.1%
IFMR Fimpact Medium Term Micro Finance Fund	2016	4	99	13.5%	15.2%
IFMR Fimpact Medium Term Opportunities Fund	2017	5	286	13.5%	14.2%
IFMR Fimpact Income Builder Fund	2018	4	170	13.5%	13.7%
IFMR Fimpact Investment Fund	2020	5	100	15.0%	17.1%
Northern Arc Income Builder Trust (Series II)	2020	4	350	13.4%	14.1%

As of 31 March 2025, Northern Arc’s fund management AUM stood at INR 3,158 crore across six performing credit funds, (comprising five closed-ended funds, one open-ended fund), and both DPMS and NDPMS structures.

Placement Business

Northern Arc enables financial institutions and corporates to raise capital from a diverse base of investors including Goldman Sachs, DCB Bank, SBI, Citi bank etc. Over the past five years, for every INR 1 disbursed, Northern Arc has facilitated INR 2 in placements for its originator partners, effectively supporting its credit requirements. Since inception, the Company has facilitated debt transactions totalling **INR 1,14,297 crore**, from NBFCs, banks, DFIs, foreign banks, offshore funds and others.

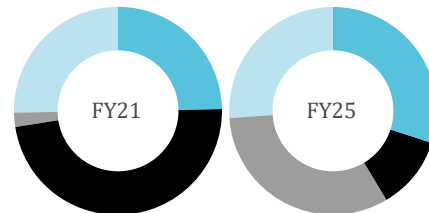
In FY 2024-25, Northern Arc executed placements worth **INR 12,393 crore**. This represents a 5.4% year-on-year increase in

placement volumes, despite a nearly 70.0% decline in MFI volumes due to sector-wide stress in the microfinance industry.

The following is a sector-wise volume summary

AUM Mix by State
(INR cr)

	FY21	FY25	4Y CAGR
MSME	1,938	3,907	19.2%
MFI	3,745	1,423	-21.5%
Consumer Finance	169	4,022	121.0%
Others	1,972	3,041	11.4%
Total	7,823	12,393	12.0%

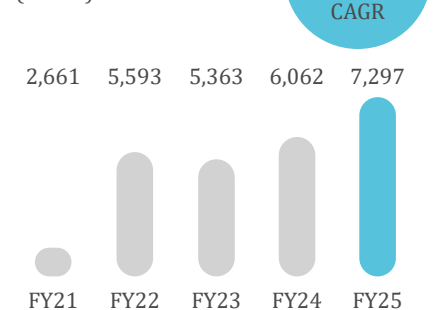


Intermediate Retail lending

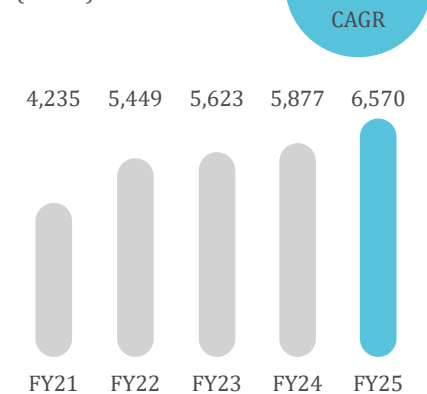
Northern Arc directly funds its originator partners through its own balance sheet by providing loans and investing in debt instruments issued by them, thereby supporting its on-lending activities. The retail pool generated through these funds are collateralised with Northern Arc as security. Northern Arc keeps security cover of retail pool equivalent to 110.0%-120.0%. The product suite includes term loans, Non-Convertible Debentures (NCDs), Commercial Papers (CPs), securitisation, and assignment of receivables.

The Company primarily lends to originators operating in the MSME, consumer finance, and rural finance sectors. Northern Arc's portfolio is well-diversified across sectors, enabling dynamic allocation and rebalancing of exposures based on prevailing market conditions. These loans are extended at an average yield of ~13.0%-13.5%

Disbursements
(INR cr)



AUM
(INR cr)

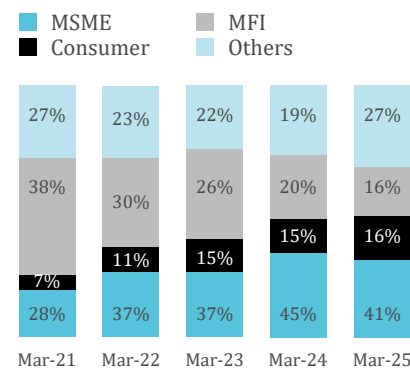


Portfolio mix basis external rating
(% of IR AUM)

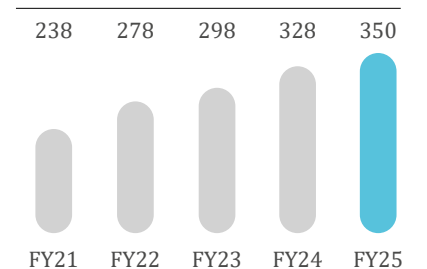
A+ & above	12.3%
A	9.0%
A-	10.0%
BBB+	16.0%
BBB	24.0%
BBB-	12.0%
Others	15.7%



Historical sector-wise portfolio mix:



Cumulative no. of originator partners



This lending capability works synergistically with fund management, Placement business and SaaS offerings, creating a 'butterfly effect' that amplifies both impact and returns across the ecosystem.

Earlier, the intermediate retail portfolio had higher exposure to subordinated and unsecured instruments, with limited granularity and concentrated positions.

Currently, Northern Arc is actively de-risking the portfolio by increasing asset granularity, reducing subordinated exposures, improving collateral quality, and enhancing sectoral diversification. This includes a deliberate shift towards secured instruments such as PTCs and NCDs.

Going forward, the strategy is to continue building a more granular and secure

portfolio, prioritising senior debt and maintaining strong credit quality without compromising on spreads. This approach enhances Northern Arc's portfolio's resilience, enabling it to absorb credit shocks and adapt effectively across economic cycles.

Altifi

"Digital Bond investment platform"

To bridge the gap in access to alternative debt investments, Northern Arc launched Altifi—a digital platform that provides retail investors, HNIs, and small corporates with access to fixed-income products, such as bonds, securitised assets, and AIF units, which were traditionally limited to institutional investors.

Initially focused on corporate bonds linked to Northern Arc's originator partners, Altifi has evolved into a full-scale platform following the licensing and integration of OBPP with the BSE and NSE RFQ platforms. In FY 2024-25, Altifi scaled to **over 45,000 registered users** and facilitated transactions worth **INR 303 crore**.



SaaS Solutions

Northern Arc believes that, to undertake business effectively and efficiently, the Company needs to invest in building in data and technology infrastructure. To that end, the Company has consistently invested in developing proprietary digital platforms:

Nimbus: "Enabling flow of credit to originator partners"

Northern Arc's proprietary integrated technology platform, Nimbus, is a curated debt platform that enables flow of credit to originator partners, either through balance sheet or via investor partners. Nimbus enables end-to-end processing of debt transactions, from loan application, credit evaluation, generation of legal documentation, to transaction execution and closure. The platform offers users distinct advantages such as scale, precision, transparency and improved turnaround times. It also facilitates seamless information exchange between originator and investor partners, enabling deal tracking, execution and performance monitoring, delivering a full-stack solution from origination to closure.



nPOS: "Tech stack to support on-lending and co-lending"

A technology stack that supports on-lending and co-lending between originators and partners. It is a cloud-native, API-first infrastructure that ensures seamless integration with partner systems. Through this platform, partners can initiate, underwrite, disburse, and service loans in real time with minimal manual intervention. The nPOS architecture enables Straight-Through Processing (STP), supporting the entire loan lifecycle and powering fully digital customer experiences. In FY 2024-25, nPOS facilitated disbursements exceeding **INR 10,000 crore**, reflecting its strong scalability and adoption potential.

In addition to powering its own co-lending operations, Northern Arc has begun offering nPOS to other financial institutions. In FY 2024-25, South Indian Bank partnered with Northern Arc to use the nPOS platform, resulting in co-lending volumes of **INR 761 crore**.



NuScore: "Machine learning based underwriting algo"

NuScore is Northern Arc's proprietary machine learning-based underwriting algorithm aimed at supporting financial institutions in its underwriting process. Highly customisable, NuScore is offered as an analytics-as-a-service product. Deployed as a cloud-based API-enabled solution, NuScore provides real-time, data-backed risk assessments of loans. It delivers insights into borrower behaviour and portfolio risk trends, enhancing data-driven decision-making and portfolio optimisation. Commercially launched in FY 2022-23, NuScore processed over 2.5 lakh loan assessment requests during FY 2024-25 from financial institutions live with the platform.



A photograph of a man with a mustache, wearing a light-colored kurta and a pink shawl, carrying a young girl on his shoulders. The girl is wearing a yellow shirt and a colorful striped shawl with a red bow. They are both smiling and looking towards the right. The background is a blurred wooden structure. The image is partially covered by a blue diagonal overlay on the right side.

A Focus on Sustainability: Environmental, Social and Governance (ESG)

At Northern Arc Capital, ESG outcomes, awareness and sensitivity are central to how Northern Arc operates, grows and measures its success. As a mission-driven financial services platform, Northern Arc is committed to building a resilient and equitable future by embedding sustainability into the DNA of the organisation. ESG principles shape Northern Arc's decisions, define its responsibilities and illuminate its path forward.

Northern Arc's approach to ESG stems from a deep understanding that finance is a powerful enabler of transformation—social, environmental, and institutional. From bridging credit gaps in underserved regions to mobilising climate-smart investments and refraining from financing activities that negatively affect the environment and social wellbeing, and upholding rigorous governance standards, Northern Arc is setting a bold precedent for what responsible finance in the 21st century can look like.

Environmental Stewardship: Financing a Greener Tomorrow

As climate change continues to pose an existential threat to communities and economies worldwide, the call for sustainable finance has never been more urgent. Northern Arc recognises that the financial sector has a critical role to play in shaping a low-carbon, climate-resilient future. Northern Arc’s environmental strategy is rooted in the conviction that green growth is not only desirable but achievable—when backed by purposeful capital, progressive partnerships, and a long-term vision.

Northern Arc began its environmental journey with the issuance of its first Green Bond in 2018 which marked its foray into the world of climate-aligned finance and signaled its intent to lead by example. Building on this foundation, Northern Arc is dedicated to addressing the twin challenges of climate mitigation and adaptation. The journey continues and this year in furtherance of its continuing commitment to sustainable finance and climate resilience, Northern Arc Capital subscribed to the INR 50 crore Green Bond issued by Samunnati in December 2024, marking a significant step in promoting climate-smart agriculture in India. The proceeds from this bond are being deployed to support environmentally sustainable agriculture-value chains, directly benefiting smallholder farmers and rural communities by offering climate resilient crop varieties agro-forestry, green energy powered agricultural restoration etc. This investment underscores Northern Arc’s role in driving sustainable and inclusive growth through innovative financial instruments that align with the Company’s broader ESG objectives.

Capital is directed towards businesses actively addressing environmental challenges, ranging from the widespread adoption of electric vehicles and the expansion of rooftop solar energy, to sustainable water and sanitation solutions, and innovations in circular economy models. Through structured financing and partnerships, the Company supports enterprises that generate measurable environmental impact—reducing greenhouse gas emissions, conserving natural resources, and promoting energy efficiency.

Northern Arc’s environmental stewardship extends beyond its external initiatives. The Company is also working to enhance the sustainability of its own operations. This includes energy-efficient workplace design, responsible procurement practices, responsible waste management and the adoption of digital tools to minimise its environmental footprint. Through these collective efforts, Northern Arc is transforming into a future-ready institution that not only finances sustainability but embodies it.

Social Commitment: Empowering People and Communities

Northern Arc’s social impact begins with its people and extends to the millions of lives touched by its lending and investment activities. Northern Arc’s mission to provide access to debt finance for underbanked households and businesses is inherently a social endeavour—one that promotes financial inclusion, economic mobility, and equitable development.

Northern Arc is an organisation comprising individuals from diverse backgrounds, experiences and aspirations. The Company is proud to have earned the Great Place to Work® certification for five consecutive years, a testament to its inclusive culture, collaborative spirit and employee-centric policies.

Its ‘Power of One’ philosophy reflects a belief in purposeful unity, fostering a culture of collaboration, mutual respect and collective ownership across all levels of the organisation. At Northern Arc, every employee is viewed not just as a contributor to operational success, but as a custodian of the Company’s core values and a driver of social change.

As part of its commitment to human capital development, Northern Arc provides a wide spectrum of learning and growth opportunities. These include leadership development programmes, training in emerging technologies, risk management, and ESG-focused modules. By nurturing internal talent and providing clear career pathways, Northern Arc builds both individual and institutional resilience.

Diversity, Equity, and Inclusion (DEI) are foundational to Company’s people strategy and reflect its social responsibility under the ESG framework. Northern Arc is dedicated to fostering an inclusive workplace where diverse voices are heard, respected,

and empowered—regardless of gender, ethnicity, socioeconomic background, or identity. This commitment is reflected in structured initiatives that promote women’s leadership, support work-life integration, and enhance employee well-being. Such initiatives significantly advance the Company’s social impact objectives while promoting a resilient and values-aligned workforce.

Beyond its workforce, Northern Arc’s social impact is evident in the communities it serves. Through its network of originator partners and its rural financing arm Pragati, Northern Arc extends tailored financial solutions to farmers, micro-entrepreneurs, and small businesses—individuals who have historically been excluded from formal credit systems.

Northern Arc has adopted the Client Protection Principles strengthening its focus on responsible finance and customer well-being. These internationally recognised principles ensure fairness, transparency, and the safeguarding of client interests. This commitment reflects the Company’s broader ESG values of ethical and inclusive financial practices.

Governance: Anchoring Responsible Business Conduct

At Northern Arc, governance is the bedrock of its commitment to ethical conduct, transparency, and long-term value creation. Northern Arc believes that robust governance not only ensures regulatory compliance but also strengthens stakeholder trust and business resilience.

At Northern Arc, governance is the bedrock of its commitment to ethical conduct, transparency, and long-term value creation. This belief in robust governance processes not only ensures regulatory compliance but also strengthens stakeholder trust and business resilience.

The governance framework is led by a diverse and experienced Board of Directors, supported by specialised committees that provide strategic guidance and oversight. Notably, its ESG performance is overseen at the highest level by the Board through the ESG Committee, which is tasked with integrating environmental, social, and governance considerations into our business strategy and decision-making processes.

The Company operates under a comprehensive Code of Conduct and a suite of internal policies that uphold integrity, accountability, and professionalism across the organisation. Regular reviews ensure these policies remain aligned with regulatory developments and global best practices.

Compliance and ethical behaviour are reinforced through annual training programmes on key topics such as Prevention of Sexual Harassment (POSH), Anti-Money Laundering (AML), Insider Trading, and Information Security. These initiatives are supported by a strong internal control environment and regular audits.

Northern Arc also maintains a well-defined Vigil Mechanism and Whistleblower Policy, offering employees and stakeholders a secure and confidential avenue to report concerns. All reports are reviewed independently, and appropriate action is taken to address any issues raised.

Through continuous improvement of its governance practices and dedicated ESG oversight by the Board, Northern Arc aims to build a sustainable, responsible, and future-ready organisation.

Looking Forward: A Blueprint for Sustainable Transformation

Northern Arc is evolving into a holistic platform for sustainable finance, driven with a purpose and guided by impact. Northern Arc's ESG vision is not confined to compliance or reputation, it is about shaping the financial architecture of tomorrow.

The Company will continue to expand its green portfolio, deepen its social inclusion agenda, and fortify its governance mechanisms to create long-term, multi-dimensional value. Through impact focused capital, innovative structuring, and strategic partnerships, Northern Arc aims to lead India's sustainable finance movement and contribute meaningfully to the country's development goals.

By staying true to its mission, agile in its execution, and bold in its aspirations, Northern Arc is not just responding to the demands of the present but designing frameworks that will define the future.

Board of Directors

Guiding Excellence Proactively

At Northern Arc Capital, our Board of Directors brings together a wealth of experience and strategic insight, steering the Company towards its mission of financial inclusion and sustainable growth.



PS Jayakumar

Non-Executive Independent
Director and Chairman

Mr. Jayakumar has 30 years of experience in the financial and real estate sectors, and held significant roles, including Managing Director and CEO of Bank of Baroda. He is a Chartered Accountant and holds a Master's degree in Commerce from the University of Madras and a Postgraduate Diploma in Business Management from XLRI.



Ashish Mehrotra

Managing Director and CEO

Mr. Mehrotra brings over 25 years of experience in Retail and Commercial Banking, Wealth Management, and Insurance. Prior to joining Northern Arc, he was the MD and CEO of Niva Bupa Health Insurance and held senior positions at Citibank India. He has a Master of Business Administration degree.



Dr. Kshama Fernandes

Non-Executive Non-Independent
Director

Dr. Fernandes served as the Managing Director and CEO of Northern Arc from 2012 to 2022. She holds a Ph.D. in Management Studies and a Master's degree from Goa University. With over 25 years of experience spanning management, risk advisory, and academia, she is also a certified Financial Risk Manager by GARP.



Ashutosh Pednekar

Independent Director

A practising Chartered Accountant for over 30 years, Mr. Pednekar holds a Bachelor's degree in Commerce from the HR College of Commerce and Economics, University of Mumbai.



Anuradha Rao

Independent Director

Ms. Rao has approximately 37 years of experience in banking and finance, having worked extensively at the State Bank of India. She holds a Master's in Physics from the University of Hyderabad and a Bachelor's in Science from Osmania University.



Sandeep Dhar

Independent Director

Mr. Sandeep is a seasoned professional with extensive experience in the BFSI sector and IT services, both in India and abroad. He holds a Bachelor's degree in Physics from Delhi University, a Post Graduate Diploma in Business Management from the Institute of Management Technology (IMT), Ghaziabad, and has completed an Advanced Management Programme at the Wharton Business School.



Michael Jude Fernandes

Nominee Director

Mr. Fernandes co-leads LeapFrog group's investments in South and Southeast Asia. He has around 20 years of experience in consulting and investing. He holds a Postgraduate Diploma from IIM Calcutta and a Bachelor's in Science from the University of Calcutta.



Vijay Nallan Chakravarthi

Nominee Director

Mr. Chakravarthi is a partner at Affirma Capital India and has previously served as Executive Director of Private Equity at Standard Chartered Bank. He holds an MBA from the J.L. Kellogg School of Management, a Master's degree in Science from Ohio State University, and a Bachelor's in Engineering from the University of Madras.

Management Team

Driving Innovation Prudently



Ashish Mehrotra

Managing Director and CEO

With 25 years of experience in financial services, Mr. Mehrotra leads Northern Arc's expansion and impact initiatives.



Pardhasaradhi Rallabandi

Group Risk Officer and Governance Head

Mr. Pardha, responsible for risk management, has 22 years of banking experience and holds a postgraduate diploma from IIM Calcutta



Atul Tibrewal

Chief Financial Officer

A Chartered Accountant with 24 years of experience in Finance, Mr. Tibrewal oversees financial and treasury activities.



Amit Mandhanya

Executive Vice President – Partnership Based Lending

Mr. Mandhanya, an IRMA alum, leads partnership-based lending and has deep experience in business development.



Chetan Tivary

Chief Internal Auditor

Mr. Tivary is a Chartered Accountant with over 25 years of experience in audit and risk management across India and the UAE. He brings in-depth expertise in audit management within the banking sector.



Jagadish Babu Ramadugu

Managing Director and Chief Executive Officer – Pragati Finserv Private Limited

Leading Pragati Finserv, Mr. Jagadish supports Northern Arc's inclusive finance mission through targeted lending initiatives.



Saurabh Jaywant

Chief Legal Counsel

Mr. Jaywant, has 20 years of experience in legal affairs and holds a degree from the National Law School of India University.



Gaurav Mehrotra

Chief Technology Officer

With a tech background from IIT Delhi, Mr. Mehrotra drives digital transformation with 24 years of experience in global product development.



Umasree Parvathy Pratap

Chief People Officer

With 21 years of experience in HR, Ms. Umasree oversees human resources and holds a Master's in Personnel Management.



Bhavdeep Bhatt

Chief Executive Officer - NAIM
Leading Investment Manager

Mr. Bhatt has 26 years of extensive experience in the asset management industry.



Prakash Chandra Panda

Company Secretary and Compliance Officer

Mr. Panda, an Associate Member of the Institute of Company Secretaries, has 17 years of experience in corporate governance and manages compliance.

Corporate Information

Board of Directors

Mr. P S Jayakumar	Chairman and Independent Director
Mr. Ashish Mehrotra	Managing Director & CEO
Ms. Kshama Fernandes	Non-Executive Non-Independent Director
Mr. N T Arunkumar	Independent Director (up to February 13, 2025)
Mr. Ashutosh Pednekar	Independent Director
Ms. Anuradha Rao	Independent Director
Mr. Sandeep Dhar	Independent Director (w.e.f. May 07, 2025)
Mr. Michael Jude Fernandes	Non-Executive Nominee Director
Mr. Vijay Nallan Chakravarthi	Non-Executive Nominee Director
Mr. T S Anantharaman	Non-Executive Nominee Director (up to June 23, 2025)

Mr. Atul Tibrewal, Chief Financial Officer
Mr. Prakash Chandra Panda, Company Secretary and Compliance Officer

Details of Senior Management is included in the Corporate Governance Report which forms part of this Annual Report

Statutory Auditors

Walker Chandiok & Co LLP
L-41, Connaught Circus, Outer Circle,
New Delhi, 110001

Secretarial Auditors

M Damodaran & Associates LLP
New.No.6, Old No.12,
Appavoo Gramani 1st Street, Mandaveli,
Chennai - 600028.

List of Bankers

State bank of India
Bank of Baroda
IDFC First bank
Federal bank
Axis Bank

Registrar and Share Transfer Agent

KFin Technologies Limited
Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District Nanakramguda,
Serilingampally,
Hyderabad - 500 032. Telangana
Tel: +91 40 6716 2222
Website: www.kfintech.com

Debenture Trustee

Catalyst Trusteeship Limited,
GDA House,
Plot No.85, Bhusari Colony (Right),
Paud Road, Pune 411 038.
Email: compliancectl-mumbai@ctltrustee.com
Tel: 022 4922 0555

Registered Office

10th, Floor, Phase - I, IITM RESEARCH PARK,
Kanagam, Taramani, Chennai – 600113.
CIN: L65910TN1989PLC017021
Email: cs@northernarc.com
Website: www.northernarc.com

Listing

Equity Shares (ISIN: INE850M01015)

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001
Scrip Code: 544260

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051
Scrip Symbol: NORTHARC

Debt Instruments - NCD (ISINs: INE850M07467, INE850M07475, INE850M07483)

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Board's Report

Dear Shareholders,

Your directors have pleasure in presenting this board report along with the audited financial statements of the Company for the financial year ended March 31, 2025 ("year under review").

FINANCIAL HIGHLIGHTS:

The Key highlights of the audited financial statements are presented in the below table:

(INR in crore)

Particulars	Standalone		Consolidated	
	Year ended 31-Mar-25	Year ended 31-Mar-24	Year ended 31-Mar-25	Year ended 31-Mar-24
Total income	2,296.51	1,844.32	2,355.74	1,906.03
Finance costs	822.86	725.86	828.36	726.39
Net interest income	1,473.65	1,118.46	1,527.38	1,179.64
Operating expenses	638.09	605.23	716.55	619.06
Depreciation	15.31	14.67	17.88	16.94
Pre-provision profit	820.25	498.56	792.95	543.65
Impairment and write-offs	378.53	123.14	404.85	122.44
Share of loss from associates	0	0	2.02	0.97
Profit before tax	441.72	375.42	386.08	420.24
Tax expense	99.10	95.25	84.76	102.54
Profit for the period	342.62	280.17	301.32	317.69
Other comprehensive income/(loss)	(29.01)	19.32	(29.30)	20.25
Total comprehensive income	313.61	299.49	272.02	337.95
Total comprehensive income to Owners	313.61	299.49	275.28	328.50
Opening balance of retained earnings	902.85	677.18	960.35	698.99
Transfer to reserves	(68.52)	(56.03)	(68.52)	(56.03)
Appropriations and other adjustments	0.47	1.53	(0.42)	9.06
Closing balance of retained earnings	1,177.42	902.85	1,195.95	960.35
Earnings per Equity share:				
Basic (in INR)	22.59	31.45	20.08	34.61
Diluted (in INR)	22.53	21.26	20.03	23.40

FINANCIAL PERFORMANCE:

During the year ended March 31, 2025, on a standalone basis, your company generated total income of INR 2,296.51 crore, a growth of 24.52% over the earlier year. Net Interest Income was INR 1,473.65 crore, representing year-on-year increase of 31.77%.

On a consolidated basis, your company generated total income of INR 2,355.74 crore, a growth of 23.59% over the earlier year. Net Interest Income was INR 1,527.38 crore, representing year-on-year increase of 29.48%.

There is no change in the nature of business of the Company for the year under review. Further information on the business overview

and outlook and state of the affairs of the Company is mentioned in detail in the Management Discussion and Analysis Report.

SHARE CAPITAL:

Authorized Share Capital:

The authorized share capital of the Company is INR 282,00,00,000/- (Rupees Two Hundred and Eighty Two crore only) divided into 16,50,00,000/- equity shares of INR 10/- each and 5,85,00,000 compulsorily convertible preference shares of INR 20/- each.

Issued, Subscribed and paid-up share capital:

During the financial year, your company had allotted 3,11,966 equity shares under the Employees Stock Option Schemes of the Company.

On April 22, 2024, your company had allotted compulsorily convertible preference shares ("CCPS") to the following investors:

S No	Name of the Investor	No. of CCPS
1	International Finance Corporation	8,491,048
2	RJ Corp Limited	639,386
3	Varun Jaipuria	639,386

Your Company had allotted 5,26,16,624 fully paid-up Equity shares of INR 10 each on August 09, 2024 upon conversion of all the existing CCPS issued by the Company. Further, your company had allotted 1,90,65,326 Equity shares on September 20, 2024 through the initial public offering of its Equity Shares.

After the allotment of the aforesaid equity shares and conversion of CCPS into equity shares, the total issued, subscribed and paid-up capital of the Company as on March 31, 2025 stood at INR 1,61,37,93,360/- comprising of 16,13,79,336 equity shares of INR 10 each.

Initial Public offer:

During the year under review, the Company successfully completed its Initial Public Offering (IPO) aggregating to INR 777 crore in September 2024. The IPO comprised a fresh issue of 1,90,65,326 equity shares, raising INR 500 crore, and an Offer for Sale (OFS) of 1,05,32,320 existing equity shares amounting to INR 277 crore. The equity shares of the Company were listed on both the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and trading of the equity shares commenced on September 24, 2024.

CREDIT RATING

The Credit ratings of the company as on March 31, 2025, are summarised below:

Instrument	Rating Agency	Rated Amt (In Crs)	Rating
Commercial Paper	ICRA	35	ICRA A1+
	CARE	500	CARE A1+ (One Plus)
Secured NCD under Private Issue	ICRA	872.90	ICRA AA- (Stable)
	India Ratings	126.39	IND AA- (Stable)
Term Loan from Banks	ICRA	7,234.00	ICRA AA- (Stable)

CAPITAL ADEQUACY

The Company's capital adequacy ratio as of March 31, 2025, was 24.72% as against 18.26% as at March 31, 2024. The minimum capital adequacy ratio prescribed by Reserve Bank of India is 15%.

NOMINATION AND REMUNERATION POLICY

The Company has formulated Nomination and Remuneration Policy under the provisions of section 178 of the Act and SEBI Listing Regulations and RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 and the same is uploaded on the website of the Company at https://www.northernarc.com/assets/uploads/policies/Nomination_and_Remuneration_Policy.pdf

DIVIDEND:

Due to the requirement of deploying the funds back into the business for the growth of your Company, your directors have not recommended any dividend for the year under review.

DIVIDEND DISTRIBUTION POLICY:

Since your Company is one of the top 1000 listed Companies as per market capitalisation as on 31st March, 2025 and in accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated and adopted a Dividend Distribution Policy, which was reviewed and approved by the Board and the same is available on the website of the Company at https://www.northernarc.com/assets/uploads/policies/Dividend_Distribution_Policy.pdf

DEBENTURE:

During the year under review, your company had allotted 62,000 Senior, Secured, Rated, Listed, Redeemable Non-convertible debentures of face value of INR 1,00,000/- amounting to INR 620 crore on 14th June 2024 and 5,000 Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures of face value of INR 1,00,000/- amounting to INR 50 crore on 13th August 2024.

TRANSFER TO STATUTORY RESERVES

Your Company has transferred an amount of INR 68.52 crore to the statutory reserves in accordance with the requirements of Section 45-IC (1) of the Reserve Bank of India Act, 1934.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board of Directors of the Company is in accordance with the provisions of section 149 and 165 of the Companies Act, 2013 read with Regulation 17 of the SEBI Listing Regulations with an appropriate combination of Executive Director, Non-Executive Directors and Independent Directors.

As on March 31, 2025, the Company has eight Directors of which seven are Non-Executive Directors including Two (2) women Directors. The Company has Three (3) Independent Directors one of whom is a Woman Independent Director.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Michael Jude Fernandes (DIN: 00064088), retires by rotation and being eligible, offers himself for re-appointment. The resolutions seeking shareholders' approval for his re-appointment forms part of the AGM Notice.

During the year under review, Ms. Monika Gurung was ceased to be the Company Secretary and Compliance Officer and Mr. Prakash Chandra Panda has been appointed as the Company Secretary and Compliance Officer of the Company with effect from April 22, 2024.

Dr. Kshama Fernandes, is a Non-Executive Non-Independent Director, who was initially appointed to the Board as Executive Director with effect from August 1, 2012, and was re-designated as Non-Executive Non-Independent Director and Vice-Chairperson of the Company with effect from April 1, 2022. Pursuant to SEBI notification dated June 14, 2023 read with regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulation") effective from July 15, 2023, the Board at its meeting held on August 06, 2024 and the shareholders at their meeting held on December 19, 2024 had approved the continuation of Dr. Kshama Fernandes as a Vice-Chairperson (Non-Executive Non-Independent Director) of the Company for a further period of one year till March 31, 2025.

The Board at its meeting held on February 14, 2025, and the shareholders through postal ballot resolutions dated May 05, 2025, had approved the continuation of Dr. Kshama Fernandes as a Non-Executive Non-Independent Director of the Company for a further period of one year with effect from April 01, 2025.

During the year under review, Mr. N T Arunkumar ceased to be Director of the Company w.e.f. February 13, 2025 upon completion of his term as an Independent Director. The Board places on record its appreciation for their invaluable contribution and guidance provided to the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on May 07, 2025 has approved the appointment of Mr. Sandeep Dhar (DIN: 00182797) as the Additional Director (Non-Executive, Independent) of the Company for a period of 5 consecutive years with effect from May 07, 2025, subject to the approval of shareholders.

Mr. Trikkur Seetharaman Anantharaman (DIN: 00480136) resigned as the Non-Executive Nominee Director of the Company with effect from June 23, 2025, representing 360 One Special Opportunities Fund, subsequent to the sale of its stake in the Company.

During the year, Mr. Ashish Mehrotra, Managing Director & CEO, Mr. Atul Tibrewal, Chief Financial Officer, Ms. Monika Gurung, Company Secretary and Compliance Officer (upto April 22, 2024) and Mr. Prakash Chandra Panda, Company Secretary and Compliance Officer (effective April 22, 2024) of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of Sections 2(51) and 203 of the

Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE:

The Corporate Governance report which forms a part of Board's Report which states that a detailed Company's corporate governance practices, together with the certificate from the secretarial auditors confirming compliance, as per the SEBI Listing Regulations.

A certificate from the Secretarial auditors of the Company regarding compliance of conditions of corporate governance is annexed to this report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING ('BRSR'):

Pursuant to Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, the top one thousand listed entities based on market capitalisation shall submit a Business Responsibility and Sustainability report in the format as specified by the SEBI from time to time. Since your Company is one of the top 1000 listed Companies as per market capitalisation as on March 31, 2025, the Annual Report includes a separate report on the BRSR, which outlines the Company's environmental, social and governance initiatives.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The brief outline of the Corporate Social Responsibility (CSR) initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure A** of this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at https://www.northernarc.com/assets/uploads/policies/CSR_Policy.pdf

RBI GUIDELINES:

The Reserve Bank of India (RBI) granted the Certificate of Registration to the Company in March 2018 under Registration No B-07.00430, authorizing it to operate as a non-banking financial institution without accepting public deposits. Your Company is categorised as NBFC in Middle layer pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and has complied with and continues to comply with all the applicable regulations and directions of the RBI.

DISCLOSURES OF AGREEMENTS BINDING THE LISTED ENTITY:

The disclosure of agreements binding the listed entity are provided in the Corporate Governance Report.

DETAILS OF UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32(7A) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The disclosure of utilization of funds raised through preferential allotment or qualified institutions placement are provided in the Corporate Governance Report.

EMPLOYEES STOCK OPTION SCHEME:

The Company had formulated the Northern Arc Employee Stock Option Plan, 2016 (ESOP Plan), duly approved by the shareholders of the Company to enable its employees to participate in the future growth and financial success of the Company. The Company also intends to use this ESOP Plan to attract and retain talent in the organisation.

The ESOP Plan was formulated and amended in accordance with the SEBI guidelines and the eligibility and number of options to be granted to an employee is determined on the basis of various parameters such as scale, designation, performance, grades, period of service, criticality and such other parameters as may be decided by the Nomination & Remuneration Committee of the Board from time to time in its sole discretion.

The Shareholders of the Company had approved the ESOP Plan on October 07, 2016. During the year under review, the ESOP Plan was amended vide special resolution passed by the members in their Extra Ordinary General Meeting on July 02, 2024 by increase of pool to 90,07,758 options. Subsequently, post listing of equity shares of the Company on September 24, 2024, in BSE and NSE, in compliance with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the ESOP Plan was ratified by the members vide special resolution passed in the General meeting held on December 19, 2024.

During the year under review, 3,11,966 equity shares of face value of INR 10 each were allotted to employees pursuant to exercise of stock options by the employees of the Company under ESOP Plan.

During the year under review, there were no material changes to the ESOP Schemes, except for modifications made to comply with the regulatory requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB & SE Regulations"). These changes are not prejudicial to the interest of the employees. The ESOP Schemes remain fully compliant with the SBEB & SE Regulations. Additionally, all statutory disclosures required under Regulation 14 of the SBEB & SE Regulations and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 are available on the Company's website at <https://www.northernarc.com/annual-report>.

DECLARATION OF INDEPENDENCE UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013

The Independent Directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as independent director during the year.

The Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

In the opinion of Board, all the Independent Directors are possessing integrity, expertise and experience (including the proficiency) in their respective domains.

Pecuniary Transactions with non-executive directors

Details of remuneration to non-executive directors are provided in the Corporate Governance Report.

SUBSIDIARIES AND ASSOCIATES:

Your Company has 5 subsidiary companies, i.e., Northern Arc Investment Managers Private Limited; Pragati Finserv Private Limited, Northern Arc Foundation (a company incorporated under section 8 of the Act), Northern Arc CrediTech Solutions Private Limited (Formerly known as Northern Arc Investment Adviser Services Private Limited) and Northern Arc Securities Private Limited and one (1) associate company, i.e., Finreach Solutions Private Limited, as on March 31, 2025.

On May 12, 2025, the Company has diluted its stake in FinReach Solutions Private Limited from 24.55% to 11.16%. As a result, FinReach Solutions Private Limited ceased to be an associate of the Company effective May 13, 2025.

The name of Northern Arc Investment Adviser Services Private Limited was changed to Northern Arc CrediTech Solutions Private Limited with effect from May 27, 2025.

Information on the performance and financial position of the subsidiaries and associate company as on March 31, 2025 are provided in form AOC 1 enclosed as **Annexure - B**.

The details of subsidiaries and associate are as follows:

(i) Northern Arc Investment Managers Private Limited (NAIM)

A Decade of Purpose, Powered by Performance:

Over the last decade, Northern Arc Investment Managers Private Limited (NAIM) has carved a distinctive path in India's private credit landscape. Born as a niche platform in FY 2013-14 with a vision to bridge the yawning credit

gap for mid-market enterprises, we have evolved into a pioneering fund management institution with a reputation for innovative, structured, and impact-aligned debt solutions.

We began our journey with a ₹100 crore microfinance-focused fund. Today, we manage ₹3,152 crore in AUM across six active funds and 2 PMS strategies. Behind these numbers lies a deeper story of resilience, relevance, and relentless pursuit of financial inclusion and sustainable returns.

Our investment philosophy integrates two powerful engines:

- ▶ **Performing Credit:** Delivering strong risk-adjusted returns through disciplined underwriting and robust portfolio construction.
- ▶ **Impact Investing:** Catalyzing real-world change by directing capital to enterprises often overlooked by formal finance early-stage, undercollateralized, or high-potential businesses driving inclusive growth.

This dual-lens approach financial rigor fused with social purpose has enabled us to deliver a weighted average XIRR of 14.57% across matured funds, all without a single instance of capital loss for our esteemed underlying investors.

A Platform Built on Scale, Trust, and Innovation

Our growth journey is defined by diversification, governance, and track record:

- ▶ 14 investment products launched to date 12 AIFs and 2 discretionary PMS mandates.
- ▶ 6 funds successfully closed, all delivering ahead of target returns.
- ▶ Cumulative deployment exceeding ₹12,000 crore.
- ▶ Over 1000 unique investors served, spanning HNIs, corporates, family offices, DFIs, and offshore investors.
- ▶ In all exited funds, Zero capital loss to any underlying investors. No fund extension. 100% on-time distributions over the last decade.

Our offerings span a broad spectrum from open-ended Category III funds and Cat II debt structures to bespoke accounts through PMS strategies, leveraged fund strategy, and offshore solutions, including our landmark GIFT City platform for global investors.

FY 2024–25: Consolidation, Innovation, Momentum

This fiscal year marked a strategic inflection point in our journey.

- ▶ 6 active funds under management, with strong inflows across all strategies.

- ▶ Raised over ₹200 crore for the Northern Arc Finserv Fund, nearing its final close.
- ▶ Landmark offshore raise of ₹245 crore from DFC, doubling our offshore footprint.
- ▶ ₹520 crore in the pipeline for our upcoming leveraged GIFT City fund, the Northern Arc Blue Horizon Fund.
- ▶ Four new AIFs launched, reinforcing our ambition to lead across risk-return spectra from stable performing credit to selective special situations and asset-backed lending.

Looking Ahead: The Decade of Global Credit Leadership

We now stand on the cusp of an exciting future one that goes beyond managing capital to mobilizing transformation.

Our vision for the next decade is clear: for India bound global credit assets, we aspire to become their gateway to India, and for domestic investors, we plan to be a preferred and reliable credit solutions provider. We aspire to redefine credit fund management in India by setting new standards in transparency, diversification, credit governance, and purpose-driven investing.

Strategic Priorities for the Future:

1. Deepen Core Strengths

- ▶ Expand in performing credit through diversified, sector-specific funds with gross return targets across 10%, 12.5%, 15%, and 17.5%.
- ▶ Explore measured entry into special situations and asset-backed finance, while steering clear of distressed and real estate exposure.

2. Amplify Impact

- ▶ Double down on impact-oriented funds in financial inclusion, MSME lending, education, healthcare, clean energy, and sustainable livelihoods.

3. Go Global

- ▶ Build offshore investor access through GIFT City, with leveraged fund structures tailored for international LPs.
- ▶ Strengthen institutional ties, following our breakthrough collaboration with DFIs and larger offshore investors.

4. Fuel Innovation & Resilience

- ▶ Leverage tech-enabled credit underwriting and ESG-aligned monitoring.
- ▶ Invest in internal capabilities for more agile, data-driven investing with global relevance.

Final Word: From Credit Capital to Capital for Change

At NAIM, credit is not merely a product it is an enabler of growth, resilience, and empowerment. As a platform, we are uniquely positioned at the intersection of financial markets, real economy enterprises, and impact-driven capital.

Our investors place their trust in us for one reason we don't just promise yield, we deliver certainty, integrity, and purpose.

As we begin this new chapter, we carry forward a powerful legacy—and an even more powerful ambition: to scale with integrity, to perform with conscience, and to become a globally admired credit institution where impact is not a trade-off, but a multiplier.

(ii) Pragati Finserv Private Limited (Pragati Finserv)

Pragati Finserv the rural Finance subsidiary of Northern Arc Capital was incorporated in FY 2020-21 to offer small ticket loans to under-served rural and semi-urban areas of the country. Pragati Finserv serves the diverse needs of customers belonging to low-income households of rural and semi-urban areas. It aims to become a one stop lending shop for its borrowers covering income-generating micro loans and household loans.

The current product offering of Pragati Finserv is Krushi JLG loan for rural women customers with a ticket size of INR 30,000 to 75,000. Pragati Finserv has 287 operational branches across 8 states and 1 UT. During the FY 2024-25, 15 New branches have been inaugurated in the unpenetrated districts of south Tamil Nadu.

As of March 31, 2025 the Portfolio Outstanding of Pragati Finserv is 1032 crore with 3.91 lakh Active Clients and 4.03 lakh Active Loans. The DPD 90-180 portfolio of Pragati Finserv is INR 45.18 crore which is 4.38% of the total portfolio outstanding.

The Microfinance industry has faced severe headwinds during the FY 2024-25 led by multiple factors resulting in 14% drop in AUM and 45% decline in disbursements. Due to the increasing defaults in the industry the Microfinance SRO's (Self-Regulatory Organisations) MFIN and Sa-Dhan have introduced Guardrails to minimise the impact. The Guardrails had a sudden impact on the cash flow of the customers leading to even higher defaults in the short term.

1. Severe Climatic conditions like floods, heatwaves and cyclones etc – Tamil Nadu, UP, Bihar and Jharkhand are among states impacted due to these climatic conditions
2. Operational challenges including Multiple KYC's, limited data for cashflow/income assessment, low centre attendance and increasing door-step collections
3. Borrower Overleveraging – Increasing number of lenders and overall indebtedness are the major reason for customer stress and defaults

- a. Pragati Finserv has given Loans to only 4.2% clients who were having 5 or more lenders at the time of disbursement; the number of clients with 5 or more lenders as on March 2025 was 15.7%
- b. Pragati Finserv has given Loans to only 0.05% clients who were having 2 Lakhs or more total outstanding at the time of disbursement; the number of clients with 2 lakhs or more outstanding as on March 2025 was 8%
- c. With the introduction of Guardrails from SRO's the indebtedness is under control with clients having 5 more clients coming down from 26% in June 2024 to 16% in March 2025

4. Socio Political Factors including the Karnataka Ordinance & Karza Mukti Abhiyan

- a. The Karnataka microfinance crisis which started in Tumkur and Mandya spread across all the districts which in a short period of time.
- b. With the increasing number of cases and complaints, a media uproar started in the last week of January
- c. The Government of Karnataka brought an ordinance in February to control the unregulated lenders and control any coercive practices on the field
- d. The crisis impacted the collections in Karnataka for lenders including Pragati which was having a significant share in the state.
- e. Due to the continuous trainings and stakeholder engagements there were no Police cases on employees of Pragati in Karnataka
- f. The Karza Mukti movement has impacted the collections in and around branches of Gorakhpur districts.

Pragati Finserv has developed and implemented several Practices and processes to ensure maximum collections.

1. Pragati Finserv has introduced a "Family Connect" program where the field managers visit the field employee's family at their house. This has increased the employee morale.
2. Pragati Finserv has 41 training centres across the country to train its employees
3. Started printing centralised Loan Cards with enhanced security features and QR codes to achieve One of the Best Digital collections of 33% for march 2025 with no intermediaries or CSP's

4. Started a Tele Calling team from corporate office to all new disbursements, missed collections clients and PAR clients
5. Gave the field team a "Collection Planner" tool to plan their daily activity
6. Developed Collection Modules with OD/Missed collections details, Centre Monitoring and Client Visit Reports
7. Through our Centre Monitoring Module, the field managers are visiting more than 14,000 centres monthly
8. Each OD client is visited 2.5 times on average during the month through the Client Visit Report
9. Strengthened the "Customer Grievance Redressal Mechanism" by providing the required details on the loan card, Website, SMS and Branch. We have received over 3000 calls of which 2913 have been addressed successfully with a TAT of 8 days.

During the FY 2024-25, Pragati Finserv has disbursed 1,40,690 loans with a value of 702 crore. The approval rate has dropped from more than 40% to below 20% due to the tighter underwriting norms, Guardrails and increasing defaults in the market. Focus on disbursing higher ticket loans to fewer customers with good repayment track record; increased the average loan ticket size from 48,000 to 51,000.

There are a total of 2,014 active employees in Pragati with 1,738 field employees (Loan Officers and Branch Managers). Loan Officer Productivity stands at 277 clients and 73 lakhs while the branch productivity stands at 1,364 customers and 3.60 crore. Pragati Finserv has better in all productivity parameters compared to the average medium size MFI's.

Technology is the backbone of Pragati Finserv and is the key differentiator for our organization to grow. During the FY Pragati has developed Aryabhata 3.0, our new LOS system built with a simpler workflow and front-end risk controls. The new application has reduced the Loan Officer application TAT to below 30 minutes. Developed a new QC and Credit underwriting web application Dhruva2.0 with Video PD capability for better decision making. Started implementing End Point Security, Patch Management & CIS benchmarks along with conducting VAPT (Vulnerability Assessment and Penetration Testing) for better information security. Received MFR "Gold Certification" by achieving a score of 97.2%.

Pragati Finserv being the Multi-Lingual and Multi-Cultural company, people are at the centre of all the decision-making policies. We have conducted our Third Strategy and Planning workshop "SANKALP" and the

regional CEO Interface "SAMPARK" for aligning the team towards a common objective. INR 11.45 Lakhs spent on CSR activities through Northern Arc Foundation for the FY 2024-25.

(iii) Northern Arc Foundation ("NAF")

Northern Arc, beyond the regulatory compliance, believes in giving back to the community and has embraced Corporate Social Responsibility (CSR) to make a meaningful and significant contribution to promote sustainable community development. The company has a strong commitment towards long term value creation through its social investing; in recognition of which has established NAF to implement CSR interventions for the group companies. NAF has been dedicated to making social investment for sustainable outcomes across the nation where Northern Arc has its presence. The areas where NAF makes significant contribution in FY 2024-25 are Education, Environment & Sustainability, and Healthcare & Destitute Care.

For FY 2024-25, the CSR budget of Northern Arc Capital Limited amounted to ₹6,09,07,000, of which 44% was allocated towards Environment & Sustainability focused projects, 25% directed towards Education-related programs, and 31% was towards Health & Destitute Care initiatives.

(iv) Northern Arc CrediTech Solutions Private Limited

In alignment with the commitment to innovation and growth in the evolving financial landscape, Northern Arc CrediTech Solutions Private Limited (Formerly known as Northern Arc Investment Adviser Services Private Limited) (NACT) has strategically shifted its focus from being a SEBI-registered Investment Adviser to providing advanced technological solutions in credit delivery and management. In line with this swift, NACT has voluntarily surrendered its SEBI Investment Adviser Registration Certificate (Reg No: INA200000019), leading to its cancellation by SEBI effective January 3, 2025 and the company has been renamed as Northern Arc CrediTech Solutions Private Limited effective, May 27, 2025.

(v) Northern Arc Securities Private Limited (NAS)

NAS is emerging as a comprehensive wealth management platform, offering a diverse suite of investment products tailored to meet the evolving needs of retail, HNI, and institutional clients. With a strong foundation in fixed-income expertise, the platform has expanded to provide a holistic financial ecosystem—encompassing bonds, mutual funds, fixed deposits, insurance products, and curated wealth solutions.

The business continues to be guided by a client-centricity, with a focus on transparent communication, product suitability, and goal-oriented advisory. Leveraging Northern Arc's deep credit heritage and robust due diligence frameworks, the platform ensures that every investment

product is carefully evaluated for risk and aligned with clients' financial objectives.

During the year, NAS made significant strides in broadening of distribution capabilities, onboarding new partners, and enhancements to the digital interface. The product strategy has been broadened to encompass debt, equity, protection, and savings solutions enabling clients to build diversified portfolios under a single platform.

Looking ahead, NAS remains committed to delivering long-term value, combining innovation in financial products with trusted relationships, thereby redefining the wealth experience for Indian investors.

(vi) Finreach Solutions Private Limited (Finreach)

Finreach aims to improve access to credit for unserved/underserved but viable Micro, Small & Medium Enterprises/Entrepreneurs (MSMEs). The Company offers a wide range of services to financial institutions to help expand their geographical footprint, product offerings and portfolio of assets.

FIXED DEPOSITS

The Company being non-deposit taking Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC), has not accepted any deposits during the year under review. Further, the Company had also passed a board resolution to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year under review, as per the requirements of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the year or the previous year. Total foreign exchange outgo during the year under review was INR 62.02 crore (previous year: INR 46.02 crore) under the heads listed below:

(in crore)		
Head of Expense	March 31, 2025	March 31, 2024
Subscription charges	0.17	0.05
Legal and professional charges	13.08	3.79
Directors' sitting fees	0.05	0.20
Finance cost	48.72	41.97
Total	62.02	46.02

MEETING OF INDEPENDENT DIRECTORS

In terms of Para VII of Schedule IV of the Companies Act, 2013, your Company conducted a meeting of its Independent Directors on March 28, 2025, without the presence of Non Independent Directors and Executive Directors. The Independent Directors inter alia;

- reviewed the performance of Non Independent Directors and the Board as a whole.
- reviewed the performance of the Chairperson of the company, taking into account the views of Executive directors and Non - Executive directors.
- assessed the quality, quantity, and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

AUDITORS:

STATUTORY AUDITORS

In terms of Section 139 of the Companies Act, 2013 and the rules made thereunder, the Shareholders in the 16th Annual General Meeting had appointed M/s. Walker Chandiok & Co LLP, Chartered Accountants, having ICAI Firm Registration No.: 001076N/N500013 as statutory auditors of the Company for a period 3 (three) consecutive terms, to hold office from the conclusion of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting.

There has been no qualification, reservation or adverse remark given by the Statutory Auditors in their Report for the year under review.

SECRETARIAL AUDITORS

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M.Damodaran & Associates LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company during the year under review. The Report of the Secretarial Audit Report is annexed herewith as "Annexure C". The Secretarial Audit Report for the financial year ended March 31, 2025 does not contain any qualification, reservation or adverse remark in their report. However, there are certain observations which states that there is a delay in filing under SEBI LODR Regulations and SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021. The Secretarial observations are noted by the management and had taken necessary steps to ensure timely compliance under applicable SEBI LODR Regulations and SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021.

Pursuant to Regulation 24A(1)(b) of SEBI LODR Regulations, the Company is required to appoint the secretarial auditors for a term of 5 consecutive years. In this regard, based on a review of the

profile, including the size, experience and area of specialization and recommendation of the Audit Committee, the Board at its meeting held on May 19, 2025 inter-alia, approved and recommended for the approval of the members, the appointment of M/s. Alagar & Associates LLP (Formerly known as M. Alagar & Associates), Practicing Company Secretaries, Chennai (Firm Registration No. L2025TN019200) as the secretarial auditors from the conclusion of the 17th AGM until the conclusion of the 22nd AGM for the purpose of secretarial audit of the Company.

COST RECORDS AND COST AUDITORS

The provisions of Cost Audit and Records as prescribed under Section 148 of the Act, are not applicable to the Company.

REPORTING OF FRAUDS BY THE AUDITORS TO THE COMPANY

During the year, the Auditors have not reported any instance of fraud to the Audit Committee and Board as per Section 143 (12) of the Companies Act, 2013.

COMPLIANCE

Your Company is registered with Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934. Further, your Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations applicable to the Company.

CHANGES TO THE CONSTITUTIONAL DOCUMENTS DURING THE YEAR UNDER REVIEW

a. Memorandum of Association:

The Company at its Extra-ordinary general meeting held on September 16, 2024 approved the increasing of authorized share capital of the Company from INR 2,77,00,00,000/- (Two Hundred Seventy Seven Crore Only) divided into 16,00,00,000 equity shares of INR 10/- each and 5,85,00,000 compulsorily convertible preference shares of INR 20/- each to INR 2,82,00,00,000 (Two Hundred and Eighty Two Crore Only) divided into 16,50,00,000 equity shares of INR 10/- each and 5,85,00,000 compulsorily convertible preference shares of INR 20/- each by creation of additional Equity Share capital of INR 5,00,00,000 (Rupees Five Crore) divided into 50,00,000 (Fifty Lakh) Equity Shares of the face value of INR 10/- (Rupees ten) each, ranking pari-passu in all respects with the existing equity shares of the Company.

b. Articles of Association:

The Articles of Association has been amended by the Company to incorporate the terms of the amended shareholder's agreement dated February 2, 2024 by inserting the terms and conditions of the compulsorily convertible preference shares with respect to new Series C CCPS and Series C2 CCPS

vide special resolutions passed by the members at its Extra-ordinary general meeting held on April 15, 2024.

The Articles of Association are divided into Parts I and II which parts shall, unless the context otherwise requires, co-exist with each other, until the date of filing of the Red Herring Prospectus. In this regard, Part II has been terminated automatically and cease to be in force and effect from September 09, 2024 i.e., the date of filing of the Red Herring Prospectus and Part I shall continue be in force and effect, without any further action by the Company or its shareholders.

The Articles of Association has been amended by the Company vide special resolutions passed by the members at its Annual General Meeting held on December 19, 2024 by insertion of new clause 103A of the Articles of Association which enables each shareholder of the Company is permitted to nominate Directors to the Board in accordance with the threshold as set out in the Amended Articles of Association of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY THAT OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATE TILL THE DATE OF THIS REPORT:

No material changes and commitments affecting the financial position of the Company have occurred between the financial year ended 31st March 2025 till the date of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, NBFCs are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

Details of investments under Section 186 of the Act, 2013 for the financial year 2024-25 are provided in the financial statements.

BOARD AND COMMITTEE MEETINGS

During the financial year 2024-25, 18 meetings of the Board of Directors were held. The details of the composition of the Board and its committees and of the Meetings held and attendance of the Directors at such meetings and disclosure on acceptance of Audit Committee recommendations by Board of Directors during the year under review are provided in the Corporate Governance, which is forming a part of this Board's Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under section 134(5) of the Companies Act, 2013, reporting the compliance

with the Accounting Standards is attached and forms a part of the Board's Report.

The Directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2025 and the Balance Sheet and Cash Flow Statement as at that date ("financial statements") and confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) the directors have prepared the annual accounts on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Institute of Company Secretaries of India. In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and Chairperson of the Company was evaluated, taking into account the views of Executive and Non-Executive Directors.

At the Board meeting that followed the meeting of the Independent Directors, the performance of the Board, its committees, and individual directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board.

The Company has received declaration from each Director on fulfilling the fit and proper criteria in terms of the provisions of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 ("RBI NBFC Master Directions"). The Board of Directors has confirmed that all the existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI NBFC Master Directions.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." Internal Complaints Committee (ICC) has been set up to redress complaints, as and when received, regarding sexual harassment and all employees are covered under this Policy.

The Policy has been hosted on the Company's website: <https://www.northernarc.com>

There were no referrals received by the Committee, during the FY 2024-25 and the details are as follows:

- (a) No. of complaints received in the year – Nil
- (b) No. of complaints disposed off during the year – Nil
- (c) No. of cases pending for more than ninety days - Nil

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) and 134(3) (a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, draft Annual return is uploaded on Company's website link <https://www.northernarc.com> and a copy of the Annual Return will be uploaded on the Company's website link as and when the same is filed with the Registrar of Companies, Chennai.

CORPORATE AGENT

The Company has received a certificate of registration from the Insurance Regulatory and Development Authority of India ("IRDAI") to act as corporate agent (composite) with validity of three years from 14th June 2024 to 13th June 2027.

APPROVAL FOR FACTORING BUSINESS

The Company was granted a Certificate of Registration by the Reserve Bank of India (RBI) on 28th May 2025, permitting it to commence and carry on the business of factoring.

APPROVAL FOR EXTENSION OF TIME FOR CONVENING OF THE ANNUAL GENERAL MEETING

During the Year, the Company has made an application to the Registrar of Companies (ROC), seeking approval for extension of time for convening of AGM for a further period of three months, i.e., up to 31st December 2024 for the financial year ended 31st March 2024. In this regard, the ROC, vide its letter dated September 24, 2024, had granted an extension of three (3) months, allowing the Company to conduct its AGM on or before December 31, 2024, for the financial year ended March 31, 2024 and the AGM has been convened on December 19, 2024 which is within the extension of time approved by the ROC.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status operations of your Company in future.

RELATED PARTY TRANSACTIONS

The Company has adopted a policy on related party transactions for the purpose of identification, monitoring and approving of such transactions. The Related party policy is available on website of the Company and the weblink for the same is https://www.northernarc.com/assets/uploads/policies/Policy_on_materiality_of_Related_Party_Transactions_and_dealing_with_Related_Party_Transactions.pdf. During the year, your Company

has not entered into any transactions with Related Parties which are not in the ordinary course of its business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Companies Act, 2013. Form AOC-2 is enclosed with this report as **Annexure D**.

COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES, OR ASSOCIATES OF THE COMPANY DURING THE YEAR.

Nil

COMPLIANCE WITH DOWNSTREAM INVESTMENT REGULATIONS PURSUANT TO RULE 23(6) OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019

Pursuant to Rule 23(6) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Board hereby confirms that the Company has complied with the provisions relating to downstream investment made during the financial year.

The downstream investment has been made in accordance with the applicable provisions of the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, and the Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (DPIIT). The necessary statutory filings with the Reserve Bank of India and other regulatory authorities, as applicable, have been completed within the prescribed timelines.

REQUIREMENTS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Disclosure to be made under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Ratio of remuneration of each director to the median employee's remuneration for the financial year:

Sr. No.	Name of Directors (Executive Director)	Director's Remuneration (in INR)	Employees' Median Remuneration (in INR)	Ratio
1.	Ashish Mehrotra MD & CEO	8,85,38,360	5,12,355	1:173

Percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial Year vis-à-vis last financial year:

Name of director/ Key Managerial Personnel	% increase in remuneration vis-à-vis last financial year
Ashish Mehrotra, MD & CEO	43%
Atul Tibrewal, Chief Financial Officer	10%
Prakash Chandra Panda, Company Secretary and Compliance officer (effective April 22, 2024)	-
Dr. Kshama Fernandes, Non-Executive Non-Independent Director	-
Monika Gurung, Company Secretary and Compliance officer (upto April 22, 2024)	8%

- ▶ Percentage increase in the median remuneration of employees in the financial year: 16%
- ▶ Number of permanent employees on the rolls of the company: 1104 (as of 31st March 2025)
- ▶ Average percentage increase in the salaries of employees other than the KMP in FY 2024-25 is 11.9%* and its comparison with the percentile increase in the managerial remuneration is 14%.
- ▶ Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms that remuneration of directors and employees of the company is in accordance with the Nomination and Remuneration policy of the company.

* the average increase in salaries of employees based on performance appraisal during the last year.

PARTICULARS OF EMPLOYEES UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is in a separate **Annexure E** forming part of this report. A copy of the Board's Report is being sent to all the members excluding **Annexure E**. The said Annexure is available for inspection by the members at the Registered Office of the Company during business hours on working days. Any member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

DETAILS OF THE TRANSFER/S TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) MADE DURING THE YEAR:

As per the provisions outlined in Regulation 61A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is required to transfer unclaimed dividend/interest, if any, to an escrow account maintained by the Company. Details regarding such transfers are available on the Company's website, in compliance with the SEBI Circular dated November 08, 2023. The Company has also published the procedure for claiming unclaimed amounts on its website at the weblink <https://www.northernarc.com/assets/uploads/pdf/Statement-of-Unpaid-Dividend-on-Preference-Shares-1591269762.pdf>. Upon completion of seven years from the date of transfer to the escrow account, the unclaimed amounts, if any, will be transferred to the Investor Education and Protection Fund ("IEPF"). During the reporting year, no transfer to the Investor Education and Protection Fund (IEPF) was required to be made. The Company Secretary of the Company has been designated as the Nodal Officer for handling investor queries related to unclaimed amounts.

CODE OF CONDUCT

The SEBI Listing Regulations requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors prescribed in the Act. Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company and the details are mentioned in the Corporate Governance Report.

All the Board members and senior management personnel have affirmed compliance with the code for the for the FY 2025-26.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

Adequate vigil mechanism for directors and employees to report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct is in place and the same have been disclosed on the website of the company, www.northernarc.com. No references under the whistle blower policy were received during the Financial Year 2024-25. The same has also been affirmed by the Audit Committee of the Board on a quarterly basis.

SECRETARIAL STANDARDS COMPLIANCES

The company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

THE CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the company during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY AND ABSORPTION

Being a Non-Banking Finance Company and not involved in any industrial or manufacturing activities, the Company's activities involve low energy consumption and has no particulars to report regarding conservation of energy, technology and absorption.

INTERNAL FINANCIALS CONTROLS

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and operating effectively. During the year under review, no material or serious deviation has been observed for inefficiency or inadequacy of such controls.

A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

The Board affirms that the company has developed and implemented a comprehensive Risk Management Policy. This policy outlines a structured and proactive approach to identifying, assessing, mitigating, and monitoring various risks that could potentially impact the company's operations, financial performance, and long-term sustainability.

Details of identification, assessment, mitigations, monitoring and the management of these risks are mentioned in the Management's Discussion and Analysis Report appended to this Report.

OTHER DISCLOSURE:

In terms of applicable provisions of the act, the company discloses that during the year under review:

- (i) The company has not issued any shares with Differential rights and hence no information as per Provisions of section 43(a)(ii) of the act read with rule 4(4) of the companies (share capital and debenture) Rules, 2014 is furnished.
- (ii) The company has not issued any sweat equity shares and hence disclosure as per section 54(1)(d) of the act Read with rule 8(13) of the companies (share capital and debenture) rules, 2014 is not provided.
- (iii) There were no instances of non-exercising of voting Rights directly by Employees in respect of shares to which the scheme relates, hence no information Pursuant to section 67(3) of the act read with rule 16(4) of companies (share capital and debentures) Rules, 2014 is furnished.

- (iv) There were no amounts required to be transferred to investor education and protection fund (IEPF) pursuant to section 124 and 125 of the companies act, 2013 read with rules made thereunder.
- (v) The Company is complying of the provisions relating to the Maternity Benefit Act 1961
- (vi) There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the company and its future operations.
- (vii) Neither any application was made, nor any proceedings are pending under the insolvency and bankruptcy code, 2016 against the Company.
- (viii) There were no instances of one-time settlement for any loans taken from the banks or financial institutions.

ACKNOWLEDGEMENT

The Directors wish to thank the Reserve Bank of India, SEBI, Stock Exchanges and other statutory authorities for their continued support and guidance. The Directors also place on record their sincere thanks for the support and co-operation extended by the bankers and shareholders of the Company.

The Directors also thank the employees of the Company for their contribution toward the performance of the Company during the year under review.

For and on behalf of the Board of Directors
Northern Arc Capital Limited

P S Jayakumar

Independent Director & Chairman
DIN: 01173236

Date: July 2, 2025
Place: Chennai

Ashish Mehrotra

Managing Director & CEO
DIN: 07277318

Annexure A

Annual Report on CSR Activities to be included in the Board's Report

1. Brief outline on CSR Policy of the Company:

The Company is committed to upholding the highest standards in terms of management practices and business conduct. In line with this, Company will also play its role in making a direct contribution to the society as a part of its Corporate Social Responsibility (CSR) agenda. The company has a strong commitment towards long term value creation through its social investing; in recognition of which has established Northern Arc Foundation ("Foundation") to implement CSR interventions for the group companies. The Foundation has been dedicated to making social investment for sustainable outcomes across the nation where the Company has its presence.

The complete CSR policy of the Company can be accessed on the company's website at www.northernarc.com.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ashutosh Pednekar	(Chairperson) Non-Executive, Independent Director	2	2
2	Mr. Michael Jude Fernandes	Nominee Director	2	2
3	Dr. Kshama Fernandes	Non-Executive, Non-Independent Director	2	2
4	Mr. Ashish Mehrotra	Managing Director & CEO	2	2

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company. www.northernarc.com.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. – Not applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135.

Financial Year	Net Profit
FY 2021 – 22	2,22,78,63,925
FY 2022 – 23	3,16,40,91,964
FY 2023 – 24	3,74,40,94,072

(b) Two percent of average net profit of the company as per sub-section (5) of section 135. – **INR 6,09,07,000/-**

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - **NIL**

(d) Amount required to be set-off for the financial year, if any. - **NIL**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. **INR 6,09,07,000 /-**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – **INR 6,09,07,000 /-**

(b) Amount spent in Administrative Overheads. - **NIL**

(c) Amount spent on Impact Assessment, if applicable. - **NA**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. **INR 6,09,07,000 /-**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year: (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per sub- section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
6,09,07,000	-	-	-	-	-

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in INR)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	INR 6,09,07,000 /-
(ii)	Total amount spent for the Financial Year	INR 6,09,07,000 /-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in INR)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in INR)	Amount Spent in the Financial Year (in INR)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in INR)	Deficiency, if any
					Amount (in INR)	Date of Transfer		
1	FY 2021-22	-	-	-	-	-	-	-
2	FY 2022 - 23	-	-	-	-	-	-	-
3	FY 2023 - 24	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes ☐ No ☒

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority beneficiary of the registered owner									
(1)	(2)	(3)	(4)	(5)	(6)									
					<table><tr><th>CSR</th><th>Name</th><th>Registered</th></tr><tr><td>Registration</td><td></td><td>address</td></tr><tr><td>Number, if applicable</td><td></td><td></td></tr></table>	CSR	Name	Registered	Registration		address	Number, if applicable		
CSR	Name	Registered												
Registration		address												
Number, if applicable														

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. Not Applicable

For and on behalf of the Board of Directors
Northern Arc Capital Limited

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Ashutosh Pednekar
Chairman of CSR Committee
DIN: 00026049

Annexure B

Form AOC - 1

Statement pursuant to Section 129(3) of the Companies Act, 2013

PART A: SUBSIDIARIES

(in Lakh)

S No	Particulars	Northern Arc Investment Managers Private Limited	Northern Arc Securities Private Limited	Northern Arc CrediTech Solutions Private Limited (Formerly known as Northern Arc Investment Adviser Services Private Limited)	Northern Arc Foundation	Pragati Finserv Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A	N.A	N.A	N.A	N.A
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A	N.A	N.A	N.A	N.A
3	Date of acquiring subsidiary	17.04.2014	23.02.2023	27.09.2012	12.02.2019	25.02.2021
4	Share Capital	361.00	250	125.00	1.00	2,501.00
5	Other Equity	4515.57	(88.46)	242.04	76.97	(1,473.07)
6	Total Assets	13336.91	199.91	367.86	356.83	4813.67
7	Total Liabilities	8460.34	38.36	0.82	278.86	3785.74
8	Investments	11326.37	0	114.54	0	1682.90
9	Turnover	4617.11	0.60	-	644.71	6044.90
10	Profit Before Taxation	(681.24)	(103.79)	13.24	(72.80)	(4,517.26)
11	Provision for Taxation	(168.34)	(23.93)	13.13	0	(1,254.88)
12	Profit After Taxation	(512.90)	(79.86)	0.11	(72.80)	(3,262.38)
13	Total Comprehensive Income	(509.74)	(79.86)	0.11	(72.80)	(3,294.63)
14	Proposed Preference Dividend	-	-	-	-	-
15	% of Shareholding	100%	100%	100%	100%	90.10%

PART B: ASSOCIATES

S No	Particulars	Finreach Solutions Private Limited
1	Latest audited Balance Sheet Date	March 31, 2025
2	Date of acquiring Associate	April 30, 2022
3	Shares of Associate/ Joint Venture held by the Company on the year end	2,550 Equity Shares 12,07,159 Compulsorily Convertible Preference Shares
	Amount of Investment in Associates/Joint Venture	INR 8,43,53,949 /-
	Extend of Holdings%	24.55%
4	Description of how there is significant Influence	Holding more than 20% of total voting power.
5	Reason why the associate/ joint venture is not consolidated	NA
6	Net worth attributable to Shareholding as per latest Balance Sheet	INR 4,05,82,620.00
7	Profit/ (Loss) for the year	INR (8,59,12,917.00)
	Total Comprehensive Income/(Loss) for the year	INR (8,59,12,917.00)
	(i) Considered in Consolidation	Yes
	(ii) Not Considered in Consolidation	-

For and on behalf of the Board of Directors

Northern Arc Capital Limited

P S Jayakumar
Chairman
DIN: 01173236

Atul Tibrewal
Chief Financial Officer

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Prakash Chandra Panda
Company Secretary and Compliance Officer
Membership No: A22585

Place: Mumbai
Date: May 19, 2025

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2025

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015].

To,
The Members,
NORTHERN ARC CAPITAL LIMITED
(CIN: L65910TN1989PLC017021)
No. 1, Kanagam Village,
10th Floor, IITM Research Park,
Taramani, Chennai – 600113.

We, M Damodaran & Associates LLP, Practicing Company Secretaries have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. NORTHERN ARC CAPITAL LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2025** ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') including amendment/ re-enactment made thereto; (to the extent applicable)
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients and ESOP;
 - (g) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR];
 - (h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - (i) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- (vi) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the Systemically Important non-deposit taking Non-Banking Financial Company.

We have also examined compliance with the applicable Clauses of the following:

- i. Listing Agreements entered into by the Company with the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'); and

- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Secretarial Standards, etc., mentioned above subject to the following:

BSE vide its e-mail communication dated September 30, 2024 had levied a fine of INR 4,46,040 (including GST) for (i) delay in furnishing intimation about the board meeting, u/r. 50(1), non-submission of unaudited financial results within the prescribed time u/r. 52(1) & (2A), non-disclosure of line items u/r. 52(4), non-submission of statement indicating the utilization of issue proceeds/Material deviation in the use of proceeds u/r. 52(7)/(7A) and non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs u/r. 54(2) for the quarter ended June 2024 and; (ii) non-intimation of board meeting to stock exchange of at least two working days in advance as required u/r. 50(1) regarding the board meeting held on May 29, 2024 to approve the fund raising by way of issuance of non-convertible securities. The said fine was duly paid by the Company on September 30, 2024.

We further report that the Board of Directors of the Company is duly constituted, maintaining an appropriate balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the act.

Adequate notice is given to all directors to schedule the Board & Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice with the consent of all the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period;

- a) Ms. Monika Gurung has resigned from the position of Company Secretary and Compliance Officer of the Company with immediate effect on April 22, 2024.
- b) Mr. Prakash Chandra Panda was appointed as a Company Secretary and Compliance Officer of the Company with immediate effect on April 22, 2024.

- c) Mr. Vipin G.S was appointed as the Chief Compliance Officer of the Company vide Board Meeting dated May 29, 2024 with effect from September 01, 2024.
- d) Mr. Avinash P was appointed as the Chief Risk Officer and Senior Management Personnel of the Company for a period of 3 years w.e.f. November 01, 2024 following the re-designation of Mr. Pardhasaradhi Rallabandi as the Chief Group Risk & Governance Officer of the Company.
- e) Mr. Arunkumar Nerur Thiagarajan (DIN: 02407722) ceased to be an Independent Director of the Company upon completion of his first term of three years w.e.f. February 13, 2025.
- f) Board of Directors of the Company in its meeting dated February 14, 2025 approved continuation of Ms. Kshama Fernandes (DIN: 02539429) as the Non-Executive – Non-independent Director of the Company for a period of 1 year w.e.f. April 01, 2025, subject to the approval of shareholders.

We further report that during the audit period the Company has;

- a) issued and allotted redeemable non-convertible debentures on various dates on private placement basis.
- b) redeemed the redeemable non-convertible debentures on various dates.
- c) allotted 3,11,966 equity shares of INR 10/- each under Northern ARC Employee Stock Option Schemes on various dates.
- d) allotted 84,91,048 Series C & 12,78,772 Series C2 Compulsorily Convertible Preference Shares on a Private Placement basis by way of Preferential Allotment vide Board Meeting dated April 22, 2024.
- e) converted 5,10,93,024 Compulsorily Convertible Preference Shares INR 20/- each into 5,26,16,624 fully paid-up equity shares of INR 10/- each and allotted the said equity shares to the allottees vide Board Meeting dated August 9, 2024.
- f) allotted 1,90,65,326 equity shares of face value of INR 10/- each pursuant to a public issue vide IPO Committee meeting dated September 20, 2024.

We further report that during the audit period the shareholders of the Company, inter alia, had;

- a) passed a special resolution under sections 23, 42, 55 and 62(1)(c) and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on April 15, 2024 to offer and issuance of Series C and Series C2 Compulsorily Convertible Preference Shares on a Private Placement basis by way of Preferential Issue and record the names of the offeree and incidental matters thereto.

- b) passed a special resolution under sections 5 and 14 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held April 15, 2024 to approve the adoption of the restated Articles of Association of the Company.
 - c) passed a special resolution under sections 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 21, 2024 for issue of secured/unsecured non-convertible debentures in one or more tranches up to a maximum amount not exceeding INR 6,000 crore during a period of one year.
 - d) passed a special resolution under section 180(1)(c) of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 21, 2024 to increase the Borrowing limit of the Company up to INR 13,000 crore.
 - e) passed a special resolution under section 180(1)(a) of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 21, 2024 to create security on the assets of the Company up to INR 13,000 crore.
 - f) passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on July 02, 2024 for increase in the ESOP pool from 78,51,758 to 90,07,758 options by the addition of 11,56,000 options to be granted to employees in accordance with the Northern Arc Employee Stock Option Plan, 2016 and Schemes made thereunder.
 - g) passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on July 02, 2024 for the amendments to the Northern Arc Employee Stock Option Plan, 2016 and ESOP Schemes made thereunder in order to align the ESOP Plan and the ESOP Schemes with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
 - h) passed an ordinary resolution under sections 13, 61, 64 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 16, 2024 for amending the Clause V (Capital Clause) of the Memorandum of Association of the Company.
 - i) passed an ordinary resolution under sections 139, 142 and all other applicable provisions of the Companies Act, 2013 at the Annual General Meeting held on December 19, 2024 for appointment M/s. Walker Chandio & Co LLP, Chartered Accountants (ICAI Firm Registration No.: 001076N/N500013) as statutory auditors of the Company, in place of the retiring statutory auditors M/s. S.R. Batliboi & Associates LLP to hold office for a term of 3 years and to authorize the Board of Directors of the Company to fix their remuneration.
 - j) passed a special resolution under section 14 and other applicable provisions, if any, of the Companies Act, 2013 at the Annual General Meeting held on December 19, 2024 to insert a new article in the Articles of Association of the Company.
 - k) passed a special resolution under section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 and regulation 12 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 at the Annual General Meeting held on December 19, 2024 for ratification of the Northern Arc Employee Stock Option Plan, 2016 and Northern Arc Employee Stock Option Schemes formulated by the Company prior to its Initial Public Offer.
 - l) passed a special resolution under sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and regulation 17 (6) (ca) of SEBI LODR at the Annual General Meeting held on December 19, 2024 for revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company.
 - m) passed a special resolution under sections 196, 197 read with schedule V and all other applicable provisions of the Companies Act, 2013 at the Annual General Meeting held on December 19, 2024 for revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & CEO of the Company.
 - n) passed a special resolution pursuant to sections 149, 152 and all other applicable provisions of the Companies Act, 2013 read with regulation 17 (1D) of SEBI LODR at the Annual General Meeting held on December 19, 2024 for continuation of Dr. Kshama Fernandes (DIN: 02539429) as a non-executive and non-independent director and Vice- Chairperson of the Company for a period of one year w.e.f. April 1, 2024.
- We further report that** during the audit period, the Company had filed its Red Herring Prospectus dated September 09, 2024 and Prospectus dated September 19, 2024 and the equity shares of the Company have been listed on BSE and NSE w.e.f., September 24, 2024.

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP No.: 5081

FRN: L2019TN006000

PR 3847/2023

Place: Chennai

Date: May 16, 2025

ICSI UDIN:F005837G000364162

*(This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report)*

'Annexure A'

To
The Members,
NORTHERN ARC CAPITAL LIMITED,
(CIN: L65910TN1989PLC017021)
No. 1, Kanagam Village,
10th Floor, IITM Research Park,
Taramani, Chennai – 600113.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on the audit conducted by us.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 3847/2023

ICSI UDIN:F005837G000364162

Place: Chennai

Date: May 16, 2025

Annexure D

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis - NIL

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

- Details of material contracts or arrangements or transactions at Arm's length basis - NIL

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Date of approval by the Board	-
f)	Amount paid as advances, if any	-

For and on behalf of the Board of Northern Arc Capital Limited

P S Jayakumar

Independent Director & Chairperson

DIN: 01173236

Date: July 2, 2025

Place: Chennai

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Management Discussion and Analysis

4.1 Market Overview

4.1.1 Economic Outlook

India is currently the fourth-largest economy in the world, behind the US, China, and Germany, with a real GDP of INR 188 trillion and a strong growth rate of 6.5%. By FY 2029-30 projections indicate that India's GDP will reach INR 235 trillion, sustaining a consistent growth rate of 6.0%-7.0%.

Key Drivers of Growth:

- 1. Demographic Dividend:** India enjoys a significant demographic advantage compared to other major global economies. With a median age of just 28 years, India's population is significantly younger than the US, the UK, China, Russia, and Brazil. This youthful population offers a strong workforce and also fuels long-term consumption, innovation, and entrepreneurship.
- 2. Rising Urbanisation:** Urbanisation is one of India's most important economic growth drivers. It is expected to drive substantial investments in infrastructure development, which in turn is expected to create jobs, develop modern consumer services, and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. As per the 2018 revision of World Urbanisation Prospects, the urban population was estimated at 36.0% of India's total population in 2023. According to the World Urbanisation Prospects, the percentage of the population residing in urban areas in India is expected to increase to 40.1% by 2030.
- 3. Declining Unemployment Rate:** India's unemployment rate has steadily declined over the past decade. As of 2024, it stood at 3.2%, down significantly from 8.3% in 2010. This trend reflects growing job creation across various sectors and an improvement in economic participation among the working-age population.
- 4. Increasing Per Capita GDP:** In FY 2024-25, India's per capita GDP is estimated to reach INR 1,33,500 from INR 1,25,500 in FY 2023-24, a YoY growth of 5.5%. The upward trend in India's GDP per capita indicates a gradual increase in average income levels. As this trend continues, a larger portion of the population, particularly in the emerging middle class, is meeting and exceeding the income threshold needed for necessities such as food, shelter and essential services. This growing trend is expected to lead to increased savings accumulation, which will contribute to the deepening of the financial sector and foster long-term economic stability.

- 5. Credit Penetration is Lower in India:** In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China, indicating the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP, India lags other markets, with retail credit hovering at around 25.0% of GDP as of FY 2024-25.

- 6. Innovative India tech stack initiatives:** Programmes such as the Goods and Services Tax (GST), Open Network for Digital Commerce (ONDC), Unified Payments Interface (UPI), and Open Credit Enablement Network (OCEN) are revolutionising India's economic landscape. These initiatives are improving connectivity between businesses and consumers, streamlining financial transactions, and unlocking new drivers of economic growth.

4.1.2 NBFC Industry Outlook:

According to the CRISIL report published on 28 June 2025, the NBFC sector has emerged as a key driver of financial inclusion and credit growth in India, consistently outperforming GDP growth. Between FY 2018-19 and FY 2024-25, NBFC credit grew at a CAGR of 13.2% and is projected to grow further at 15.0%–17.0% CAGR, reaching INR 77 trillion by FY 2027-28, outpacing the expected overall systematic credit growth of 13.0%–15.0%.

Retail AUM is expected to lead this growth, rising 14.0%–16.0% annually to reach INR 128 trillion by FY 2027-28.

Macroeconomic tailwinds are also supporting this outlook. The RBI has already cut the repo rate from 6.5% in December 2024 to 5.5% in June 2025, creating a more favourable borrowing environment.

Key growth drivers include:

- 1. Focus on underserved segments** – Continues to expand into rural, semi-urban, and MSME markets.
- 2. Deeper market penetration** – Scaling outreach within existing geographies.
- 3. Faster turnaround** – Agile origination, underwriting, and disbursals.
- 4. Tech-led efficiency** – Use of AI, automation, and digital tools to streamline processes.
- 5. Customer-first innovation** – Customised products aligned with borrower needs.

While the long-term outlook remains positive, the industry is currently navigating a few key challenges that could impact short-term momentum:

1. **Rising household indebtedness:** Growing concerns over leverage and potential asset quality, especially in microfinance and unsecured loan segments, are prompting more cautious growth strategies.
2. **Tightening regulatory landscape:** Evolving regulatory norms are increasing compliance burdens, demanding greater agility and operational sophistication from NBFCs.
3. **Funding constraints:** Access to diversified funding sources remains a critical challenge. The recent decline in bank lending to NBFCs highlights the need for sustainable and diverse funding channels, which vary significantly across players.

4.1.3 MSME Credit Landscape and Growth Opportunities

India's MSME sector presents a significant lending opportunity, with a credit gap of INR 117 trillion against a total demand of INR 159 trillion – only INR 42 trillion is currently served through formal channels. Despite this gap, MSME credit has witnessed strong growth in recent years, expanding at a 16.0% CAGR to reach INR 42 trillion in FY 2024-25.

Secured MSME loans grew from INR 4.9 trillion in FY 2018-19 to INR 12.8 trillion in FY 2024-25 (16.0% CAGR), and are expected to reach INR 21.5 trillion by FY 2027-28 (19.0% CAGR). A rising share of loans with Average Ticket Sizes (ATS) below INR 25 lakh indicates deeper financial inclusion.

Unsecured MSME loans have also grown significantly, expanding from INR 3.3 trillion in FY 2018-19 to INR 9.7 trillion in FY 2024-25 (20.0% CAGR). This segment is expected to accelerate further to INR 16.9 trillion by FY 2027-28 at a projected CAGR of 20.0%.

Unsecured business loans with ticket sizes below INR 50 lakh have grown at a CAGR of 25.7% from INR 0.3 trillion in FY 2018-19 to INR 1.3 trillion in FY 2024-25. This segment is estimated to surpass INR 2 trillion in FY 2027-28, with a projected growth rate of 21.0%.

Key Growth Drivers

1. **Data-driven lending:** The adoption of digital infrastructure, GST data, and alternative credit scoring models is enhancing transparency and improving risk assessment.
2. **Reduced turnaround times:** Fintech-NBFC collaborations are enabling quicker loan approvals through tech-enabled underwriting.

3. **Wider lending networks:** Expansion in physical branches and digital platforms is improving credit access across geographies.
4. **Competitive ecosystem:** The entry of new fintechs, co-lending arrangements and innovative financing models is intensifying innovation and outreach.
5. **Policy and government support:** Measures such as revised MSME definitions, regulatory simplification are boosting growth.
6. **Expanded credit guarantee coverage:** Broader inclusion of NBFCs under guarantee schemes such as CGTMSE is mitigating lender risk and facilitating stronger credit flows.

4.1.4 Consumer finance

India's consumer finance market—including consumer durable, personal loans, and gold loans—currently stands at INR 27.8 trillion, having grown at a 6-year CAGR of 26.0%. It is projected to reach INR 48 trillion by FY 2027-28, representing a robust ~20.0% CAGR and offering a substantial lending opportunity.

1. **Personal loans:** Outstanding personal loans grew from INR 4.2 trillion in FY 2018-19 to INR 14.6 trillion in FY 2024-25, registering a CAGR of ~22.9%. This expansion has been fuelled by the rise of fintech lenders, growing presence in Tier 1 and beyond, and a broader shift to a consumption-led economy. The market is projected to reach INR 24–25 trillion by FY 2027-28.

Banks continue to dominate Tier 1 markets with salaried borrowers, while NBFCs increasingly focus on smaller-ticket loans in Tier 2 and below. The share of NBFCs in outstanding personal loans has increased from 16.0% in FY 2018-19 to 24.0% in FY 2024-25.

However, the segment faces heightened asset quality risks due to its unsecured nature, borrower overleveraging and rising NPAs—especially for non-bank lenders. While demand remains strong due to easy access and product innovation, prudent underwriting is essential to manage repayment risk and prevent credit deterioration.

2. **Consumer durable finance:** The consumer durables loan book grew by a CAGR of 16.6%, rising from INR 0.3 trillion in FY 2018-19 to INR 0.83 trillion in FY 2024-25. This growth was supported by strong consumer demand, rising aspirational spending, and deeper financing penetration, particularly during festive seasons.

NBFCs account for the majority share in this segment, contributing 68.0% of outstanding consumer durable loans in FY 2024-25. The market is projected to grow at a CAGR of 18.0%–21.0% between FY 2024-25 and FY 2027-27, reaching INR 1.45 trillion.

- 3. Gold loans:** The gold loan segment continues to be dominated by unorganised lenders, creating significant opportunity for formal players to capture market share. Gold loans, typically small-ticket and short-term, are disbursed instantly via branch-led models and are widely used by both households and micro-businesses.

Demand is expected to rise, driven by increasing awareness, borrower confidence and expansion beyond southern India. The market stood at INR 12.4 trillion in FY 2024-25, reflecting a CAGR of 32.7% from FY 2018-19. The gold loan book is projected to grow at a CAGR of 18.0%–20.0% between FY 2023-24 and FY 2027-28, driven by formalisation, product innovation and economic revival.

4.1.5 Rural Finance

The rural finance sector faced significant headwinds in FY 2024-25, driven by borrower overleveraging, socio-political disruptions, regional delinquencies, and operational challenges. Despite these pressures, the overall MFI industry grew at a CAGR of 12.0% from FY 2018-19 to FY 2024-25, reaching a total portfolio of INR 3.8 trillion, with NBFC-MFIs accounting for 39.0% of the outstanding book. According to a CRISIL report dated 28 June 2025, the industry is expected to witness muted growth of 8–10.0%, with the total portfolio projected to reach INR 5 trillion by FY 2027-28.

Challenges in the MFI industry:

- 1. Low financial literacy** hampers borrowers' understanding of loan terms.
- 2. Over-indebtedness** resulting from poor debt management, particularly in saturated regions.

- 3. High NPAs** stemming from the unsecured nature of microloans and borrower risk profiles.
- 4. Vulnerability** to external shocks like socio-economic and environmental disruptions.
- 5. High cost of outreach in rural areas** due to small ticket sizes and logistical challenges.
- 6. Limited tech adoption** increases reliance on manual processes, resulting in higher costs and inefficiencies.

4.2 Company Overview

Northern Arc Capital Limited is an RBI-registered NBFC dedicated to addressing the diverse credit needs of underserved households and businesses across India. Over the past 16 years, the Company has built a differentiated and comprehensive presence across the retail credit ecosystem, with a strong focus on financial inclusion. Since entering the space in 2009, Northern Arc has facilitated financing of over INR 2.1 trillion, positively impacting more than 118 million lives across 28 states, seven union territories, and 680 districts. Northern Arc's robust risk management framework has enabled it to remain resilient through multiple credit cycles, cementing its position as a trusted and innovative player in India's credit ecosystem.

The Company has developed deep domain expertise in MSME financing, consumer finance, and rural finance, serving these sectors through a dual-channel model that combines direct-to-customer offerings and credit solutions for originator partners.

Direct-to-Customer (D2C) Lending

In the D2C segment, the Company has established a strong distribution network to provide its customers with top-quality services at their convenience. Its operations span across 360 branches, strategically located across 12 states and 1 UT.

Presence:

Network	FY21	FY22	FY23	FY24	FY25
Corporate	4	4	4	4	4
Secured LAP	-	3	15	50	69
Rural finance	-	-	186	262	287
Total	4	7	205	316	360

During FY 2024-25, the Company added 57 branches in total with 19 added in Secured LAP and 38 added for its rural finance offerings. The Company also consolidated 13 unproductive rural finance branches to enhance operational efficiency.

In addition to directly lending through its branch network, Northern Arc collaborates with retail lending partners across the MSME, consumer finance, and rural finance segments. As of 31 March 2025, the Company has cumulatively partnered with 54 retail lenders since inception, strengthening its reach and impact across the retail credit ecosystem.

Through this extensive direct-to-customer distribution network, Northern Arc is currently serving 19.9 lakh customers directly.

Credit Solutions to Originator Partners:

Beyond its retail lending operations, Northern Arc plays a pivotal role as an ecosystem enabler, supporting originator partners by facilitating the flow of credit through Performing credit funds, structured debt placements, intermediate retail lending, and SaaS offerings. Since inception, the Company has enabled credit flow of over INR 1.7 trillion across these verticals. In doing so, it has financed credit for 350 originator partners and collaborated with more than 1,300 investor partners.

4.2 Business Overview

In FY 2024-25, the Company experienced strong growth across all business segments, despite various headwinds, which facilitated credit worth over INR 35,000 crore across D2C and credit solution channels. The Company has also been able to improve yields through expansion in D2C segment, resulting in improvement of spreads from 7.5% in FY 2023-24 to 7.9% in FY 2024-25, and a 45.7% increase in PPOP from INR 543 crore in FY 2023-24 to INR 791 crore in FY 2024-25.

Key business highlights for FY 2024-25:

1. Equity infusion of INR 382 crore from IFC and other investors, followed by INR 777 crore raised through an initial public offering in September 2024, including INR 500 crore of primary capital.
2. Raised ~INR 1,200 crore in debt from FMO and IFC.
3. Added 57 new branches in FY 2024-25 to accelerate D2C expansion.
4. Recognised as a Great Place to Work (GPTW) for the 5th consecutive year.

Assets Under Management (AUM):

Northern Arc's AUM grew by 16.4% year-on-year, rising from INR 11,710 crore in March 2024 to INR 13,634 crore in March 2025 across 680 districts, 28 states and 7 union territories. The D2C share of AUM increased from 18.9% in March 2021 to 51.8% in March 2025.

D2C AUM:

The D2C segment grew by 21.1% year-on-year, from INR 5,833 crore in March 2024 to INR 7,064 crore in March 2025. The Company now serves over 19 lakh D2C borrowers across MSME, consumer finance and rural finance.

Intermediate retail lending:

Northern Arc's Intermediate retail lending AUM recorded a 11.8 year-on-year growth. In the FY 2024-25, the Company onboarded 22 new originator partners.

Gross Transaction Value:

Northern Arc's gross transaction value, including Fund deployment, placement volumes and lending grew by 19.6% year-on-year in FY 2024-25, with disbursements increasing

33.3% from INR 14,885 crore in FY 2023-24 to INR 19,840 crore in FY 2024-25.

Financial Overview

Interest income:

Interest income grew by 24.0%, rising from INR 1,588 crore in FY 2023-24 to INR 1,969 crore in FY 2024-25. This was driven by:

- Growth in AUM from INR 11,710 crore in March'2024 to INR 13,634 crore in March'2025.
- Increase in D2C mix from 49.8% in March'2024 to 51.8% in March'2025 leading to improvement in yields by 14 bps as compared to FY 2023-24.

Spreads:

Spreads expanded by 40 bps, increasing from 7.5% in FY 2023-24 to 7.9% in FY 2024-25, supported by:

- A 14-bps improvement in yields (16.9% in FY 2024-25 vs. 16.7% in FY 2023-24)
- A 24-bps reduction in cost of funds, declining from 9.2% in FY 2023-24 to 8.9% in FY 2024-25.

Operating Efficiency:

Operating expenses as a percentage of AUM improved by 39 bps, reducing from 4.0% in FY 2023-24 to 3.6% in FY 2024-25, reflecting Northern Arc's continued focus on cost discipline and frugal expansion.

Pre-provision operating profit (PPOP):

PPOP increased by 45.7%, from INR 543 crore in FY 2023-24 to INR 791 crore in FY 2024-25, driven by higher disbursements, improved spreads, and enhanced cost efficiency.

Credit cost:

Credit cost as a percentage of quarterly average total assets rose to 3.2% in FY 2024-25, compared to 1.2% in FY 2023-24, primarily due to:

- A one-time provision was made following the RBI's directive to exclude credit enhancements in ECL calculation under FLDG arrangements. Of the total exclusion of INR 80 crore, the Company recorded INR 68 crore in Q4 FY2024-25.
- A management overlay of INR 51 crore in Q4 FY 2024-25 on an intermediate retail exposure, increasing the total overlay to INR 75 crore—a prudent measure to reinforce balance sheet resilience and uphold strong risk management practices.

Asset Quality:

Northern Arc's GNPA for FY 2024-25 stood at 0.9% and NNPA of 0.4%, with a healthy capital adequacy ratio of 24.7%.

The following is Northern Arc's sector-wise asset quality:

INR CRORES	AUM	GNPA (%)	Credit Cost (%)FY25	Credit Cost (%) FY25 (Excl. one-time provision)
Intermediate Retail	6,570	0.6%	1.5%	1.5%
MSME	2,574	2.8%	2.5%	1.7%
Consumer	3,390	0.4%	6.0%	4.2%
Rural	1,100	0.1%	6.8%	6.8%
Total	13,634	0.9%	3.2%	2.6%

Net Profit:

Reported net profit stood at INR 305 crore in FY 2024-25, compared to INR 308 crore in FY 2023-24.

Excluding the DLG-related provision, Northern Arc's net profit for the year would have been INR 356 crore, representing a 15.4% year-on-year growth, a testament to the strength and momentum of the Company's underlying business.

Return on Assets and Return on Equity.

As a result, the Company generated an ROA of 2.4% and an ROE of 10.0% with a debt-to-equity ratio of 2.9x.

The following is a snapshot of the Company's performance:

INR crore/%	INR crore			DuPont	
	FY24	FY25	YoY %	FY24	FY25
Interest Income	1,588	1,969	24.0%	15.3%	15.7%
Finance Cost	725	823	14.0%	7.0%	6.5%
Net Interest Income	864	1,147	33.0%	8.3%	9.1%
Fee & Other Income	97	102	5.2%	0.93%	0.8%
Net Revenue	961	1,248	30.0%	9.3%	9.9%
Credit Cost	122	405	231.0%	1.2%	3.2%
Risk Adjusted Net Revenue	838	844	1.0%	8.1%	6.7%
Employee Cost	242	285	18.0%	2.3%	2.3%
Other Operating Cost	176	173	-2.0%	1.7%	1.4%
Total Cost	418	458	9.0%	4.0%	3.6%
Profit Before Tax	420	386	-8.0%	4.1%	3.1%
Tax	103	85	-17.0%	1.0%	0.7%
Profit After Tax	318	301	-5.0%	3.1%	2.4%
Attributable to Owners	308	305	-1.0%	3.0%	2.4%
Attributable to NCI	9	-3	-	0.1%	-0.0%

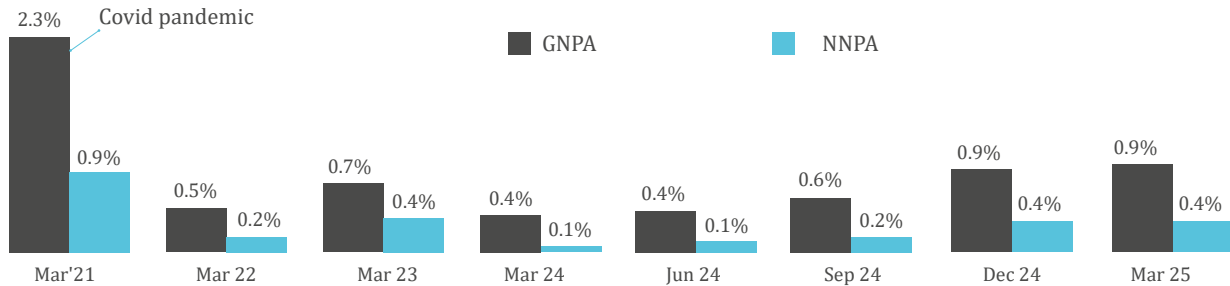
INR crore

Ratios	FY24	FY25
Yield	16.8%	16.9%
Cost of Funds	9.2%	9.0%
Spread	7.5%	7.9%
Return on Assets	3.0%	2.4%
Return on Equity	14.5%	10.0%

4.3 Risk Management:

Northern Arc's differentiated credit underwriting approach and robust risk models have enabled it to maintain strong asset quality and deliver consistent, risk-adjusted returns across market cycles and macroeconomic disruptions. Northern Arc's risk framework is built on four pillars — data and analytics, proprietary models, domain expertise, and on-field surveillance — enabling strong portfolio construction and effective early warning systems. Northern Arc actively monitors exposures and conducts partner benchmarking through field audits, ensuring real-time insights and timely credit actions.

Historical GNPA and NNPA trajectory:



Portfolio quality:

INR crore/%

By Staging	Assets under Management					Assets under Management (%)					ECL: Expected Credit Loss					ECL % : provision coverage for each stage				
	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25
Stage I	10,758	11,054	11,480	11,247	12,529	98.4%	98.0%	97.8%	97.0%	97.2%	72	94	115	125	233	0.7%	0.8%	1.0%	1.1%	1.9%
Stage II	126	168	188	231	239	1.2%	1.5%	1.6%	2.0%	1.8%	33	40	35	44	59	25.8%	23.9%	18.6%	19.0%	24.8%
Stage III	49	53	68	110	126	0.4%	0.5%	0.6%	1.0%	1.0%	40	39	49	66	77	81.7%	74.0%	71.8%	60.2%	61.1%
Total On-Book	10,933	11,274	11,736	11,588	12,894	100.0%	100.0%	100.0%	100.0%	100.0%	145	173	196	235	369	1.3%	1.5%	1.7%	2.0%	2.9%
Assigned Assets	777	595	573	662	740															
Overall AUM	11,710	11,869	12,309	12,250	13,634															

4.4 Strong Liability Franchise

Northern Arc has effectively navigated challenging market dynamics by maintaining a resilient treasury framework, reinforcing its financial stability and adaptability. This approach has ensured continuity in lending operations and enabled strategic diversification of funding sources, fostering long-term growth and sustainability.

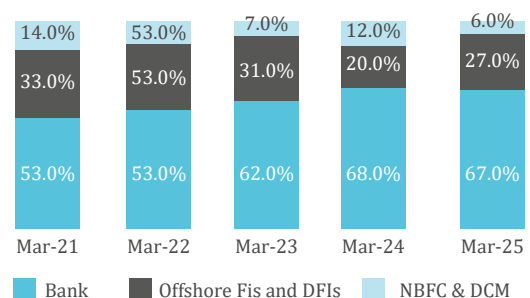
During FY 2024-25, Northern Arc raised fresh debt amounting to INR 5,912 crore, including ~ INR 1,200 crore from FMO and IFC. This fundraising demonstrates Northern Arc's robust and time-tested relationships with its lenders and investors, reflecting Company's ongoing efforts to expand and diversify its lender base.

As of March 31 2025, Northern Arc had 49 lenders and investors, with 67% of its total borrowings from the banking system, 27% from domestic and offshore DFIs, and the remainder from capital markets investors such as mutual funds, insurance company and private wealth firms and other lenders and investors.

Furthermore, Northern Arc's cost of funds decreased by 20 bps in FY 2024-25 to 9.0% from 9.2% in FY 2023-24, despite the broader slowdown in bank funding to NBFCs.

INR crore/%/#	FY21	FY22	FY23	FY24	FY25
O/S Borrowings	3,932	5,983	7,035	9,048	9,860
Cost of funds	10.2%	8.6%	8.8%	9.2%	9.0%

Borrowing Mix%



External Credit Rating

Northern Arc's credit rating continues to be a key enabler for its diversified and cost-efficient funding profile. Since 2015, Northern Arc's commercial paper programme has been assigned the highest possible rating of A1+. The Company's non-convertible debentures and long-term bank facilities have been rated AA- by both ICRA and India Ratings.

These factors have supported healthy growth in the Company's balance sheet and earning assets throughout the year.

4.5 Enterprise Risk Management:

Integrated Risk Architecture

Northern Arc has adopted a multi-dimensional Enterprise Risk Management (ERM) framework, built on strong risk governance, deep domain expertise, ground-level insights, extensive data analytics and proprietary risk models. This framework addresses a broad spectrum of risks, providing a comprehensive approach to risk mitigation:

- ▶ **Financial risks:** Credit risk, liquidity risk, interest rate risk
- ▶ **Non-financial risks:** Operational risk, information security risk, compliance risk, strategic risk, reputational risk, conduct risk

Independent and Efficient Collections Ecosystem

The Company operates an end-to-end collections process to manage delinquencies effectively, tailored to different stages of default:

- ▶ **Pre-Due:** Pre-due reminders sent digitally
- ▶ **0-15 days past due (DPD):** Follow up through tele-calling
- ▶ **15+ DPD:** Initiate on-field collections along with tele-calling and legal action through Section 25/138 of payment and settlements act
- ▶ **30+ DPD:** Escalation to recovery mechanisms, including legal action
- ▶ **90+ DPD:** Initiation of physical possession and liquidation of collateral

Advanced Analytics and Risk Modelling

Northern Arc's decision-making is underpinned by a proprietary data repository developed over more than a decade, comprising over 47.52 million data points. This extensive database includes granular transaction data, financial and operational insights on originator partners, and qualitative assessments of these partners. Together, these elements form a robust framework that enables Northern Arc to effectively mitigate risk while maintaining a secure and scalable growth model.

Cutting-edge Data Analytics and Tech-first Approach

Northern Arc leverages real-time analytics and advanced technology to drive performance and informed decision-making across its ecosystem. By optimising customer management, strengthening investor partnerships, and expanding its data capabilities, the company enables smarter, scalable growth. Through predictive, data-driven insights for real-time portfolio management, customised solutions tailored from deep data intelligence, and machine learning that continuously enriches its data ecosystem, Northern Arc enhances speed, efficiency, and insights. This forward-looking, technology-led approach ensures agility and excellence in delivering financial solutions at scale.

Operational Risk Management

Northern Arc adopts a proactive and structured approach to operational risk management, aimed at identifying, mitigating, and monitoring potential disruptions across business functions. The framework is overseen by the Northern Arc Operational Risk Committee (NAORC), which provides strategic direction and governance through:

- ▶ Setting clear risk reporting structures
- ▶ Regular process audits
- ▶ Risk assessments and corrective action plans

4.6 Technology Infrastructure:

Northern Arc's technology stack is built to deliver a seamless, scalable, and secure lending journey, integrating digital capabilities across the lifecycle—from lead generation and onboarding to credit underwriting and servicing. The platform comprises a fully customizable Loan Management System (LMS), intelligent Business Rule Engines (BRES), and personalized workflows, all supported by cloud-native infrastructure on Microsoft Azure and Oracle Fusion. Advanced analytics and ML-driven decisioning are enabled through tools like Power BI, Tableau, Elastic, and Northern Arc's proprietary Nu Score model. Real-time credit assessment is facilitated through deep API integrations with partners such as CIBIL, Experian, Karza, and Perfios.

Security is embedded through multi-layered defenses, including Microsoft Defender, Fortinet, Intune, and 24/7 monitoring with SentinelOne and ELK Stack. The platform also supports immersive customer engagement via Salesforce, CleverTap, Ameyo, and WhatsApp, offering multilingual and omnichannel touchpoints. Infrastructure-as-Code practices and strong DevSecOps governance ensure agility, automation, and cost efficiency. Across platforms such as nPOS, Nimbus, Altifi, and Nu Score, Northern Arc's tech stack serves as the backbone for its digital-first approach, enabling robust risk management, operational efficiency, and customer-centricity at scale.

4.7 Human Resource:

Governance and leadership

Empowering growth through people-centric excellence

Human capital lies at the heart of Northern Arc's strategic vision and operational success. The Company firmly believes that its employees are not just enablers but the very architects of its enduring impact and sustained growth. The strength of Northern Arc's workforce, combined with an inclusive leadership philosophy and collaborative governance, forms a resilient foundation upon which the Company builds value for all stakeholders.

Northern Arc's organisational structure is strengthened by a hands-on and forward-looking management team, actively supported by discerning investors and steered by the seasoned oversight of the Company's Nomination and Remuneration Committee (NRC) and Board of Directors. This collective stewardship ensures that Northern Arc's human capital strategies are not only robust and agile but also deeply aligned with its long-term vision and purpose.

As of March 31 2025, Northern Arc had a workforce of 3,118 employees across diverse levels, functions, and geographies. Of these, 17.0% were women, and 8.5% of the Company's hires came from focused diversity segments. This evolving workforce reflects not only the Company's scale but also its conscious commitment to inclusivity and representation.

Going forward, Northern Arc aims to continue placing emphasis on diversity, capability building, and nurturing leadership to maintain a resilient, agile, and future-ready workforce.

4.8 Opportunities and Threats:

Opportunities

Driving Scalable Impact Through Experience and Expertise

With over 16 years of experience, cumulative credit facilitation of INR 2.1 trillion, deep domain expertise across MSME, rural finance, and consumer finance, combined with strong institutional credibility, Northern Arc is well-positioned to lead the next phase of growth in financial inclusion.

Serving the underserved retail markets

Northern Arc's core strength lies in reaching underserved and financially excluded segments. With an extensive on-ground presence and robust underwriting capabilities, the Company is well-placed to cater to the evolving credit needs of rural households, informal MSMEs, and first-time borrowers.

Revival in rural consumption

Signs of recovery in rural income and consumption trends offer a positive tailwind for Northern Arc's rural finance business. The Company's dedicated subsidiary focused on rural lending, supported by a growing branch network, is primed to tap into this resurgence and deepen its presence across Bharat.

New growth engines: Digital partnership based lending, direct retail lending, and wealth distribution

Northern Arc is actively building out high-potential verticals such as Digital partnership based lending, expanding its direct retail lending through branches, and entering adjacent areas like wealth and insurance distribution. These verticals represent significant white space for growth and customer cross-sell opportunities.

Strong brand pedigree and proven track record

The Company continues to enjoy the trust of marquee investors, regulators, and ecosystem stakeholders due to its consistent performance, governance standards, and resilience through credit cycles. Northern Arc's strong brand equity helps attract quality partnerships across borrowers and capital providers.

Building a strong distribution network

Northern Arc's expanding branch infrastructure and growing partnerships with originators and fintechs are helping it build a wide and diversified distribution network. This allows for better reach, faster scale-up of new products, and reduced customer acquisition costs.

Digitisation and data-driven decision making

With significant investments in technology and analytics, the Company has built a strong digital backbone. Northern Arc's proprietary risk models, AI-driven customer engagement, and data-rich underwriting capabilities enhance operational efficiency, drive scale, and enable smarter credit decisions.

Threats

Regulatory challenges and credit availability

As a regulated NBFC, Northern Arc operates in a constantly evolving policy environment. Regulatory shifts related to capital adequacy, lending practices, and data privacy can impact Northern Arc's business model and require swift compliance adaptability. In addition, access to debt capital markets can be cyclically influenced, affecting liquidity.

Impact on demand amid sustained inflation

Prolonged inflationary trends may reduce disposable income, particularly in rural and low-income segments, thereby dampening credit demand. This could also affect repayment capacity and result in higher delinquencies with vulnerable borrower profiles.

Fast-changing interest rate environment

Volatile interest rates can affect Northern Arc's cost of borrowing and spreads, especially for fixed-income portfolios. Northern Arc's ability to dynamically manage its asset-liability profile and pricing strategy remains critical to maintaining profitability and credit performance.

4.9 Internal Control Systems and their Adequacy:

As a part of Northern Arc's efforts to evaluate the effectiveness of internal control systems, the Company's audit teams periodically assess the adequacy of control measures periodically and recommend improvements, wherever appropriate. The Audit Committee reviews the internal audit functions, including the scope of the internal audit, as well as the adequacy and effectiveness of the internal systems and controls.

Northern Arc has a well-established and adequate internal financial control framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and to support a strong corporate governance structure, while maintaining excellence in service delivery to all stakeholders.

Appropriate controls are in place to ensure:

- (a) the orderly and efficient conduct of business, including adherence to policies,
- (b) safeguarding of assets,
- (c) prevention and detection of frauds/ errors,
- (d) accuracy and completeness of the accounting records and
- (e) timely preparation of reliable financial information.

Northern Arc's internal control framework includes clearly defined delegation of authority and standard operating procedures, which are implemented across all businesses and functions. These are reviewed periodically at all levels. The risk and control matrices are also reviewed periodically at all levels of the organisation. The risk and control matrices are also reviewed regularly, with control measures tested and documented.

These mechanisms help ensure that internal financial controls are commensurate with the scale of Northern Arc's operations. The findings are presented to the Audit Committee, enabling the Committee to evaluate the strength of the controls and determine any enhancements required, especially as the Company continues to ramp up operations.

4.10 Outlook

NBFCs are emerging as pivotal enablers in India's financial ecosystem, bridging the credit gap for underserved and previously excluded segments. As these segments continue to grow and formalise, NBFC market share and product diversity are expected to expand significantly. Recent regulatory tailwinds — including policy rate cuts, enhanced risk coverage under schemes like CGTMSE and CGFMU, and the restoration of standard risk weights on bank exposures to NBFCs — provide further momentum for sectoral growth.

Northern Arc is well-positioned to capitalise on these trends, anchored by its strong foundation in risk-first underwriting, robust technology stack, and a pan-India distribution network. In line with its long-term strategy, the Company remains focused on scaling its Direct-to-Customer (D2C) business across MSME, consumer finance, and rural finance — with a target to increase the D2C portfolio in the next 3 years.

On the credit solutions front, Northern Arc continues to build a comprehensive ecosystem through performing credit funds, structured debt placements, balance sheet lending, and SaaS-based offerings. These platforms not only enable capital flow to originator partners but also contribute meaningfully to fee-based income.

Looking ahead to FY2025-26, Northern Arc remains cautiously optimistic. With a clear focus on profitable growth, the Company is targeting 20.0%-25.0% AUM CAGR over the next three years and expect to improve ROA to 3.7%-4.0% and deliver ROEs in the range of 16.0%-18.0%.

4.11 Cautionary Statement

Certain statements in the Management Discussion and Analysis section concerning the Company's goals, expectations, projections, estimates, and outlook may constitute forward-looking statements under applicable laws and regulations. These statements are based on currently available information, internal assumptions, and forecasts, and are subject to inherent risks, uncertainties, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those expressed or implied. Such factors include, but are not limited to, changes in macroeconomic conditions, competitive dynamics, regulatory and legal developments, shifts in political or economic environments, tax policies, technological changes, and market volatility.

Forward-looking statements do not guarantee future performance and should not be relied upon as such. The Company assumes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable laws.

Corporate Governance Report

The Board of Directors present the Corporate Governance Report of the Company for the Financial Year 2024-25. This report outlines the Company's governance framework, policies and practices highlighting the systems and processes followed by the Company to ensure compliance with applicable Corporate Governance requirements as prescribed under relevant laws, regulations and guidelines.

The Company remains committed to maintaining the highest standards of integrity, transparency, accountability, and ethical conduct in all aspects of its operations, thereby fostering the trust of all stakeholders.

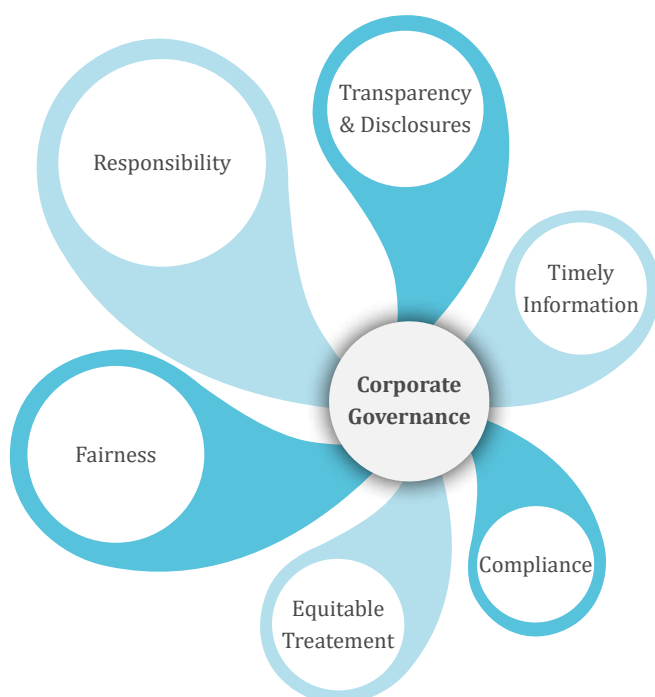
Company's philosophy on corporate governance

Corporate Governance is a system of rules, practices and processes on which an entity is operated, regulated and controlled. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Our Governance Structure is multi-tiered, comprising :

Board of Directors: Entrusted with oversight and strategic direction.

Board Committees: A specialized committees composed of board members, established to focus on key functional areas, and plays a critical role in ensuring thorough and effective governance in their respective domains.

Managing Director & CEO: Responsible for the execution of board directives and day-to-day operations. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.



Your company is a professionally managed Company functioning under the overall guidance of the Board. The Company believes that a well-functioning and informed Board of Directors are the key to good corporate governance. The Board is comprised of a core group of excellent, professionally acclaimed non-executive directors who understand their dual role of appreciating the issues put forward by management and honestly discharging their fiduciary responsibilities to safeguard the interests of all the Company's stakeholders.

By adhering to regulatory guidelines and achieving the highest standards of Corporate Governance, the Board of directors of your Company demonstrates its commitment by framing the Internal guidelines on Corporate Governance ("Corporate Governance Policy"). The Policy was framed by taking into account the relevant statutory provisions under the Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI Directions"), the Companies Act, 2013 (the "Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), circulars and other guidelines issued by the regulators from time to time. The Corporate Governance Policy is also available at the website of the Company at https://www.northernarc.com/assets/uploads/policies/Corporate_Governance_Policy.pdf.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations and applicable RBI Directions with regard to corporate governance.

Board of Directors

The Board of the Company is governed and constituted in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder, SEBI Listing Regulations, applicable RBI Directions, the Articles of Association of the Company and other circulars & guidelines issued by the Regulators from time to time, in accordance with the best practices in Corporate Governance.

Board Composition

As on March 31, 2025, the Board of Directors of the Company comprised of 8 (Eight) directors, inclusive of 1 (One) Executive Director, 3 (Three) Non-Executive Nominee Directors representing the equity investors, 1 (One) Non-Executive Non-Independent Director and 3 (Three) Independent Directors. Mr. P.S Jayakumar, Non-Executive Independent Director is the Chairman of Board of Directors of the Company. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and 165 of the Companies Act, 2013 ("Act").

Composition of Board as on March 31, 2025

Category of Directors	No. of Directors
Executive Director	1
Non-executive Non-Independent Director	1
Independent Directors	3
Nominee Directors	3
Total	8

The category of each Director, together with attendance at Board Meetings and at last Annual General Meeting¹, Number of Directorships and Committee Chairmanships / Memberships held by them in other companies, Name of other listed entities in which the director is a director & category of directorship and Number of equity shares and convertible instruments² of the Company held by directors as on March 31, 2025 are given below:

Sl. No	Name of the Director & Category	No. of Board Meetings attended out of Total Board meetings liable to attend during FY 2024-25	No. of Equity Shares held as on March 31, 2025	No. of Directorships held in other companies ³ (as on March 31, 2025)	Committee position(s) as per Regulation 26(1) ⁴ (as on March 31, 2025)		Directorship in other Listed entities ⁶ & Category of directorship (as on March 31, 2025)
					As Chairman	As Member	
1	Mr. Ashish Mehrotra (DIN: 07277318) Managing Director & CEO	18/18	1,41,913	10	0	1	--
2	Dr. Kshama Fernandes (DIN: 02539429) Non-Executive Non-Independent Director	17/18	3,74,346	7	1	3	1. Sundaram Finance Limited - Non-Executive Independent Director
3	Mr. T S Anantharaman (DIN: 00480136) Nominee Director representing 360 ONE special opportunities fund (equity investor)	17/18	--	7	2	4	1. Kalyan Jewellers India Limited – Non-Executive Independent Director
4	Mr. Michael Jude Fernandes (DIN: 00064088) Nominee Director representing LEAPFROG Financial Inclusion India II Ltd (equity investor)	18/18	--	2	0	1	--
5	Mr. Vijay Chakravarthi (DIN: 08020248) Nominee Director representing Augusta Investments II Pte. Ltd.	15/18	--	3	0	2	--
6	Ms. Anuradha Rao (DIN: 07597195) Independent Director	17/18	--	2	1	4	1. Sundaram Finance Limited - Non-Executive Independent Director
7	Mr. Ashutosh Pednekar (DIN: 00026049) Independent Director	18/18	--	5	3	3	1. Elecon Engineering Company Limited - Non-Executive Independent Director
8	Mr. P S Jayakumar (DIN: 01173236) Independent Director	18/18	1,42,585	13	4	9	1. ICRA Limited - Non-Executive Independent Director 2. Adani Ports And Special Economic Zone Limited - Non-Executive Independent Director 3. Emcure Pharmaceuticals Limited - Non-Executive Independent Director 4. HT Media Limited - Non-Executive Independent Director

Sl. No	Name of the Director & Category	No. of Board Meetings attended out of Total Board meetings liable to attend during FY 2024-25	No. of Equity Shares held as on March 31, 2025	No. of Directorships held in other companies ³ (as on March 31, 2025)	Committee position(s) as per Regulation 26(1) ⁴ (as on March 31, 2025)		Directorship in other Listed entities ⁶ & Category of directorship (as on March 31, 2025)
					As Chairman	As Member	
							5. JM Financial Limited - Non-Executive Independent Director 6. CG Power And Industrial Solutions Limited - Non-Executive Independent Director
9	Mr. N T Arun Kumar ⁵ (DIN: 02407722) Independent Director	16/16	-	-	-	-	-

¹ All the Directors were present at last Annual General Meeting held on December 19, 2024.

² None of the Directors hold any convertible instruments of the Company.

³ Excluding Northern Arc Capital Ltd.

⁴ Committee positions include all public limited companies, but excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013. Only the Audit Committee and the Stakeholders Relationship Committee are considered for the purpose of reckoning committee positions.

⁵ Cessation of Directorship due to Tenure completion on February 13, 2025.

⁶ Names entities which have listed its equity shares were disclosed (excluding Northern Arc Capital Ltd).

Changes in the Board

- The Board at its meeting held on February 14, 2025, and the shareholders through postal ballot resolutions dated May 05, 2025, had approved the continuation of Dr. Kshama Fernandes (DIN: 02539429) as a Non-executive, Non-independent director of the Company for a further period of One year with effect from April 01, 2025.
- Mr. N T Arunkumar (DIN: 02407722) ceased to be Director of the Company with effect from February 13, 2025 upon completion of his 3 years term as an Independent Director.
- Mr. Sandeep Dhar (DIN: 00182797) was appointed as an Additional Director (Non-Executive, Independent) of the Company with effect from May 07, 2025 for a period of five consecutive years, subject to the approval of shareholders.
- Mr. Trikkur Seetharaman Anantharaman (DIN: 00480136) resigned as the Non-Executive Nominee Director of the Company with effect from June 23, 2025, representing 360 One Special Opportunities Fund, subsequent to the sale of its stake in the Company.

In terms of the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Directors of the Company submits requisite disclosures regarding the positions held by them

on the Board and Committees of other companies with changes therein, if any, on periodical basis. On the basis of such disclosures, it is confirmed that as on the date of report, none of the Directors of the Company:

- holds Directorship positions in more than 20 (Twenty) companies [including 10 (Ten) public limited companies and 7 (Seven) listed companies];
- who holds Managing Director / Wholtime Director position in any listed entity, serves as an Independent Director in more than 3 (Three) listed companies;
- is a Member of more than 10 (Ten) Committees and/ or Chairperson of more than 5 (Five) Committees, across all the Indian public limited companies in which they are Directors;

The Company has formulated and adopted a policy on Fit and Proper Criteria for the Directors as per the provisions of RBI Directions. All the Directors have confirmed that they satisfy the fit and proper criteria at the time of the appointment / re-appointment and on a continuing basis as prescribed under the RBI Directions.

Disclosure of relationships between directors inter-se

None of the Directors are related to each other.

Independent Directors

All Independent Directors fulfill the criteria of Independence as per Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

A Declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors Rules), 2014 along with a declaration as provided in the Notification dated October 22, 2019, issued by the Ministry of Corporate Affairs ("MCA"), regarding the requirement relating to enrolment in the Data Bank for Independent Directors, has been received from all the Independent Directors, along with declaration made under Section 149(7) of the Act.

In accordance with RBI Directions, no independent director is on the Board of more than three NBFCs (NBFCs-Middle Layer or NBFCs-Upper Layer) at the same time. Further, there is no conflict arising out of independent directors being on the Board of another NBFC at the same time.

Based on the declarations received from the Independent Directors, the Board of Directors have assessed and confirmed that they are independent of the management & fulfil the conditions specified in the Companies Act, 2013 and SEBI Listing Regulations.

During the year under review, no Independent Director has resigned before the expiry of his / her tenure.

Terms and Conditions for Appointment of Independent Directors

A formal letter of appointment is issued by the Company to the newly appointed Directors which details the terms and conditions of his/her appointment. Independent Directors' tenure is fixed in terms of the provisions of the Companies Act, 2013, Listing

Regulations and RBI Directions. Format of Terms and Conditions for appointment of Independent Directors is available on the website of the Company at https://www.northernarc.com/assets/uploads/pdf/Terms_and_conditions_of_ID.pdf

Familiarisation programmes

The Company's independent directors are eminent professionals and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarization programme for all directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, financials and Company strategy are presented on a quarterly basis. Specific topics of relevance with respect to the Company's operations are also covered as part of the Board / Committee meetings. The details of the familiarization programme attended by directors are available on the website of the company at https://www.northernarc.com/assets/uploads/policies/Familiarisation_Programme_for_Independent_Directors.pdf

Core Skills/Expertise/Competence of the Board

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business for effective functioning. It is also confirmed that the directors possess these skills and competencies to ensure effective functioning of the Company.

1. Banking / NBFC Operations
2. Risk Management
3. Information Technology / Cybersecurity
4. Finance
5. Business Strategy
6. Governance
7. Accounts / Auditing

The details of core skills/expertise/competence possessed by the Board of Directors of the Company during the year under review:

Sl. No	Name of the Director & Category	Core Skills / Expertise / Competence						
		Banking / NBFC Operations	Risk Management	Information Technology / Cybersecurity	Finance	Business Strategy	Governance	Accounts / Auditing
1	Mr. Ashish Mehrotra MD & CEO	✓	✓		✓	✓	✓	
2	Dr. Kshama Fernandes Non-Executive Non-Independent Director	✓	✓			✓		
3	Mr. T S Anantharaman Nominee Director	✓			✓		✓	✓

Sl. No	Name of the Director & Category	Core Skills / Expertise / Competence						
		Banking / NBFC Operations	Risk Management	Information Technology / Cybersecurity	Finance	Business Strategy	Governance	Accounts / Auditing
4	Mr. Michael Jude Fernandes Nominee Director	✓			✓	✓	✓	
5	Mr. Vijay Chakravarthi Nominee Director	✓			✓	✓	✓	
6	Ms. Anuradha Rao Independent Director	✓		✓	✓	✓	✓	
7	Mr. Ashutosh Pednekar Independent Director	✓			✓		✓	✓
8	Mr. P S Jayakumar Independent Director	✓				✓	✓	✓
9	Mr. N T Arun Kumar Independent Director	✓		✓	✓	✓		

Board and Committee Meetings:

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors and Committee members are provided with appropriate information in the form of agenda in a timely manner to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management. However, in instances where any urgent business arises, the Company conducts necessary transactions by passing resolution(s) through circulation, as permitted by law. These resolutions are noted at the subsequent meeting, ensuring compliances and timely decision-making.

Further, video conferencing facility is also used effectively to facilitate participation of Directors, who are unable to attend the meetings in person, in compliance with the applicable laws. The Management Team attends the Board and Committee meetings upon invitation on need basis.



Board meetings

During the year under review, 18 Board Meetings were held and the maximum time gap between any two meetings was not more than 120 days. The date of the Board meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Attendance of Director(s) at Board Meetings and Annual General Meeting:																						
Board of Director(s)	02-04-2024	04-04-2024	22-04-2024	15-05-2024	29-05-2024	06-08-2024	09-08-2024	27-08-2024	30-08-2024	03-09-2024	09-09-2024	10-09-2024	19-09-2024	30-09-2024	28-10-2024	16-11-2024	14-02-2025	13-03-2025	AGM 19-12-2024	Board Meetings attended during the Year	% of Attendance - Board Meetings	
Mr. P. S. Jayakumar																				18	100%	
Mr. Ashish Mehrotra																				18	100%	
Mr. Ashutosh Pednekar																				18	100%	
Ms. Anuradha Rao																				17	94%	
Mr. Michael Jude Fernandes																				18	100%	
Mr. Vijay Nallan Chakravarthi																				15	83%	
Ms. Kshama Fernandes																				17	94%	
Mr. T. S. Anantharaman																				17	94%	
Mr. N. T. Arunkumar																	NA	NA		16	100%	
	89%	89%	78%	100%	100%	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%	89%	100%	100%	100%			



Attended Meeting through Video Conference



Director(s)/ Member(s) Present



Director(s)/ Member(s) Absent

Committees of the Board

The board has constituted various committees to enable focused decision making and for discharging its responsibilities. The eight Committees of the Board are Audit committee (AC), Nomination & Remuneration committee (NRC), Stakeholders relationship committee (SRC), Risk management committee (RMC), Corporate Social Responsibility committee (CSR), Environmental, Social, and Governance committee (ESG), IT strategy committee (ITSC) and Review Committee for Wilful defaulters (RCWD). Besides, Board also constituted various executive-level committees either as per relevant regulatory guidelines or as per business requirements, in order to improve the board effectiveness and to impart special attention in areas where more focus and specific deliberations are required.

The board at the time of constitution of each committee fixes the terms of reference, delegates powers and reviews the same periodically. The Company Secretary of the Company acts as Secretary of these Committees. Various recommendations of the committees are submitted to the board for approval. During the year, the board has accepted all recommendations of the committees.

The minutes of the meetings of all the committees are placed at the subsequent meeting to the Board for its information. Details of the Committees of the Board and other related information for the year under review are detailed below:

1. Audit Committee:

Audit Committee of the Board (ACB) was constituted in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of SEBI Listing Regulations and applicable provisions of RBI Directions as amended, from time to time.

All the members of the Committee are financially literate and have adequate knowledge in accounting and financial management. The Chairperson of the committee was present at the last Annual General Meeting. The MD & CEO, Chief Financial Officer, Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee. In line with the requirement under RBI regulations, the committee had separate meetings every quarter with Head – Internal Audit of the company without the presence of the executive director and the management team.

During the financial year 2024-25, Audit Committee met Nine (9) times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Committee. The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Meeting Date(s)											
Audit Committee Member(s)	15-05-2024	29-05-2024	05-08-2024	09-09-2024	30-09-2024	28-10-2024	13-11-2024	14-02-2025	13-03-2025	Attended during the Year	% of Attendance
Mr. Ashutosh Pednekar	✓				✓			✓		9	100%
Ms. Anuradha Rao	✓		✗							8	89%
Mr. P. S. Jayakumar	✓						✗	✓		8	89%
Mr. T. S. Anantharaman	✓		✗				✓	✓		8	89%
Mr. Vijay Nallan Chakravarthi	✓	✓	✓	✓	✓	✓	✓	NA	NA	7	100%
Mr. N. T. Arunkumar		✓	✓	✓	✓	✓		NA	NA	7	100%
	100%	100%	67%	100%	100%	100%	83%	100%	100%		



Attended Meeting through Video Conference



Director(s)/ Member(s) Present



Director(s)/ Member(s) Absent

Terms of Reference of Audit Committee

1. In relation to Internal Control Procedures:

- Review on a regular basis the adequacy of the internal control system, which includes the structure and organization of the accounts department, and all the transactions/deals recorded during the period.
- Review the progress and outcome of any regulatory audit conducted on the Company and/or its subsidiaries from time to time.
- Review and discuss with the accounts department and management, issues and findings arising from internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature. Reporting all such instances to the Board.
- Approve the appointment, re-appointment, removal or replacement (as the case may be) of internal auditors, and fixation of audit fee for such services and other similar services. The Audit Committee should be satisfied with the internal auditors' independence and arm's length relationship with the Company.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Discussion with internal auditors of any significant findings and follow up there on reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- The role of an internal auditor so appointed shall include:
 - The checking for compliance with law, regulations (including but not limited to regulations of SEBI & RBI), contractual covenants and such other additional obligations of the Company as may be appropriate.
 - The detailed audit of one functional area of the Company each quarter ("functional area" shall include Risk, Origination, Investor Relations, Treasury and Operations).
- The Audit committee shall also ensure that an Information Systems Audit of the internal systems and processes is conducted in line with applicable RBI Guidelines and commensurate with the size and the risks of the Company.

2. In relation to Statutory Auditors:

- (a) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (b) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (c) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (d) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern and
- (e) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

2.1 The audit committee shall mandatorily review the following:

- (a) management discussion and analysis of financial condition and results of operations;
- (b) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (c) internal audit reports ssas; and
- (d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - (i) statement of deviations: quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations and annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) Listing Regulations.

2.2 Selection and compensation

- i) Recommendation of the appointment / re-appointment and removal / replacement of statutory auditors, fixation of audit fees in accordance with the Policy on Appointment of Statutory Auditors ("Policy").

- ii) The Audit Committee should be satisfied with the statutory auditors' independence and arm's length relationship with the Company.

2.3 Rotation of statutory auditors:

The Audit Committee shall appoint or reappoint a firm as statutory auditor for a continuous period of three years, subject to the firm satisfying the eligibility as specified in the Policy:

The Audit Committee shall be guided by RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, as may be amended from time to time with regard to, inter alia:

- a) fulfilment of conditions pertaining to eligibility criterion for appointment of Statutory Auditor
- b) ensuring the independence of the auditors
- c) tenure and rotation of auditors and
- d) adherence to provisions with respect to audit fees and expenses.

2.4 Pre-audit discussions

Discussion with statutory auditors before the audit commences about the nature, scope and approach of the audit including formulation of an audit plan to be undertaken by the auditor.

2.5 Post-audit discussion

Post-audit discussion with statutory auditors to ascertain areas of concern and also review with the statutory auditor:

- (i) any audit problems or difficulties and management's response thereon.
- (ii) any "management" or "internal control" letter issued or proposed to be issued by the audit firm to the company.

3. In relation to the Company's financial statements

- (i) Review of the Company's accounting policies, internal accounting controls, financial policies and such other similar matters as the Audit Committee deems appropriate.

- (ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are materially correct.
- (iii) Review and discuss the audited financial statements with management and the statutory auditors and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.
- (iv) Review with the management about the annual financial statements before submission to the Board focusing primarily on:
 - (i) Any change in accounting policies and practices
 - (ii) Major accounting entries based on exercise of judgment by management
 - (iii) Qualifications in draft audit report
 - (iv) Significant adjustments arising out of audit
 - (v) The going concern assumption
 - (vi) Compliance with accounting standards applicable to the Company.
- (v) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a [public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter.
- (vi) Review before release of the financial statements audited or otherwise, the Directors' Report, and such other matters which form part of the Annual Report of the Company including, but not limited to, the schedule to the Balance Sheet that is required to be annexed in accordance with the "Prudential Norms", "Miscellaneous Instructions" prescribed by the Reserve Bank of India from time to time which apply to the Company.

(vii) Review of the:

- (i) Analyses prepared by the management and/or the statutory auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements
- (ii) The effect of regulatory and accounting initiatives
- (iii) Off-balance sheet structures on the financial statements.

4. Other responsibilities of Audit Committee:

- (i) Approval or any subsequent modification of transactions of the listed entity with related parties;
- (ii) Scrutiny of inter-corporate loans and investments;
- (iii) Valuation of undertakings or assets of the listed entity, wherever it is necessary
- (iv) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (v) Review the functioning of the whistle blower mechanism;
- (vi) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (vii) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
- (viii) Review and recommend Statutory Auditor appointment Policy to the Board of Directors.
- (ix) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

2. Nomination and Remuneration Committee (NRC)::

Nomination and Remuneration Committee (NRC) was constituted in accordance with Section 178 of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations, Regulation 5 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and applicable provisions of RBI Directions as amended, from time to time.

The Committee is chaired by a Non-Executive Independent Director. The Chairperson of the committee was present at the last Annual General Meeting. The majority of the members of this committee are independent directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Nomination and Remuneration Committee Member(s)	Meeting Date(s)							Attended during the Year	% of Attendance
	22-04-2024	14-05-2024	15-05-2024	29-05-2024	30-09-2024	13-11-2024	12-02-2025		
Mr. P. S. Jayakumar								7	100%
Ms. Anuradha Rao								7	100%
Mr. Michael Jude Fernandes								7	100%
	100%	100%	100%	100%	100%	100%	100%		



Attended Meeting through Video Conference



Director(s)/ Member(s) Present



Director(s)/ Member(s) Absent

Terms of Reference of Nomination and Remuneration Committee

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) evaluating the balance of skills, knowledge and experience on the Board and prepare a description of the role and capabilities required of an independent director, before appointment of Independent Directors.
- (4) devising a policy on diversity of board of directors;
- (5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- (6) determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (7) recommend to the board, all remuneration, in whatever form, payable to senior management;
- (8) performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;
- (9) ensuring 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management in terms of the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, as amended ("Master Directions");
- (10) overseeing the framing, review and implementation of compensation policy of the company and ensuring that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on ICAAP.
- (11) analysing, monitoring and reviewing various human resource and compensation matters;

- (12) reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (13) framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including: (i) the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or (ii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
- (14) performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Regulations, the Master Directions issued by Reserve Bank of India and Companies Act, 2013 each as amended from time to time or other applicable law.

Notwithstanding the generality of the foregoing, the specific goals and responsibilities of the Nomination and Remuneration Committee are as follows:

- 1) Recommend criteria for determining qualifications, positive attributes and independence for appointing Executive Directors, Independent Directors and Board committees and recommending to the Board suitable candidates for appointment to the Board and Board committees (i.e. Audit Committee, Risk Management Committee,) consistent with the "Fit and Proper" Policy for appointment of directors in accordance with the Master Directions.
- 2) Ensuring that there is an appropriate induction in place for new directors and Key Managerial Personnel.
- 3) Carry out evaluation of every director's performance and performance of Board, its committees.
- 4) Recommending to the Board names of individuals who may be considered for nomination and appointment as Directors by the Company
- 5) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates
- 6) Recommending to the Board names of individuals who may be considered for nomination and appointment as Key Managerial Personnel and to the senior management by the Company.
- 7) Developing and recommending Board governance policies and practices.
- 8) Ensuring adequate training and education for Board members and Key Managerial Personnel.
- 9) Developing a succession plan for Board and Key Managerial Personnel and regularly reviewing the plan.
- 10) Recommending remuneration/ compensation structure (including the employees stock option plan) of the Board of Directors (excluding Independent Directors).
- 11) Recommending remuneration/ compensation structure (including the employees stock option plan) of the Key Managerial Personnel and other employees of the company.
- 12) Recommending the formation of any new committee of the Board and suggesting nominations for such committees to the Board.
- 13) Delegating any of its powers to one or more of its members or to a separate committee or to any other person.
- 14) Recommend changes in Board composition to the Board.
- 15) Recommending changes to the Board of Directors of the subsidiaries of the Company as well as to the charters of the respective sub-committees of the relevant Board of Directors of each subsidiary.
- 16) Considering any other matters at the request of the Board and such matters as may be required to be considered by law.
- 17) Provided that in the case of the Directors other than Independent Directors and Executive Directors, the Nomination and Remuneration Committee shall only advise the Board on whether any person nominated to be Director by any shareholder meets the fit and proper criteria prescribed by any law in force (including as may be related to RBI, SEBI or under the Companies Act, 2013) for the appointment of Directors.

Performance evaluation criteria

Nomination and Remuneration Committee formulated the methodology and criteria for evaluation of Independent Directors, Non-Independent Directors, Chairman, Committees of the Board and the Board as a whole in accordance with the relevant provisions of the Companies Act, 2013, SEBI

Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI under Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024.

The performance evaluation of Independent Directors was carried out by the entire Board excluding the Directors being evaluated. The performance evaluation criteria for Independent Directors as formulated by the NRC inter alia includes qualifications & experience, standards of integrity, attendance in meetings, understanding of Company's business and value addition in Board Meetings, expression of independent views and judgement, independence from the management etc.,

The evaluation process was initiated by putting in place, a structured questionnaire in electronic (online) mode after taking into consideration of the inputs received from the Directors. All the Directors have evaluated the performance of Individual Directors (including independent directors), Chairperson, Board as a whole and Committees. The summary of performance evaluation exercise carried out by the directors were placed before the Board of Directors in their meeting held on May 19, 2025. Further Independent Directors in their Separate Meeting held on March 28, 2025 have carried out evaluation of the performance of Non-Independent directors, Board as a whole and Committees.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated May 10, 2018, on board evaluation, is detailed as under:

1. Observations of Board evaluation carried out for the year: **Nil**
2. Previous year's observations and actions taken: **Nil**
3. Proposed action based on current year observations: **Not applicable**

3. Stakeholders' Relationship Committee (SRC):

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 20 of SEBI Listing Regulations and applicable RBI guidelines issued from time to time.

The Committee is chaired by Ms. Anuradha Rao, Non-Executive Independent Director. The Chairperson of the committee was present at the last Annual General Meeting. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The date of the meeting and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Stakeholder Relationship Committee Member(s)	12-02-2025	Attended during the Year
Ms. Anuradha Rao		1
Mr. Ashish Mehrotra		1
Ms. Kshama Fernandes		1
Mr. Michael Jude Fernandes		1
	100%	



Attended Meeting through Video Conference



Director(s)/ Member(s) Present

Terms of Reference of Stakeholders' Relationship Committee

- 1) Redressal of grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- 5) Formulate procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from stakeholders from time to time;
- 6) Approve, register, refuse to register transfer or transmission of shares and other securities;
- 7) Sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- 8) Issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company; and
- 9) Perform such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law.
- 10) To determine the structure of emoluments, facilities and benefits accorded to the Internal Ombudsman and Deputy Internal Ombudsman(s). The emoluments, facilities and benefits accorded to the Internal Ombudsman and Deputy Internal Ombudsman(s), once determined, shall not be changed during the tenure of Internal Ombudsman;
- 11) To approve the standard operating procedure for referral of complaints to the Internal Ombudsman;
- 12) To review and recommend to the Board of Directors of the Company for adoption various policies, codes and charters that relate to customer service; examples thereof include and are not limited to:
 - ▶ Fair Practices Code
 - ▶ Charter of the Client Experience Committee
 - ▶ Grievance Redressal Mechanism
- 13) To review every half-year the report submitted by the Internal Ombudsman on his activities relating to handling of customer service and protection;
- 14) To discuss the rejection of a decision of Internal Ombudsman by the Committee, if any;
- 15) To review compliance with the Fair Practices Code adopted by the Board of Directors of the Company and the functioning of the grievances redressal mechanism and report to the Board of Directors of the Company.
- 16) To review all the awards against the Company with a focus on identifying issues of systemic deficiencies and the Company's plan to address these deficiencies;
- 17) To review data privacy & security measures rolled by the Company from a customer protection perspective;
- 18) To review metrics and indicators that provide information on the state of customer service in the Company and providing direction to the management of the Company on actions to be taken to improve such metrics;
- 19) To provide inputs on the application of the aspects of the Client Protection Principles to the products and services provided by the Company across all the delivery channels of the Company;
- 20) To review and approve any addition / modification of product features in the existing products including (but not limited to) the following: process enhancements/ process simplifications / journey improvement to enhance customer experience;
- 21) To review adherence to the Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 (as amended or modified or restated from time to time); and
- 22) The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board of Directors of the Company for approval.

Investor Complaints Redressal

Mr. Prakash Chandra Panda, Company Secretary acts as the Compliance Officer in terms of Regulation 6 of the SEBI Listing Regulations. The Company has appointed Kfin Technologies Limited (KFIN) as Registrar and Share Transfer Agent (RTA) for the equity shares and Non-Convertible Debt instruments (NCD) issued by the Company. Both the Company and RTA have adequate systems to ensure provision of proper service to the shareholders and NCD holders in accordance with applicable laws and as per accepted service standards.

Details of Investors complaints received and resolved during financial year 2024-25:

No. of Complaints pending as on April 01, 2024	0
No. of Complaints received during the year	56
No. of Complaints resolved during the year	56
No. of Complaints pending as on March 31, 2025	0

All the complaints were resolved to the satisfaction of investors within the prescribed timeline and the communication of the same was duly forwarded to them.

4. Risk Management Committee (RMC):

Risk Management Committee (RMC) was constituted in accordance with Regulation 21 of SEBI Listing Regulations and applicable provisions of RBI Directions as amended, from time to time.

The Committee is chaired by Non-Executive Independent Director. The Chairperson of the committee was present at the last Annual General Meeting. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Risk Management Committee Member(s)	Meeting Date(s)						Attended during the Year	% of Attendance
	14-05-2024	30-09-2024	28-10-2024	22-01-2025	14-02-2025	13-03-2025		
Mr. P. S. Jayakumar	✓	✗	📺	📺	✓	📺	5	83%
Mr. Ashish Mehrotra	✓	✓	✓	📺	✓	📺	6	100%
Mr. Ashutosh Pednekar	NA	NA	NA	📺	✓	📺	3	100%
Ms. Anuradha Rao	📺	📺	📺	✗	📺	📺	5	83%
Mr. Michael Jude Fernandes	✓	📺	📺	📺	✓	📺	6	100%
Mr. Vijay Nallan Chakravarthi	✓	📺	📺	📺	✓	📺	6	100%
Ms. Kshama Fernandes	✓	✓	📺	📺	✓	📺	6	100%
Mr. T. S. Anantharaman	✓	📺	📺	📺	✓	📺	6	100%
	100%	86%	100%	88%	100%	100%		



Attended Meeting through Video Conference



Director(s)/ Member(s) Present



Director(s)/ Member(s) Absent

Terms of Reference of Risk Management Committee

- (1) To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) Review and confirm that all responsibilities outlined in the charter have been carried out.
- (7) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Committee; and

- (8) To carry out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws.

The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

The specific roles and responsibilities of the Committee are as follows:

- ▶ Framing the risk policy and risk framework
- ▶ Defining acceptable broad risk thresholds for each class of risk for referral to the Board
- ▶ Periodically reviewing the risk framework
- ▶ Advising the risk team from time to time on new ideas and trends in risk management.
- ▶ The Committee in consultation with the IT Strategy Committee shall periodically review the IT related risks and cyber related risks and update the same to Board at least on a yearly basis.

In relation to the Company's risk management

The Committee's role is to ensure the following by overseeing the effective functioning of the risk management process:

- ▶ All business risks are identified as far as is reasonably foreseeable
- ▶ Each risk is appropriately assessed in terms of likelihood and consequence
- ▶ Appropriate operational and financial controls are implemented to maximize opportunities and mitigate against potential losses
- ▶ An effective system of internal compliance and control is in place
- ▶ All material risks are monitored as a whole on at least a quarterly basis
- ▶ Staff charged with risk management responsibilities will have appropriate authority to carry out their functions and have appropriate access to the Audit Committee and Risk Management Committee.
- ▶ New product development and new business exposures are undertaken within the framework of risk management and the Committee approves the launch of any new product
- ▶ All existing products and businesses are regularly reviewed to ensure that they comply with the risk policy, both from an economic and regulatory perspective
- ▶ The board of directors shall define the role and responsibility of the Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

5. Corporate Social Responsibility Committee (CSR):

Corporate Social Responsibility Committee was constituted in accordance with Section 135 of Companies act, 2013. The Committee is chaired by Non-Executive Independent Director.

The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Meeting Date(s)				
Corporate Social Responsibility Committee Member(s)	14-05-2024	12-02-2025	Attended during the Year	% of Attendance
Mr. Ashutosh Pednekar	✓	✓	2	100%
Mr. Ashish Mehrotra	✓	✓	2	100%
Ms. Kshama Fernandes	✓	📺	2	100%
Mr. Michael Jude Fernandes	✓	✓	2	100%
	100%	100%		



Attended Meeting through Video Conference



Director(s)/ Member(s) Present



Director(s)/ Member(s) Absent

Terms of Reference of CSR Committee

- 1) Formulating and recommending a CSR Policy to the Board
- 2) Regular monitoring and overall supervision of the programs of the implementing agencies including Northern Arc Foundation.
- 3) Recommend to the Board CSR expenditure to be incurred
- 4) Recommend to the Board, modifications to CSR Policy as and when required

6. Information Technology Strategy Committee (ITSC)

The IT Strategy Committee has been constituted in accordance with the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by the Reserve Bank of India dated November 07, 2023. The Chairperson of the Committee is an Independent Director and has substantial IT expertise in managing/ guiding information technology initiatives and the members of the Committee are technically competent. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

Meeting Date(s)											
Audit Committee Member(s)	27-04-2024	06-08-2024	30-08-2024	03-09-2024	07-09-2024	26-10-2024	29-11-2024	09-01-2025	23-01-2025	Attended during the Year	% of Attendance
Mr. N. T. Arunkumar										9	100%
Ms. Anuradha Rao										9	100%
Mr. Ashish Mehrotra										8	89%
	100%	100%	100%	100%	100%	100%	67%	100%	100%		

Attended Meeting through Video Conference

Director(s)/ Member(s) Present

Director(s)/ Member(s) Absent

Terms of reference of IT Strategy Committee

- 1) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- 2) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- 3) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- 4) Monitoring the method management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- 5) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.
- 6) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner and undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
- 7) IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization.
- 8) Ensure that the organization has put in place processes for assessing and managing IT and cybersecurity risks.

7. Environmental Social and Governance Committee (ESG):

With a view to strengthen the Board's commitment and oversight on ESG matters, Board has constituted an ESG Committee of the Board to consider material environmental, social and governance issues relevant to Company's activities and to help set directions for the organizations through appropriate goals and targets.

The date of the meetings and the attendance of each director at the meeting held during the period from April 01, 2024 to March 31, 2025 are mentioned below:

ESG Committee Member(s)	Meeting Date(s)		
	12-02-2025	Attended during the Year	% of Attendance
Mr. Ashutosh Pednekar	✓	1	100%
Mr. Ashish Mehrotra	✓	1	100%
Ms. Kshama Fernandes	📺	1	100%
Mr. Michael Jude Fernandes	✓	1	100%
	100%		





Terms of reference of ESG Committee:

To support the Board in:

- Identifying, understanding and monitoring the expectations of the key stakeholders and the material ESG issues relevant to the operations of Northern Arc
 - Monitor external ESG trends and understand associated risks and opportunities and suggest necessary changes required in the ESG strategy.
 - Coordinate with other committees of the Board that assist in the ESG responsibilities as maybe relevant for discharge of its functions, viz., Board Risk Committee, Nomination & Remuneration Committee that also assist the Board in its ESG responsibilities.
 - Establishment of the overall systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in Northern Arc's own operations as well as in the loan and investment appraisal and management processes, integrated in the Company's organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which shall include compliance with the following ESG requirements namely:
 - Recommending an ESG strategy, targets and indicators and roadmap to achieve the targets for the material ESG issues of Northern Arc
 - Monitoring and reporting to the Board on the ESG performance of the Company on the set targets
 - Examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board
- Considering and reviewing reports from the management on the implementation of the ESG and related policies
 - Reviewing and recommending reports to the Board on matters in relation to the ESG
 - Monitoring compliance status of clients with ESG requirements
 - Reviewing draft Business Responsibility Reports and other similar reports and disclosures of the Company and suggesting and recommending changes/ amendments in line with the best practices in the industry
 - Support in improving Northern Arc's ESG disclosures in order to effectively demonstrate the Group's ESG commitment to its stakeholders
 - Identifying and suggesting opportunities and areas for deployment of company's funds in the form of investments, etc. in ESG related areas and aid in the achievement of globally accepted Sustainable Development Goals (SDGs), as may be amended from time to time.
 - Monitoring and review of usage of funds raised through issue of Green Bonds or other similar instruments/ facilities, and ensure the usage of their proceeds align with SDGs and/or their objectives. This monitoring also includes review of disclosures to the investors of the Green Bonds or similar instruments as part of initial and ongoing disclosure requirements.
 - Recommending and reviewing methods of "measurement" of impact created by the Company. The results of the impact assessment,

may, subject to the approval of the Committee, be made public and be made part of disclosures and other publicity materials of the Company. An illustrative list of impact measurement along with the relevant SDGs indicated in brackets is provided below:

- i. Number of microfinance loans provided (Access to essential services)
- ii. Number of equal paying jobs created for women (Socioeconomic advancement and women empowerment)
- iii. Number of women using technology related products (Socioeconomic advancement and women empowerment)

iv. Usage of renewable energy (Energy efficiency)

v. Number of SME (Access to essential services)

(xii) The ESG Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary in the discharge of its functions.

(xiii) Any other aspects relating to ESG that is relevant to the Company, as the Committee may deem appropriate.

8. Review Committee for Wilful Defaulters (RCWD)

In line with the RBI Master Direction on Treatment of Wilful Defaulters and Large Defaulters, Board has constituted a Board level Review Committee for Wilful Defaulters. Committee has not met during the financial year 2024-25. Composition of the Review Committee for Wilful Defaulters is mentioned below:

Sl. No	Name of Director & Category	Chairman / Member
1	Mr. Ashish Mehrotra MD & CEO	Chairman
2	Ms. Anuradha Rao Independent Director	Member
3	Mr. Ashutosh Pednekar Independent Director	Member

Terms of reference of the Committee

- 1) To consider the proposal received from the Identification Committee for classification of a borrower as a wilful defaulter
- 2) To provide an opportunity to borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of proposed wilful defaulter to make a written representation, within the timeframes as applicable under the RBI Circular.
- 3) To provide an opportunity to borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of proposed wilful defaulter for a personal hearing, within the timeframes as applicable under the RBI Circular.
- 4) To decide on qualifying a borrower as a wilful defaulter, after assessing the facts or material on record, including written representation and personal discussion, if any, and to pass an order in this regard.
- 5) To ensure that show cause notices and orders are served by the designated officials of the Company as required in the RBI Circular.
- 6) Such other functions as may be required to be performed under the RBI Circular.

Meetings of Independent Directors

During FY 2024-25, 2 (Two) separate meeting of Independent Directors were convened. In compliance with Regulation 25(3) of the SEBI Listing Regulations and Schedule IV of the Act, separate meeting of Independent Directors was held on March 28, 2025, without the presence of Non-Independent Directors and members of the management, to:

- ▶ review the performance of the Non-Independent Directors and the Board as a whole;
- ▶ review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- ▶ assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Moreover, Independent Directors of the Company had a separate meeting on September 10, 2024 for recommending the Price band for Offer price in relation to the Initial Public Offering of Company's equity shares, as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Details of Senior Management

The senior management are identified as per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. As on March 31, 2025, the following persons were identified as Senior Management of the Company:

Sl. No	Name	Designation
1	Mr. Ashish Mehrotra	Managing Director & CEO
2	Ms. Kshama Fernandes	Vice-Chairperson & Non-Executive, Non-Independent Director
3	Mr. Pardhasaradhi Rallabandi	Group Risk Officer and Governance Head
4	Mr. Atul Tibrewal	Chief Financial Officer
5	Mr. C. Kalyanasundaram	Chief Internal Auditor
6	Mr. Saurabh Jaywant	Chief Legal Counsel
7	Mr. Gaurav Mehrotra	Chief Technology Officer
8	Mr. Gaurav Shukla	Chief Business Officer - Intermediate Retail Lending
9	Mr. Amit Mandhanya	Executive Vice President - II
10	Mr. Umasree Parvathy	Chief People Officer
11	Mr. Prakash Chandra Panda	Company Secretary and Compliance Officer.

Changes in Senior Management during the financial year 2024-25:

Name	Date of Change	Particulars of change
Monika Gurung	April 22, 2024	Resigned as Company Secretary and Compliance Officer
Prakash Chandra Panda	April 22, 2024	Appointed as Company Secretary and Compliance Officer

Remuneration to Directors

(i.) Sitting Fees:

All the Non-executive Directors including Independent directors are entitled to receive sitting fees for attending each meeting of the Board and Committees. Pursuant to the provisions of the Companies Act, 2013, sitting fees of INR 1,00,000/- and INR 50,000/- per meeting are paid to Directors for attending the meetings of Board and Board Level Committees respectively.

Further, Board of Directors in its meeting held on February 14, 2025 has accorded its approval for payment of sitting fees to Nominee directors for attending the meetings of Board and Board level Committees, in line with the sitting fees paid to other Non-executive Directors with effect from February 12, 2025.

Details of Sitting fees paid to the Directors for attending the meetings of Board and Board level Committees during FY 2024-25 is detailed below:

Sl. No	Name of Director	Sitting Fees (Amount in INR)
1	Dr. Kshama Fernandes, Non-Executive Non-Independent Director	22,00,000
2	Mr. T S Anantharaman, Nominee Director	3,50,000
3	Mr. Michael Jude Fernandes, Nominee Director	4,50,000
4	Mr. Vijay Chakravarthi, Nominee Director	2,50,000
5	Ms. Anuradha Rao, Independent Director	32,00,000
6	Mr. Ashutosh Pednekar, Independent Director	27,00,000
7	Mr. P S Jayakumar, Independent Director	29,50,000
8	Mr. N T Arun Kumar, Independent Director	24,50,000

(ii.) Remuneration to MD & CEO

The shareholders of the Company have approved the appointment of Mr. Ashish Mehrotra as MD & CEO of the Company for a period of 5 years with effect from April 01, 2022 to March 31, 2027 along with the remuneration package which consists of Fixed & variable pay. Further, based on the recommendations of NRC and Board of Directors, shareholders of the Company have approved the revision in remuneration to Mr. Ashish Mehrotra, MD & CEO for FY 2024-25, in the Annual general meeting held on December 19, 2024.

Details of remuneration paid to Mr. Ashish Mehrotra, MD & CEO during FY 2024-25:

(Amount in INR)

Fixed Pay	
- Salary and allowances	5,00,00,004
Variable Pay	
- Bonus	2,37,60,000
- Special Bonus	1,00,00,000
- Deferred Bonus for FY 2023-24^	33,90,301
Total Remuneration paid	8,71,50,305

^ Deferred Bonus of FY 2023-24 was paid in FY 2024-25

Details	Granted	Vested	Unvested	Exercised
No. of Employee Stock Options	13,70,000	5,61,500	6,69,500	1,39,000

(iii.) Commission to Chairperson:

Mr. P S Jayakumar was re-appointed as the Non-executive Independent Director of the Company for a period of 5 consecutive years from October 15, 2023 to October 14, 2028 in the Extra-Ordinary General Meeting held on September 13, 2023. Based on the recommendations of NRC and Board of Directors, shareholders of the Company have approved the payment of Commission to Mr. P S Jayakumar (in the capacity of Chairperson) in the Annual general meeting held on December 19, 2024, to the tune of INR 1,54,00,000/- (Rupees One Crore and Fifty Four Lakh only) excluding sitting fees for attending the Board and Committee meetings for the FY 2024-25.

Pecuniary relationship and/or transactions of the Non-Executive Directors with the listed entity:

During the year under review, there were no pecuniary relationships or transactions with the Non-Executive Directors of the Company, apart from remuneration paid to them by way of commission and sitting fees.

Criteria for making payment to Non-executive Directors

The criteria of making payments to Non-Executive Directors is detailed in the Nomination and Remuneration Policy of the Company and it is available on the Company's website at: https://www.northernarc.com/assets/uploads/policies/Nomination_and_Remuneration_Policy.pdf

General Body Meetings:

The details of date, time and location of last three Annual general meetings and the details of Special resolutions passed in those meetings are given below:

No. of AGM	Date & time of AGM	Mode & Location of AGM	Special resolutions passed in the AGM
14th AGM	September 30, 2022 at 4.30 PM	Physical Mode Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	- Approval for the limit of managerial remuneration payable to non-executive directors in excess of 1% of the net profits of the Company and in excess of 50% of the remuneration paid to all Non-Executive Directors. - Approval of making investments by the Company, in the ordinary course of business. - Approval for reappointment of Ms. Anuradha Rao (DIN: 07597195) as an Independent Director for a period of three years.
15th AGM	December 29, 2023 at 4.30 PM	Physical Mode Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	Nil
16th AGM	December 19, 2024 at 3:00 PM	Through Video Conferencing Deemed venue: Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	- Alteration of Articles of Association of the Company. - Ratification of the Northern Arc Employee Stock Option Plan, 2016 and Northern Arc Employee Stock Option Schemes formulated by the Company prior to its Initial Public Offer. - Revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company. - Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & CEO of the Company. - Continuation of Dr. Kshama Fernandes (DIN: 02539429) as a non-executive and non-independent director and Vice-Chairperson of the Company.

Postal Ballot

During the financial year 2024-25, no resolution was passed through postal ballot.

However, the Company has obtained the approval of shareholders through Postal ballot (only through remote E-Voting) during FY 2025-26, as detailed below:

Date of Postal Ballot Notice	April 02, 2025
Remote E-Voting Period	From Sunday, April 6, 2025, at 9.00 a.m. IST To Monday, May 5, 2025, at 5.00 p.m. IST
Date of Declaration of Result	Tuesday, May 6, 2025
Person who conducted the Postal ballot exercise	Board has appointed Mr. M. Alagar (M. No. 7488) of M/s. M Alagar & Associates, Practicing Company Secretaries, Chennai (Firm Registration No. P2011TN078800) as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner. Mr. M. Alagar has submitted Scrutiniser's report on Tuesday, May 6, 2025.

Details of Voting Pattern

Sl. No	Particulars of the Resolution & type of Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution	
		No.	%	No.	%
1	Re-Appointment of Dr. Kshama Fernandes (DIN: 02539429) as a Director (Non-Executive Non-Independent Director) - Ordinary Resolution	10,36,29,991	99.99	5,376	0.01
2	Ratification for implementation of the Northern Arc Employee Stock Option Plan 2016 and the ESOP Schemes through trust route - Special Resolution	9,97,07,720	96.21	39,27,505	3.79
3	Extension of the benefits under the Northern Arc Employee Stock Option Plan 2016 and ESOP Schemes to the employees of Holding and/or Subsidiary companies of the Company - Special Resolution	9,97,07,489	96.21	39,27,796	3.79

The results were declared on May 6, 2025 and all the resolutions were passed with requisite majority on May 6, 2025 (last date for remote e-voting).

Procedure of Postal ballot

In compliance with Regulation 44 of the SEBI Listing Regulations, Sections 108, 110 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Rules made thereunder and the General Circulars issued in this regard by the MCA, the Company has provided e-Voting facility to all its members. The Company engaged the services of NSDL for the purpose of providing e-Voting facility to all its Members.

The Notice of Postal Ballot was sent only by electronic mode to those Members whose names appear in the Register of Members / List of Beneficial Owners maintained by the Company and as received from National Securities and Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) ("Depositories") as on Friday, March 28, 2025 (cut-off date) and whose e-mail IDs are registered with the Company / Depositories. Further, the Members had the option to vote only through remote e-Voting and voting through physical ballot papers was not provided.

The Company had also published a notice in the newspaper on April 05, 2025 declaring the details and requirements for postal ballot as mandated by the Act and applicable rules, post circulation of postal ballot notice to the Members.

Voting right(s) were reckoned on the paid-up value of shares registered in the name of the Member as on the cut-off date. The scrutiniser completed their scrutiny and submitted the report to the Chairman and the results of the voting were announced on May 6, 2025. The results along with Scrutiniser's report were

submitted to the Stock exchanges and available at their websites www.bseindia.com and www.nseindia.com and on the website of the Company at <https://www.northernarc.com/postal-ballot>

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Annual Report.

Means of communication

Pursuant to Regulation 46 and 62 of SEBI Listing Regulations, the Company maintains a functional website viz., www.northernarc.com and having separate section viz., "Investors" which contains investors information about the Company such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and other Corporate Communications made to the Stock Exchanges, Notices & Annual Reports of the Company, unpaid/ unclaimed Interest / redemption amount details, contact details of the designated officials who are responsible for assisting and handling investor grievances etc.,

The quarterly/half yearly/annual financial results are published in Business Standard (English daily) and vernacular newspaper Makkal Kural (Tamil daily). The results and presentation on financial results were also posted on our website and also on the websites of stock exchanges i.e., www.bseindia.com and www.nseindia.com. Also, material updates/developments are disclosed to the stock exchanges and hosted on Company's website.

Company also conducts meetings with Institutional Investors and Analysts. The Schedule of Meetings, Investors Presentations, Audio recordings and transcript are forwarded to the stock exchanges and simultaneously displayed on the Company's website. Official news / press releases (if any) would also be disseminated on the Company's website.

General Shareholder Information

17th Annual General Meeting	On Monday, August 25, 2025 at 11.00 a.m. through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting. Deemed venue shall be the Registered office of the Company situated at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113. Remote E-Voting: (i) Date and time of commencement of Remote E-voting: Thursday, August 21, 2025 at 9.00 AM (IST). (ii) Date and time of end of Remote E-voting : Sunday, August 24, 2025 at 05.00 PM (IST) (iii) Cut – off date: Tuesday, August 19, 2025
Financial year	From April 01, 2024 to March 31, 2025.
Dividend Payment Date	Not applicable as no dividend was recommended by the Board of Directors.
Listing on Stock Exchanges	Company's Equity Shares are listed on following Stock exchanges: (i.) BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code – 544260 (ii.) National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Trading Symbol – NORTHARC ISIN: INE850M01015 The Non-convertible securities of the Company are listed on the debt market segment of BSE Limited Annual Listing fees for FY 2025-26 have been paid to all the stock exchanges where the securities of the Company are listed.
Suspension of securities from trading	None of the Securities of the Company have been suspended from trading by the Stock exchanges / SEBI during FY 2024-25.

Register and Share Transfer Agent (RTA)

In terms of Regulation 7 of SEBI Listing Regulations, M/s. KFin Technologies Limited was appointed as the Registrar and share transfer agent, for the equity shares and Non-convertible securities issued by the Company.

Address for correspondence:

RTA	Company
KFin Technologies Limited, SEBI Registration Number: INR000000221 Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500 032. Phone: +91 40 6716 2222 Toll free: 18003094001 E-mail: einward.ris@kfintech.com	Mr. Prakash Chandra Panda Company Secretary & Compliance Officer Northern Arc Capital Limited, 10th Floor, IITM Research Park, No. 1, Kanagam Village, Taramani, Chennai - 600 113. Phone: 044-6668 7000. Email: cs@northernarc.com

Debenture Trustees for NCD holders

Catalyst Trusteeship Ltd
(Formerly GDA Trusteeship Limited)
GDA House, First Floor, Plot No. 85, S. No. 94 & 95,
Bhusari Colony (Right), Kothrud,
Pune -411038
Phone: +91 020 25280081
Email: dt@gdatrustee.com

Share transfer system, dematerialization of shares and liquidity

The Company's shares are traded under compulsory dematerialised mode and are freely tradable. The Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. As of March 31, 2025, 100% of the Company's shares were held in dematerialised form and are regularly traded in NSE and BSE.

Distribution of shareholding

(PAN wise – without grouping)

Sl. No	Description (No. of shares)	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	1,04,053	94.5163	7,60,34,510	4.7115
2	5001- 10000	3,631	3.2982	2,82,01,280	1.7475
3	10001- 20000	1,245	1.1309	1,86,47,890	1.1555
4	20001- 30000	397	0.3606	1,02,70,600	0.6364
5	30001- 40000	193	0.1753	69,12,370	0.4283
6	40001- 50000	104	0.0945	49,71,860	0.3081
7	50001- 100000	203	0.1844	1,52,63,080	0.9458
8	100001& Above	264	0.2398	1,45,34,91,770	90.0668
Total		1,10,090	100	1,61,37,93,360	100

Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDR or ADR or warrants or any convertible instruments.

has availed External Commercial Borrowings (ECBs) during the financial year 2024-25 and has entered derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated thereon. The ECBs are fully hedged and do not possess any foreign exchange risk.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Further, the Company

Plant locations

Being in the NBFC business, the Company does not have manufacturing plants. However, the Company has 69 branches across the nation as on March 31, 2025. The locations of the branches are displayed on the Company's website <https://www.northernarc.com/reach-us>.

Credit Ratings

The details of list of all credit ratings obtained by the Company along with any revisions thereto during the financial year 2024-25 for all debt instruments of the Company are given below:

Sl. No	Name of Non-Convertible Debenture (NCD) & ISIN	Listed / Unlisted	Existing rating	Change in Rating during FY 2024-25	Rating Agency
1	IDFC First Bank INE850M07467	Listed	ICRA AA- (Stable)	--	ICRA
2	Sundaram Life Insurance Co INE850M07467	Listed	ICRA AA- (Stable)	--	ICRA
3	FMO NV INE850M07475	Listed	ICRA AA- (Stable)	--	ICRA
4	Mirae Asset INE850M07483	Listed	ICRA AA- (Stable)	--	ICRA
5	Acsys INE850M07483	Listed	ICRA AA- (Stable)	--	ICRA
6	Acsys ¹ INE850M07442	Listed	ICRA AA- (Stable)	--	ICRA
7	Avendus Wealth MLD ² INE850M07426	Listed	PP-MLD[ICRA]AA-(Stable)	--	ICRA

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Sl. No	Name of Non-Convertible Debenture (NCD) & ISIN	Listed / Unlisted	Existing rating	Change in Rating during FY 2024-25	Rating Agency
8	Aventus Wealth MLD ² INE850M07426	Listed	PP-MLD[ICRA]AA-(Stable)	--	ICRA
9	Aventus Wealth MLD ³ INE850M07459	Listed	ICRA AA- (Stable)	--	ICRA
10	Mirae Asset ³ INE850M07459	Listed	ICRA AA- (Stable)	--	ICRA
11	Asian Development Bank (ADB) INE850M07343	Unlisted	IND AA- / Stable	--	India Rating
12	FMO NV INE850M07400	Unlisted	Unrated	--	--
13	FMO NV INE850M07434	Unlisted	ICRA AA- (Stable)	--	ICRA

1 Matured on June 30, 2024

2 Matured on January 27, 2025

3 Matured on July 12, 2024

Other Disclosures

(a.) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

During the year under review, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

(b.) Details of non-compliance by the Company, penalties, strictures imposed on it by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

During the last 3 financial years, there have been instances of non-compliance of the provisions of the SEBI Listing Regulations in relation to the listed non-convertible debentures issued by our Company. Set forth below are the details of penalties/ fines levied by the BSE during FY 2021-22, 2022-23 and 2023-24:

Sl. No	ISIN	Regulation/Circular Reference	Period of non-compliance	Fine/penalty levied (INR)
1	INE850M14BU4	Paragraph 8.4 of Chapter XVII of SEBI circular dated August 10, 2021	December 2023	1,19,180
2	INE850M14B07	Regulation 57(1) of the SEBI Listing Regulations	August 2023	2,47,800
3	INE850M08085	Regulation 57(5) of the SEBI Listing Regulations	March 2023	8,260
	INE850M07244			
	INE850M07269			
	INE850M07327			
	INE850M07442			
	INE850M07376			
	INE850M07384			
4	INE850M14BG3	Regulation 57(1) of the SEBI Listing Regulations	January 2023	1,55,760
5	INE850M14BE8	Regulation 57(1) of the SEBI Listing Regulations	December 2022	1,82,900
6	INE850M14BC2	Regulation 57(1) of the SEBI Listing Regulations	November 2022	2,12,400
7	INE850M14BD0	Regulation 57(1) of the SEBI Listing Regulations	November 2022	2,07,680
Total				11,33,980

In addition to the above, the BSE also imposed the following the penalties/fines on the Company:

- penalty/fine aggregating to INR 18,880 for a delay in submission of the Company's annual report in FY 2021-22;
- penalty/fine aggregating to INR 5,900 for a delay in intimation of the annual general meeting of our Company in FY 2021-22; and
- penalty/fine aggregating to INR 287,920 for a delay in submission of the statement of investor complaints for the quarter ended June 30, 2023.
- penalty/fine aggregating to INR 4,40,140 for delay in furnishing intimation about Board Meeting, Non-submission of unaudited financial results within the prescribed time and non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs for the quarter ended June 30, 2024.

(c.) Details of establishment of Vigil Mechanism / Whistle Blower Policy, and affirmation that no personnel has been denied access to the audit committee

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI Listing Regulations, 2015, your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of Company at https://www.northernarc.com/assets/uploads/policies/Vigil_Mechanism_Whistle_blower_policy.pdf

The Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors and also provides direct access to the Chairperson of the Audit Committee in exceptional circumstances. During the financial year, no complaints were received by the Company and no complaints are outstanding as on March 31, 2025.

(d.) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all mandatory requirements under the provisions of SEBI Listing Regulations and amendments thereon from time to time.

Non-mandatory requirements:

In addition to the Mandatory Requirements, your Company has ensured the implementation of following non-mandatory requirements as suggested in Regulation 27 and Schedule II, Part E of the SEBI Listing Regulations:

- (i.) Board: The Company has one woman independent director on its Board.
- (ii.) Unmodified opinion(s) in audit report: The Auditors have expressed an unmodified opinion on the financial statement of the Company.
- (iii.) Separate posts of Chairperson and MD & CEO: Your Company has separated the posts of Chairperson and the MD & CEO in terms of SEBI Listing Regulations. Mr. P.S. Jayakumar, Non-Executive Independent Director, is the Chairman of Company and Mr. Ashish Mehrotra is the Managing Director & CEO of the Company. The Chairman is not related to MD & CEO or any other Directors of the Company.
- (iv.) Reporting of internal auditor: The internal audit function of the Company reports directly to the Audit committee.

- (v.) Independent Directors: During the year under review, 2 (Two) separate meetings of Independent Directors were held on September 10, 2024 and March 28, 2025, without the presence of non-independent directors and members of the management and all the independent directors were present at the said meetings.

- (vi.) Risk Management: The Company has a Risk Management Committee in accordance with the provisions of SEBI Listing Regulations and RBI Directions.

(e.) Policies / Codes:

The Company has formulated Policy for determining 'material' subsidiaries, Policy on dealing with related party transactions and such other policies / codes in accordance with Companies act, 2013, SEBI Listing Regulations and RBI Directions which are displayed on the website of the Company at <https://www.northernarc.com/disclosures-under-regulations>.

(f.) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year under review, your Company made private placement offer and raised funds of INR 381,99,99,620/- by offering and issuing 84,91,048 Series C CCPS with a face value of INR 20/- each at an issue price of INR 391 per Series C CCPS, amounting to a consideration of INR 331,99,99,768/- and 12,78,772 Series C2 CCPS having a face value of INR 20/- each at an issue price of INR 391 per Series C2 CCPS, amounting to a consideration of INR 49,99,99,852/- and these funds are fully utilized.

There is no variation or deviation in the use of proceeds from the objects stated in the offer document for Initial Public Offering.

(g.) Certificate on Non-disqualification of Directors

The Certificate, as mandated under Regulation 34(3) read with Schedule V Part C of SEBI Listing Regulations, has been obtained from M/s. M Damodaran & Associates LLP, Practicing Company Secretaries. This certificate confirms that none of the Directors on the Board of the Company were debarred or disqualified for the Financial Year ending on March 31, 2025, from serving or continuing as Directors of the Company by SEBI/ Ministry of Corporate Affairs (MCA) or any relevant statutory authority. The certificate forms part of this Annual report.

(h.) Details of non-acceptance of any recommendation of any committee of the board which is mandatorily required:

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

(i.) Fees paid by the Company & its subsidiaries to Statutory Auditors (including its network firms):

The Company has paid INR 33,39,760/- to M/s. Walker Chandiok & Co LLP, Statutory auditors of the Company as Audit fee and Fee for availing other Statutory certificates. None of the subsidiaries of the Company has availed any services and paid any fees to M/s. Walker Chandiok & Co LLP and any of its network firms.

(j.) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Complaints pending at the beginning of financial year	Complaints received during financial year	Complaints disposed-off during financial year	Complaints pending at the end of financial year
0	0	0	0

(k.) Material Subsidiaries

Material subsidiary means a subsidiary, whose turnover or net worth exceeds 10% (ten) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. As per the financial statements for the year ended March 31, 2024, the Company does not have any Material subsidiaries.

(l.) Compliance with Corporate Governance provisions

The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under sub-para (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations.

(m.) Code of Conduct

Pursuant to regulation 26(3) of SEBI Listing Regulations, all the Directors and Senior Managerial Personnel of the Company have affirmed the compliance of the Code of Conduct laid down by the Company. Declaration of MD & CEO, stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct forms part of this report.

(n.) Certificate on Corporate Governance

Company has obtained a Certificate on compliance with Corporate Governance norms from M/s. M Damodaran & Associates LLP, Practicing Company Secretaries and the same forms part of this report.

(o.) Demat suspense account/ unclaimed suspense account

As on March 31, 2025, the Company does not have any equity shares lying in the unclaimed suspense account.

(p.) Disclosure of certain types of agreements binding listed entities

Your Company had prior to the Initial Public Offering (IPO) entered into the Amendment and Termination Agreement dated February 2, 2024 ("Amendment and Termination Agreement") with its investors viz., Dvara Trust, Accion Africa-

Asia Investment Company, Leapfrog Financial Inclusion India (II) Limited, Eight Roads Investments Mauritius II Limited, 360 One Asset Management Limited, Augusta Investments II PTE Limited, Sumitomo Mitsui Banking Corporation and International Finance Corporation. The Amendment and Termination Agreement amended the existing Shareholders' Agreement dated September 06, 2019 ("Existing SHA") and resulted in the execution of a revised shareholder's agreement dated February 2, 2024 ("Revised SHA").

As per the terms of the Amendment and Termination Agreement, the Parties had mutually agreed that upon consummation of the IPO, both the Existing SHA and the Revised SHA shall stand automatically terminated without any further action or deed required on the part of any party. However, in accordance with Clause 9.2.2 of the Amendment and Termination Agreement, certain provisions of the Existing SHA and Revised SHA will continue to remain in effect post-IPO.

The Shareholders, related parties, directors, key managerial personnel, employees of the Company or of its subsidiaries and associate company have not entered into any agreement among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially affects the management or control of the Company, or imposes any restriction or creates any liability on the Company. Furthermore, in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations and the Companies Act, 2013, the Company does not have any identifiable promoters.

(q.) MD & CEO/CFO Certification:

The Managing Director and Chief Financial Officer's annual certificate on financial reports and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations forms part of this Annual Report. The Managing Director and Chief Financial Officer also jointly issue a quarterly compliance certificate on financial results and place the same before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.



Declaration on compliance with the Code of Conduct

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended March 31, 2025.

Place: Mumbai
Date: May 19, 2025

Sd/-
Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

CEO / CFO Certification

[Pursuant to Regulation 17(8) of SEBI Listing Regulations]

As stipulated under Regulation 17(8) read with Part B, Schedule II of the SEBI Listing Regulations, we hereby certify that –

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2025 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or in violation of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, that there are no deficiencies in the design or operation of such internal controls, of which we are aware.
- d) We have also indicated to the Auditors and the Audit Committee:
- (i) There are no significant changes in internal control over financial reporting during the year
 - (ii) There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (iii) There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Mumbai
Date: May 19, 2025

Sd/-
Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Sd/-
Atul Tibrewal
Chief Financial Officer

Compliance Certificate on Corporate Governance

To

The Members,

Northern Arc Capital Limited

CIN- L65910TN1989PLC017021

No. 1, Kanagam Village, 10th Floor,

IITM Research Park, Taramani,

Chennai – 600113.

We, M Damodaran & Associates LLP, Practicing Company Secretaries have examined the compliance of conditions of Corporate Governance by M/s. Northern Arc Capital Limited ("the Company"), for the financial year ended March 31, 2025 as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of regulation 46 (2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ["SEBI (LODR)"].

Management Responsibility

- A. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the SEBI (LODR).

Certifier's Responsibility

- B. Our Responsibility and examination was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
- C. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company and also obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

Opinion

- D. In my opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (LODR) for the financial year ended March 31, 2025.
- E. We, further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. DAMODARAN

Managing Partner

FCS No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 3847/2023

ICSI UDIN: F005837G000555815

Place: Chennai

Date: June 06, 2025

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
NORTHERN ARC CAPITAL LIMITED,
(CIN- L65910TN1989PLC017021)
No. 1, Kanagam Village, 10th Floor IITM Research Park,
Taramani, Chennai 600113.

We, M Damodaran & Associates LLP, Practicing Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NORTHERN ARC CAPITAL LIMITED having CIN - L65910TN1989PLC017021 and having registered office at No.1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai 600113 Tamil Nadu (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of Director	DIN	Date of appointment in Company
1.	Mr. Ashutosh Pednekar	00026049	14/09/2020
2.	Mr. Michael Jude Fernandes	00064088	28/03/2014
3.	Mr. Trikkur Anantharaman	00480136	09/02/2023
4.	Mr. Palamadai Sundararajan Jayakumar	01173236	15/10/2020
5.	Ms. Kshama Fernandes	02539429	01/08/2012
6.	Mr. Ashish Mehrotra	07277318	14/02/2022
7.	Ms. Anuradha Rao	07597195	31/10/2019
8.	Mr. Vijay Chakravarthi Nallan	08020248	19/01/2018

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. DAMODARAN

Managing Partner

FCS No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 3847/2023

ICSI UDIN: F005837G000555617

Place: Chennai

Date: June 06, 2025

Business Responsibility & Sustainability Report FY 2025

SECTION A: GENERAL DISCLOSURE

I. DETAILS OF THE LISTED ENTITY

- Corporate Identity Number (CIN) of the Listed Entity: **L65910TN1989PLC017021**
- Name of the Listed Entity: **Northern Arc Capital Limited**
- Year of incorporation: **1989**
- Registered office address: **10th Floor, IIT Madras Research Park, 1 Kanagam Village, Taramani, Chennai - 600 113, Tamil Nadu.**
- Corporate address: **10th Floor, IIT Madras Research Park, 1 Kanagam Village, Taramani, Chennai - 600 113, Tamil Nadu.**
- E-mail: Sustainability@northernarc.com
- Telephone: **+91 44 6668 7000**
- Website: <https://www.northernarc.com/>
- Financial year for which reporting is being done: **April 2024 to March 2025**
- Name of the Stock Exchange(s) where shares are listed: **BSE Limited and National Stock Exchange of India Limited**
- Paid-up Capital: **INR 16,137.93 Lakhs**
- Name and contact details (telephone, email address) of the person who may be contacted in case of the queries on the BRSR Report:
Name: Shakeel Ahamed
Designation: Head – Senior Vice President - Legal
Phone No.: +918754508977
Email address: sustainability@northernarc.com
- Reporting Boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together): **The disclosures are on a standalone basis.**
- Name of assurance provider: **Not Applicable**
- Type of assurance obtained: **Not Applicable**

II. PRODUCTS / SERVICES

16. Details of Business activities (accounting for 90% of the turnover):

S.No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial Service	Non- Banking Financial services	100

17. Products / Services sold by the entity (accounting for 90% of the entity's turnover):

S.No	Products / Services	NIC Code	% of total turnover contributed
1	Financial Service	64990	100

III. OPERATIONS

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of Plants	Number of Offices	Total
National	-	73*	73*
International	-	-	-

*Northern Arc Capital operated offices

19. Markets Served by the entity:

a. Number of locations

Location	Number
National (No. of States)	8
International (No of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

c. A brief on types of customers

Northern Arc Capital serves a diverse range of customers, primarily focused on underserved and emerging segments. Their key customer types include:

- Rural and Retail Customers** – Individuals and small businesses in rural and semi-urban areas, served through it's rural financing platforms – Pragati Finserv Private Limited
- MSMEs** – Micro, Small, and Medium Enterprises needing flexible credit products such as Loan Against Property (LAP) and working capital solutions.
- Originator Partners** – Our network of financial institution partners, technology platforms (such as Fintechs), and other entities that act as business correspondents to originate financial exposure.
- Emerging Corporates** – Businesses in sectors like healthcare, logistics, agriculture, clean energy, education, and B2B services that require tailored financing solutions.
- Institutional Investors** – Domestic and international investors from whom we enable credit for our Originator Partners through various financing products.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled)

S.No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1	Permanent (D)*	1080	904	84%	176	16%
2	Other than Permanent (E)**	30	25	83%	5	17%
3	Total Employees (D+E)	1110	929	84%	181	16%
WORKERS						
4	Permanent (F)					
5	Other than Permanent (G)					
6	Total Workers (F+G)					

*Includes employees at corporate and branch offices in all locations, except subsidiaries.

**Includes consultants and contract employees engaged by the company, except subsidiaries.

b. Differently abled Employees and workers:

S.No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1	Permanent (D)*	1	1	100%	0	0
2	Other than Permanent (E)**	0	0	0	0	0
3	Total Differently Abled Employees (D+E)	1	1	100%	0	0
WORKERS						
4	Permanent (F)					
5	Other than Permanent (G)					
6	Total Workers (F+G)					

*Includes employees at corporate and branch offices in all locations, except subsidiaries.

**Includes consultants and contract employees engaged by the company, except subsidiaries

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and Percentage of Female	
		No. (B)	% (B/A)
Board of Directors	8	2	25%
Key Management Personnel	3	0	0%

22. Turnover rate for permanent employees and workers

	FY 2025 (Turnover rate in current FY)			FY 2024 (Turnover rate in previous FY)			FY 2023 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees*	40.15%	27.22%	67.38%	43.46%	28.77%	72.22%	29.92%	35.29%	65.22%
Permanent Workers	Not Applicable								

*Includes employees at corporate and branch offices in all locations, except subsidiaries.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. a. Names of holding / subsidiary / associate companies / joint ventures

S.No	Name of the Holding / Subsidiary / Associate Companies / Joint Ventures (A)	Indicate whether Holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity (Yes/No)
1	Northern Arc Investment Managers Pvt. Ltd.	Subsidiary	100	Yes
2	Northern Arc Investment Adviser Pvt. Ltd.	Subsidiary	100	Yes
3	Northern Arc Securities Pvt. Ltd.	Subsidiary	100	Yes
4	Northern Arc Foundation	Subsidiary	100	Yes
5	Pragati Finserv Pvt. Ltd.	Subsidiary	90.10	Yes

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): **Yes**
- (ii) Turnover (in Rs.): **INR 2,29,651.46 Lakhs**
- (iii) Net worth (in Rs.): **INR 3,40,915.46 Lakhs**

VII. Transparency and Disclosures Compliance

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes https://www.northernarc.com/disclosures-investor-contact	53	-	-	-	-	-
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	936	-	-	91	-	-
Value Chain Partners	Yes	-	-	-	-	-	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Responsible & Ethical Conduct of Business	Risk	As a regulated NBFC (RBI, SEBI, IRDAI etc.), Northern Arc must comply with multiple regulatory frameworks. Non-compliance could lead to penalties, higher scrutiny, or limitations on operations and product offerings.	The Company is committed to upholding high standards of business integrity through the adoption of key policies such as the Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Code of Conduct for Directors and Senior Management, and the Collections Code of Conduct.	Negative: Legal costs, reputational damage, Fines, regulatory restrictions, and regulatory scrutiny

S. No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			Further, Northern Arc raises capital from institutional investors and provides credit solutions to the underserved population, that are financially vulnerable segments, through originator partners (NBFCs) and retail branches. Any lapse in ethical behavior or governance may lead to regulatory penalties, loss of investor and borrower confidence, causing reputational damage.	To ensure effective implementation, the Company has established centralized compliance tracking, conducts regular internal and external audits, and provides periodic training on AML, POSH, and insider trading regulations. A strong whistleblower mechanism and robust governance protocols further reinforce the Company's commitment to ethical conduct and regulatory compliance	
2	P r u d e n t Enterprise Risk Management (ERM)	Risk	Northern Arc's complex financial structures (e.g., securitizations, pooled loans) require disciplined and forward-looking risk management to prevent default concentration or operational losses.	The company has a strong and centralized ERM system which mandated regular stress tests, enhance partner due diligence, and integrate risk signals into real-time dashboards. The ERM is periodically reviewed by the Northern Arc Operational Risk Committee.	Negative: Provisioning requirements, rating downgrades
3	Technological Innovation	Opportunity	Technology platforms enable scalable, efficient, and risk-informed lending and investing operations. Innovation provides a competitive edge in product delivery and underwriting precision.		Positive: Lower operating costs, faster product cycles, better decision-making
4	ESG Integration	Risk	Failure to integrate ESG principles into it's organizational operation and lending practice may lead to exclusion from ESG-focused capital pools and regulatory backlash and also lead to credit risk.	Northern Arc has embedded ESG parameters in the credit underwriting through ESG Due Diligence, promote ESG-focused financial products, enhance ESG disclosure and monitoring systems for partners, and proactively address ESG-related risks.	Negative: Credit loss, and limited investor access

S. No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Opportunity	Growing demand from global investors for ESG-compliant investment options creates a strong opportunity for Northern Arc to channel capital to socially responsible sectors while differentiating itself in the NBFC market.		Positive: Access to ESG capital, investor trust, product innovation
5	Human Rights & Labour Practice	Risk	Internal practices related to employee rights, equal opportunity, non-discrimination, and workplace safety are critical for compliance and workforce morale. Any violations could lead to employee attrition, legal issues, and reputational harm.	Northern Arc has adopted policies that govern the human rights of its employees, ensures compliance with labour laws (including POSH and safety standards), promote DEI practices, and conduct regular employee engagement and grievance redressal mechanism. The employees are provided training on the human resources policies (including human rights).	Negative: Workforce instability, legal liability, brand erosion.
6	Responsible Lending & Underwriting	Risk	Misaligned products or poor understanding of borrower cash flows may create over indebtedness and increase default risk.	Northern Arc performs cash-flow-based underwriting, leverage alternate data, and build borrower-centric products with flexible repayment terms.	Negative: Rise in Non-Performing Loan, reputational damage, regulatory interventions and potential litigations
7	Customer Relationship Management	Risk	Poor borrower engagement or lack of personalization may reduce satisfaction and retention, impacting cross-sell and collection efforts.	Northern Arc has deployed CRM tools to enhance its customer relationship management process. The Client Experience Committee oversees and enhances customer engagement, service quality, and grievance resolution, ensuring a client-centric approach.	Risk Negative: Reduced retention, and increase in bad loans
		Opportunity	Deepening engagement enhances loyalty and cross-sell potential attributing to increased customer base		Positive: Higher wallet share and customer retention and better quality portfolio.

S. No	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Data Privacy & Cybersecurity	Risk	Northern Arc's business model relies heavily on data-driven underwriting, and digital platforms. These platforms handle sensitive customer, partner, and investor data. Given the rising sophistication of cyber threats, data breaches could severely impact operational trust, invite regulatory penalties, and erode confidence among institutional investors and retail customers.	Northern Arc has a Chief Information Security Officer who is responsible for establishing and implementing information security framework ensuring data protection, regulatory compliance, and the implementation of robust cybersecurity measures across systems and operations.	Negative: Regulatory fines, Loss due to ransom payouts, if not insured. Irretrievable Loss of critical data Loss/leak of customer PII, remediation costs, reputational damage, and investor distrust

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

S.No	Disclosure Question	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
Policy and management processes										
1.	a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	Policies are available on the company’s website: https://www.northernarc.com/disclosures-under-regulations Some of the policies govern internal stakeholder and are therefore only available on company’s intranet.								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-	-	-	-	-	-	-	-	-
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	▶ Adoption of Environment & Climate change policy in FY2025 ▶ Adoption of Suppliers Code of Conduct in FY2025 ▶ Inclusion of ESG assessment as part of internal audit process ▶ Incorporation of Environment & sustainability as a Thematic focus area in the company’s CSR program and implement projects								
6.	Performance of the entity against specific commitments, goals and targets along-with reasons in case the same are not met.	▶ The company adopted both environment & Climate change policy and Suppliers Code of Conduct in FY 2025 ▶ ESG audit process was adopted and operationalized during FY2025 ▶ The company updated its CSR policy by incorporating Environment & sustainability as its thematic focus area and implemented four projects under this theme.								
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	For the financial year ended March 2025, Northern Arc Capital reaffirmed its commitment to innovation, inclusive growth, and sustainability by embedding ESG principles across its business model. We harnessed technology and data to enhance responsible lending, expanded access to finance in key sectors such as clean energy, climate-resilient agriculture, and MSMEs, and strengthened ESG risk frameworks to enable measurable impact. FY 2025 was a year of purposeful progress, marked by deeper engagement with underserved communities and a focus on long-term value creation. Looking ahead to FY 2026, we are poised to accelerate our efforts by scaling sustainable finance, advancing climate-aligned credit solutions, and investing in digital innovations that promote transparency, inclusion, and environmental stewardship. Our focus remains clear: to deliver impact at scale while building a resilient, future-ready financial ecosystem								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, ESG Board Committee.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	All policies are reviewed as per the Audit Plan								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	The Conformance of the policies is reviewed in accordance with the Audit Plan as part of the company's internal audit process.								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
Performance against above policies and follow up action	No	No	No	Yes	No	Yes	Yes	No	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors Key Managerial Personnel	1	1. Strategy and Business model of the Company 2. Budgeting and Planning 3. statutory reporting including Internal Audit Reports 4. Risk Management Systems & framework 5. Overview of business of subsidiaries	100
Employees other than BoD and KMPs	21	1. Mandatory training • POSH Trainings for Employees and IC Members • Insider Trading Regulation Awareness Program • Information Security Training • AML , KYC & FPC Training • Compliance and Regulatory Framework E-Learning (People Strong) • POSH Training (People Strong) 2. Internal Training • Values and Behavior Program • Advanced Dev Ops and Cloud Computing • Northern Arc Retail Credit Fundamentals Training • Advanced Excel Workshop • Microsoft Power BI	100

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
		3. Knowledge Sharing Series • Scrub Analysis • Training on Model driven Loss estimation & Credit Enhancement calculation • PTC & DA • Guarantee Backed Products • NCDs, CPs & ECBs • A walk through of Nimbus process for transactions • Climate Risk & Sustainable Training Program • Block Chain in Lending space Training Program 4. External Trainings • IIX's Orange Bond Verifier Training (OBVT) Program • RBI, CAB, Pune – In Campus Program on cyber security for officers of NBFCs • Advanced DevOps & Cloud Computing Certification	
Workers		Not Applicable	

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been referred? (Yes/No)
Penalty/ Fine	-	-	0.00	-	-
Settlement	-	-	0.00	-	-
Compounding fee	-	-	0.00	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been referred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, Northern Arc Capital Limited has an Anti-Bribery and Anti-Corruption Policy. This policy is publicly available on its official website.

The policy outlines Northern Arc's commitment to conducting business with integrity and in compliance with all applicable anti-bribery and anti-corruption laws. It prohibits all forms of bribery and corruption, whether direct or indirect, and applies to all employees, directors, and associated persons. The policy also provides guidance on recognizing and handling potential bribery and corruption issues, including procedures for reporting concerns and the consequences of policy violations.

The policy document can be accessed at <https://www.northernarc.com/assets/uploads/pdf/Anti-Bribery-and-Anti-Corruption-Policy-1620722848.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	FY 2025 (Current Financial Year)		FY 2024 (Previous Financial Year)	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Number of days of accounts payable	54	58

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	-	-
	b. Number of trading houses where purchases are made from	-	-
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of sales	a. Sales of dealers / distributors as % of total sales	-	-
	b. Number of dealers / distributors to whom sales are made	-	-
	c. Sales of top 10 dealers/distributors as of % of total sales to dealers/distributors	-	-
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	-	-
	b. Sales (Sales to related parties / Total Sales)	0.00%	0.45%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	0.00%	1.08%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, Northern Arc Capital Limited has established processes to manage and avoid conflicts of interest involving its Board members. The Code of Conduct for Directors and Management outlines the ethical standards and responsibilities expected from directors and senior management, including provisions to identify, disclose, and manage conflicts of interest.

PRINCIPLE 2

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	19%	66%	Please refer the note below

Note: Northern Arc's investments in technology contribute significantly to its environmental and social impact by enabling digital operations and customer interactions, thereby reducing paper usage and costs associated with physical processes.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes,

- b. **If yes, what percentage of inputs were sourced sustainably?**

Northern Arc Capital Limited has put in place clear procedures for sustainable sourcing, in line with its commitment to environmental and social responsibility during FY2025. As part of its Environmental and Climate Policy, the company aims to reduce the environmental impact of its supply chain by including environmental criteria in its procurement decisions. This includes giving preference to products and services that are environmentally friendly, energy efficient, locally sourced, or made from recycled materials. In addition, Northern Arc has adopted a Suppliers' Code of Conduct, which sets out requirements related to ethical business practices and workers' rights. All vendors and service providers are expected to follow this code, and its requirements are included in their contracts. These steps reflect the company's commitment to responsible and sustainable procurement practices which will be put into practice during FY2026.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Northern Arc Capital Limited, being a Non-Banking Finance Company, it primarily generates only e-waste and does not generate plastic or hazardous waste. The company follows strict processes to safely collect and hand over all e-waste to authorized recyclers licensed by the Pollution Control Board.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					



2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
-	-	-
-	-	-
-	-	-

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
-	-	-

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-waste	0.001	-	-	-	-	-
Hazardous waste	-	-	-	-	-	-
Other waste	-	-	-	-	-	-

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	Not Applicable

PRINCIPLE 3

BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	904	904	100	904	100	Not Applicable		904	100	904	100
Female	176	176	100	176	100	176	100%	Not Applicable		176	100
Total	1080	1080	100	1080	100	176	16%	904	84%	1080	100
Other than Permanent employees											
Male											
Female	Not Applicable										
Total											

*All employees are covered with eligibility as per The Maternity Benefit Act, 1961

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male											
Female	Not Applicable										
Total											
Other than Permanent workers											
Male											
Female	Not Applicable										
Total											

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.12%	0.11%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY FY2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99%	-	Y	100%	-	Y
Gratuity	100%	-	Y	100%	-	Y
ESI	7.7%	-	Y	9.0%	-	Y
Others – National Pension Scheme	4.5%	-	Y	4.3%	-	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Northern Arc Capital Limited is committed to creating an inclusive and accessible workplace in line with the Rights of Persons with Disabilities Act, 2016. The company ensures that its corporate offices are designed to be accessible to differently abled employees and visitors, including features such as ramps, accessible entrances, elevators, and restrooms. Select branch offices are equipped with ramps and/or elevators, as made available by the respective building owners, wherever applicable.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, Northern Arc Capital Limited has implemented an Equal Opportunity Policy in accordance with the Rights of Persons with Disabilities Act, 2016. This policy underscores the company's commitment to providing equal employment opportunities to all individuals, including persons with disabilities, across various aspects such as hiring, training, promotions, and workplace accessibility.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	99.99%	-	-
Female	100%	100%	-	-
Total	100%	100%	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable
Other than Permanent Workers	Not Applicable
Permanent Employees	Yes, Northern Arc Capital Limited has a structured Grievance Redressal Mechanism in place for its permanent employees. Employees can raise workplace concerns, including grievances related to discrimination or accessibility, directly with the designated Liaison Officer.
Other than Permanent Employees	Yes, Northern Arc Capital Limited has a structured Grievance Redressal Mechanism in place for its other than permanent employees such as contract staff, interns, trainees, persons acting as consultants, and third-party workers deployed at Northern Arc. They can raise workplace concerns, including grievances related to discrimination or accessibility, directly with the designated Liaison Officer.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	1080	-	-	880	-	-
Male	904	-	-	703	-	-
Female	176	-	-	177	-	-
Total Permanent Workers	Not Applicable					
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2025 (Current Financial Year)					FY 2024 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	904	332	37	554	61	703	415	59	326	46
Female	176	63	36	136	77	177	168	95	126	71
Total	1080	395	36	690	64	880	583	66	452	51
Workers										
Male	Not Applicable									
Female										
Total										

9. Details of performance and career development reviews of employees and worker:

Category	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	904	639	71%	703	506	71%
Female	176	157	89%	177	143	89%
Total	1080	796	74%	880	649	89%
Workers						
Male	Not Applicable					
Female						
Total						

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, Northern Arc Capital Limited has implemented an Occupational Health and Safety Management System through the adoption of its Environment, Health and Safety (EHS) Policy. The policy affirms the company's commitment to complying with all applicable health and safety regulations. It provides for the identification and assessment of workplace risks through regular risk assessments and ensures workplace safety through periodic inspections. The policy further outlines procedures for the mitigation and management of workplace accidents and incidents with a focus on minimizing recurrence.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Northern Arc Capital Limited has a structured process to identify and assess work-related hazards as part of its Environment, Health and Safety (EHS) Policy. Identified risks are documented in a centralized risk register, which is regularly updated through workplace inspections, task-specific assessments, and incident investigations. All workplace incidents and near-misses are reported, analysed for root causes, and used to inform risk mitigation measures. Employee feedback is actively encouraged and integrated into the risk assessment process. These measures are supported by regular training and awareness programs.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, all corporate offices have designated administration officers, and all branches have the branch managers to record such incidents and report to the head of the administration department. All incidents are tracked in a safety register and are reviewed biannually.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the company covers all its permanent employees under health insurance and personal accident insurance policies.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	Not Applicable	Not Applicable
Total recordable work-related injuries	Employees	-	-
	Workers	Not Applicable	Not Applicable
No. of fatalities	Employees	-	-
	Workers	Not Applicable	Not Applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	Not Applicable	Not Applicable

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Northern Arc Capital Limited implements a comprehensive EHS program to ensure workplace safety and health. Hazards are recorded in a centralized risk register, updated through regular inspections, task-specific assessments, and incident investigations. All incidents and near-misses are reported and analyzed to improve preventive measures. Employee feedback is encouraged and integrated into safety practices.

13. Number of Complaints on the following made by employees and workers:

	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	-
Working Conditions	-

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

Not Applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

A. **Employees (Y/N):** Yes

B. **Workers (Y/N):** Not Applicable

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

As part of the onboarding process for both service providers and contract vendors, a comprehensive compliance check is conducted, including verification of statutory registrations such as GST, PAN, PF, and ESI. Additionally, the agreements with these partners clearly outline the requirement for timely deduction and deposition of all applicable statutory dues, along with defined consequences for non-compliance.

For contract vendors (e.g., housekeeping), statutory payment compliance is reviewed on a monthly basis prior to invoice processing. In the case of service providers (e.g., technology vendors), such compliance is addressed through contractual obligations.

Further assurance is provided through periodic sample audits conducted by internal teams or third-party auditors, covering filings such as GST returns and PF/ESI challans. TDS is also deducted at applicable rates from vendor payments, ensuring a level of compliance is maintained from our side.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Employees	-	-	-	-
Workers	Not Applicable			

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

Not Applicable

PRINCIPLE 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Northern Arc Capital Limited follows a structured approach to identifying its key stakeholder groups, considering their impact on and interest in the company's operations. The primary stakeholders include shareholders, who provide strategic oversight; lenders and investors, who support the company's funding needs; and value chain partners, such as originator institutions and service providers, who enable product delivery. Customers, including MSMEs and retail borrowers, are central to the company's mission of promoting financial inclusion. Employees and the Board are key internal stakeholders driving execution and governance. Regulatory authorities such as the RBI and SEBI are engaged to ensure compliance and responsible conduct. The company also recognizes society as an important and a larger stakeholder in relation to its social impact and public transparency.

Stakeholder identification is periodically reviewed and refined through ongoing engagement mechanisms such as investor meetings, regulatory consultations, employee feedback platforms, customer service interactions, and community outreach. This process ensures that the company remains responsive to stakeholders' needs and expectations.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Emails, SMS, Newspaper, Notices, Website Disclosures.	Quarterly, Half-yearly, Annual, and Need-based.	Ensure transparency, build trust, and align business strategy with shareholder interests through regular updates, AGMs, and reports. The topics covered are financial performance, return on investment, risk management, governance, ESG performance, and strategic growth plans.
Employees	No	Email, Website, Intranet Portal, SMS, Internal Meetings, Trainings, Surveys.	Bi-monthly, Quarterly, Continuous, and Need-based.	Foster a motivated and skilled workforce through ongoing communication, training, and feedback mechanisms. The key topics covered during the engagement are Career development, learning opportunities, ethical practices, and workplace safety.
Lenders (Offshore & Domestic)	No	Website, Emails, Telephone Communications, Personal Visits, Conventions	Quarterly, Half yearly, Annual, and Need-based.	Maintain financial credibility and provide regular financial and risk updates to secure long-term funding relationships. The scope of the discussion would be credit performance, asset quality, covenant compliance, ESG alignment, and business resilience.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulators	No	Emails, Letters, Regulatory filings, Meetings, Audits.	Quarterly, Annual, and Need-based	Ensure full compliance with laws and regulations through structured reporting, audits, and consultations. The key topics covered during our engagement are regulatory compliance, data privacy, anti-money laundering, governance, and responsible lending practices.
Value Chain Partners	No	Emails, Website, Telephone Communications, Personal Visits, Conventions	Continuous, and Need-based.	Build strong, reliable relationships with intermediaries and service providers through consistent communication and support. The topics covered during our discussion with them include covenant tracking, timely payments, transparent terms, and mutual business growth.
Customers (Borrowers)	Yes	Website, Emails, Telephone Communications, SMS, Customer Feedback, Customer Helpline, Social Media Channels, Customer Grievance Cell.	Periodic, Continuous, and Need-based.	Enhance customer satisfaction and trust via accessible, fair, and responsible financial services. The key topics dealt with the customers are loan terms, turnaround time, grievance redressal, and product flexibility,
Society	Yes	Website, Annual Report, Quarterly Reports, CSR Initiatives, Media & Press release, Social Media Channels, Personal Visits.	Quarterly, Annual, and Need-based.	Drive positive social impact through inclusive finance, sustainability initiatives, and community engagement. The topics covered during the engagement are financial inclusion, environmental & social responsibility towards community development, and contribution to economic development.



Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Northern Arc Capital Limited has established a robust governance framework in which several Board-level committees oversee the processes and mechanisms for engaging with each of its key stakeholder groups. Dedicated relationship teams/individuals maintain ongoing dialogue with customers, investors (both domestic and offshore lenders), regulators, value-chain partners and shareholders, and they consolidate insights and emerging concerns into formal feedback reports for the relevant Board committees each quarter. In addition, select stakeholder representatives—and, periodically, individual Board members—participate in in-person meetings or roundtables to address strategic issues or urgent matters directly.

On the social and environmental front, Northern Arc's sustainability function partners with non-governmental organizations to identify critical needs at the grassroots level, from financial-literacy programs to climate-resilience projects. Progress on these initiatives is captured in the annual Sustainability Report and reviewed by the CSR & ESG Committees, which reports regularly to the full Board.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes. The engagement by various teams at Northern Arc Capital with stakeholders such as employees, investors, borrowers, regulators, and communities provides relevant inputs on environmental and social topics. These consultations help identify material ESG issues and are factored into the design and implementation of the company's ESG initiatives. For instance, feedback from investors has informed Northern Arc's focus on climate-aligned financing and responsible lending practices. Similarly, insights from borrowers and partners in rural and semi-urban areas have influenced the development of inclusive financial products and digital outreach strategies. Input from employees and communities have supported the company's focus on ethical conduct, shaping policies and activities across the organization

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Northern Arc Capital Limited, through its CSR initiatives, has undertaken various programs aimed at addressing the needs of vulnerable and marginalized stakeholder groups. Guided by a Board-governed Corporate Social Responsibility (CSR) policy, the company focuses on supporting marginalized, poor, needy, under-privileged, and differently abled individuals. Specific instances include educational support for underprivileged students, natural resource enhancement projects, and healthcare initiatives targeted at underserved population. These initiatives are designed to contribute to the well-being and sustainable development of these communities, reflecting Northern Arc's commitment to inclusive growth and social equity.

PRINCIPLE 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent*	1080	395	37	880	583	66
Other than permanent*	402	69	17	197	31	16
Total Employees	1482	464	31	1099	614	56
Workers						
Permanent	Not Applicable					
Other than permanent						
Total Workers						

*Includes employees at corporate and branch offices in all locations, except subsidiaries.

** Includes consultants and contract employees engaged by the company, except subsidiaries.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025 (Current Financial Year)					FY 2024 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent*	1080	NA	NA	1080	100%	880	NA	NA	880	100%
Male	904	NA	NA	904	100%	703	NA	NA	703	100%
Female	176	NA	NA	176	100%	177	NA	NA	177	100%
Other than Permanent**	30	NA	NA	32	100%	35	NA	NA	35	100%
Male	25	NA	NA	27	100%	3	NA	NA	3	100%
Female	5	NA	NA	5	100%	5	NA	NA	5	100%
Workers										
Permanent	Not Applicable									
Male										
Female										
Other than Permanent										
Male										
Female										

*Includes employees at corporate and branch offices in all locations, except subsidiaries.

** Includes consultants and contract employees engaged by the company, except subsidiaries.

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Number	Male	Number	Female
		Median remuneration/ salary/ wages of respective category		Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	24,50,000	2	27,00,000
Key Managerial Personnel	3	2,93,94,486	0	0
Employees other than BoD and KMP	901	6,32,496	176	8,97,498
Workers	NA	NA	NA	NA

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Gross wage paid to females as % of total wage	19%	22%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

At Northern Arc Capital, robust internal mechanisms are in place to redress grievances related to human rights issues, ensuring a fair, transparent, and accountable work environment. These mechanisms include:

- Grievance Redressal Mechanism:** Northern Arc has a structured grievance redressal system that allows employees and stakeholders to raise concerns related to human rights, workplace behavior, or unfair treatment. All grievances are reviewed in a time-bound manner and addressed by designated internal committees or officers.
- Equal Opportunity Policy:** The company's Equal Opportunity Policy reinforces its commitment to non-discrimination and inclusivity, particularly for women, persons with disabilities, and marginalized communities. It ensures that all individuals have access to equal treatment in hiring, training, promotions, and work conditions.
- Code of Conduct:** The Code of Conduct outlines expected standards of behavior for all employees and serves as a guiding document to uphold human rights, ethical practices, and respectful workplace interactions. Any violations of the Code, especially those concerning dignity, fairness, or human rights, are subject to investigation and corrective action.
- Whistleblower Policy:** Northern Arc's Whistleblower Policy provides a secure and confidential channel for employees and stakeholders to report concerns related to unethical behavior, human rights violations, or policy breaches without fear of retaliation. Whistleblower complaints are reviewed independently, with appropriate follow-up actions taken by the Ethics Committee or relevant authority.
- Safe Working Environment and Sexual Harassment Policy:** Northern Arc enforces a zero-tolerance approach to sexual harassment through its PoSH Policy. An Internal Committee (IC) is constituted in line with legal requirements to handle complaints, conduct fair investigations, and ensure appropriate redressal and support for affected individuals.

These mechanisms collectively ensure that human rights concerns are taken seriously, reported safely, and addressed effectively within the organization.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2025 (Current Financial Year)			FY 2024 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	-	-
Complaints on POSH as a % of female employees/workers	-	-
Complaints on POSH upheld	-	-

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Northern Arc Capital Limited has robust safeguards to protect complainants from any adverse consequences arising from the reporting of discrimination or harassment through its Equal Opportunity Policy. The policy strictly prohibits retaliation or reprisal against individuals who raise genuine concerns or complaints. It provides for confidential reporting channels with direct submission to the designated Liaison Officer. The Liaison Officer is entrusted with the responsibility to ensure that complaints are addressed promptly, fairly, and with due sensitivity, while also taking necessary steps to prevent any form of victimization or inconvenience to the complainant. The policy further affirms that raising a bona fide concern will not affect the complainant's legal rights or employment status in any manner, reinforcing the Company's commitment to a safe, inclusive, and equitable workplace.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	-
Forced/involuntary labour	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others – please specify	-

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable



Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

None

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Not Applicable

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. All buildings where Northern Arc Capital's corporate offices are located are equipped with facilities to ensure accessibility for differently abled visitors, in line with the requirements of the Rights of Persons with Disabilities Act, 2016. The premises include features such as ramps, elevators, and accessible restrooms to support ease of movement. Northern Arc is committed to fostering an inclusive environment by ensuring its physical infrastructure does not pose a barrier and welcoming for all individuals.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	-
Discrimination at workplace	-
Child Labour	-
Forced Labour/Involuntary Labour	-
Wages	-
Others – please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6

BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
From Renewable Sources			
Total electricity consumption (A)	Gigajoules	-	-
Total fuel consumption (B)	Gigajoules	-	-
Energy consumption through other sources (C)	Gigajoules	-	-
Total energy consumed from renewable sources (A+B+C)	Gigajoules	-	-
From Non-Renewable Sources			
Total electricity consumption (D)	Gigajoules	1801.75	-
Total fuel consumption (E)	Gigajoules	-	-
Energy consumption through other sources (F)	Gigajoules	-	-
Total energy consumed from non-renewable sources (A+B+C)	Gigajoules	1801.75	-
Total energy consumed (A+B+C+D+E+F)	Gigajoules	1801.75	-
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	Per lakh of revenue from operations	0.0078	-
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)	Per lakh of revenue from operations adjusted for PPP	0.16	-
Energy intensity in terms of physical output	-	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-	-

The PPP conversion factor for India has been taken as 20.45, based on the latest available 2024 data from the World Bank's International Comparison Program.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Nil

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Water withdrawal by source (in kiloliters)			
(i) Surface water	Kilolitres	-	-
(ii) Groundwater	Kilolitres	-	-
(iii) Third party water	Kilolitres	-	-
(iv) Seawater / desalinated water	Kilolitres	-	-
(v) Others	Kilolitres	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		-	-
Total volume of water consumption (in kilolitres)*		12,430	-
Water intensity per rupee of turnover (Water consumed / turnover)	Per lakh of revenue from operations	0.054	-
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption / Revenue from operations adjusted for PPP)	Per lakh of revenue from operations adjusted for PPP	1.11	-
Water intensity in terms of physical output		-	-
Water intensity (optional) – the relevant metric may be selected by the entity		-	-

*Total Volume of Water consumption has been estimated on a per-employee basis using the "National Building Code (NBC) – Bureau of Indian Standards (BIS), 2016," which specifies a requirement of 45 litres per person per working day for drinking and domestic use. The total water consumption was derived based on the average headcount, number of working days, and the prescribed per capita daily requirement.

** The PPP conversion factor for India has been taken as 20.45, based on the latest available 2024 data from the World Bank's International Comparison Program.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

4. Provide the following details related to water discharged:

Parameter	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) Surface water		
- No Treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Groundwater		
- No Treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No Treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties		
- No Treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others		
- No Treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres) (i + ii + iii + iv + v)		

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
NO _x			
SO _x			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			
Not Applicable			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Scope 1 emissions* (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	11.68	-
Total Scope 2 emissions** (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	753.00	-
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total scope 1 and Scope 2 GHG emissions / Revenue from operations)	Per lakh of revenue from operations	0.0033	-
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)*** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Per lakh of revenue from operations adjusted for PPP	0.07	-

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity in terms of physical output		-	
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	

*Scope 1 GHG emissions have been calculated considering fugitive emissions from refrigerant leakages in air conditioning units and annual leakages from fire extinguishers.

**Scope 2 GHG emissions account for indirect GHG emissions from purchased electricity, including consumption associated with the company's HVAC systems across its operation, as applicable

***The PPP conversion factor for India has been taken as 20.45, based on the latest available 2024 data from the World Bank's International Comparison Program.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

No

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	-	-
E-waste (B)	0.084	0.308
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	0.084	-
Waste intensity per rupee of turnover	0.00	-
(Total waste generated / Revenue from operations)		
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.00	-
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	0.001	-
(iii) Other recovery operations	-	-
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Northern Arc Capital Limited, as a Non-Banking Finance Company (NBFC), primarily generates electronic waste (e-waste) and does not produce plastic or hazardous chemical waste in its operations. The company has instituted robust waste management practices wherein all e-waste is systematically collected and handed over to authorized recyclers certified by the Pollution Control Board. While the nature of its operations does not involve the use of hazardous or toxic chemicals, Northern Arc remains committed to environmentally responsible practices by ensuring minimal environmental impact and adhering to all regulatory requirements for safe waste disposal.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: -

(ii) Nature of operations: -

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-

Parameter	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(v) Others	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Scope 3 emissions* (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	790.54	-
Total Scope 3 emissions per rupee of turnover	Per lakh of revenue from operations	0.003	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

* Scope 3 GHG emissions have been estimated considering the following categories as defined by the GHG Protocol: Category 1 (Purchased Goods and Services), Category 5 (Waste Generated in Operations), Category 6 (Business Travel), and Category 8 (Upstream Leased Assets)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative



5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Northern Arc Capital has a comprehensive Business Continuity and Disaster Recovery (BCDR) Plan designed to ensure the uninterrupted functioning of critical systems and swift recovery from disruptions. The plan supports the organization's ability to sustain performance and restore or replace any failed systems under adverse conditions. It is structured around defined Recovery Time Objectives (RTOs), prioritizing applications and infrastructure based on their criticality. The BCDR plan is routinely reviewed, updated, and validated through regular drills and independent third-party audits. Oversight is provided by a dedicated senior leadership team responsible for incident management and communication with both internal and external stakeholders.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

None

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

None

PRINCIPLE 7

BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

Five

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Assocham	National
2	FICCI	National
3	DLAI	National
4	FACE	National
5	MFIN	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
-		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others - please specify)	Web Link, if available
Not Applicable					

PRINCIPLE 8

BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

Northern Arc Capital has a well-defined grievance redressal mechanism to ensure timely and effective resolution of customer complaints. Customers can initially reach out to the Grievance Redressal Officer (GRO) via toll-free number (1800 419 8766) or email (gro@northernarc.com), with a resolution timeline of 15 days. If unsatisfied, complaints can be escalated to the Nodal Officer through toll-free number (1800 258 7010) or email (nodal.officer@northernarc.com). In cases where the issue remains unresolved beyond 30 days, customers have the option to approach the Reserve Bank of India under the Integrated Ombudsman Scheme, 2021, through the portal <https://cms.rbi.org.in>. This multi-level process reflects Northern Arc's commitment to transparency, customer-centricity, and regulatory compliance.

For shareholders and debenture holders, the Company has appointed Kfin Technologies Limited as its Registrar and Share Transfer Agent (RTA) to facilitate the resolution of queries and grievances. Complaints may be sent to cs@northernarc.com, and the Company Secretary and Compliance Officer, in coordination with the RTA, ensures timely and appropriate redressal of all concerns raised by shareholders and debenture holders.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	35.28%	51.03%
Directly from within India	99.86%	99.53%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Rural	0.04%	0.01%
Semi-Urban	0.79%	0.86%
Urban	5.06%	5.36%
Metropolitan	94.11%	93.77%

Note: The definition of location classification was referred from RBI Master Circular on Branch Licensing (RBI/2015-16/10 DBR.CO.RRB. BL.BC.No.17/31.01.002/2015-16 dated July 1, 2015)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
1	Tamil Nadu	Ramanathapuram District	1,28,85,750

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

- (b) From which marginalized /vulnerable groups do you procure?

Not Applicable

- (c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S.No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S.No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Providing holistic nutrition support to children affected by Cancer	492	100%
2.	Support differently abled children with residential education programs, good nutrition, and medical aid.	48	100%
3.	Financial assistance and digital aid for students	60 students	-

PRINCIPLE 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Northern Arc Capital has a well-defined grievance redressal mechanism to ensure timely and effective resolution of customer complaints. Customers can initially reach out to the Grievance Redressal Officer (GRO) via toll-free number (1800 419 8766) or email (gro@northernarc.com), with a resolution timeline of 15 days. If unsatisfied, complaints can be escalated to the Nodal Officer through toll-free number (1800 258 7010) or email (nodal.officer@northernarc.com). In cases where the issue remains unresolved beyond 30 days, customers have the option to approach the Reserve Bank of India under the Integrated Ombudsman Scheme, 2021, through the portal <https://cms.rbi.org.in>. This multi-level process reflects Northern Arc's commitment to transparency, customer-centricity, and regulatory compliance.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Category	FY 2025 (Current Financial Year)		Remarks	FY 2024 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, an Information Security Policy is in place which outlines the organization's approach to cybersecurity operations and data privacy risks. This policy includes key controls related to data protection, access management, threat monitoring, incident handling, and compliance with applicable regulations. The privacy policy can be accessed at: <https://www.northernarc.com/assets/uploads/pdf/Privacy-Policy.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

NIL

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches:** 1
- b. Percentage of data breaches involving personally identifiable information of customers:** 0
- c. Impact, if any, of the data breaches:** None

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on the products and services offered by Northern Arc Capital Limited can be accessed at www.northernarc.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Northern Arc Capital Limited is committed to promoting safe and responsible usage of its products and services through a range of consumer education initiatives. The Company ensures transparent communication of product features, terms, interest rates, and associated fees across all customer bases. During the onboarding process, customers are guided through comprehensive Know Your Customer (KYC) procedures and informed of their rights and obligations. Northern Arc also ensures timely communication of policy changes and regulatory updates. A robust grievance redressal mechanism is in place, supported by a toll-free helpline, dedicated email assistance, and a defined escalation matrix. Additionally, regular training and capacity-building programs are conducted for relevant teams and frontline personnel who directly engage with customers, ensuring they are well-equipped to educate and assist consumers effectively. These measures underscore Northern Arc's focus on transparency, financial literacy, and customer protection.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Northern Arc has a business continuity plan that will be enforced during an event of a natural hazard or system downtime, to ensure that the company's services are not interrupted. In the event of any unforeseen disruption of our services, the consumers of the company are informed about the disruption of essential services through email or SMS that will provide details on the nature of disruption, expected resolution time, etc. In the event of discontinuation of our branch operation, the company will provide ninety-days advance notice in the leading national newspaper before closure or relocation of branches/office, as mandated by RBI.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

No, the company discloses information about its products as mandated by the RBI.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No, the company has not undertaken a consumer satisfaction survey during the reporting period.



Independent Auditor's Report

To
The Members of
Northern Arc Capital Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Northern Arc Capital Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 Standalone 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone 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 opinion.

Emphasis of Matter: Exclusion of FLDG credit in calculation of ECL

4. We draw attention to Note 83 to the accompanying standalone financial statements, which describes the impact of the regulatory directions received by the Company from the Reserve Bank of India (RBI) vide e-mail communication dated 16 May 2025, pursuant to which the Company is required to exclude credit enhancements under First Loss Default Guarantee (FLDG) arrangement available at portfolio level as at 31 March 2025 from the computation of Expected Credit Losses (ECL) calculated as per Ind AS 109, Financial Instruments and provide for additional ECL on account of such change by 30 June 2025. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1) Impairment of loan asset based on Expected Credit Losses (ECL) (Refer note 3 for material accounting policies and note 7 for financial disclosures in the accompanying standalone financial statements) As at 31 March 2025, the Company reported gross loans of ₹1,083,753.97 lakhs against which provision for expected credit loss of ₹26,516.19 lakhs has been recorded in accordance with Ind AS 109 – Financial Instruments. The Company has written off loans of ₹ 60,930.24 lakhs during the current year. Ind AS 109, Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its loan assets using the expected credit loss ('ECL') approach. The Company has applied a three-stage approach based on changes in credit quality of loan assets which is primarily determined based on number of days past due for each loan asset apart from other factors considered by the management for ascertaining significant increase in credit risk. The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Company. Significant management judgements and assumptions are involved in measuring ECL with respect to: ▶ management overlays ▶ determining the criteria for significant increase in credit risk and default risk i.e. staging of loan assets ▶ factoring in forward-looking information (including macroeconomic factors on a portfolio level) ▶ techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, historical data, macro-economic factors. Any change in such models or assumptions could have a material impact on the accompanying standalone financial statements. Similarly, the Company is also required to make judgements to identify the loan assets which are non-recoverable and thereby determined to be written off. Further as described in note 83 to the accompanying standalone financial statements as per the Reserve Bank of India RBI e-mail communication dated 16 May 2025, the management has excluded credit enhancements under First Loss Default Guarantee (FLDG) arrangements from the computation of ECL per Ind AS 109 as at 31 March 2025 and to provide the same in the financial statements by 30 June 2025. This matter has also been considered as fundamental to the users' understanding of the financial statements Considering the significance of the above matter to the standalone financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.	Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following: ▶ Examined the Board of Director's policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. ▶ Involved auditor's specialists and obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, industry benchmarks and macro-economic factors, we assessed whether such historical experience and the industry information was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Further, assessed reasonableness for the macro-economic factors considered for the portfolio segments. ▶ Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals. ▶ Tested the underlying forecast of future cash flows used in impairment workings with the agreed repayment schedules on a test check basis ▶ Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters. ▶ Evaluated the appropriateness of the methodology and policy laid down and implemented by the Company for the loan portfolio written-off during the year and tested its compliance on a sample basis.



Key audit matter	How our audit addressed the key audit matter
	▶ Evaluated Company's compliance with the RBI directions vide e-mail communication dated 16 May 2025, with respect to exclusion of credit enhancements under FLDG arrangements from the computation of ECL as on 31 March 2025 and verified the mathematical accuracy in such computation. ▶ Challenged the management on post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments. ▶ Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI circulars. ▶ Obtained appropriate written representations from the management.
2) Information Technology ("IT") systems and controls for accounting	and financial reporting process
The Company is highly dependent on its IT systems for carrying on its operations which require large volume of transactions to be processed on daily basis and use of multiple software applications at central level The Company uses various loan management system (LMS) for different loan products for sourcing, processing, recording and management of loan database some of which are integrated with the financial accounting and reporting software. Transfer of data from/to LMS to financial reporting systems are critical for accurate compilation of financial information. As a result, there is a high degree of reliance and dependency on such IT systems for the accounting and financial reporting process of the Company which impacts key financial accounting and reporting items such as loans, interest income, computation of daily DPD, impairment on loans amongst others. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. The Company has put in place IT General Controls and automated IT controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Company which is used for its financial reporting. Among other things, the management also uses the information produced by the Company's IT systems for accounting and the preparation and presentation of the standalone financial statements. Since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the standalone financial statements, we have determined the use of IT systems for accounting and financial reporting as a key audit matter for current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following: ▶ Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. ▶ Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; ▶ Reviewed the report on the assessment of cyber security breach prepared by the management's expert and evaluated that there is no impact of the same on the financial reporting IT systems. ▶ Tested controls for segregations of duties around program maintenance, security administration and key business processes. ▶ Tested IT General Controls such as, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. ▶ Tested related interfaces, integration, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy. ▶ Where deficiencies were identified, tested compensating controls or performed alternative procedures. ▶ Obtained appropriate written representations from the management.

Key audit matter	How our audit addressed the key audit matter
3) Classification and measurement of Loans – Business model assessment and Fair valuation of loans held at fair value through other comprehensive income (“FVTOCI”) – (Refer note 3 for material accounting policies and note 7 for financial disclosures in the accompanying standalone financial statements) As at 31 March 2025, the Company has loans amounting to ₹ 2,17,633.08 lakhs (31 March 2024: ₹ 2,61,483.91 lakhs) that are carried and measured at FVTOCI in accordance with Ind AS 109. Financial assets, i.e. loan assets have been classified and measured as per Ind AS 109, Financial Instruments. The assessment as to how an asset should be classified is made on the basis of both the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The management has assessed its business model on the basis of its approved credit policies, business plan and history of sale of loan assets wherein certain loans have been held to collect contractual cash flows (solely payments of principal and interest on the amount outstanding) and certain loans are held to collect contractual cash flows and also for sale, and consequently, loans have been classified and measured at ‘amortized cost’ and ‘Fair value through Other Comprehensive Income’ (FVTOCI) respectively in accordance with principles of Ind AS 109. In measuring the fair value of loans, valuation methods are used based on inputs that are not directly observable from market information and certain other unobservable inputs. The management has an internal team for arriving at the fair value of aforesaid loans. Such fair value is derived using discounted cash flow models wherein the key assumptions include discount rate, adjustment for credit risk including default risk. Given the subjectivity and degree of complexity involved in ascertaining the business model and the fair valuation of the aforesaid loans, relative significance of these loans to the standalone financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	Our audit procedures in relation to the business model and loans measured at FVTOCI included, but were not limited, to the following: ▶ Obtained an understanding of the ‘Business Model Policy Note’ approved by the Board of Directors of the Company, and evaluated whether the identified loans satisfy the conditions of Ind AS 109 for measurement at amortized cost or FVTOCI. Tested the sale of loan assets made during the year and compared with the management’s plan and intent, to validate the management’s conclusion for classification and measurement of loans. ▶ Assessed the design and tested the operating effectiveness of internal controls over classification of loans on the basis of management’s intent and managements’ key internal controls over inputs used in the valuation model. ▶ Involved auditor’s specialists and assessed whether the fair valuation methodology adopted by the management is appropriate and tested the reasonableness of the underlying assumptions used such as discount rates, future cash flows, etc to estimate the fair value of the such loans. Also, on test check basis tested the completeness of source data and arithmetical accuracy of the management working. ▶ Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying standalone financial statements in accordance with the applicable accounting standards. ▶ Obtained appropriate written representations from the management

Information other than the Financial Statements and Auditor’s Report thereon

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying standalone financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the

financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

10. Our objectives are to obtain reasonable assurance about whether the standalone 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 Standards on Auditing 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 standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - ▶ Identify and assess the risks of material misstatement of the standalone 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - ▶ Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
 13. 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.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so

would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The standalone financial statements of the Company for the year ended 31 March 2024 were audited by the predecessor auditor, S.R. Batliboi & Associates LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 29 May 2024.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit we report, to the extent applicable, 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 purpose of our audit of the accompanying standalone financial statements;
 - b) Except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in, paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi)

below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us;
 - i. The Company, as detailed in note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2025
 - ii. The Company, as detailed in note 12 to the standalone financial statements, has made provision as at 31 March 2025, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 86 (B)(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 86 (B)(vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'),

- with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2025.
- vi. As stated in Note 85 to the standalone financial statements and based on our examination which included test checks, except for instances/matters mentioned below, the Company, in respect of financial year commencing on 1 April 2024, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below. Furthermore, except for instances/matters mentioned below the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	(i) The audit trail feature was not enabled at the database level for one loan management system to log any direct data changes. (ii) The audit trail (edit logs) was not retained for the period 01 April 2024 to 07 July 2024 at the database level for another loan management system to log any direct data changes
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level	The loan management systems for two other loan products are operated by third-party software service providers. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said softwares were enabled and operated throughout the year.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 25042423BMNRBP8866

Place: Nagpur

Date: 19 May 2025

Annexure A

referred to in paragraph 17 of the Independent Auditor's Report of even date to the members of Northern Arc Capital Limited on the standalone financial statements for the year ended 31 March 2025

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 report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and relevant details of right-of-use assets under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has adopted cost model for its Property, Plant and Equipment (including right-of-use assets) and

intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.

- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in Note 14 & 15 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs. 5 crores by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to review.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

- (c) The Company is a Non-Banking Financial Company ("NBFC"), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular except for instances as below, as also disclosed under Note 86B to the standalone financial statements:

Particulars – Days Past Due	Aggregate amount outstanding for overdue loans as at 31 March 2025 (Rs. In lakhs)	No. of Cases
SMA 0 (upto 30 days)	30,683	94,081
SMA 1 (31-60 days)	15,747	51,596
SMA 2 (61- 90 days)	8,019	51,674
More than 90 days	15,636	19,561

Having regard to the nature of business of the Company and volume of the transactions, it is impractical to furnish the item-wise listing for the above-mentioned cases of delay in repayment of principal and interest.

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to Rs. 15,636 lakhs as at 31 March 2025 in respect of 19,561 number of loans, as also disclosed in Note 86B to the standalone financial statements. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, which is/are repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's services. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (Rs. In lakhs)	Amount paid under Protest (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income-Tax Act, 1961	Tax and interest	255.99	-	AY 2014-15	Income tax Appellate Tribunal	Income-Tax Act, 1961
Income-Tax Act, 1961	Tax and interest	172.54	-	AY 2017-18	Commissioner of Income tax (Appeals)	Income-Tax Act, 1961

- (viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks/ financial institution and other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.
- (f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associate companies.
- (x) (a) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer were applied for the purposes for which these were obtained.
- (b) During the year, the Company has made private placement of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the rules framed thereunder with respect to the same. Further, the amounts so raised have been utilised by the Company for the purposes for which these funds were raised.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under subsection 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.



- (b) In our opinion and according to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management 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 indicating 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 our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 25042423BMNRBP8866

Place: Nagpur

Date: 19 May 2025

Annexure B

to the Independent Auditor's Report of even date to the members of Northern Arc Capital Limited on the standalone financial statements for the year ended 31 March 2025

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Northern Arc Capital Limited ('the Company') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.
5. 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 standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone

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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 25042423BMNRBP8866

Place: Nagpur

Date: 19 May 2025

Standalone Balance Sheet

as at 31 March 2025

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

Particulars	Notes	As at 31 March 2025	As at 31 March 2024
ASSETS			
Financial assets			
Cash and cash equivalents	4	32,120.04	16,123.83
Bank balances other than cash and cash equivalents	5	31,482.92	22,213.03
Derivative financial instruments	12	5,476.55	5,481.94
Trade receivables	6	1,201.75	1,437.83
Loans	7	10,57,237.78	9,30,987.51
Investments	8	1,95,682.05	1,65,268.61
Other financial assets	9	9,320.14	9,123.47
Total financial assets		13,32,521.23	11,50,636.22
Non-financial assets			
Current tax assets (net)		-	1,206.41
Deferred tax assets (net)	31	9,693.68	3,456.92
Property, plant and equipment	10.1	938.48	324.97
Intangible assets under development	10.2	593.49	231.13
Goodwill	10.3	2,085.13	2,085.13
Other intangible assets	10.4	1,313.96	1,178.89
Right of use asset	10.5	2,495.71	1,205.55
Other non-financial assets	11	2,425.11	1,631.42
Total Non-financial assets		19,545.56	11,320.42
Total assets		13,52,066.79	11,61,956.64
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	2,363.48	298.65
Trade payables	13	-	-
Total outstanding dues of micro enterprises and small enterprises		6,726.54	13,588.16
Debt securities	14	1,40,785.32	1,41,372.46
Borrowings (other than debt securities)	15	8,37,654.22	7,63,403.14
Other financial liabilities (including lease liabilities)	16	17,670.10	14,284.24
Total financial liabilities		10,05,199.66	9,32,946.65
Non-financial liabilities			
Current tax liabilities (net)		2,832.34	-
Provisions	17	1,578.36	2,782.77
Other non-financial liabilities	18	1,540.97	1,191.89
Total non-financial liabilities		5,951.67	3,974.66
EQUITY			
Equity share capital	19	16,137.93	8,938.54
Instruments entirely equity in nature	19	-	8,264.64
Other equity	20	3,24,777.53	2,07,832.15
Total equity		3,40,915.46	2,25,035.33
Total liabilities and equity		13,52,066.79	11,61,956.64
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Standalone Statement of Profit and Loss

for the year ended 31 March 2025

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

Particulars	Notes	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from operations			
Interest income	21	2,18,173.69	1,69,934.25
Fee and commission income	22	4,675.51	4,243.93
Net gain on fair value changes	23	1,439.69	3,945.31
Net gain on derecognition of financial instruments		4,122.53	4,742.54
Total revenue from operations		2,28,411.42	1,82,866.03
Other income	24	1,240.04	1,565.65
Total income		2,29,651.46	1,84,431.68
Expenses			
Finance costs	25	82,286.37	72,586.35
Fees and commission expense		32,940.65	31,714.19
Employee benefits expenses	26	20,385.29	17,961.03
Impairment on financial instruments	27	37,852.62	12,313.52
Depreciation and amortisation expense	28	1,531.32	1,467.03
Other expenses	29	10,483.44	10,847.33
Total expenses		1,85,479.69	1,46,889.45
Profit before tax		44,171.77	37,542.23
Tax expense	31		
Current tax		16,170.32	10,189.07
Tax related to earlier years		(1,006.00)	-
Deferred tax		(5,254.05)	(663.95)
Total Tax expense		9,910.27	9,525.12
Profit for the year	(A)	34,261.50	28,017.11
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements (loss) on defined benefit plans		(66.68)	(9.04)
Income tax relating to items that will not be reclassified to profit or loss		16.78	2.28
		(49.90)	(6.76)
Items that will be reclassified subsequently to profit or loss in subsequent periods			
Fair value (loss) / gain on financial instruments through other comprehensive income (net)		(2,908.30)	1,228.99
Income tax relating to items that will be reclassified to profit or loss		732.02	(309.34)
		(2,176.28)	919.65
Net movement on effective portion of cash flow hedges		(901.53)	1,362.19
Income tax relating to items that will be reclassified to profit or loss		226.92	(342.86)
		(674.61)	1,019.33
Other comprehensive (loss) / income for the year (net of income taxes)	(B)	(2,900.79)	1,932.22
Total comprehensive income for the year (net of income taxes)	(A+B)	31,360.71	29,949.33
Earnings per equity share of INR 10 each	32		
Basic (in rupees)		22.59	31.45
Diluted (in rupees)		22.53	21.26
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Place: Mumbai

Date: 19 May 2025

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Standalone Statement of Changes in Equity

for the year ended 31 March 2025

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

A. Equity Share Capital

Particulars	
Equity Share capital of INR 10 each Issued, Subscribed and Fully Paid	
Balance as at 01 April 2023	8,903.13
Changes in equity share capital during the year (Refer Note 19)	
Add: Shares issued during the year	35.41
Balance as at 31 March 2024	8,938.54
Changes in equity share capital during the year (Refer Note 19)	
Add: Shares issued during the year	7,199.39
Balance as at 31 March 2025	16,137.93

B. Instruments entirely equity in nature

Particulars	
0.0001% Compulsorily convertible preference shares of INR 20 each Issued, Subscribed and Fully Paid	
Balance as at 01 April 2023	8,264.64
Changes in compulsorily convertible preference shares during the year (Refer Note 19)	-
Balance as at 31 March 2024	8,264.64
Changes in compulsorily convertible preference shares during the year (Refer Note 19)	
Add: Shares issued during the year	1,953.96
Less: Converted to equity shares	(10,218.60)
Balance as at 31 March 2025	-

C. Other Equity

Particulars	Other equity							Other Comprehensive Income (OCI)		Total
	Reserves and surplus			Securities premium				Financial instruments through OCI	Effective portion of cash flow hedge reserve	
	Statutory reserve	Capital redemption Reserve	Capital reserve	Share application money pending allotment	Securities premium	Shared based payment reserve	Retained earnings			
Balance as at 01 April 2023	17,672.46	2,660.00	3.57	-	85,679.03	1,700.41	67,717.57	2,818.64	(2,704.36)	1,75,547.32
Profit for the year	-	-	-	-	-	-	28,017.11	-	-	28,017.11
Fair valuation gain of financial instrument (net)	-	-	-	-	-	-	-	919.65	1,019.33	1,938.98
Premium received on shares issued during the year	-	-	-	-	687.38	(225.83)	-	-	-	461.55
Transfer to retained earnings	-	-	-	-	-	(160.10)	160.10	-	-	-
Transfer to statutory reserve	5,603.42	-	-	-	-	-	(5,603.42)	-	-	-
Employee stock compensation expense during the year	-	-	-	-	-	1,790.19	-	-	-	1,790.19

Standalone Statement of Changes in Equity

for the year ended 31 March 2025

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

Particulars	Other equity							Other Comprehensive Income (OCI)		Total
	Reserves and surplus					Retained earnings	Financial instruments through OCI			
	Statutory reserve	Capital redemption Reserve	Capital reserve	Share application money pending allotment	Securities premium			Shared based payment reserve		
Remeasurement of net defined benefit liability	-	-	-	-	-	-	(6.76)	-	-	(6.76)
Share application money received	-	-	-	83.76	-	-	-	-	-	83.76
Balance as at 31 March 2024	23,275.88	2,660.00	3.57	83.76	86,366.41	3,104.67	90,284.60	3,738.29	(1,685.03)	2,07,832.15
Profit for the year	-	-	-	-	-	-	34,261.50	-	-	34,261.50
Fair valuation (loss) of financial instrument (net)	-	-	-	-	-	-	-	(2,176.28)	(674.61)	(2,850.89)
Premium received on equity shares issued during the year	-	-	-	(83.76)	88,571.90	(268.94)	-	-	-	88,219.20
Transfer to retained earnings	-	-	-	-	-	(97.74)	97.74	-	-	-
Transfer to statutory reserve	6,852.30	-	-	-	-	-	(6,852.30)	-	-	-
Employee stock compensation expense during the year	-	-	-	-	-	1,357.92	-	-	-	1,357.92
Remeasurement of net defined benefit liability	-	-	-	-	-	-	(49.90)	-	-	(49.90)
Share application money received	-	-	-	38.84	-	-	-	-	-	38.84
Utilisation of the share premium	-	-	-	-	(4,031.29)	-	-	-	-	(4,031.29)
Balance as at 31 March 2025	30,128.18	2,660.00	3.57	38.84	1,70,907.02	4,095.91	1,17,741.64	1,563.01	(2,359.64)	3,24,777.53

Summary of material accounting policies (Refer note 2 and 3)

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Standalone Statement of Cash Flows

for the year ended 31 March 2025

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

Particulars	Note	Year ended 31 March 2025	Year ended 31 March 2024
A Cash flow from operating activities			
Profit before tax		44,171.77	37,542.23
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses		1,531.32	1,467.03
Write off of intangible assets under development		-	18.59
Interest income on loans, fixed deposits and investments		(2,18,173.69)	(1,69,934.25)
Unrealised (gain)/ loss on investments		(393.16)	123.07
Gain on investment in mutual funds		(723.69)	(409.27)
Profit on sale of investments		(716.00)	(1,100.67)
Impairment on financial instruments including amounts written off		37,852.62	12,313.52
Employee share based payment expenses		1,303.88	1,735.92
Amortisation of discount on commercial papers		2,400.31	1,826.37
Finance costs		79,886.06	70,759.98
Loss on sale of plant, property and equipments		-	0.85
Interest on income tax refund		(214.92)	-
Net gain on derecognition of financial assets		(4,122.53)	(4,742.54)
Gain on account of lease foreclosed		(0.78)	(1.13)
Cash used in operations before working capital changes and adjustments		(57,198.81)	(50,400.30)
Changes in working capital and other changes:			
Decrease / (Increase) in other financial assets		5,133.74	(4,624.21)
Decrease in trade receivables		236.08	453.15
(Increase) in loans		(2,86,906.59)	(3,66,928.26)
(Increase) in other non financial assets		(793.69)	(1,029.79)
(Increase) in other bank balances		(8,943.80)	(3,665.44)
Increase in other financial liabilities		1,780.91	3,947.59
Increase in other non-financial liabilities		349.08	233.44
(Decrease) / Increase in trade payables and provisions		(8,140.08)	3,133.33
Cash used in operations before adjustments		(3,54,483.16)	(4,18,880.49)
Proceeds from de-recognition of financial assets		81,746.19	1,01,292.05
Recovery from written off assets		44,712.79	22,544.38
Interest income received on loans, fixed deposits and investments		2,15,103.87	1,64,165.32
Finance cost paid		(81,568.04)	(73,866.56)
Income tax paid (net)		(10,910.65)	(9,267.58)
Net cash from (used in) operating activities	(A)	(1,05,399.00)	(2,14,012.88)
B Cash flows from investing activities			
Purchase of property, plant and equipment		(1,623.92)	(1,069.76)
Proceeds from disposal of right of use assets		0.26	-
Purchase of investments		(3,81,225.71)	(7,02,807.95)
Proceeds from sale of investments		3,69,920.72	7,09,319.00
Investment in associate		(26,730.49)	(449.13)
Investment in subsidiary		(100.00)	(50.00)
Net cash (used in) / from investing activities	(B)	(39,759.14)	4,942.16
C Cash flow from financing activities			
Proceeds from issue of debt securities		87,500.00	84,426.00
Repayment of debt securities		(87,181.54)	(63,589.70)
Proceeds from borrowings (other than debt securities)		9,87,520.00	7,70,863.11
Repayment of borrowings (other than debt securities)		(9,13,268.92)	(5,82,877.43)
Repayment of subordinated liabilities		-	(3,995.07)

Standalone Statement of Cash Flows

for the year ended 31 March 2025

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

Particulars	Note	Year ended 31 March 2025	Year ended 31 March 2024
Payment of principal portion of lease liabilities		(338.00)	(492.22)
Payment of interest on lease liabilities		(270.80)	(122.85)
Share application money received pending allotment		38.84	83.76
Proceeds from issue of equity share capital including securities premium		87,154.77	496.96
Net cash flow from financing activities	(C)	1,61,154.35	2,04,792.56
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	15,996.21	(4,278.16)
Cash and cash equivalents at the beginning of the year		16,123.83	20,401.99
Cash and cash equivalents at the end of the year		32,120.04	16,123.83

Particulars	Note	As at 31 March 2025	As at 31 March 2024
Notes to Statement of Cash Flows			
3a Components of cash and cash equivalents:	4		
Cash on hand		-	5.90
Cheques on hand		-	20.22
Balances with banks			
- in current accounts		32,120.04	14,922.25
- in deposit accounts free of lien		-	1,175.46
		32,120.04	16,123.83

3b 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.

3c Non cash investing activity

Particulars	As at 31 March 2025	As at 31 March 2024
Investing Activity		
Acquisition of right of use assets	1,948.02	1,064.10
	1,948.02	1,064.10

3d For disclosures relating to changes in liabilities arising from financing activities, refer note 33A

Summary of material accounting policies 2 and 3

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

1 Corporate Information

Northern Arc Capital Limited ("the Company"), was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

The Company is principally engaged in lending to provide liquidity and develop access to debt-capital markets for institutions and providing loans for personal, business, education and mortgage purposes to individuals.

2 Statement of compliance and basis of preparation

2.1 Basis of preparation

These standalone 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') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

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. These financial statements were authorised for issue by the Company's Board of Directors on 19 May 2025

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

2.2 Presentation of financial statements

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, Framework for Scale Based Regulation for Non-Banking Financial Companies ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).

CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Functional and presentation currency

These standalone 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 lakhs (two decimals), unless otherwise indicated.



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

2.4 Use of estimates and judgements

The preparation of the standalone 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 standalone financial statements.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model test 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) Effective Interest Rate ('EIR') method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial assets

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- 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.

v) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment

losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

vi) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory inspections in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case including commercial/ contractual arrangements 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 standalone financial statements are prudent and reasonable.

vii) Share-based payments

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred.



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a blacksholes for general employee share option plan (GESp). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 41.

viii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

ix) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

x) Other assumptions and estimation uncertainties

Information about critical judgements 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;
- d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.

3 Summary of material accounting policies

a. Revenue from contracts with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price.

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

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

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

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

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.

Trade Receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3c financial assets and liabilities.

Recognition of interest income on loans

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective

interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.

ii. Fees and commission income

Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.

iii. Dividend income

Dividend income (including from FVOCI investments) 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

iv. Other income

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

b. Financial instruments - initial recognition

Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets (excluding trade receivables which are recognised at transaction price) and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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.



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

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 and loss ('FVTPL')

c. 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.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Sole Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets 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 a 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. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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.

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

A financial asset which is not classified in any of the above categories is measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

The Company records investments in Alternative investment funds (AIF), mutual funds and market linked debentures at FVTPL

iv. *Investment in equity instruments*

The Company measures all equity investments at fair value through profit or loss except, for investment in subsidiaries subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment. For investment in associate the Company measures accounts it at cost or in accordance with Ind AS 109, financial instruments.

B. **Financial liability**

i. *Initial recognition and measurement*

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities. 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 rate method.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of

these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

d. *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 financial asset, 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 financial assets are classified as Stage 1 for ECL measurement purposes.

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

b. *Derecognition of financial instruments 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



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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.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

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.

e. Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Based on the above, the Company categorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When financial assets are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 financial assets includes those financial assets where there is no significant credit risk observed and

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also includes facilities where the credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the financial asset has been reclassified from stage 3.

Stage 3:

Financial assets considered credit impaired are the financial assets which are past due for more than 90 days. The Company records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, , whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.



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Stage 3:

For financial assets considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial
- difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

Loan commitments

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

C. Financial Assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this,

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qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

f. Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

g. 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 as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments. Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

h. 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



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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.

i. 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 are as follows:

Asset category	Estimated Useful life
Plant and machinery	15 years
Furniture and fittings	10 years
Office equipments	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

j. Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognised in profit or

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loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses. During the period of development, the asset is tested for impairment annually

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Derecognition

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated statement of profit and loss, when the asset is derecognised

k. 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.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the

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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. Share based payment

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

Equity Settled Plan:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 40.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the restated statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive 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 determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments

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of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

m. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the

Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

n. Taxes

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.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:



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- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefit in the form of availability of set off against future income tax liability.

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

o. 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 Rate Method.

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p. 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.

q. 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.

r. 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.

s. 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.

t. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange

forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

u. Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.



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For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The Company has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its 8.25% fixed rate secured loan. Refer note 49 for more details.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses. Refer to note 44 b for more details.

The Company designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or

liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

v. New and amended standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. During the year ended 31 March 2025, MCA has notified following new standards or amendments to the existing standards applicable to the Company:

i) Lack of exchangeability - Amendments to Ind AS 21: The amendments to Ind AS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendment specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA has notified below

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new standards / amendments which were effective from 01 April 2024.

i) Introduction of Ind AS 117 – Insurance contracts

MCA notified Ind AS 117, a comprehensive standard that prescribe, recognition, measurement and disclosure requirements, to avoid diversities in practice for accounting insurance contracts and it applies to all companies i.e., to all “insurance contracts” regardless of the issuer. However, Ind AS 117 is not applicable to the entities which are insurance companies registered with IRDAI.

ii) Amendments to Ind AS 116 - Lease liability in a sale and leaseback

The amendments require an entity to recognise lease liability including variable lease payments which are not linked to index or a rate in a way it does not result into gain on right-of-use asset it retains.

The Company has reviewed the new pronouncements and based on its evaluation has determined that these amendments do not have a significant impact on the financial statements.

w. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- ▶ Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- ▶ Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- ▶ Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.



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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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for the year ended 31 March 2025

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

4. Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Cash on hand	-	5.90
Cheques on hand	-	20.22
Balances with banks		
- In current accounts	32,120.04	14,922.25
- with original maturity of less than three months	-	1,175.46
	32,120.04	16,123.83

Notes:

4.1 The Company had available undrawn committed borrowing facilities of INR 1,20,892 lakhs as at 31 March 2025 (as at 31 March 2024: INR 3,336.40 lakhs).

4.2 For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at 31 March 2025	As at 31 March 2024
Cash on hand	-	5.90
Cheques on hand	-	20.22
Balances with banks		
- In current accounts	32,120.04	14,922.25
- Deposits with original maturity of less than three months	-	1,175.46
	32,120.04	16,123.83

5. Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
- In deposit accounts with bank with maturity more than 3 months (Refer Note 5.1 below)	5,151.98	9,079.12
In earmarked accounts		
- In unpaid dividend account	0.22	0.22
- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.1 and 5.2).	26,330.72	13,133.69
	31,482.92	22,213.03

Note:

5.1 As at 31 March 2025, deposits with bank includes deposits amounting to INR 3,950.81 lakhs (31 March 2024 : INR 3,009.40 lakhs) representing amount received from customers as cash collateral for the loans provided by the Company.

5.2 As at 31 March 2025, deposits amounting to INR 1,796.70 lakhs (31 March 2024: INR 2,625.51 lakhs) have been provided as credit enhancement for securitisation transactions.

Notes to the Standalone Financial Statements

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6. Trade receivables

Particulars	As at 31 March 2025	As at 31 March 2024
Unsecured		
a) Considered good	1,208.42	1,429.80
b) Trade receivables which have significant increase in credit risk	-	18.01
	1,208.42	1,447.81
Allowance for expected credit loss		
a) Considered good	(6.67)	(7.51)
b) Trade receivables which have significant increase in credit risk	-	(2.47)
	(6.67)	(9.98)
Net trade receivables	1,201.75	1,437.83

Notes:

i) Of the above, trade receivables from related parties are as below:

Particulars	As at 31 March 2025	As at 31 March 2024
Trade receivable from related parties (Also, refer note (42))	-	14.68
Expected credit loss	-	(0.11)
Net trade receivables from related parties	-	14.57

- ii) The Company's exposure to credit risks, and loss allowances related to trade receivables are disclosed in note 36.
- iii) No trade receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member, other than those disclosed above.
- iv) There are no disputed trade receivables as on 31 March 2025 and 31 March 2024.

6.1 The ageing schedule of Trade receivable is as follows :

As at 31 March 2025

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	925.74	267.37	0.75	8.82	5.74	-	1,208.42
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	925.74	267.37	0.75	8.82	5.74	-	1,208.42

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As at 31 March 2024

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	131.36	1,270.61	19.20	8.63	-	-	1,429.80
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	18.01	-	-	-	-	18.01
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	131.36	1,288.62	19.20	8.63	-	-	1,447.81

6.2 Analysis of changes in the gross carrying amount of trade receivables and the corresponding ECL allowance in relation to trade receivables

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	1,429.80	18.01	-	1,447.81	1,903.28	1.14	-	1,904.42
New assets originated	1,194.85	-	-	1,194.85	1,415.67	18.01	-	1,433.68
Asset derecognised or repaid (excluding write off)	(1,416.23)	(18.01)	-	(1,434.24)	(1,889.15)	(1.14)	-	(1,890.29)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	1,208.42	-	-	1,208.42	1,429.80	18.01	-	1,447.81

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	7.51	2.47	-	9.98	13.35	0.09	-	13.44
New assets originated	6.55	-	-	6.55	4.59	2.47	-	7.06
Asset derecognised or repaid (excluding write off)	(7.39)	(2.47)	-	(9.86)	(10.43)	(0.09)	-	(10.52)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	6.67	-	-	6.67	7.51	2.47	-	9.98

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7 Loans

Particulars	As at 31 March 2025			As at 31 March 2024		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
A. Based on nature						
Gross term loans	8,32,838.78	2,17,633.08	10,50,471.86	6,32,062.62	2,61,483.91	8,93,546.53
Less : Impairment loss allowance	(26,087.13)	-	(26,087.13)	(8,734.02)	-	(8,734.02)
Net term loans	8,06,751.65	2,17,633.08	10,24,384.73	6,23,328.60	2,61,483.91	8,84,812.51
Gross structured cash credit	33,282.11	-	33,282.11	48,084.81	-	48,084.81
Less : Impairment loss allowance	(429.06)	-	(429.06)	(1,909.81)	-	(1,909.81)
Net structured cash credit	32,853.05	-	32,853.05	46,175.00	-	46,175.00
Net loans	8,39,604.70	2,17,633.08	10,57,237.78	6,69,503.60	2,61,483.91	9,30,987.51
B. Based on Security						
(i) Secured by tangible assets*	5,78,003.64	24,821.90	6,02,825.54	4,63,719.53	54,823.74	5,18,543.27
(ii) Unsecured	2,88,117.25	1,92,811.18	4,80,928.43	2,16,427.90	2,06,660.17	4,23,088.07
Gross Loans	8,66,120.89	2,17,633.08	10,83,753.97	6,80,147.43	2,61,483.91	9,41,631.34
Less : Impairment loss allowance	(26,516.19)	-	(26,516.19)	(10,643.83)	-	(10,643.83)
Net Loans	8,39,604.70	2,17,633.08	10,57,237.78	6,69,503.60	2,61,483.91	9,30,987.51
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	8,66,120.89	2,17,633.08	10,83,753.97	6,80,147.43	2,61,483.91	9,41,631.34
Gross Loans in India	8,66,120.89	2,17,633.08	10,83,753.97	6,80,147.43	2,61,483.91	9,41,631.34
Less : Impairment loss allowance	(26,516.19)	-	(26,516.19)	(10,643.83)	-	(10,643.83)
Net Loans in India	8,39,604.70	2,17,633.08	10,57,237.78	6,69,503.60	2,61,483.91	9,30,987.51
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	8,39,604.70	2,17,633.08	10,57,237.78	6,69,503.60	2,61,483.91	9,30,987.51

* Term loans are secured by way of hypothecation of underlying loan receivables and / or pledge of securities or hypothecation of automobile assets or pledge of equitable mortgage of property.

Notes :

- During the current and prior reporting periods, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made due to change in business model. Further, there are no loan assets that are held at FVTPL or designated as FVTPL
- The Company has not granted any loans or advances to promoters, directors, key managerial personels, and other related parties other than those disclosed below. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below

Particulars	As at 31 March 2025	As at 31 March 2024
Gross loans to related parties (refer note 42)		
- Term loan	-	9,842.70
- Structured cash credit	-	255.61
Total	-	10,098.31
Less: Loss allowance on loans to related parties		
- Term Loan	-	(67.92)
- Structured Cash Credit	-	(1.81)
Total	-	(69.73)
Net loans to related parties	-	10,028.58

Also refer note 36 (i) on credit risk under financial risk management objectives and policies.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

8. Investments

Particulars	As at 31 March 2025				As at 31 March 2024					
	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total
Investment in debentures (quoted)										
Non-convertible redeemable debentures	-	78,457.28	-	-	78,457.28	-	72,616.67	-	-	72,616.67
Market Linked debentures	-	-	-	-	-	-	-	18,992.53	-	18,992.53
Investment in debentures (unquoted)										
Non-convertible redeemable debentures	-	36,052.87	-	-	36,052.87	-	52,028.13	-	-	52,028.13
Investment in Commercial papers (unquoted)										
Commercial papers	-	25,519.11	-	-	25,519.11	-	-	-	-	-
Investment in pass-through certificates (unquoted)										
Investment in pass-through certificates	-	14,597.89	-	-	14,597.89	-	5,772.43	-	-	5,772.43
Investment in other approved securities (unquoted)										
Investment in government securities	10,486.71	-	-	-	10,486.71	12,121.16	-	-	-	12,121.16
Investments in subsidiaries, at cost (Unquoted)										
Equity shares										
Northern Arc Investment Adviser Services Private Limited	-	-	-	127.80	127.80	-	-	-	127.80	127.80
Northern Arc Securities Private Limited	-	-	-	250.00	250.00	-	-	-	150.00	150.00
Northern Arc Investment Managers Private Limited	-	-	-	361.00	361.00	-	-	-	361.00	361.00
Northern Arc Foundation	-	-	-	1.00	1.00	-	-	-	1.00	1.00
Pragati Finserv Private Limited	-	-	-	2,253.40	2,253.40	-	-	-	2,253.40	2,253.40
Investment in Associates										
Finreach Solutions Private Limited (Also Refer Note 84)	-	-	-	843.53	843.53	-	-	-	843.53	843.53
Northern Arc Emerging Corporates Bond Trust	-	-	26,730.50	-	26,730.50	-	-	-	-	-
Other investments (Unquoted)										
Share warrants	-	-	0.96	-	0.96	-	-	0.96	-	0.96
Sub total	10,486.71	1,54,627.15	26,731.46	3,836.73	1,95,682.05	12,121.16	1,30,417.23	18,993.49	3,736.73	1,65,268.61
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	-	-	-	-
Total Investments	10,486.71	1,54,627.15	26,731.46	3,836.73	1,95,682.05	12,121.16	1,30,417.23	18,993.49	3,736.73	1,65,268.61
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	10,486.71	1,54,627.15	26,731.46	3,836.73	1,95,682.05	12,121.16	1,30,417.23	18,993.49	3,736.73	1,65,268.61
Total Investments	10,486.71	1,54,627.15	26,731.46	3,836.73	1,95,682.05	12,121.16	1,30,417.23	18,993.49	3,736.73	1,65,268.61

Also refer Note 36 (i) on Credit Risk under financial risk management objectives and policies.

The Company has designated these investments as FVOCI on the basis that these are not held for trading and held for strategic purpose.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

9. Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Considered good		
Unsecured - amortised cost:		
Security deposits	489.30	405.26
Advances to employees	324.57	210.60
Advance to originator partners	-	4,938.25
Other receivables	3,996.05	33.02
Advances to subsidiaries (refer note 42)	159.60	495.65
AIF application money pending allotment	1,500.00	-
Excess Interest spread on derecognition of financial assets (Refer Note 9.1)	3,084.36	3,124.39
Less: Impairment loss allowance	(233.74)	(83.70)
	9,320.14	9,123.47

9.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to excess interest spread (EIS) on derecognition of financial assets

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - EIS								
As at the beginning of the year	3,043.99	26.94	53.46	3,124.39	1,379.40	5.33	8.07	1,392.80
New assets originated	2,609.10	67.05	130.84	2,806.99	2,437.93	20.88	43.84	2,502.65
Asset derecognised or repaid (excluding write offs)	(2,808.73)	(24.62)	(13.67)	(2,847.02)	(773.34)	-	-	(773.34)
Transfer to stage 1	-	-	-	-	-	0.73	-	0.73
Transfer to stage 2	-	-	-	-	-	-	1.55	1.55
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	2,844.36	69.37	170.63	3,084.36	3,043.99	26.94	53.46	3,124.39

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - EIS								
As at the beginning of the year	18.28	11.80	53.62	83.70	18.69	2.43	5.25	26.37
New assets originated	40.99	20.63	130.84	192.46	11.40	9.05	48.07	68.52
Asset derecognised or repaid (excluding write offs)	(17.61)	(10.98)	(13.83)	(42.42)	(11.81)	-	-	(11.81)
Transfer to stage 1	-	-	-	-	-	0.32	-	0.32
Transfer to stage 2	-	-	-	-	-	-	0.30	0.30
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	41.66	21.45	170.63	233.74	18.28	11.80	53.62	83.70

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

10.1 Property plant and equipment

Particulars	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Gross block							
As at 1 April 2023	6.51	51.49	735.56	176.89	0.19	174.31	1,144.95
Additions	-	63.83	388.40	81.80	-	53.87	587.90
Disposals	-	-	-	-	-	(1.98)	(1.98)
As at 31 March 2024	6.51	115.32	1,123.96	258.69	0.19	226.20	1,730.87
Additions	-	34.74	195.83	41.68	-	738.97	1,011.22
Disposals	-	-	-	(0.10)	-	(1.78)	(1.88)
As at 31 March 2025	6.51	150.06	1,319.79	300.27	0.19	963.39	2,740.21
Accumulated depreciation							
As at 1 April 2023	6.26	30.79	591.84	162.72	0.19	133.30	925.10
Depreciation for the year	0.23	34.22	382.27	48.28	-	16.93	481.93
Reversal on disposal of assets	-	-	-	-	-	(1.13)	(1.13)
As at 31 March 2024	6.49	65.01	974.11	211.00	0.19	149.10	1,405.90
Depreciation for the year	0.02	46.61	234.82	55.21	-	59.17	395.83
Reversal on disposal of assets	-	-	-	-	-	-	-
As at 31 March 2025	6.51	111.62	1,208.93	266.21	0.19	208.27	1,801.73
Net Block							
As at 31 March 2024	0.02	50.31	149.85	47.69	-	77.10	324.97
As at 31 March 2025	-	38.44	110.86	34.06	-	755.12	938.48

10.2 Intangible assets under development

Particulars	Software	Total
As at 1 April 2023	98.87	98.87
Add: Additions	481.87	481.87
Less: Capitalised during the year	(331.02)	(331.02)
Less: Written off during the year	(18.59)	(18.59)
As at 31 March 2024	231.13	231.13
Add: Additions	975.06	975.06
Less: Capitalised during the year	(612.70)	(612.70)
As at 31 March 2025	593.49	593.49

i) Ageing of Intangible assets under development

As at 31 March 2025

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	513.21	80.28	-	-	593.49

As at 31 March 2024

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	150.85	80.28	-	-	231.13

- ii) As at 31 March 2025 and 31 March 2024, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

10.3 Goodwill

Particulars	Goodwill	Total
As at 1 April 2023	2,085.13	2,085.13
Addition	-	-
Disposals	-	-
As at 31 March 2024	2,085.13	2,085.13
Additions	-	-
Disposals	-	-
As at 31 March 2025	2,085.13	2,085.13
Impairment		
As at 1 April 2023	-	-
Impairment for the year	-	-
As at 31 March 2024	-	-
Impairment for the year	-	-
As at 31 March 2025	-	-
Net Block		
As at 31 March 2024	2,085.13	2,085.13
As at 31 March 2025	2,085.13	2,085.13

Refer Note 81 for analysis of impairment

10.4 Other Intangible assets

Particulars	Software	Total
Gross block		
As at 1 April 2023	2,819.70	2,819.70
Additions	331.02	331.02
Disposals	-	-
As at 31 March 2024	3,150.72	3,150.72
Additions	612.70	612.70
Disposals	-	-
As at 31 March 2025	3,763.42	3,763.42
Accumulated amortisation		
As at 1 April 2023	1,483.69	1,483.69
Amortisation for the year	488.14	488.14
Reversal on disposal of assets	-	-
As at 31 March 2024	1,971.83	1,971.83
Amortisation for the year	477.63	477.63
Reversal on disposal of assets	-	-
As at 31 March 2025	2,449.46	2,449.46
Net Block		
As at 31 March 2024	1,178.89	1,178.89
As at 31 March 2025	1,313.96	1,313.96

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

10.5 Right of use asset

The details of right of use asset held by the Company is as follows:

Particulars	Buildings	Total
Gross block		
As at 1 April 2023	1,908.29	1,908.29
Additions	1,064.10	1,064.10
Disposals	62.11	62.11
As at 31 March 2024	2,910.28	2,910.28
Additions	1,948.02	1,948.02
Disposals	-	-
As at 31 March 2025	4,858.30	4,858.30
Accumulated depreciation		
As at 1 April 2023	1,255.44	1,255.44
Depreciation for the year	496.96	496.96
Reversal on disposal of assets	47.67	47.67
As at 31 March 2024	1,704.73	1,704.73
Depreciation for the year	657.86	657.86
Reversal on disposal of assets	-	-
As at 31 March 2025	2,362.59	2,362.59
Net Block		
As at 31 March 2024	1,205.55	1,205.55
As at 31 March 2025	2,495.71	2,495.71

11. Other non- financial assets

Prepaid expenses	446.00	373.73
Advances to vendors	1,562.62	188.06
Other advances*	416.49	1,069.63

* Other advances represents various expenses incurred in connection with initial public offer of equity shares of the Company, recoverable from investors as part of the agreement. Balance as at 31 March 2024 includes Rs 222.93 lakhs paid to the previous statutory auditors (excluding taxes) of the Company.

12. Derivative financial instruments

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of Assets	Notional amount	Fair value of Assets
Part-I				
Asset				
(i) Currency derivatives (Refer Note 44) - measured at FVTOCI				
- Cross currency interest rate swaps	92,039.27	5,184.09	75,385.93	5,346.17
- Forward contract	-	-	1,396.54	54.12
(ii) Interest rate derivatives (Refer Note 44) - measured at FVTPL				
- Overnight indexed swaps	59,325.00	292.46	39,500.00	81.65
	1,51,364.27	5,476.55	1,16,282.47	5,481.94

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of Liabilities	Notional amount	Fair value of Liabilities
Liability				
(i) Currency derivatives (Refer Note 44) - measured at FVTOCI				
- Cross currency interest rate swaps	26,121.00	995.91	8,870.97	188.53
- Forward contract	1,650.95	1,367.57	-	-
(ii) Interest rate derivatives (Refer Note 44) - measured at FVTPL				
- Overnight indexed swaps	-	-	19,825.00	110.12
	27,771.95	2,363.48	28,695.97	298.65

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value	Notional amount	Fair value
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Asset				
- Cash flow hedging				
- Cross currency interest rate swaps	92,039.27	5,184.09	75,385.93	5,346.17
- Forward contract	-	-	1,396.54	54.12
- Fair value hedging				
- Overnight indexed swaps	59,325.00	292.46	39,500.00	81.65
	1,51,364.27	5,476.55	1,16,282.47	5,481.94
Liability				
- Cash flow hedging				
- Cross currency swaps	26,121.00	995.91	8,870.97	188.53
- Forward contract	1,650.95	1,367.57	-	-
- Fair value hedging				
- Overnight indexed swaps	-	-	19,825.00	110.12
	27,771.95	2,363.48	28,695.97	298.65

The notional amounts in the above table refers to the foreign currency borrowing on which the Company has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Company has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. The asset liability management committee periodically monitors and reviews the risks involved.

13. Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Trade payables (Refer note below)		
- Total outstanding dues to micro enterprises and small enterprises (refer Note 39 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	6,726.54	13,588.16
	6,726.54	13,588.16

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

a) Ageing of trade payables

Particulars	As at 31 March 2025		As at 31 March 2024	
	MSME	Others	MSME	Others
Not due	-	5,378.75	-	11,836.08
Less than 1 year	-	1,347.79	-	1,752.08
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	-	6,726.54	-	13,588.16

b) There are no disputed trade payables as at 31 March 2025 and 31 March 2024.

14. Debt securities (Refer Note 14A)

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Secured		
- Redeemable non-convertible debentures	1,23,964.20	98,448.85
Unsecured		
- Commercial paper	16,821.12	42,923.61
Total debt securities	1,40,785.32	1,41,372.46
Debt securities in India	1,40,785.32	1,41,372.46
Debt securities outside India	-	-
Total debt securities	1,40,785.32	1,41,372.46

The above debentures are secured by the way of first and exclusive charge over eligible specified book debts of the Company.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Note 14 A : Details regarding terms of issuance of debt securities

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
Secured, redeemable non-convertible debentures:						
- NIL units (31 March 2024: 5710 units) of 8.65% Redeemable, market linked non-convertible debentures of INR 1,00,000 each, maturing on July 12, 2024	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenor: 13 months Redemption Date: July 12, 2024	12-Jul-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.60%	-	5,710.00
- 2949 units (31 March 2024: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on December 18, 2025	Coupon payment frequency: Semi annually Principal repayment frequency: 7 equal half-yearly instalments Tenure of security: 60 months Redemption date: December 18, 2025	18-Jun-25	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.97%	8,425.71	16,851.43
- 1800 units (31 March 2024: 1800 units) of 9.85% Redeemable, market linked non-convertible debentures of INR 1,00,000 each, maturing on March 23, 2026	Coupon payment frequency: Semi annually Principal repayment frequency: On maturity Tenure of security: 60 months Redemption date: March 23, 2026	23-Sep-25	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.85%	3,600.00	10,800.00
- NIL units (31 March 2024: 200 units) of 8.95% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on June 30, 2024	Coupon payment frequency: Monthly Principal repayment frequency: On maturity Tenure of security: 21 months Redemption date: June 30, 2024	30-Jun-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	8.95%	-	2,000.00
- 3950 units (31 March 2024: 3950 units) of 10.07% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on September 21, 2027	Coupon payment frequency: Semi annually Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 36 Months, 42 months, 48 months and 60 months Tenure of security: 5 years Redemption date: September 21, 2027	21-Sep-25	The Debentures shall be secured by a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien	Overnight MIBOR + Spread 3.51%	31,600.00	31,600.00

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
- NIL units (31 March 2024: 891 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	-	8,910.00
- NIL units (31 March 2024: 2500 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	-	2,500.00
17500 units (31 March 2024: 17500 units) of 9.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Mar 26, 2027	Coupon payment frequency: Quarterly Principal repayment frequency: 12 equal quarterly instalments Tenure of security: 36 months Redemption date: March 26, 2027	30-Apr-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.65%	11,666.67	17,500.00
62000 units (31 March 2024: NIL units) of 9.18% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Jun 14, 2029	Coupon payment frequency: Semi-Annually Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 30 Months, 42 months, 48 months and 60 months Tenure of security: 60 months Redemption date: June 14, 2029	14-Jun-25	The Debentures shall be secured by a first ranking and fixed and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.18%	62,000.00	-
5000 units (31 March 2024: NIL units) of 9.17% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Nov 13, 2025	Coupon payment frequency: Quarterly Principal repayment frequency: On Maturity Tenure of security: 15 months Redemption date: November 13, 2025	13-May-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.17%	5,000.00	-
Total					1,22,292.38	95,871.43

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
Unsecured, Commercial Paper:						
NIL Units (31 March 2024 : 2000 units) of 9.25% commercial paper of INR 500,000 each, maturing on June 17, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 17, 2024	14-Jun-24	NA	9.25%	-	10,000.00
NIL Units (31 March 2024 : 2000 units) of 9.15% commercial paper of INR 500,000 each, maturing on June 25, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 25, 2024	25-Jun-24	NA	9.10%	-	10,000.00
NIL Units (31 March 2024 : 900 units) of 8.85% commercial paper of INR 500,000 each, maturing on May 28, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Redemption date: May 28, 2024	28-May-24	NA	8.85%	-	4,500.00
NIL Units (31 March 2024 : 2000 units) of 9.90% commercial paper of INR 500,000 each, maturing on February 28, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 365 Days Redemption date: February 28, 2025	28-Feb-25	NA	9.90%	-	10,000.00
NIL Units (31 March 2024 : 2000 units) of 10.20% commercial paper of INR 500,000 each, maturing on July 26, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 122 Days Redemption date: July 24, 2024	26-Jul-24	NA	10.20%	-	10,000.00
600 Units (31 March 2024 : NIL units) of 8.40% commercial paper of INR 500,000 each, maturing on September 27, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 81 Days Redemption date: September 27, 2024	27-Sep-24	NA	8.40%	-	-
1000 Units (31 March 2024 : NIL units) of 9.60% commercial paper of INR 500,000 each, maturing on August 14, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 363 Days Redemption date: August 14, 2025	14-Aug-25	NA	9.60%	5,000.00	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
1000 Units (31 March 2024 : NIL units) of 9.60% commercial paper of INR 500,000 each, maturing on August 21, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: August 21, 2025	21-Aug-25	NA	9.60%	5,000.00	-
500 Units (31 March 2024 : NIL units) of 9.15% commercial paper of INR 500,000 each, maturing on May 02, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 245 Days Redemption date: May 02, 2025	02-May-25	NA	9.15%	2,500.00	-
1000 Units (31 March 2024 : NIL units) of 9.45% commercial paper of INR 500,000 each, maturing on December 30, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: December 30, 2025	30-Dec-25	NA	9.45%	5,000.00	-
					17,500.00	44,500.00

Note: The balances are net of accrued interest and gross of unamortised processing fees

* Coupon rate are linked to performance of specified indices including maket indiactors over the period of the debentures

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

15. Borrowings (other than debt securities) (Refer Note 15A to 15E)

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Secured		
Term loans		
- from banks	6,40,300.76	5,51,090.58
- from other financial institutions	1,22,524.19	1,11,097.21
Loans repayable on demand		
- Working capital loan from banks	57,731.58	62,847.50
- Cash credit from banks	9,835.03	9,828.32
Other loans		
- Borrowings under securitisation (secured)	7,262.66	28,539.53
Total borrowings (Other than debt securities)	8,37,654.22	7,63,403.14
Borrowings in India	7,26,821.95	6,79,067.73
Borrowings outside India	1,10,832.27	84,335.41
Total borrowings (Other than debt securities)	8,37,654.22	7,63,403.14

The above loans are secured by the way of first and exclusive charge over eligible specified book debts of the Company.

Note 15 A : Details regarding terms of borrowings

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Secured borrowing from banks						
Term Loan - 1	Repayments terms: Bullet payment Tenor: 37 Days Redemption date: May 05, 2025	9.20%	30-Apr-25	1,500.00	1,500.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 2	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: March 31, 2026	1 Y MCLR + Spread 1.15%	01-Apr-25	1,333.33	2,663.75	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 3	Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025	1 Y MCLR + Spread 1.15%	16-Dec-24	-	2,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 4	Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025	1 Y MCLR + Spread 1.15%	16-Dec-24	-	2,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 5	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: May 30, 2026	1 Y MCLR + Spread 1.15%	01-Apr-25	4,000.00	7,997.09	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 6	Repayments terms: Repayment on maturity Tenor: 62 Days Redemption date: May 29, 2025	8.90% P.A. Linked to 1 M MIBOR	30-Apr-25	7,500.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 7	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: March 30, 2027	1 Y MCLR + Spread 1.15%	01-Apr-25	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 8	Repayments terms: 14 monthly instalments Tenor: 48 months Redemption date: October 01, 2025	EBLR + Spread 1.26%	01-May-25	1,428.57	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 9	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	29-Mar-25	-	2,083.33	First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 10	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	01-May-25	1,250.00	2,812.50	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 11	Repayment Terms: Bullet payment Tenor: 90 Days Redemption Date: May 27, 2025	8.75% Linked to 1 M Repo	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 12	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: September 29, 2025	Repo Rate + Spread 3.25%	01-May-25	1,250.00	4,375.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 13	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 29, 2025	Repo Rate + Spread 3.25%	01-May-25	1,250.00	3,333.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 14	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: January 31, 2026	Repo Rate + Spread 3.25%	01-May-25	833.33	1,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 15	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: 31 March 2025	3M MCLR + Spread 0%	30-Mar-25	-	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 16	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: June 04, 2025	3Month T Bill + Spread 1.28%	05-Apr-25	312.50	1,562.50	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 17	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: March 06, 2027	1 Y MCLR + Spread 0.75%	06-Apr-25	1,243.54	1,868.54	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 18	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: March 10, 2025	INR 13,900 - Repo Rate + Spread 3.5%, INR 5,000 - Repo Rate + Spread 3.75%	10-Mar-25	-	7,214.05	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 19	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: May 10, 2025	Repo Rate + Spread 3.75%	10-Apr-25	666.67	4,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 20	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: March 11, 2025	1 Y MCLR + Spread 0%	11-Mar-25	-	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 21	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: August 13, 2024	1 Y MCLR + Spread 0.5%	02-May-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 22	Repayments terms: 31 monthly instalments Tenor: 31 months post moratorium of 6 months Redemption date: March 13, 2026	9.00%	15-Apr-25	1,935.48	3,870.97	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 23	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: December 23, 2024	1 Y MCLR + Spread 0%	23-Dec-24	-	1,050.00	First and Exclusive charge over the loan receivables
Term Loan - 24	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 23, 2026	1 Y MCLR + Spread 0%	23-Apr-25	4,000.00	8,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 25	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 24, 2025	1 Y MCLR + Spread 0.25%	24-Mar-25	-	6,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.



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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 26	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 25, 2025	364 days T Bill + Spread 3.99%	25-Mar-25	-	983.33	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 27	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: September 26, 2024	8.60%	26-Sep-24	-	1,545.43	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 28	Repayments terms: 15 monthly instalments Tenor: 18 months Redemption date: April 26, 2024	3M T Bill + Spread 2.75%	26-Apr-24	-	333.80	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 29	Repayments terms: 9 quarterly instalments Tenor: 27 months Redemption date: January 27, 2025	3M T Bill + Spread 2.90%	27-Jan-25	-	2,222.25	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 30	Repayment Terms: Bullet payment Tenor: 38 Days Redemption Date: May 06, 2025	8.50%	30-Apr-25	900.00	900.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 31	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: June 28, 2027	1 Year MCLR + Spread 0.75%	28-Apr-25	5,620.44	8,120.44	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 32	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	19-Mar-25	-	918.45	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 33	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 29, 2025	1 Y MCLR + Spread 1.55%	29-Mar-25	-	1,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 34	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	19-Mar-25	-	1,866.67	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 35	Repayments terms: 11 quarterly instalments Tenor : 36 months Redemption date: March 29, 2026	1 Y MCLR + Spread 1.00%	08-Nov-24	-	5,440.34	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 36	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-25	1,050.00	5,250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 37	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-25	400.00	2,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 38	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: November 30, 2025	1 Y MCLR + Spread 0.8%	30-Apr-25	4,414.51	11,085.62	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 39	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: June 28, 2026	Repo Rate + Spread 2.75%	30-Apr-25	2,083.33	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 40	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 31, 2024	1 Y MCLR + Spread 0.25%	31-Dec-24	-	2,487.88	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 41	Repayments terms: 12 quarterly instalments Tenor: 39 months Redemption date: April 30, 2024	6M MCLR + Spread 0.5%	30-Apr-24	-	273.55	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 42	Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: November 30, 2024	8.00%	30-Nov-24	-	1,212.12	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 43	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	31-Aug-24	-	1,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 44	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	31-Aug-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 45	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: September 28, 2024	1 Y MCLR + Spread 0.65%	28-Sep-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 46	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024	1 Y T Bill + Spread 3.34%	28-Jun-24	-	1,159.33	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 47	Repayments terms: 24 monthly instalments Tenor: 33 months Redemption date: October 21, 2024	1 Y MCLR + Spread 0.6%	17-Oct-24	-	747.83	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 48	Repayments terms: Repayment on maturity Tenor: 180 days Redemption date: Sep 21, 2025	8.80% Linked to 3 M Repo	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 49	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024	1 Y MCLR + Spread 1%	30-Sep-24	-	416.67	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 50	Repayments terms: Bullet payment Tenor: 48 Days Redemption date: May 15, 2025	8.45%	30-Apr-25	10,000.00	8,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 51	Repayments terms: Bullet payment Tenor: 38 Days Redemption date: May 05, 2024\5	8.45%	30-Apr-25	15,000.00	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 52	Repayments terms: Bullet payment Tenor: 177 Days Redemption date: July 25, 2024	9.59% Linked to 1 M MIBOR	25-Jul-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 53	Repayments terms: Bullet payment Tenor: 179 Days Redemption date: August 23, 2024	9.59% Linked to 1 M MIBOR	23-Aug-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 54	Repayments terms: Repayment on maturity Tenor: 89 Days Redemption date: May 26, 2025	9.05%	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 133%.
Term Loan - 55	Repayments terms: 10 quarterly instalments Tenor: 33 months Redemption date: September 30, 2024	1 Y SOFR + Spread 2%	30-Sep-24	-	3,000.00	Asset cover of 1x for derivative limit
Term Loan - 56	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 31, 2024	1 Y MCLR + Spread 0.3%	09-Oct-24	-	749.07	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 57	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: 31 March 2025	1 Y MCLR + Spread 0.8%	31-Mar-25	-	1,267.03	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 58	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: March 28, 2025	1 Y MCLR + Spread 1%	08-Nov-24	-	3,629.81	First and Exclusive charge on the standard receivables with a security cover of 118%.
Term Loan - 59	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 30, 2024	364 days T Bill + Spread 5.2%	30-Jun-24	-	183.33	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 60	Repayments terms: Repayment on maturity Tenor: 110 Days Redemption date: April 08, 2024	9.40% Linked to 1 M MCLR + 0.15%	05-Apr-24	-	3,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.



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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 61	Repayments terms: Repayment on maturity Tenor: 136 Days Redemption date: May 06,2024	9.40% Linked to 1 M MCLR + 0.15%	06-May-24	-	3,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 62	Repayments terms: Repayment on maturity Tenor: 157 Days Redemption date: July 05,2024	9.60% Linked to 1 M MCLR + 0.15%	05-Jul-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 63	Repayments terms: 42 monthly instalments Tenor: 48 months Redemption date: March 23, 2026	1 Y MCLR + Spread 1%	30-Apr-25	654.76	1,369.05	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 64	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: May 31 , 2024	External BMLR + Spread 4.2%	31-May-24	-	250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 65	Repayments terms: 60 monthly instalments Tenor: 60 months Redemption date: January 19, 2025	1 Y MCLR + Spread 1.5%	30-Sep-24	-	1,984.88	1x security cover for hedge limits
Term Loan - 66	Repayments terms: Repayment on maturity Tenor: 86 Days Redemption date: April 25, 2024	8.98% P.A. Linked to 1 M MIBOR	15-Apr-24	-	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan - 67	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2025	Repo Rate + Spread 4.45%	30-Apr-25	1,250.00	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 68	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 10, 2025	7.40%	30-Apr-25	918.55	2,553.05	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 69	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 31, 2025	7.40%	30-Apr-25	1,063.32	2,692.41	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 70	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	3,307.50	3,937.50	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 71	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: December 28, 2026	6M MCLR + Spread 0.55%	10-Apr-25	2,334.58	3,666.58	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 72	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 29, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	7,350.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 73	Repayments terms: 24 monthly instalments Tenor: 27 months Redemption date: 31 March 2025	1 year MCLR + Spread 0.1%	31-Mar-25	-	2,500.00	1.20 times first and exclusive charge on standard receivables on outstanding level with 1.15 times receivables being PSL qualifying assets and 0.05 times receivables being non-PSL assets.
Term Loan - 74	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	13,230.00	15,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 75	Repayment Terms: 37 monthly instalments Tenor: 37 months Redemption Date: March 15, 2025	Repo Rate + Spread 2.30%	15-Mar-25	-	4,677.46	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 76	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 31, 2026	6M T bill + Spread 0%	30-Apr-25	1,327.09	2,660.43	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 77	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: 31 March 2025	6M MCLR + Spread 0.6%	31-Mar-25	-	4,499.45	First and Exclusive charge on the standard receivables with a security cover of 110%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 78	Repayment Terms: Bullet payment Tenor: 40 Days Redemption Date: May 07, 2025	9.00% Linked to Repo	01-Apr-25	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 79	Repayment Terms: Bullet payment Tenor: 90 Days Redemption Date: Jun 27, 2025	9.10%	01-Apr-25	3,000.00	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 80	Repayment Terms: 12 equal quarterly instalments Tenor: 36 months Redemption Date: June 21, 2026	3Month MCLR + Spread 0.3%	10-Oct-24	-	749.50	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 81	Repayment Terms: 8 equal quarterly instalments starting from 3 months from the date of first disbursement Tenor: 24 months Redemption Date: June 27, 2025	9.45%	30-Apr-25	1,250.00	6,250.00	First and Exclusive charge on the standard future receivables with a security cover of 110%.
Term Loan - 82	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: June 30, 2025	Repo Rate + Spread 0.30%	30-Apr-25	500.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 83	Repayments terms: 15 quarterly instalments Tenor: 42 months Redemption date: June 1, 2025	1 Y MCLR + Spread 1.15%	01-May-25	404.03	2,072.19	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 84	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: July 28, 2027	3M T bill + Spread 2.57%	10-Apr-25	3,335.00	4,667.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 85	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: July 31, 2027	3M T bill + Spread 2.57%	10-Apr-25	3,335.00	4,667.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 86	Repayments terms: 48 Monthly instalments Tenor: 48 months Redemption date: July 31, 2027	3Y MCLR + Spread 0.55%	30-Apr-25	1,555.56	2,222.22	Exclusive charge on the standard receivables with a security cover / ACR of 110%.
Term Loan - 87	Repayments terms: 12 Monthly instalments Tenor: 12 months Redemption date: Sep 05, 2024	Repo Rate + Spread 2.50%	05-Sep-24	-	2,044.60	First ranking Exclusive and continuing charge by way of Hypothecation of identified book debts of borrower (Principal amount) to cover 110% of the outstanding facility amount.
Term Loan - 88	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 20, 2026	Repo Rate + Spread 2.60%	21-Apr-25	7,661.29	12,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 89	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 20, 2026	3M MCLR + Spread 0%	21-Apr-25	4,596.77	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 90	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: Sep 29, 2026	1 Y MCLR + Spread 1.25%	10-Apr-25	5,700.00	9,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 91	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 28, 2026	9.35%	28-Apr-25	3,064.52	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 92	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Sep 28, 2025	6M MCLR + Spread 0.15%	28-Apr-25	1,250.00	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 93	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: Sep 29, 2026	1 Y MCLR + Spread 0.45%	29-Apr-25	9,989.79	16,661.65	First and Exclusive charge on the standard receivables with a security cover of 120%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 94	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Nov 02, 2027	1 Y MCLR + Spread 0.65%	01-Apr-25	9,333.33	13,066.67	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 95	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: October 30, 2027	1 Y MCLR + Spread 0.80%	01-Apr-25	4,133.33	5,733.33	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 96	Repayments terms: 24 monthly instalments Tenor: 36 months Redemption date: October 31, 2025	1 Y MCLR + Spread 0.20%	30-Apr-25	2,187.50	5,937.50	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 97	Repayments terms: 6 quarterly instalments Tenor: 24 months Redemption date: December 15, 2025	3M T-Bill + Spread 2.20%	15-Apr-25	1,875.00	4,375.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 98	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: December 18, 2025	8.10%	20-Apr-25	3,750.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 99	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: December 20, 2025	6M MCLR + Spread 0.30%	20-Apr-25	3,750.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 100	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: December 10, 2026	1 Y MCLR + Spread 1.25%	10-Apr-25	10,850.00	17,050.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 101	Repayments terms: 27 monthly instalments Tenor: 27 months Redemption date: March 31, 2026	6 M MCLR	30-Apr-25	5,000.00	10,000.00	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 102	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: January 31, 2027	1 Y MCLR + Spread 0.75%	30-Apr-25	5,445.63	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 103	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: 31 March 2024	1 Y MCLR + Spread 0.50%	01-May-25	4,058.24	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 104	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: February 27, 2027	Repo Rate + Spread 3.00%	30-Apr-25	4,791.67	7,291.67	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 105	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: February 28, 2026	6M MCLR + Spread 0.30%	29-Apr-25	1,648.50	3,450.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 106	Repayments terms: 6 quarterly instalments Tenor: 24 months Redemption date: February 28, 2026	3M T bill + Spread 2.52%	10-Apr-25	5,710.00	10,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 107	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 07, 2026	8.25%	07-Apr-25	2,500.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 108	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 07, 2026	3M T-Bill + Spread 2.32%	07-Apr-25	2,500.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 109	Repayment Terms: 12 equal quarterly instalments Tenor: 36 months Redemption Date: March 07, 2027	3M T Bill + Spread 2.64%	30-Apr-25	3,332.00	5,000.00	Exclusive Charge by way of Hypothecation of loan receivables of slandered assets created out of bank finance and which are not overdue as per RBI/Regulator guideline, with as security cover of 110%
Term Loan - 110	Repayments terms: 11 quarterly instalments Tenor: 34 months Redemption date: December 31, 2026	9.65%	01-May-25	15,000.00	25,000.00	First and Exclusive charge on the standard receivables with a security cover of 120%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 111	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 17, 2024	8.80%	13-Sep-24	-	29,836.90	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 112	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 17, 2024	8.80%	13-Sep-24	-	29,951.78	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 113	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: March 21, 2028	1 Y MCLR + Spread 0.75%	21-Apr-25	7,500.00	10,000.00	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 114	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: March 28, 2028	1 Y MCLR + Spread 0.80%	01-Apr-25	16,000.00	19,996.59	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 115	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 27, 2024	9.25%	27-Sep-24	-	11,662.06	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 116	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 27, 2024	9.25%	27-Sep-24	-	11,662.06	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 117	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Jun 28, 2026	3M T bill + Spread 2.39%	28-Apr-25	3,125.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 118	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: Jun 29, 2027	1 M MCLR + Spread 0.20%	30-Apr-25	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 119	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Jul 30, 2026	6M MCLR + Spread 0.05%	30-Apr-25	1,600.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 120	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: Sep 26, 2028	1Y MCLR + Spread 0.60%	30-Apr-25	9,160.75	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 121	Repayments terms: 45 monthly instalments Tenor: 48months Redemption date: Sep 30, 2028	1Y MCLR + Spread 0.40%	30-Apr-25	9,333.33	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 122	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	1 Y MCLR + Spread 1.20%	30-Apr-25	5,416.67	-	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 123	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 01, 2026	6 M SOFR + Spread 2.60%	30-Apr-25	17,951.78	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 124	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 29, 2026	6 M SOFR + Spread 2.60%	30-Apr-25	17,836.90	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 125	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: Sep 30, 2029	1Y MCLR + Spread 0.40%	30-Apr-25	4,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 126	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 30, 2028	1Y MCLR + Spread 0.40%	30-Apr-25	28,429.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 127	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: Oct 29, 2027	1Y MCLR + Spread 0.00%	30-Apr-25	10,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 128	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	6 M SOFR + Spread 2.53%	28-Apr-25	45,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 125%.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 129	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 14, 2025	6 M SOFR + Spread 2.65%	28-Apr-25	4,994.06		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 130	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 14, 2025	6 M SOFR + Spread 2.65%	28-Apr-25	4,994.06		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 131	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	6 M SOFR + Spread 2.53%	25-Apr-25	45,000.00		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 132	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: Dec 11, 2028	1Y MCLR + Spread 1.15%	30-Apr-25	4,663.93		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 133	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 24, 2028	1Y MCLR + Spread 0.40%	24-Apr-25	9,333.33		- First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 134	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Dec 31, 2028	1 Y MCLR + Spread 0.35%	01-Apr-25	5,000.00		- First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 135	Repayments terms: 48 monthly instalments Tenor: 60 months Redemption date: Jan 31, 2030	Term SOFR + Spread 2.15%	31-Jul-25	12,982.50		- First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 136	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: Feb 29, 2028	1Y MCLR + Spread 0.00%	30-Apr-25	10,000.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 137	Repayments terms: 48 monthly instalments Tenor: 60 months Redemption date: Feb 28, 2030	Term SOFR + Spread 2.15%	28-Aug-25	13,138.50		- First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 138	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Mar 18, 2029	1 Y MCLR + Spread 0.35%	01-Apr-25	15,000.00		- First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 139	Repayments terms: 24 Monthly instalments Tenor: 20 Months Redemption date: November 25, 2026	Repo Rate + Spread 3%	25-Apr-25	5,000.00		- First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 140	Repayments terms: 11 quarterly instalments Tenor: 34 months Redemption date: Nov 25, 2026	3 M T Bill + Spread 2.82%	30-Jun-25	50,000.00		- First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 141	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 27, 2028	1Y MCLR + Spread 0.40%	27-Apr-25	7,500.00		- First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 142	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Mar 28, 2027	3 M MCLR + Spread 0.05%	28-Apr-25	20,000.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 143	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: Mar 28, 2028	3 M MCLR + Spread 0.15%	28-Apr-25	5,000.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 144	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Apr 01, 2027	1Y MCLR + Spread 0.25%	01-May-25	7,500.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 145	Repayment Terms: Bullet payment Tenor: 60 Days Redemption Date: May 27, 2025	1 M T Bill + Spread 2.48%	30-Apr-25	10,000.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 146	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Mar 27, 2027	6 M MCLR + Spread 0.20%	30-Apr-25	20,000.00		- First and Exclusive charge on the standard receivables with a security cover of 120%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 147	Repayments terms: 10 quarterly instalments Tenor: 34 months Redemption date: Mar 27, 2027	3 M T Bill + Spread 0.00%	10-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 148	Repayment Terms: Bullet payment Tenor: 37 Days Redemption Date: May 05, 2025	9.65% Linked to overnight MCLR + 0.15%	30-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Total				6,98,624.47	6,15,845.87	

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Secured borrowing from other financial institutions						
Term Loan - 1	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: September 28, 2024	3M MCLR + Spread 0.55%	28-Sep-24	-	2,187.50	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 2	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: July 30, 2024	HDFC 1Y MCLR + Spread 1.6%	30-Jul-24	-	555.56	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 3	Repayment Terms: 12 equal quarterly instalments Tenor: 36 months Redemption Date: October 01, 2024	LTRR + Spread 9.05%	01-Oct-24	-	333.33	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 4	Repayment Terms: 12 quarterly instalments Tenor: 36 months Redemption Date: June 01, 2024	9.10%	01-Jun-24	-	201.49	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 5	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 01, 2025	9.15%	01-May-25	249.38	1,249.38	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 6	Repayments terms: 12 equal quarterly instalments Tenor: 36 months Redemption date: July 01, 2026	LTRR+Spread 10.85%	01-May-25	1,666.67	3,000.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 7	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 27, 2026	3Month MCLR + Spread 1.15%	05-Apr-25	2,222.22	3,888.89	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 8	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: March 04, 2026	9.78%	04-Sep-25	2,434.33	4,868.67	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 9	Repayment Terms: 7 half yearly instalments Tenor: 60 months Redemption Date: September 15, 2026	7.59%	15-Sep-25	15,792.86	26,321.43	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 10	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: November 17, 2025	9.35%	15-May-25	6,149.17	12,298.33	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 11	Repayment Terms: 6 half yearly instalments Tenor: 56 months Redemption Date: November 15, 2025	9.50%	15-May-25	6,036.25	12,072.50	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 12	Repayments terms: 6 half yearly instalments Tenor: 60 months Redemption date: December 15, 2026	Overnight MIBOR + Spread 4.97%	15-Jun-25	13,216.67	19,825.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 13	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: July 28, 2026	SBI 3M MCLR + Spread 1.10%	05-Apr-25	2,361.11	4,027.78	Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount.
Term Loan - 14	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: Sep 01, 2026	9.35%	01-May-25	3,272.73	5,454.55	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 110% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 15	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: Sep 01, 2026	9.35%	30-Apr-25	3,208.14	4,819.66	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 16	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: May 29, 2027	HDFC 3M MCLR + Spread 0.17%	05-Apr-25	9,375.00	-	First and Exclusive charge on Specific & identified loan receivable with a security cover of 115%.
Term Loan - 17	Repayments terms: 4 Equal instalments Tenor: 60 months Redemption date: Jun 15, 2029	9.23%	16-Jun-25	33,410.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 18	Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: Feb 10, 2028	9.35%	10-Jun-25	15,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Total				1,14,394.53	1,01,104.05	

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Borrowings under securitisation						
Securitisation loan - 1	Repayments terms: 42 monthly instalments Tenor: 42 months Redemption date: Sep 17, 2027	10.20%	17-Apr-25	3,992.69	10,330.09	NA
Securitisation loan - 2	Repayments terms: 14 monthly instalments Tenor: 14 months Redemption date: February 23, 2025	8.50%	NA	-	8,254.34	NA
Securitisation loan - 3	Repayments terms: 20 monthly instalments Tenor: 20 months Redemption date: Dec 23, 2025	8.70%	23-May-25	3,269.97	9,790.36	NA
Total				7,262.66	28,374.79	

15B. Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2025, the rate of interest across the cash credit and working capital demand loans was in the range of 8.50 % p.a to 9.65% p.a (31 March 2024 - 6.95 % p.a to 10.15% p.a). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

15C. The Company has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

15D. The quarterly returns/statements of current assets filed by the Company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

15E. The Company is not declared as wilful defaulter by any of our bank and financial institutions during the year ended 31 March 2025 and 31 March 2024.

16. Other financial liabilities (including lease liabilities)

Particulars	As at 31 March 2025	As at 31 March 2024
Collateral deposits from customers (Refer note 1 below)	3,950.81	581.85
Lease liabilities (Refer Note 34)	2,942.93	1,345.35
Employee benefits payable	4,394.39	4,400.40
Remittances payable - derecognised financial instruments (Refer note 2 below)	3,957.11	7,598.13
Income received in Advance	0.75	83.74
Other liabilities	2,421.42	272.08
Unclaimed dividend on non convertible preference shares	2.69	2.69
	17,670.10	14,284.24

Notes:

- Represents amounts received from customers (originator partners which includes corporates such as NBFCs, HFCs, and SFBs) as cash collateral for the loans provided by the Company.
- Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

17. Provisions

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for employee benefits:		
Gratuity (refer note 40)	754.49	596.57
Compensated absences (refer note 40)	695.42	505.37
Provision for others:		
Impairment loss allowance for guarantees (Refer Note 17(A))	32.55	1,573.77
Impairment loss allowance for loans commitments (Refer Note 17(B))	95.90	107.06
	1,578.36	2,782.77

17A Impairment loss allowance for guarantees

i Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58
Individually impaired	-	-	-	-	-	-	-	-
Total	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58

ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:

Gross exposure reconciliation

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	6,048.75	392.83	-	6,441.58	15,668.21	720.00	-	16,388.21
New exposures	-	-	-	-	48.49	-	-	48.49
Asset derecognised or repaid (Excluding write off)	(5,879.98)	(392.83)	-	(6,272.81)	(9,667.95)	(327.17)	-	(9,995.12)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58

iii Reconciliation of ECL balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	82.57	1,491.20	-	1,573.77	358.77	1,148.00	-	1,506.77
New exposures	-	-	-	-	8.76	-	-	8.76
Asset derecognised or repaid	(50.02)	(1,491.20)	-	(1,541.22)	(284.96)	(56.80)	-	(341.76)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	400.00	-	400.00
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	32.55	-	-	32.55	82.57	1,491.20	-	1,573.77

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for the year ended 31 March 2025

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

17B Impairment loss allowance for loan commitments

i Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00
Total	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	13,599.00	-	-	13,599.00	12,733.82	500.00	-	13,233.82
New exposures	7,800.00	-	-	7,800.00	13,350.00	-	-	13,350.00
Asset derecognised or repaid (Excluding write off)	(10,099.00)	-	-	(10,099.00)	(12,484.82)	(500.00)	-	(12,984.82)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00

iii Reconciliation of ECL balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	107.06	-	-	107.06	262.42	10.22	-	272.64
New exposures	82.60	-	-	82.60	99.69	-	-	99.69
Assets converted to funded exposure	(93.76)	-	-	(93.76)	(255.05)	(10.22)	-	(265.27)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	95.90	-	-	95.90	107.06	-	-	107.06

18. Other non- financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory dues payable	1,540.97	1,191.89
	1,540.97	1,191.89

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for the year ended 31 March 2025

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

19. Equity share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	Amount	No. of shares	Amount
Share capital				
Authorised				
Equity shares of ₹ 10 each	16,50,00,000	16,500.00	16,00,00,000	16,000.00
0.0001% Compulsorily convertible preference shares of INR 20 each	5,85,00,000	11,700.00	5,85,00,000	11,700.00
	22,35,00,000	28,200.00	21,85,00,000	27,700.00
Issued, subscribed and paid up				
Equity shares				
Equity shares of ₹ 10 each	16,13,79,336	16,137.93	8,93,85,420	8,938.54
	16,13,79,336	16,137.93	8,93,85,420	8,938.54
Instruments entirely equity share in nature:				
0.0001% Compulsorily convertible preference shares of INR 20 each				
(March 31, 2024 :) preference share of INR 20 each	-	-	4,13,23,204	8,264.64
	-	-	4,13,23,204	8,264.64

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	8,93,85,420	8,938.54	8,90,31,293	8,903.13
Add: Equity shares issued during the year through employee stock options plan	3,11,966	31.20	3,54,127	35.41
Add: Equity shares issued during the year through initial public offering	1,90,65,326	1,906.53	-	-
Add: Equity shares arising on conversion of preference shares	5,26,16,624	5,261.66	-	-
At the end of the year	16,13,79,336	16,137.93	8,93,85,420	8,938.54
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	4,13,23,204	8,264.64	4,13,23,204	8,264.64
Add: Shares issued during the year	97,69,820	1,953.96	-	-
Less: Shares converted into equity	(5,10,93,024)	(10,218.60)	-	-
At the end of the year	-	-	4,13,23,204	8,264.64

- b) During the year, the Company has issued 311,966 (31 March 2024 : 354,127) equity shares which were allotted to employees who exercised their options under ESOP scheme.
- c) During year ended 31 March 2025 the Company has issued compulsorily convertible preference shares (CCPS) amounting to ₹ 38,199.99 by offering and issuing
- 84,91,048 Series C CCPS having a face value of ₹ 20 each issued at a premium of ₹ 371 per share, amounting to of ₹ 33,199.99 and;
 - 12,78,772 Series C2 CCPS having a face value of ₹ 20 each issued at a premium of ₹ 371 per share, amounting to a ₹ 4,999.99 on a private placement basis by way of preferential allotment pursuant to the approval by the Board of Directors at its meeting held on 04 April 2024 which was approved by the shareholders in the Extraordinary General Meeting held on 15 April 2024.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

d) During the year ended 31 March 2025, the Company has completed an Initial Public Offer ("IPO") of 29,597,646 equity shares of face value of INR 10 each at an issue price of INR 263 per equity share (INR 239 per equity share reserved for employees), comprising of offer for sale of 10,532,320 equity shares by selling shareholders and fresh issue of 19,065,326 equity shares. The equity shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 24 September 2024.

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

i) Equity shares

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) 0.0001% Compulsorily convertible preference shares:

0.0001% Compulsory Convertible Preference Shares ('CCPS') having a par value of INR 20 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

- In connection with an IPO, immediately prior to the filing of red herring prospectus (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time; and
- The date which is 19 (nineteen) years from the date of allotment of CCPS.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

f) In the period of five years immediately preceding 31 March 2025

There were no shares allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last five years immediately preceding 31 March 2025. There were issue of shares pursuant to the contract without payment being received in cash as follows:

During the year ended 31 March 2025, the Company issued 52,616,624 equity shares of ₹ 20 each pursuant to the conversion of 51,093,024 CCPS of ₹10 each, issued by the Company.

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10 each fully paid				
Leapfrog Financial Inclusion India (II) Limited	2,61,08,216	16.18%	2,99,52,665	33.51%
Augusta Investments Pte II Ltd	2,58,87,110	16.04%	2,26,30,995	25.32%
Eight Roads Investments Mauritius (II) Limited	1,18,63,798	7.35%	-	0.00%
International Finance Corporation	98,15,224	6.08%	-	0.00%
Dvara Trust	82,99,258	5.14%	99,29,257	11.11%
Accion Africa Asia Investment Company	64,35,564	3.99%	76,99,529	8.61%
Sumitomo Mitsui Banking Corporation	60,81,154	3.77%	70,04,364	7.84%
	9,44,90,324	58.55%	7,72,16,810	86.39%

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for the year ended 31 March 2025

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	% held	No. of shares	% held
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	-	0.00%	1,16,30,889	28.15%
360 One Special Opportunities Fund - Series 4 (formerly IIFL Special Opportunities Fund - Series 4)	-	0.00%	66,09,362	15.99%
360 One Special Opportunities Fund - Series 5 (formerly IIFL Special Opportunities Fund - Series 5)	-	0.00%	54,23,128	13.12%
360 One Special Opportunities Fund - Series 2 (formerly IIFL Special Opportunities Fund - Series 2)	-	0.00%	43,71,781	10.58%
360 One Special Opportunities Fund (formerly IIFL Special Opportunities Fund)	-	0.00%	41,61,142	10.07%
360 One Special Opportunities Fund - Series 7 (formerly IIFL Special Opportunities Fund - Series 7)	-	0.00%	36,93,947	8.94%
Augusta Investments II Pte. Ltd.	-	0.00%	32,56,115	7.88%
	-	0.00%	3,91,46,364	94.73%

h) The Company does not have an identifiable promoter.

20. Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
a) Securities premium		
At the commencement of the year	86,366.41	85,679.03
Add: Premium on equity shares issued during the year upon exercise of ESOP	636.44	687.38
Add: Premium on equity shares issued during the year through Initial Public Offering	46,732.49	-
Add: Premium on preference shares issued during the year	36,246.03	-
Add: Premium on on conversion of preference shares	4,956.94	-
Less: Utilised during the year for writing off share issue expenses	(4,031.29)	-
At the end of the year	1,70,907.02	86,366.41
b) Statutory reserve		
At the commencement of the year	23,275.88	17,672.46
Add : Transfer from retained earnings	6,852.30	5,603.42
At the end of the year	30,128.18	23,275.88
c) Shared Based Payment Reserve		
At the commencement of the year	3,104.67	1,700.41
Add: Employee compensation expense during the year	1,357.92	1,790.19
Less: Transfer to Retained earnings	(97.74)	(160.10)
Less: Transfer to securities premium on allotment of equity shares	(268.94)	(225.83)
At the end of the year	4,095.91	3,104.67
d) Retained earnings		
At the commencement of the year	90,284.60	67,717.57
Add: Profit for the year	34,261.50	28,017.11
Add: Other comprehensive income for the year	(49.90)	(6.76)
Add: Transfer from Shared Based Payment reserve	97.74	160.10
Less: Transfer to statutory reserve	(6,852.30)	(5,603.42)
At the end of the year	1,17,741.64	90,284.60

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for the year ended 31 March 2025

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

Particulars	As at 31 March 2025	As at 31 March 2024
e) Capital reserve		
At the commencement of the year	3.57	3.57
At the end of the year	3.57	3.57
f) Capital redemption reserve		
At the commencement of the year	2,660.00	2,660.00
At the end of the year	2,660.00	2,660.00
g) Other comprehensive income - Financial Instruments through OCI		
At the commencement of the year	3,738.29	2,818.64
Add : Fair valuation of financial instruments (refer note (vii) (a) below)	(2,176.28)	919.65
At the end of the year	1,562.01	3,738.29
h) Other comprehensive income - Effective Portion of Cash Flow Hedge Reserve		
At the commencement of the year	(1,685.03)	(2,704.36)
Less : Cash flow hedge reserve (refer note (vii) (b) below)	(674.61)	1,019.33
At the end of the year	(2,359.64)	(1,685.03)
i) Share application money received pending allotment		
At the commencement of the year	83.76	-
Less: Shares allotted during the year	(83.76)	-
Received during the year pending allotment	38.84	83.76
At the end of the year	38.84	83.76
Total (a+b+c+d+e+f+g+h+i)	3,24,777.53	2,07,832.16

Notes

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Shared Based Payment Reserve

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. The amount represents reserve created to the extent of granted options based on the employee stock option scheme. Under Ind AS 102, fair value of the options granted is to be expensed off over the life of the vesting period as employee compensation cost reflecting period of receipt of service.

(iii) Statutory reserve

Reserve u/s 45-IA of the RBI Act, 1934, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared

(iv) Retained earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

(v) Capital reserve

During the year ended March 31, 2017, the Company approved the Scheme of Arrangement (Demerger) & Amalgamation between the Company, IFMR Holdings Private Limited ('IFMR Holdings'), Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013. Pursuant to such scheme of arrangement entered in the year ended March, 31, 2017, the Company has created a capital reserve in accordance with the applicable accounting standards.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the Cumulative non convertible compulsorily redeemable preference shares in accordance with section 69 of Companies Act, 2013.

(vii) Other comprehensive income

- The Company has elected to recognise changes in the fair value of certain loans where the business model is to collect contractual cash flows and also to sell financial assets in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.
- The Company has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

(viii) Share application money received pending allotment

The company has received share application money against exercise of 32,500 shares (As at March 31, 2024 - 74,500 shares) at face value of ₹10 each at an aggregate premium of ₹ 35.59 (As at 31 March 2024 - INR 76.31 lakhs) from employees pending allotment at the end of the respective financial year end.

21. Interest income

Particulars	Year ended 31 March 2025			Year ended 31 March 2024		
	On financial assets measured at		Total	On financial assets measured at		Total
	FVOCI	Amortised cost		FVOCI	Amortised cost	
Interest on loans	65,992.83	1,29,909.13	1,95,901.96	46,294.34	1,08,135.08	1,54,429.42
Interest income from investments:						
- Pass through certificates	1,567.52	-	1,567.52	1,165.04	-	1,165.04
- Commercial paper	1,622.16	-	1,622.16	41.87	-	41.87
- Non-convertible debentures	15,504.06	-	15,504.06	12,132.20	-	12,132.20
- Interest income from T-bills	-	784.81	784.81	-	623.62	623.62
Interest on deposits with banks	-	2,793.18	2,793.18	-	1,542.10	1,542.10
	84,686.57	1,33,487.12	2,18,173.69	59,633.45	1,10,300.80	1,69,934.25

22. Fee and commission income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from contract with customers:		
Income from guarantee facility	222.33	400.53
Income from other financial services		
- Professional fee	4,453.18	3,843.40
	4,675.51	4,243.93
Timing of revenue recognition:		
- That are recognised over a period of time	222.33	400.53
- That are recognised at a point of time	4,453.18	3,843.40
Geographical Market		
- In India	4,675.51	4,243.93
- Outside India	-	-
Contract balances		
- Trade receivables (net of ECL)	1,201.75	1,437.83

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for the year ended 31 March 2025

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

23. Net gain / (loss) on fair value changes

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Net gain / (loss) on financial instruments at fair value through profit or loss		
On alternative investment funds	811.93	1,492.91
On market linked debentures	-	942.46
On mutual fund investments	723.69	409.27
(Loss) / profit on sale of investments	(95.93)	1,100.67
	1,439.69	3,945.31
Fair value changes:		
- Realised	1,046.53	4,068.38
- Unrealised	393.16	(123.07)
	1,439.69	3,945.31

24. Other income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Other non-operating income (Refer note below)	1,025.12	1,477.64
Interest income from income tax refund	214.92	88.01
	1,240.04	1,565.65

Note:

Comprises of charges collected from the customers in the nature of penal, pre-closure charges and other charges as applicable.

25. Finance costs

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits (refer note 5.1)	261.49	150.07
Interest on borrowings		
- Term loans from banks and others	64,690.48	59,577.18
- Cash credits and overdraft	15.58	18.26
- Securitisation	1,486.72	355.36
Interest on debt securities	13,160.99	10,536.26
Interest on lease liability (refer note 34)	270.80	122.85
Amortisation of discount on commercial papers	2,400.31	1,826.37
	82,286.37	72,586.35

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for the year ended 31 March 2025

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

26. Employee benefits

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Salaries, wages and bonus (refer note 42)	17,462.08	14,710.57
Contribution to provident fund (refer note 40)	903.92	706.37
Employee stock option expense (refer note 41)	1,303.88	1,735.92
Gratuity expenses (refer note 40)	166.55	161.35
Staff welfare expenses	548.86	646.82
	20,385.29	17,961.03

27. Impairment on financial instruments

Particulars	On financial instruments measured at amortised Cost	On financial instruments measured at fair value through OCI	Total for the year ended 31 March 2025	On financial instruments measured at amortised Cost	On financial instruments measured at fair value through OCI	Total for the year ended 31 March 2024
Write off on financial instruments						
Loans	60,930.24	-	60,930.24	32,287.94	-	32,287.94
Less: Recovery	(44,712.79)	-	(44,712.79)	(22,544.38)	-	(22,544.38)
Impairment loss allowance on financial instruments						
Loans	15,819.03	6,526.40	22,345.43	1,799.01	662.92	2,461.93
Investments	-	845.43	845.43	(1.21)	211.29	210.08
Others	(1,555.69)	-	(1,555.69)	(102.05)	-	(102.05)
	30,480.79	7,371.83	37,852.62	11,439.31	874.21	12,313.52

28. Depreciation and amortisation

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Depreciation of property, plant and equipment (refer note 10.1)	395.83	481.93
Depreciation on right of use asset (refer note 10.5 and note 34)	657.86	496.96
Amortisation of intangible assets (refer note 10.4)	477.63	488.14
	1,531.32	1,467.03

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for the year ended 31 March 2025

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

29. Other expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Legal and professional charges	3,318.28	5,611.03
Subscription charges	1,901.95	1,150.24
Repairs and maintenance	1,185.77	1,183.06
Rent expenses	832.83	595.75
Rates and taxes	224.78	23.70
Travelling and conveyance	873.69	678.42
Auditors' remuneration (refer note 29.1 below)	97.00	151.57
Directors' sitting fees (refer note 42)	131.00	91.00
Communication expenses	537.19	316.75
Printing and stationery	72.81	70.53
Advertisement and business promotion	404.28	280.68
Corporate social responsibility expenditure (refer note 30 below)	609.07	406.71
Bank charges	185.45	228.79
Miscellaneous expenses	109.34	59.10
	10,483.44	10,847.33

29.1 Payments to auditor (excluding goods and services tax) (Refer note below)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Statutory audit (including limited reviews) and certificates	93.00	142.00
Tax audit	4.00	2.00
Reimbursement of expenses	-	7.57
	97.00	151.57

Note:

Current year expenses does not include payment towards predecessor auditor.

30. Corporate social responsibility ("CSR") expenditure

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are commissioning of in-depth financial inclusion survey and developing a financial inclusion index/ metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored. A CSR committee has been formed by the Company as per the Act. The details of funds primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013 are as follows:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
a) Amount required to be spent by the Company during the year	609.07	406.71
b) Amount of expenditure incurred	609.65	226.53
c) Excess / (shortfall) at the end of the year*	0.58	(180.18)
d) Total of previous years shortfall	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
e) Reason for shortfall	NA	Pertains to ongoing projects
d) Nature of CSR activities	The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/ metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.	
e) Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	609.07	406.71
f) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately	NA	NA
(g) In case of S. 135(5) (Other than ongoing project):		
Opening balance	3.43	121.61
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	(609.07)	(406.71)
Amount spent during the year	609.65	226.53
Closing Balance	4.01	(58.57)
Amounts transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act, pursuant to any ongoing project	-	62.00
Closing Balance after considering the above	4.01	3.43

* All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act.

31. Income tax

A. The components of income tax expense for the year ended 31 March 2025 and 31 March 2024 are:

Profit or loss section

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Current tax		
i) current income tax charge	16,170.32	10,189.07
ii) Adjustments in respect of current income tax of previous year	(1,006.00)	-
Deferred tax	(5,254.05)	(663.95)
Income tax expense reported in the statement of profit and loss	9,910.27	9,525.12

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Arising on income and expenses recognised in other comprehensive income:		
Remeasurements of the defined benefit obligation	16.78	2.28
Fair valuation of financial instruments through OCI (Net)	732.02	(309.34)
Effective portion of loss on designated portion of hedging instruments in a cashflow hedge	226.92	(342.86)
Total income tax recognised in other comprehensive income	975.72	(649.92)

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 year ended 31 March 2025 and 31 March 2024 is as follows:-

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Profit before tax	44,171.77	37,542.23
Applicable tax rate	25.17%	25.17%
Computed tax expense	11,118.03	9,449.38
Effect of difference in tax expenditure due to		
Permanent differences		
Provision for Corporate Social Responsibility	153.30	102.37
Others	(355.06)	(26.63)
Tax expenses recognised in the statement of profit and loss (pertaining to current year)	10,916.27	9,525.12
Effective tax rate	24.71%	25.37%

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) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2025.
- The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the year 31 March 2025 and 31 March 2024 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

C. Deferred tax

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

Particulars	As at 31 March 2024	Statement of profit and loss	Other comprehensive income	As at 31 March 2025
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	47.88	63.13	-	111.01
Impact of fair value on financial assets measured at FVTPL	(456.79)	293.31	-	(163.48)
Impact of fair value on financial assets measured at FVOCI	(410.79)	-	958.94	548.15

Notes to the Standalone Financial Statements

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

Particulars	As at 31 March 2024	Statement of profit and loss	Other comprehensive income	As at 31 March 2025
Impairment on financial assets	3,468.77	5,630.80	-	9,099.57
Provision for employee benefits	277.36	87.58	16.78	381.72
Unamortised component of processing fee	1,316.84	(630.86)	-	685.98
Bad debts written off	-	(193.00)	-	(193.00)
EIS Receivable	(786.35)	10.08	-	(776.27)
Total	3,456.92	5,261.04	975.72	9,693.68

Particulars	As at 31 March 2023	Statement of profit and loss	Other comprehensive income	As at 31 March 2024
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	0.17	47.71	-	47.88
Impact of fair value on financial assets measured at FVTPL	(475.54)	18.75	-	(456.79)
Impact of fair value on financial assets measured at FVOCI	241.41	-	(652.20)	(410.79)
Impairment on financial assets	2,772.13	696.64	-	3,468.77
Provision for employee benefits	230.06	45.02	2.28	277.36
Unamortised component of processing fee	1,025.20	291.64	-	1,316.84
EIS Receivable	(350.54)	(435.81)	-	(786.35)
Total	3,442.89	663.95	(649.92)	3,456.92

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
A Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	34,261.50	28,017.11
Net profit attributable to equity shareholders for calculation of diluted EPS	34,261.50	28,017.11
B Shares		
Equity shares at the beginning of the year	8,93,85,420	8,90,31,293
Equity shares issued during the year	7,19,93,916	3,54,127
Total number of equity shares outstanding at the end of the year	16,13,79,336	8,93,85,420
C Weighted average number of equity shares outstanding during the year for calculation of basic EPS	15,16,75,670	8,90,96,560
Effect of dilutive potential equity shares		
Employee stock options	3,87,511	13,39,429
Compulsory convertible preference shares	-	4,13,23,204
D Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	15,20,63,181	13,17,59,193
Face value per share	10.00	10.00
E Earning per share		
E1 Basic (E1 = A / C)	22.59	31.45
E2 Diluted (E2 = A / D)	22.53	21.26

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

33. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at 31 March 2025			As at 31 March 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	32,120.04	-	32,120.04	16,123.83	-	16,123.83
Bank balances other than cash and cash equivalents	29,291.22	2,191.70	31,482.92	18,255.42	3,957.61	22,213.03
Derivative financial instruments	2,104.09	3,372.46	5,476.55	54.12	5,427.82	5,481.94
Trade receivables	1,201.75	-	1,201.75	1,437.83	-	1,437.83
Loans	6,81,772.00	3,75,465.78	10,57,237.78	6,21,652.06	3,09,335.45	9,30,987.51
Investments	1,18,053.75	77,628.30	1,95,682.05	91,439.33	73,829.28	1,65,268.61
Other financial assets	7,674.03	1,646.11	9,320.14	8,657.83	465.64	9,123.47
Current tax assets (net)	-	-	-	-	1,206.41	1,206.41
Deferred tax assets (net)	-	9,693.68	9,693.68	-	3,456.92	3,456.92
Property, plant and equipment	-	938.48	938.48	-	324.97	324.97
Intangible assets under development	-	593.49	593.49	-	231.13	231.13
Goodwill	-	2,085.13	2,085.13	-	2,085.13	2,085.13
Intangible assets	-	1,313.96	1,313.96	-	1,178.89	1,178.89
Right of use asset	-	2,495.71	2,495.71	-	1,205.55	1,205.55
Other non- financial assets	2,425.11	-	2,425.11	1,608.62	22.80	1,631.42
Total Assets	8,74,641.99	4,77,424.80	13,52,066.79	7,59,229.04	4,02,727.60	11,61,956.64
Liabilities						
Derivative financial instruments	1,367.57	995.91	2,363.48	-	298.65	298.65
Trade payables	-	-	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	6,726.54	-	6,726.54	13,588.16	-	13,588.16
Debt securities	70,263.20	70,522.12	1,40,785.32	88,075.11	53,297.35	1,41,372.46
Borrowings (Other than debt securities)	5,08,022.25	3,29,631.97	8,37,654.22	4,58,113.61	3,05,289.53	7,63,403.14
Other financial liabilities	14,925.08	2,745.02	17,670.10	12,537.57	1,746.67	14,284.24
Provisions	577.02	1,001.34	1,578.36	2,031.44	751.33	2,782.77
Current tax liabilities (net)	-	2,832.34	2,832.34	-	-	-
Other non-financial liabilities	1,540.97	-	1,540.97	1,191.89	-	1,191.89
Total Liabilities	6,03,422.63	4,07,728.70	10,11,151.33	5,75,537.78	3,61,383.53	9,36,921.31
Total equity			3,40,915.46			2,25,035.33

33A Change in Liabilities arising from financing activities

Particulars	As at April 1, 2024	Cash flows	Exchange difference	Others*	New Leases	As at 31 March 20225
Debt Securities	1,41,372.46	318.46	-	(905.60)	-	1,40,785.32
Borrowings (other than debt securities)	7,63,403.14	80,920.90	6,669.82	(13,339.64)	-	8,37,654.22
Lease Liabilities	1,345.35	(338.00)	-	(12.44)	1,948.02	2,942.93

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

Particulars	As at April 1, 2023	Cash flows	Exchange difference	Others*	New Leases	As at 31 March 2024
Debt Securities	122,431.55	20,836.30	-	(1,895.39)	-	141,372.46
Borrowings (other than debt securities)	577,029.86	187,985.68	8,614.82	(10,227.22)	-	763,403.14
Sub-ordinated Liabilities	3,995.07	(3,995.07)	-	-	-	-
Lease Liabilities	789.67	(492.22)	-	(16.20)	1,064.10	1,345.35

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.

33B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2025 and 31 March 2024. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately

Particulars	As at 31 March 2025					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	32,120.04	-	-	-	-	32,120.04
Bank balances other than cash and cash equivalents	0.22	13,432.07	11,773.29	7,606.17	-	32,811.75
Derivative financial instruments	-	-	2,104.09	3,372.46	-	5,476.55
Trade receivables	-	1,201.75	-	-	-	1,201.75
Loans	-	3,24,963.79	5,35,753.50	4,76,856.13	1,12,711.48	14,50,284.90
Investments	-	42,710.16	86,683.99	77,690.67	3,847.27	2,10,932.09
Other financial assets	-	6,015.21	21.64	432.68	-	6,469.53
Total undiscounted financial assets*	32,120.26	3,88,322.98	6,36,336.51	5,65,958.11	1,16,558.75	17,39,296.61
Financial Liabilities						
Derivative financial instruments	-	-	1,367.57	995.90	-	2,363.47
Trade payables	-	-	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	6,726.54	-	-	-	6,726.54
Debt securities	-	11,820.79	67,460.58	85,131.34	-	1,64,412.71
Borrowings (Other than debt securities)	-	2,15,216.66	3,31,572.70	3,64,759.14	-	9,11,548.50
Other financial liabilities	1,555.26	11,606.95	1,514.50	1,338.16	11.03	16,025.90
Total undiscounted financial liabilities*	1,555.26	2,45,370.94	4,01,915.35	4,52,224.54	11.03	11,01,077.12
Net undiscounted financial assets/ (liabilities) *	30,565.00	1,42,952.04	2,34,421.16	1,13,733.57	1,16,547.72	6,38,219.49

* Excludes gross settled derivatives not held for trading

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

Particulars	As at 31 March 2024					Total
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	
Financial Assets						
Cash and cash equivalents	14,947.60	1,176.23	-	-	-	16,123.83
Bank balances other than cash and cash equivalents	0.22	4,045.02	15,242.81	4,621.32	-	23,909.37
Derivative financial instruments	-	-	54.12	5,427.82	-	5,481.94
Trade receivables	-	1,437.83	-	-	-	1,437.83
Loans	-	2,75,292.77	4,03,480.05	4,02,159.24	70,951.95	11,51,884.01
Investments	-	17,275.81	89,202.19	77,513.22	3,737.68	1,87,728.90
Other financial assets	-	5,903.63	-	181.83	-	6,085.46
Total undiscounted financial assets*	14,947.82	3,05,131.29	5,07,979.17	4,89,903.43	74,689.63	13,92,651.33
Financial Liabilities						
Derivative financial instruments	-	-	-	298.65	-	298.65
Trade payables	-	-	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	13,588.16	-	-	-	13,588.16
Debt securities	-	33,494.61	61,823.82	61,929.39	-	1,57,247.82
Borrowings (Other than debt securities)	-	1,52,939.94	3,41,873.34	3,24,666.06	-	8,19,479.34
Other financial liabilities	17.30	10,659.46	1,957.15	1,902.43	40.87	14,577.21
Total undiscounted financial liabilities*	17.30	2,10,682.17	4,05,654.31	3,88,796.53	40.87	10,05,191.18
Net undiscounted financial assets/ (liabilities) *	14,930.52	94,449.12	1,02,324.86	1,01,106.90	74,648.76	3,87,460.15

* Excludes gross settled derivatives not held for trading

34. Leases

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises. In accordance with the requirements under Ind AS 116, Leases, the Company has recognised the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial applica on as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognised at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right to use asset at the date of initial application.

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Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

(i) Movement in carrying value of right of use assets

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening Balance	1,205.55	652.85
Add:		
Additions during the year	1,948.02	1,064.10
Less:		
Depreciation	657.86	496.96
Derecognition on termination of lease	-	14.44
Closing balance	2,495.71	1,205.55

(ii) Movement in lease liabilities

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening Balance	1,345.35	789.67
Additions during the year	1,948.02	1,064.10
Interest on lease liabilities	270.80	122.85
Rent payment	(608.85)	(615.70)
Derecognition on termination of lease	(12.39)	(15.57)
Closing balance	2,942.93	1,345.35

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
a) Depreciation charge for right-of-use assets	657.86	496.96
b) Interest expense (included in finance cost)	270.80	122.85
c) Expense relating to short-term leases (included under other expenses)	832.83	595.75
d) Gain recognised on derecognition of leases	12.39	1.13

(iv) Cash Flows

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
The total cash outflow of leases	608.85	615.70

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Not later than one year	389.59	426.60
Later than one year and not later than five years	898.11	1,168.05
Later than five years	11.03	40.87

Lease liabilities are recognised at weighted average incremental borrowing rate of 9.70%.

Notes to the Standalone Financial Statements

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35. Financial instrument

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.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities

- i) For all assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amount approximates fair value except as stated below.
 - a) The fair value of loans other than fixed rate instruments are estimated by discounted cash flow models considering all significant characteristics of the loans. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs (discount rate). For fixed rate instruments not carried at fair value, carrying amount approximates fair value.
 - b) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.
- ii) There has been no transfer in between level I and level II.
- iii) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of 31 March 2025 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	2,17,633.08	-	-	2,17,633.08	2,17,633.08
Investments						
- Pass-through certificates	-	14,597.89	-	-	14,597.89	14,597.89
- Non convertible debentures	-	1,14,510.15	-	-	1,14,510.15	1,14,510.15
- Commercial papers	-	25,519.11	-	-	25,519.11	25,519.11
- Alternative Investment Funds	26,730.50	-	-	-	26,730.50	26,730.50
- Share warrants	0.96	-	-	-	0.96	0.96
Derivative financial instruments	292.46	5,184.09	-	-	5,476.55	5,476.55
Financial liabilities:						
Derivative financial instruments	-	2,363.48	-	-	2,363.48	2,363.48

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

The carrying value and fair value of financial instruments measured at fair value as of 31 March 2024 were as follows

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	2,61,483.91	-	-	2,61,483.91	2,61,483.91
Investments						
- Pass-through certificates	-	5,772.43	-	-	5,772.43	5,772.43
- Non convertible debentures	-	1,24,644.80	-	-	1,24,644.80	1,24,644.80
- Market Linked Debentures	18,992.53	-	-	-	18,992.53	18,992.53
- Share warrants	0.96	-	-	-	0.96	0.96
Derivative financial instruments	81.65	5,400.29	-	-	5,481.94	5,481.94
Financial liabilities:						
Derivative financial instruments	110.12	188.53	-	-	298.65	298.65

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Financial assets measured at FVOCI		
Balance at the beginning of the year	2,053.26	114.28
Total gains measured through OCI for additions made during the year	(2,850.89)	1,938.98
Balance at the end of the year	(797.63)	2,053.26
Financial assets measured at FVTPL		
Balance at the beginning of the year	19,075.14	22,640.39
Total gains measured through PL for additions made during the year	7,948.78	(3,565.25)
Balance at the end of the year	27,023.92	19,075.14

Sensitivity analysis - Increase/ decrease of 100 basis points of discount rate

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	2,176.33	(2,176.33)	1,916.46	(1,916.46)
Investments				
- Pass through securities	145.98	(145.98)	52.99	(52.99)
- Non convertible debentures	1,145.10	(1,145.10)	1,332.47	(1,332.47)
- Market Linked debentures	-	-	85.29	(85.29)
- Alternative Investment Funds	267.30	(267.30)	-	-
- Share warrants	0.01	(0.01)	0.01	(0.01)
Derivative financial instruments	54.77	(54.77)	54.82	(54.82)
Financial liabilities:				
Derivative financial instruments	(23.63)	23.63	(2.99)	2.99

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

The carrying value and fair value of other financial instruments by categories as of 31 March 2025 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	32,120.04	-	-	32,120.04	32,120.04
Bank balances other than cash and cash equivalents	31,482.92	-	-	31,482.92	31,482.92
Trade receivables	1,201.75	-	-	1,201.75	1,201.75
Loans	8,66,120.89	-	-	7,98,004.71	7,98,004.71
Investments	10,486.71	-	-	10,486.71	10,486.71
Other financial assets	9,320.14	-	-	9,320.14	9,320.14
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	6,726.54	-	-	6,726.54	6,726.54
Debt securities	1,40,785.32	-	-	1,40,785.32	1,40,785.32
Borrowings (Other than debt securities)	8,37,654.22	-	-	8,37,654.22	8,37,654.22
Other financial liabilities	17,670.10	-	-	17,670.10	17,670.10

The carrying value and fair value of financial instruments by categories as of 31 March 2024 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	16,123.83	-	-	16,123.83	16,123.83
Bank balances other than cash and cash equivalents	22,213.03	-	-	22,213.03	22,213.03
Trade receivables	1,437.83	-	-	1,437.83	1,437.83
Loans	6,80,147.43	-	-	5,15,211.25	5,15,211.25
Investments	12,121.16	-	-	12,121.16	12,121.16
Other financial assets	9,123.47	-	-	9,123.47	9,123.47
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	13,588.16	-	-	13,588.16	13,588.16
Debt securities	1,41,372.46	-	-	1,41,372.46	1,41,372.46
Borrowings (Other than debt securities)	7,63,403.14	-	-	7,63,403.14	7,63,403.14
Subordinated debt	-	-	-	-	-
Other financial liabilities	14,284.24	-	-	14,284.24	14,284.24

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

Transfer of financial assets

The following table provides the summary of financial assets that have been transferred in such a way that the part or all of the transferred financial assets does not qualify for derecognition, together with associated liabilities. The Company has securitised certain loans, however the Company has not transferred substantially the risks and rewards, hence these assets have not been derecognised in its entirety.

Particulars	As at 31 March 2025	As at 31 March 2024
Carrying amount of assets measured at amortised cost	8,382.57	29,834.84
Carrying amount of associated liabilities	7,262.66	28,539.53
Fair value of assets	7,915.29	30,170.57
Fair value of associated liabilities	7,262.66	28,539.53

B Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company monitors capital using adjusted net debt (total borrowings net of cash and cash equivalents) to equity ratio.

The Company's gearing ratio is as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
i Debt securities	1,40,785.32	1,41,372.46
ii Borrowings (other than debt securities)	8,37,654.22	7,63,403.14
iii Subordinated liabilities	-	-
iv Less: cash and cash equivalents	(32,120.04)	(16,123.83)
v Adjusted net debt (v = i + ii + iii - iv)	9,46,319.50	8,88,651.77
vi Total equity	3,40,915.46	2,25,035.33
vii Gearing ratio (vii = v / vi)	2.78	3.95

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management. Also refer note 46. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2025 and 31 March 2024.

Notes to the Standalone Financial Statements

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36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans and advances, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk, market risk, foreign currency risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee and Asset Liability Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Risk management framework

The Company's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company's risk management policies.

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. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(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 loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

A. Loans

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

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

Particulars	Carrying Amount	
	As at 31 March 2025	As at 31 March 2024
Gross Term loans and structured cash credit	10,83,753.97	9,41,631.34
Less : Impairment loss allowance	(26,516.19)	(10,643.83)
	10,57,237.78	9,30,987.51

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 loan 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. In line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

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. Company has assessed the risk and its impact on the various portfolios and has divided in to different segments:

- Intermediate retail
- Partnership based lending

Further for intermediate retail ECL is calculated separately for various products – Loans, securitisation, pooled loan products, working capital loans, guarantee, NCDs.

For Partnership based Lending (PBL) book which is part of retail segment, PD is computed at sector level, ECL is calculated at partner level and aggregated.

Notes to the Standalone Financial Statements

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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:

Probability of default ("PD") is defined as the probability of whether borrowers will default on their obligations in the future.

1. Intermediate Retail Portfolios (Ratings-Based Approach)

For intermediate retail portfolios, the TTC PD is determined using a ratings-based methodology.

- ▶ **Transition Matrices:** The calculation is anchored on the observed movement of loans between Company's internal credit rating grades. Semi-annual transition matrices are generated, tracking rating migrations over six-month periods using historical data from September 2017 to the latest reporting date.
- ▶ **Averaging and Calibration:** These historical six-month matrices are averaged to produce a single, long-run transition matrix that represents stable, through-the-cycle performance. To ensure a logical relationship where credit risk increases as credit quality declines (monotonicity), the resulting six-month PDs are smoothed using a loglinear calibration method.
- ▶ **Final TTC PD:** The calibrated six-month PDs are then annualized to arrive at the final 12-month TTC PD for each rating grade.

2. Partnership based lending (Delinquency-Based Approach)

For the partnership based lending, the TTC PD is calculated using a delinquency-based approach, leveraging static pool and net flow analysis.

- ▶ **Static Pool Analysis:** To ensure a clear view of asset quality, loans are grouped by their origination period ("vintage"). The Company analyze the performance of each vintage over time, tracking the movement of accounts through delinquency stages. This method isolates the performance of underlying assets from the effect of new loan origination.
- ▶ **Net Flow to Default:** The default rate is determined by observing the net flow of accounts from various delinquency buckets into a state of 90+ Days Past Due (DPD). This analysis is conducted using up to five years of historical data.
- ▶ **Final TTC PD:** A 12-month simple or weighted average of these historical default rates is calculated to establish the TTC PD for the portfolio.

Forward-Looking Point-in-Time (PIT) PD Estimation

For all portfolios The TTC PD serves as a baseline for determining forward-looking PIT PDs.

- ▶ **Macroeconomic Linkage:** The Vasicek model, or other appropriate logistic regression models, are used to establish a statistical relationship between the TTC PDs and key macroeconomic factors. This model converts the stable TTC PD into a dynamic PIT PD that reflects the expected economic environment.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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- **Scenario Analysis:** To account for economic uncertainty, PIT PDs are estimated under three macroeconomic scenarios: a base case, an optimistic case, and a pessimistic case. The optimistic and pessimistic scenarios are informed by applying shocks (e.g., +/- 10%) to the key macroeconomic variables within the model.

Marginal probability:

The PDs derived from the Autoregressive integrated moving average (ARIMA) model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

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. Considering the low expertise in default and recovery, the Company has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

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, undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

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:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * 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:

Particulars	Provision	As at 31 March 2025	As at 31 March 2024
Stage 1	12 month provision	16,051.79	5,365.90
Stage 2	Life time provision	4,350.30	1,141.93
Stage 3	Life time provision	6,114.10	4,136.00
Amount of expected credit loss provided		26,516.19	10,643.83

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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. Movement in provision of expected credit loss has been provided in below note.

Particulars	As at 31 March 2025	As at 31 March 2024
ECL allowance - opening balance	10,643.83	8,902.16
Addition during the year	80,234.04	40,675.52
Reversal during the year	(3,431.44)	(6,645.91)
Write offs during the year	(60,930.24)	(32,287.94)
Closing provision of ECL	26,516.19	10,643.83

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - loans								
As at the beginning of the year	9,24,428.47	12,199.57	5,003.30	9,41,631.34	6,85,957.59	5,272.09	6,702.48	6,97,932.16
New assets originated *	8,61,557.13	14,763.14	4,717.38	8,81,037.65	7,98,244.38	9,624.37	18,924.21	8,26,792.96
Asset derecognised or repaid	(7,22,988.69)	(11,403.08)	56,406.99	(6,77,984.78)	(3,36,693.86)	(4,941.76)	(3,844.25)	(3,45,479.87)
Transfer from stage 1	(13,883.68)	8,646.63	5,237.05	-	(2,11,922.59)	5,460.06	1,457.86	(2,05,004.67)
Transfer from stage 2	102.11	(357.88)	255.77	-	376.49	(2,205.72)	1,771.49	(57.74)
Transfer from stage 3	36.88	71.98	(108.86)	-	143.84	55.55	(462.95)	(263.56)
Write offs	-	-	(60,930.24)	(60,930.24)	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)
As at the end of the year	10,49,252.22	23,920.36	10,581.39	10,83,753.97	9,24,428.47	12,199.57	5,003.30	9,41,631.34

* New assets originated are those assets which have originated during the year.

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	5,365.90	1,141.93	4,136.00	10,643.83	5,176.46	519.40	3,206.30	8,902.16
New assets originated	12,349.19	3,982.21	63,902.65	80,234.05	17,549.38	1,547.40	21,239.33	40,336.11
Asset derecognised or repaid	1,791.98	(1,412.94)	(3,810.48)	(3,431.44)	(2,813.83)	(321.45)	(1,450.77)	(4,586.05)
Transfer from stage 1	(3,456.96)	769.34	2,687.62	-	(2,969.29)	552.49	368.73	(2,048.07)
Transfer from stage 2	1.20	(131.19)	129.99	-	47.49	(110.93)	51.66	(11.78)
Transfer from stage 3	0.48	0.95	(1.44)	(0.01)	53.07	20.04	266.29	339.40
Write offs	-	-	(60,930.24)	(60,930.24)	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)
As at the end of the year	16,051.79	4,350.30	6,114.10	26,516.19	5,365.90	1,141.93	4,136.00	10,643.83

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

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B. Investments

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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 investments are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. Further, the risk management committee periodically assesses the credit rating information.

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	1,94,395.72	-	-	1,94,395.72	1,65,268.61	-	-	1,65,268.61
Sub-standard	-	-	1,286.33	1,286.33	-	-	-	-
Total	1,94,395.72	-	1,286.33	1,95,682.05	1,65,268.61	-	-	1,65,268.61

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	1,65,268.61	-	-	1,65,268.61	1,69,666.50	-	-	1,69,666.50
New assets originated *	1,29,714.18	-	-	1,29,714.18	1,09,678.03	-	-	1,09,678.03
Asset derecognised or repaid	(99,300.74)	-	-	(99,300.74)	(1,14,075.92)	-	-	(1,14,075.92)
Transfer from stage 1	(1,286.33)	-	1,286.33	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	1,94,395.72	-	1,286.33	1,95,682.05	1,65,268.61	-	-	1,65,268.61

* New assets originated are those assets which have originated during the year.

C. Cash and cash equivalent and bank deposits

The credit risk for cash and cash equivalents and deposits with banks are considered negligible, since the counterparties have high quality external credit ratings.

(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, term loans and direct assignment.

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The Company has also made sales through direct assignment route (off book) approximately 10% to 25% of assets under management. This further strengthens the liability management.

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	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
As at 31 March 2025								
Borrowings	71,618.00	84,605.60	55,615.51	1,60,938.51	1,35,503.02	2,65,618.82	63,754.76	-
Debt securities	2,383.03	2,500.00	5,671.19	19,358.33	41,029.52	34,033.33	35,809.92	-
Trade payables	-	-	-	6,726.54	-	-	-	-
Derivative financial liabilities	-	-	-	1,367.57	-	-	995.91	-
Lease liabilities (undiscounted)	32.58	32.59	32.64	98.29	197.38	708.21	200.07	11.03
Other financial liabilities	8,769.97	23.09	4,434.07	358.29	567.59	573.85	-	-
As at 31 March 2024								
Borrowings	56,963.84	39,182.93	51,896.09	1,66,930.82	1,43,139.93	2,79,222.75	26,066.78	-
Debt securities	2,996.06	4,500.00	27,671.19	20,768.33	32,139.52	47,392.38	5,904.97	-
Trade payables	-	-	-	13,588.16	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	298.65	-	-
Lease liabilities (undiscounted)	61.00	61.00	35.48	88.48	180.65	726.82	441.43	40.67
Other financial liabilities	5,892.48	325.41	4,481.83	762.96	762.48	716.52	-	-

Note:

- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

Also refer note 33B for detailed disclosure on Analysis of financial assets and liabilities by remaining contractual maturities

(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 foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. 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's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

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

Particulars	As at 31 March 2025	As at 31 March 2024
Fixed rate instruments		
Financial assets	6,47,371.53	6,84,001.17
Financial liabilities	2,82,577.36	3,72,622.57
Variable rate instruments		
Financial assets	4,41,348.95	4,12,912.31
Financial liabilities	6,95,862.18	5,32,153.03

Sensitivity analysis of interest rate - Increase/ decrease of 100 basis points

The Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were constant, the Company's profit before tax / equity would have changed by the following:

Loans extended by the Company are fixed and floating rate loans.

The sensitivity analysis have been carried out based on the exposure to interest rates for term loans from banks, debt securities and borrowings carried at variable rate

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Loans	4,413.49	(4,413.49)	3,411.54	(3,411.54)
Borrowings	(6,958.62)	6,958.62	(5,321.53)	5,321.53

(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

(v) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over trade receivables and
- For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower

Management monitors the market value of collateral and will request for additional collateral in accordance with the underlying agreement. In its normal course of business, the Company does not physically repossess assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

(vi) Technology risk

Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Company has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Company also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Company looks into all these aspects to protect the Company's technology and data assets, and ensure adequate preparedness to manage these risks.

37. Commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	800.00	800.00
Undrawn committed sanctions to borrowers	11,300.00	13,599.00

38. a) Contingent liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Claims against the Company not acknowledged as debt		
- Income tax related matters related to AY 2014-15 (Refer note 1)	256.00	256.00
- Income tax related matters related to AY 2017-18 (Refer note 2)	172.53	172.53

Notes:

- This litigation is related to disallowance of expenses incurred for earning exempt income for the AY 2014-15, which was partially allowed by the ITAT. The Company filed an appeal against this matter with High Court, Madras.
- This litigation is related to denying benefit of exemption of Income from securitisation investments under section 10(35A) of the Income Tax Act AY 2017-18. The Company filed an appeal against this matter with Commissioner of Income Tax Appeals.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- 3) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly no further provision has been created.
- 4) The Company has certain litigations pending with income tax authorities, and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable in the standalone financial statements.

b) Financial guarantee issued to third parties

Particulars	As at 31 March 2025	As at 31 March 2024
Guarantees outstanding	168.77	6,441.59

39. 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. Based on the information and records available with management and to the extent of confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year is furnished as under. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

Particulars	As at 31 March 2025	As at 31 March 2024
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.	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

40. Retirement Benefit Plan

I. Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the period aggregated to INR 903.92 lakhs (31 March 2024: INR 706.37 lakhs).

II. 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.

The Company have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company make annual contributions to gratuity funds established as trusts. The Company account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

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

A. Change in present value of obligations

Particulars	As at 31 March 2025	As at 31 March 2024
Present value of obligations at the beginning of the year	596.57	553.22
Current service cost	127.71	125.63
Interest cost	38.84	34.96
Past service cost	-	0.75
Benefits settled	(55.60)	(127.03)
Transfer out to subsidiary	(19.71)	-
Actuarial loss recognised in the other comprehensive income		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(35.02)	(50.45)
- Experience adjustment	101.70	59.49
Present value of obligations at the end of the year	754.49	596.57

B. Change in plan assets

Particulars	As at 31 March 2025	As at 31 March 2024
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/ (loss)	-	-
Employer contributions	55.60	127.03
Benefits paid	(55.60)	(127.03)
Fair value of plan assets at the end of the year	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

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

Particulars	As at 31 March 2025	As at 31 March 2024
Change in projected benefit obligation		
Present value of obligations at the end of the year	754.49	596.57
Fair value of plan assets	-	-
Net liability recognised in balance sheet	754.49	596.57
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	196.84	170.08
Non-current	557.65	426.49
	754.49	596.57

D. Expense recognised in statement of profit and loss

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Current service cost	127.71	125.63
Interest on obligation	38.84	34.96
Past service cost	-	0.75
Total included in statement of profit and loss	166.55	161.34

E. Remeasurements recognized in other comprehensive income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Actuarial loss on defined benefit obligation	66.68	9.04
Total included in other comprehensive income	66.68	9.04

F. Assumptions at balance sheet date

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Discount rate	6.34%	6.95%
Salary escalation	8.00%	8.00%
Mortality rate	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2012 -14)
Attrition rate	38.10%	32.00%
Estimated average future working life	2.60	3.10

Notes:

- The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

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:

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	736.10	(773.93)	579.60	(614.61)
Future salary growth (1% movement)	776.93	(732.89)	617.02	(576.99)
Attrition rate (1% movement)	747.13	(762.11)	591.33	(601.98)

Additional disclosures required under Ind AS 19

Particulars	As at 31 March 2025	As at 31 March 2024
Average duration of defined benefit obligation (in years)	3.20	3.62
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	209.32	152.33
Year 2	179.23	126.51
Year 3	145.18	100.35
Year 4	124.85	91.79
Year 5	85.55	81.32
Next 5 years	135.70	161.42
Exected benefit payments for the next annual reporting year	209.32	152.33

III. Other long term employee benefits

The Company permits encashment of compensated absences accumulated by their employees on retirement. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences. The liability for compensated absences as at 31 March 2025 is INR 695.42 lakh and as at 31 March 2024 was INR 505.37 lakh.

Assumptions:

Particulars	As at 31 March 2025	As at 31 March 2024
Discount rate	6.34%	6.95%
Future salary increases	8.00%	8.00%

IV. Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Demographic risks

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligations depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward.



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Change in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Life expectancy

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

41. Share Based Payments

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on 07 October 2016 and by the members in the Extra Ordinary General Meeting held on 07 October 2016.

41.1 The Company has an cash settled share based payments scheme, under which grants were made as per details provided below:

Northern Arc Capital Employee Stock Option Scheme 2016 – “Scheme II”

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued in seventeen tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Employee Stock Option Scheme 2023 – “Scheme- II B”

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on 9th September 2021. The exercise price is INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2018 – “Scheme III”

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries. The options were issued in five tranches. The exercise price ranging between INR 10 to INR 275. The options are vested over a period of 3 years in 30:30:40. proportion

Northern Arc Capital Employee Stock Option Scheme 2022 – “Scheme- IV”

The Northern Arc Capital Employee Stock Option Scheme 2022 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on 21st July, 2021 . The exercise price is INR 324 price per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

Northern Arc Capital Employee Stock Option Scheme 2023 – “Scheme- IVB”

The Northern Arc Capital Employee Stock Option Scheme 2023 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on five tranches. The exercise price is 275 per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

41.2 Options outstanding under Scheme I, Scheme II, Scheme IIB, Scheme III, Scheme IV and Scheme IVB

Particulars	As at 31 March 2025				
	Scheme II Various	Scheme IIB 13-Sep-23	Scheme III Various	Scheme IV Various	Scheme IV B Various
Plan					
Grant date					
Number of options	13,16,500	2,18,000	6,23,501	9,68,000	25,40,000
Exercise price in INR	110 to 275	275	10 to 275	324	275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45
Weighted average exercise price in INR	149.50	275.00	174.28	324.00	275.00
Weighted average remaining contractual life (in years)	0.22	5.00	0.20	0.40	1.49
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90
Vesting condition	Time based vesting				

Particulars	As at 31 March 2024				
	Scheme II Various	Scheme IIB 13-Sep-23	Scheme III Various	Scheme IV 13-Sep-23	Scheme IV B Various
Plan					
Grant date					
Number of options	15,03,000	2,79,500	8,32,254	1,50,000	21,60,000
Exercise price in INR	110 to 275	275	10 to 275	324	275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45
Weighted average exercise price in INR	147.01	275.00	172.71	324.00	275.00
Weighted average remaining contractual life (in years)	0.22	5	0.20	0.40	1.49
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90
Vesting condition	Time based vesting				

41.3 Reconciliation of outstanding options

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

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	216.84	49,24,754	173.95	32,85,984
Add: Granted during the year	303.03	14,08,000	263.89	24,40,000
Less: Forfeited during the year	218.66	3,96,787	196.01	3,72,603
Less: Exercised during the year and allotted	132.97	2,37,466	140.34	3,54,127
Less: Exercised during the year but not allotted	119.51	32,500	112.43	74,500
Outstanding as at end of year	243.13	56,66,001	216.84	49,24,754
Amount expended of in Statement of Profit and Loss (in Rs. Lakhs)		1,303.88		1,735.92

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

41.4 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 Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
Dividend yield	0.00%	0.00%
Historical Volatility Estimate	39.33% - 39.61%	34.41% - 45.13%
Risk free interest rate	6.87% - 7.07%	6.96% - 7.11%
Expected life of the option (in years)	3.00	1.07 - 3

42. Related party disclosures

Related party relationships and transactions:

Particulars	Name of Related Party
(i) Subsidiaries	Northern Arc Investment Adviser Services Private Limited Northern Arc Investment Managers Private Limited Northern Arc Foundation IFMR Fimpact Long term credit fund (upto 21 November 2023) Pragati Finserv Private Limited Northern Arc Capital Employee Welfare Trust Northern Arc Securities Private Limited (incorporated w.e.f 23 February 2023)
(ii) Associate	Finreach Solutions Private Limited IFMR Fimpact Long term credit fund (w.e.f 22 November 2023 till 12 January 2024) Northern Arc Emerging Corporates Bond Trust (w.e.f 4 April 2022 upto 26th April 2023 and w.e.f 26 February 2025)
(ii) Key Managerial Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director & CEO Mr. Atul Tibrewal, Chief Financial Officer Ms. Bama Balakrishnan Executive Director and Chief Operating Officer (upto 13 November 2023) Mrs. Srividhya, Company Secretary (upto 20 November 2023) Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024) Mr.Prakash Chandra Panda, Company Secretary (w.e.f 23 April 2024)
(iii) Director and relative of Key Management Personnel / Director	Ms. Kshama Fernandes , Non - Executive Director Mr. Ashutosh Arvind Pednekar - Independent director Mr. Amit Mehta -Nominee Director (upto 2 May 2022) Mr. P S Jayakumar - Independent director Ms. Anuradha Rao - Independent director Mr. Michael Jude Fernandes - Nominee director Mr. Vijay Chakravarthi Nallan - Nominee director Mr Arunkumar Nerur Thiagarajan - Independent director Mr.T.S. Anantharaman - Nominee director (w.e.f. 9 February 2023) Mr. Samir Shah - Nominee Director (upto 28 December 2022)

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

A. Transactions during the Year :

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Northern Arc Investment Managers Private Limited		
Fee Income	368.48	404.12
Reimbursement of expenses (net of GST)	74.03	130.10
Interest income	624.68	363.07
Loans given	3,421.77	14,176.97
Receipt of money on ESOP receivable	37.42	170.30
Loans repaid	13,226.02	4,526.27
Sale of Investments	-	10,868.76
Northern Arc Investment Adviser Services Private Limited		
Expenses incurred by the Company on behalf of Northern Arc Investment Adviser Services Private Limited	2.21	20.22
Expenses incurred by the Northern Arc Investment Adviser Services Private Limited on behalf of Company	27.17	30.87
Pragati Finserv Private Limited		
Servicer fee	5,530.32	9,632.25
Expenses incurred by the Company on behalf of Pragati	-	12.44
Expenses incurred by the Pragati on behalf of Company	-	17.26
Advances given	2,200.00	-
Northern Arc Foundation		
Contribution to CSR	609.07	313.00
Expenses incurred by the Company on behalf of NAF	4.09	-
Reimbursement of expenses	38.13	-
IFMR Fimpace Long term credit fund (upto 21 November 2023)		
Reimbursement of expenses	-	403.03
Transfer of surplus	-	659.05
IFMR Fimpace Long term credit fund (w.e.f 22 November 2023 till 12 January 2024)		
Reimbursement of expenses	-	50.00
Transfer of surplus	-	103.45
Northern Arc Emerging Corporates Bond Trust (w.e.f 4 April 2022 upto 26th April 2023 and w.e.f 26 February 2025)		
Investments in Alternate Investment Funds	26,000.00	-
Application money transferred pending allotment	1,500.00	-
Transfer of surplus	-	39.35
Finreach Solutions Private Limited		
Investments	-	449.13
Guarantee Management Service Fee	2.84	17.27
Northern Arc Securities Private Limited (incorporated w.e.f 23 February 2023)		
Investments	100.00	50.00
Ms. Kshama Fernandes , Non - Executive Director		
Commission	-	65.00
Sitting fees	22.00	15.50
Ms. Bama Balakrishnan Executive Director and Chief Operating Officer (upto 13 November 2023)		
Short-term employee benefits		
- Remuneration and other benefits *	-	268.46
Post employment benefits	-	61.84
Receipt of money on issue of shares	-	55.00



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Mr. P S Jayakumar - Independent director		
Commission	154.00	90.00
Sitting Fees	25.00	19.00
Mrs. Srividhya, Company Secretary (upto 20 November 2023)		
Short-term employee benefits		
- Remuneration and other benefits *	-	41.00
Receipt of money on issue of shares	-	18.70
Share based payments	-	0.60
Post employment benefits	-	17.63
Advances given	-	4.00
Advances repaid	-	4.00
Mr. Atul Tibrewal, Chief Financial Officer		
Short-term employee benefits		
- Remuneration and other benefits *	293.94	190.60
Share based payments	57.19	57.19
Mr. Ashutosh Pednekar - Independent director		
Sitting Fees	23.00	16.50
Ms. Anuradha Rao - Independent director		
Sitting Fees	29.00	22.50
Mr Arunkumar Nerur Thiagarajan - Independent director		
Sitting Fees	21.50	17.50
Mr. Vijay Chakravarthi Nallan - Nominee director		
Sitting Fees	2.50	-
Mr. Michael Jude Fernandes - Nominee director		
Sitting Fees	4.50	-
Mr. T.S. Anantharaman - Nominee director (w.e.f. 9 February 2023)		
Sitting Fees	3.50	-
Mr. Ashish Mehrotra, Managing Director & CEO		
Short-term employee benefits		
- Remuneration and other benefits *	885.38	542.95
Share based payments	812.52	812.52
Receipt of money on issue of shares	-	210.00
Mr.Prakash Chandra Panda, Company Secretary (w.e.f 23 April 2024)		
Short-term employee benefits		
- Remuneration and other benefits *	33.31	-
Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024)		
Short-term employee benefits		
- Remuneration and other benefits *	1.20	5.86
Advances	0.25	0.25

* Amount attributable to post employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation. Amount excludes transfer from share based payment reserve to securities premium on exercise of employee stock options.

Notes to the Standalone Financial Statements

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

B. Balances as at year end:

Particulars	As at 31 March 2025	As at 31 March 2024
Northern Arc Investment Adviser Services Private Limited		
Equity share capital	127.80	127.80
ESOP Receivable	-	24.96
Northern Arc Investment Managers Private Limited		
Equity share capital	361.00	361.00
ESOP Receivable	1.29	37.49
Loans	-	10,098.30
Advances#	201.94	225.85
Trade payable#	19.71	58.50
Northern Arc Foundation		
Equity share capital	1.00	1.00
Advances	0.91	34.91
CSR Contribution payable	38.14	-
Pragati Finserv Private Limited		
Equity share capital	2,253.40	2,253.40
Other receivables	2,438.70	14.68
Other advances	1,178.34	768.20
Servicer fee payable	-	1,107.78
Finreach Solutions Private Limited		
Investments	843.53	843.53
Trade Payables	-	0.37
Northern Arc Securities Private Limited (incorporated w.e.f 23 February 2023)		
Equity share capital	250.00	150.00
Advances	5.94	9.00
Northern Arc Emerging Corporates Bond Trust (w.e.f 4 April 2022 upto 26th April 2023 and w.e.f 26 February 2025)		
Investments in Alternate Investment Funds	26,730.50	-
Mr. Ashish Mehrotra, Managing Director & CEO		
Provision for share based payment	994.79	994.79
Advances	10.32	10.32
Mr. P S Jayakumar - Independent director		
Commision Payable	-	22.50
Mrs. Srividhya, Company Secretary (upto 20 November 2023)		
Provision for share based payment	-	151.79
Advances	-	4.00
Mr. Atul Tibrewal, Chief Financial Officer		
Provision for share based payment	151.79	151.79
Advances	4.00	4.00
Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024)		
Advances	0.25	0.25

Notes:

- The Company's related party transactions during the year ended 31 March 2025 and 31 March 2024 and outstanding balances as at 31 March 2025 and 31 March 2024 are with its subsidiaries with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

43. The details of the investments held by the Company in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	As at 31 March 2025		As at 31 March 2024	
	Purchases	Redemption *	Purchases	Redemption *
IFMR Fimpect Long Term Credit Fund	-	-	-	7,560.49
Northern Arc Money Market Alpha Trust Fund	-	-	4,595.59	1,11,489.96
Northern Arc India Impact Fund	-	-	-	6,317.09
Northern Arc Income Builder (Series II) Fund	-	-	-	2,681.36
Northern Arc Emerging corporates Bond Fund	24,639.32	-	-	2,500.00

* represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	Year ended 31 March 2025	Year ended 31 March 2024
IFMR Fimpect Long Term Credit Fund	5.05	332.21
Northern Arc Money Market Alpha Trust Fund	-	7.06
Northern Arc India Impact Fund	-	35.13
Northern Arc Income Builder (Series II) Fund	-	275.59
Northern Arc Emerging corporates Bond Fund	348.34	221.87

Outstanding balances (Investment) at carrying value

Fund	As at 31 March 2025		As at 31 March 2024	
	Units**	Carrying value	Units**	Carrying value
IFMR Fimpect Long Term Credit Fund #	208.68	-	208.68	-
Northern Arc Emerging corporates Bond Fund	24,639.32	26,730.50	-	-

** The units disclosed are in absolute figures

44. Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

Type of hedge risks	As at 31 March 2025						
	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	1,18,160.27	5,184.09	995.91	15 November 2025 to 28 February 2030	(969.46)	969.46	Borrowings (other than debt securities)
Forward contract	1,650.95	-	1,367.57	22-Sep-25	(1,421.69)	1,421.69	Borrowings (other than debt securities)
Fair value hedge							
Overnight Indexed swap	59,325.00	292.46	-	15 December 2026 to 21 September 2027	320.93	(320.93)	- Debt securities - Borrowings (other than debt securities)

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Type of hedge risks	As at 31 March 2024						
	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	84,256.90	5,346.17	188.53	November 15, 2025 to September 15,2026	(572.32)	572.32	Borrowings (other than debt securities)
Forward contract	1,396.54	54.12	-	September 29, 2024	54.12	(54.12)	Borrowings (other than debt securities)
Fair Value hedge							
Overnight Indexed swap	59,325.00	81.65	110.12	December 15, 2026 to September 21, 2027	(175.75)	175.75	- Debt securities - Borrowings (other than debt securities)

b) Disclosure of effects of hedge accounting on statement of profit and loss:

Type of Hedge	As at 31 March 2025			
	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(969.46)	-	-	NA
Forward Contract	(1,421.69)	-	-	NA

Type of Hedge	As at 31 March 2025			
	Change in value of the hedging instrument recognised in statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed swap	320.93	-	-	

Type of Hedge	As at 31 March 2024			
	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(572.32)	-	-	NA
Forward Contract	54.12	-	-	NA

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for the year ended 31 March 2025

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

Type of Hedge	As at 31 March 2024			
	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed swap	(175.75)	-	-	NA

45. Segment reporting

Operating segments

The Company's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees. 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.

Information about major customers

The Company operates in a single business segment i.e. financing, which has similar risks and returns taking into account the organisational structure and the internal reporting systems. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in year ended 31 March, 2025 or 31 March, 2024. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

46. Balance sheet disclosure as required under Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

The disclosures in note from 46A to 80 are made pursuant to Reserve Bank of India Master Direction DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, as updated, to the extent applicable to the Company.

46A Gold loan portfolio

The Company has not provided loan against security of gold during the year ended 31 March 2025 and year ended 31 March 2024.

47. Capital adequacy ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Tier I Capital	3,21,918.68	2,05,781.74
Tier II Capital	17,086.42	2,152.68
Total Capital	3,39,005.10	2,07,934.42
Total Risk Assets	13,71,302.14	11,38,683.23
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	23.48%	18.07%
Tier II Capital as a percentage of Total Risk Assets (%)	1.24%	0.19%
Total Capital (%)	24.72%	18.26%

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

48. Investments

Particulars	As at 31 March 2025	As at 31 March 2024
Value of investment		
Gross value of investments		
- In India	1,95,682.05	1,65,268.61
- Outside India	-	-
Provision for Depreciation		
- In India	-	-
- Outside India	-	-
Net value investments		
- In India	1,95,682.05	1,65,268.61
- Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	1.21
Add: Provisions made during the year	-	-
Less: Write off/ write back/ reversal of provision during the year	-	(1.21)
Closing balance	-	-

49. Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

S No	Particulars	As at 31 March 2025	As at 31 March 2024
i)	The notional principal of swap agreements / forward cover / overnight indexed swap	1,79,136.22	1,44,978.44
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
iii)	Collateral required by the Company upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	NA	NA
v)	The fair value of the swap book (Asset / (Liability))	3,113.07	5,183.29

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative in the current year and in the previous year.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

- The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures

S No	Particulars	As at 31 March 2025		As at 31 March 2024	
		Currency Derivatives*	Interest Rate Derivatives#	Currency Derivatives*	Interest Rate Derivatives#
i)	Derivatives (Notional Principal Amount)	1,19,811.22	59,325.00	85,653.44	59,325.00
	- For hedging				
ii)	Marked to Market Positions	5,184.09	292.46	5,400.29	81.65
	(a) Asset [+] Estimated gain				
	(b) Liability [-] Estimated loss	(2,363.48)	-	(188.53)	(110.12)
iii)	Credit exposure	1,19,811.22	59,325.00	85,653.44	59,325.00
iv)	Unhedged exposures	-	-	-	-

* Cross currency index rate swap and Forward Contracts

Overnight indexed swap

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

50. Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities:

As at 31 March 2025

Particulars	1 - 7 Days	8 - 14 days	15 - 31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	65,974.82	6,363.30	24,200.80	85,166.79	88,802.58	1,73,561.33	2,30,748.53	3,05,753.54	25,416.52	51,249.57	10,57,237.78
Investments	4,655.56	250.41	15,249.31	8,493.20	11,541.87	24,676.52	53,569.81	47,703.87	25,693.59	3,847.91	1,95,682.05
Borrowings	12,135.72	333.33	61,531.98	78,901.92	57,982.54	1,73,815.39	1,60,654.22	2,71,590.73	50,661.44	-	8,67,607.27
Foreign Currency Liabilities	-	-	-	8,203.68	3,304.17	6,481.45	15,878.33	28,061.42	48,903.22	-	1,10,832.27

As at 31 March 2024

Particulars	1 - 7 Days	8 - 14 days	15 - 31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	67,582.77	6,998.31	31,368.35	77,274.08	65,272.50	1,48,242.64	1,85,805.70	2,78,198.37	46,720.47	23,524.32	9,30,987.51
Investments	876.36	162.38	2,319.50	4,043.24	7,483.35	29,627.63	46,938.75	58,869.74	11,209.96	3,737.69	1,65,268.60
Borrowings	21,176.38	6,365.05	32,418.43	36,963.72	76,263.12	1,81,217.70	1,59,401.13	2,82,985.85	23,648.81	-	8,20,440.19
Foreign Currency Liabilities	-	-	-	6,719.21	3,304.17	6,481.45	15,878.33	43,629.27	8,322.98	-	84,335.41

51. Disclosures in respect of fraud as per the Master Direction DNBS, PPD.01/66.15.001/2016-17, dated September 29, 2016

Particulars	Less than INR 1 Lakhs		More than INR 1 Lakhs and less than INR 25 Lakhs		Above 25 Lakhs		Total	
	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs
Person involved								
Staff	-	-	24.00	74.08	1.00	36.32	25.00	110.40
Outsiders	1.00	0.43	3.00	7.34	-	-	4.00	7.77
Total	1.00	0.43	27.00	81.42	1.00	36.32	29.00	118.17
Type of fraud:								
Cash Mishandling	-	-	24.00	74.08	1.00	36.32	25.00	110.40
Others	1.00	0.43	3.00	7.34	-	-	4.00	7.77
Total	1.00	0.43	27.00	81.42	1.00	36.32	29.00	118.17

Notes to the Standalone Financial Statements

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

52. Public disclosure on Liquidity Risk

Particulars	No. of Significant counterparties	Amount (in Lakhs)	% of Total Liability
(i) Funding concentration based on significant counterparty (borrowings)	26	8,62,831.11	85.33%

Note

"Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

Total Liabilities has been computed as Total Assets less Total Equity.

Particulars	Amount (in Lakhs)	% of Total Deposits
(ii) Top 20 large deposits (amount in Rs. Lakhs and % of the deposits)	NA	NA

Particulars	Amount (in Lakhs)	% of Total Borrowings
(iii) Top 10 borrowings (amount in Rs. Lakhs and % of the total borrowings)	3,63,388.38	35.94%

Name of Instrument/project	Amount (in Lakhs)	% of Total Liability
(iv) Funding Concentration based on significant instrument/product		
Term Loan from Banks	6,98,032.34	69.03%
Term Loan from Others	11,691.92	1.16%
Borrowings under securitisation	7,262.66	0.72%
ECBs	1,10,832.27	10.96%
Commercial Paper	16,821.12	1.66%
Debentures	1,23,964.20	12.26%

Note

"Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Total Liabilities has been computed as Total Assets less Total Equity.

Name of Instrument/project	Percentage
(v) Stock Ratios	
Commercial papers as a % of total public funds	1.73%
Commercial papers as a % of total liabilities	1.66%
Commercial papers as a % of total asset	1.25%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA
Non-convertible debentures (original maturity of less than one year) as a % of total asset	NA
Other short term liabilities as a % of total public funds	2.39%
Other short term liabilities as a % of total liabilities	2.29%
Other short term liabilities as a % of total asset	1.72%

Note

Other short term liabilities have been computed as a sum of trade payables, other financial liabilities and other non-financial liabilities which have a maturity of within 12 months

Total Liabilities have been computed as Total Assets less Total Equity.

Total assets represents total assets as per the Balance Sheet netted off by intangible assets.

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for the year ended 31 March 2025

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

53. Exposure to Real estate sector

Particulars	As at 31 March 2025	As at 31 March 2024
A. Direct Exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,02,165.24	53,826.72
ii. Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	10,920.00	7,392.53
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a) Residential	-	-
b) Commercial Real Estate	-	-
B Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total	1,13,085.24	61,219.25

54. Exposure to capital market

Particulars	As at 31 March 2025	As at 31 March 2024
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	3,836.73	3,736.73
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's/ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	409.51	752.51
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources ;	-	-
(vii) Bridge loans to companies against expected equity flows / issues ;	-	-
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	26,730.50	-
(iii) Category III	-	-
Total	30,976.74	4,489.24

Notes to the Standalone Financial Statements

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

55. Disclosures relating to Securitisation

Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

Particulars	As at 31 March 2025	As at 31 March 2024
i No of SPVs sponsored by the NBFC for securitisation transactions	2	3
ii Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	7,262.66	28,539.53
iii Total amount of exposures retained by the NBFC to comply with the Minimum Retention Ratio (MRR) as on the date of the balance sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss	1,829.13	2,607.69
* Others - over collateral	1,483.10	2,920.45
iv Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
* First loss	1,260.59	1,859.49
* Others - corporate guarantee	-	-
ii) Exposure to third party securitisations		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
* First loss - cash collateral	-	-
* Others	-	-
ii) Exposure to third party securitisations		
* First loss	-	-
* Others	-	-
v Sale consideration received for securitised assets and gains or loss on account of sale of securitisation	20,120.45	30,660.96
vi Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc	-	-
vii Performance of facility provided (Credit Enhancement)		
(a) Amount Paid	-	-
(b) Repayment received	-	-
(c) Outstanding Amount	4,572.83	7,387.63
viii Average default rate of portfolios observed in the past	1.96%	1.96%
ix Amount and number of additional/top up loan given on same underlying asset		
- Amount (lakhs)	-	-
- Number	-	-
x Investor Complaints		
(a) Directly/Indirectly received	-	-
(b) Complaints Outstanding	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

56. Details of financial assets purchases / sold

Details of loans transferred/ acquired during the year ended 31 March 2025 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below

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

Particulars	Loan Participation	Transferred	Acquired	
			Retail	Non Retail
Aggregate amount of loans transferred/ acquired through assignment	-	81,746.19	25,708.77	-
Number of loans	-	1,78,211.00	63,742.00	-
Sale consideration	-	73,571.57	-	-
Number of transactions	-	7.00	8.00	-
Weighted average maturity (in years)	-	2.35	3.00	-
Weighted average holding period (in years)	-	0.82	0.90	-
Retention of beneficial economic interest by originator	-	0.10	0.10	-
Tangible security coverage	-	-	-	-
Rating-wise distribution of related loans	-	-	-	-

57. Details of financing of Parent Company products

Not applicable as the company does not have a Parent Company.

58. Details of Single Borrower Limits (SBL)/ Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower / group borrowers limit as set by Reserve Bank of India for the year ended 31 March 2025 and 31 March 2024.

59. Advances against Intangible Securities

The Company has not given any loans against intangible securities such as rights, licenses, authoriteis etc. as collateral securities hence this disclosure is not applicable.

60. Registration/ licence/ authorisation obtained from other financial sector regulators :

Particulars	Authority issuing the registration / license	Registration / Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00430 dated March 8, 2018 (Original certificate dated August 8, 2013)
Company Identification Number	Ministry of Corporate Affairs	U65910TN1989PLC017021
Certificate of PFRDA	Pension Fund Regulatory and Development Authority	39092018 Dated 28th February 2020
Certificate of IRDAI	Insurance Regulatory and Development Authority	CA09'51 Dated 14th June 2024

61. Penalties imposed by RBI and other regulators

No other penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2025 except for an amount of INR 4.46 lacs levied by BSE . (FY 2023-24 - Nil)

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

62. Ratings

The Credit Analysis & Research Limited (CARE), India Ratings & Research (IND) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Particulars	Rating agency	As at 31 March 2025	As at 31 March 2024
Bank facilities	ICRA	AA-	A1+
Non-convertible debentures - long term	ICRA	AA-	AA-
Non-convertible debentures - long term	IND	AA-	AA-
Market linked debentures	ICRA	NA*	PP-MLD AA-
Commercial paper	CARE	A1+	A1+
Commercial paper	ICRA	A1+	A1+

*Withdrawn during the year

63. Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)

Particulars	As at 31 March 2025	As at 31 March 2024
Loss allowance on financial assets (Impairment on financial instruments) (net off recoveries)	37,852.62	12,313.52
Provision made towards current income taxes	16,170.32	10,189.07
Other provisions (refer note 17)*	1,449.91	1,101.94

*Includes provision for gratuity and provision for compensated absences

64. Draw down from reserves

The Company has not made any drawdown from existing reserves.

65. Concentration of advances

Particulars	As at 31 March 2025	As at 31 March 2024
Total advances to twenty largest borrowers	1,86,641.72	2,12,080.54
Percentage of advances to twenty largest borrowers to total advances	17.65%	21.34%

66. Concentration of exposures

Particulars	As at 31 March 2025	As at 31 March 2024
Total exposure to twenty largest borrowers	2,39,101.45	2,51,518.78
Percentage of exposures to twenty largest borrowers to total exposure	18.60%	22.37%

67. Concentration of NPA Contracts*

Particulars	As at 31 March 2025	As at 31 March 2024
Total exposure to top four NPA accounts	4,056.28	2,791.60

* represents stage 3 contracts (net of write offs).

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

68. Sector-wise NPAs (Percentage of NPA's to total advances in that sector)

Particulars	As at 31 March 2025			As at 31 March 2024		
	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector
Agriculture & allied activities	-	-	0.00%	-	-	0.00%
Industry:						
MSME	-	-	0.00%	-	-	0.00%
Corporate borrowers	6,36,306.54	3,935.60	0.62%	6,50,601.29	2,845.37	0.44%
Services	-	-	0.00%	-	-	0.00%
Personal Loans:						
Auto loans	29.55	19.43	65.76%	2,624.92	224.65	8.56%
Unsecured personal loans	4,33,520.68	1,640.16	0.38%	3,68,620.82	1,312.11	0.36%
Other personal loans	1,47,396.66	7,187.45	4.88%	79,020.64	765.52	0.97%

Note: 1

NPA represents the stage 3 contracts (net of write offs).

69. Movement of Non-Performing Assets (NPA's)

Particulars	As at 31 March 2025	As at 31 March 2024
(a) Net NPAs to net advances (%)	0.39%	0.09%
(Net of provision for NPAs)		
(b) Movement of gross NPAs		
Opening balance	5,202.82	6,702.48
Additions during the year	68,510.06	30,788.28
Reductions during the year	-	-
Written off during the year	(60,930.24)	(32,287.94)
Closing balance	12,782.64	5,202.82
(c) Movement of net NPAs		
Opening balance	960.59	3,496.17
Additions / (reduction) during the year	3,956.92	(2,535.58)
Closing balance	4,917.51	960.59
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
Opening balance	4,242.23	3,206.31
Additions during the year	64,553.14	33,323.86
Reductions during the year	-	-
Written off during the year	(60,930.24)	(32,287.94)
Closing balance	7,865.13	4,242.23

Note : NPA represents financial instrument classified as stage 3 (net of write offs) and the NPA provision represents the loss allowance on stage 3 assets.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

69A Movement of provisions held towards off-balance sheet exposure

Particulars	As at 31 March 2025	As at 31 March 2024
Opening balance	1,680.83	1,779.41
Add: Provisions made during the year	82.60	508.45
Less: Write off/ write back/ reversal of provision during the year	(1,634.98)	(607.03)
Closing balance	128.45	1,680.83

Note : The above disclosure also includes the loss allowance towards undrawn loans.

70. Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no subsidiaries abroad and no overseas assets owned by the company hence this disclosure is not applicable

71. Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms hence this disclosure is not applicable.

72. Complaints

Particulars	As at 31 March 2025	As at 31 March 2024
A. Complaints received by the NBFC from its customers		
1. No. of complaints pending at the beginning of the year	1	-
2. No. of complaints received during the year	938	91
3. No. of complaints disposed during the year	810	90
3.1. Of which, No. of complaints rejected by the NBFC	-	-
4. No. of complaints pending at the end of the year	129	1
B. Maintainable complaints received by the NBFC from Office of Ombudsman		
5. No. of maintainable complaints received by the NBFC from Office of Ombudsman	186	159
5.1. Of 5, No. of complaints resolved in favour of the NBFC by Office of Ombudsman	176	154
5.2. Of 5, No. of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5.3. Of 5, number of complaints resolved after passing of awards by office of Ombudsman against the NBFC	-	-
6. No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Top five grounds of complaints received by the Company from customers

For the Year ended 31 March 2025

Grounds of Complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
1. CIBIL related	-	761	795%	3	-
2. Loans and Advances- Dues and Charges	-	214	146%	3	-
3. Application realted	-	6	200%	-	-
4. Closure & NOC related	-	41	486%	-	-
5. Staff Interaction / Collection related	-	94	77%	-	-
6. Others	-	8	-50%	-	-
Total	-	1,124	350%	6	-

For the Year ended 31 March 2024

Grounds of Complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
1. CIBIL related	-	85	2%	-	-
2. Loans and Advances- Dues and Charges	-	87	47%	-	-
3. Application realted	-	2	-33%	-	-
4. Closure & NOC related	-	7	133%	-	-
5. Staff Interaction / Collection related	-	53	2550%	-	-
6. Others	-	16	100%	-	-
Total	-	250	58%	-	-

73. Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at 31 March 2025	As at 31 March 2024
Loans and advances in the nature of loans to subsidiaries	-	10,098.31
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	30,578.06

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

74. Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of an exclusive hypothecation of loans, investment in pass through certificates and investment in debentures.

75. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

As at 31 March 2025

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	10,83,839.82	22,837.55	10,61,002.27	4,335.36	18,502.19
	Stage 2	23,922.68	5,903.88	18,018.80	95.69	5,808.19
Subtotal for Standard		11,07,762.50	28,741.43	10,79,021.07	4,431.05	24,310.38
Non Performing Assets (NPA)						
Substandard	Stage 3	10,058.97	6,839.33	3,219.64	1,005.90	5,833.43
Doubtful - upto 1 year	Stage 3	19.43	19.06	0.37	5.83	13.23
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,078.40	6,858.39	3,220.01	1,011.73	5,846.66
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,23,777.75	659.44	1,23,118.31	495.11	164.33
	Stage 2	70.37	21.49	48.88	0.28	21.21
	Stage 3	1,456.95	1,006.74	450.21	145.70	861.04
Subtotal		1,25,305.07	1,687.67	1,23,617.40	641.09	1,046.57
Total	Stage 1	12,07,617.57	23,496.99	11,84,120.58	4,830.47	18,666.52
	Stage 2	23,993.05	5,925.37	18,067.68	95.97	5,829.40
	Stage 3	11,535.35	7,865.13	3,670.22	1,157.43	6,707.70
		12,43,145.97	37,287.49	12,05,858.48	6,083.87	31,203.62

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

As at 31 March 2024

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	9,76,312.25	6,846.64	9,69,465.61	3,905.25	2,941.39
	Stage 2	12,199.57	1,744.40	10,455.17	48.80	1,695.60
Subtotal for Standard		9,88,511.82	8,591.04	9,79,920.78	3,954.05	4,636.99
Non Performing Assets (NPA)						
Substandard	Stage 3	4,937.46	3,983.15	954.31	493.75	3,489.40
Doubtful - upto 1 year	Stage 3	42.37	41.41	0.96	8.47	32.94
1 - 3 years	Stage 3	167.82	164.05	3.77	50.35	113.70
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		5,147.65	4,188.61	959.04	552.57	3,636.04
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,02,841.03	331.76	1,02,509.27	-	331.76
	Stage 2	419.77	1,503.00	(1,083.23)	-	1,503.00
	Stage 3	53.46	53.46	-	-	53.46
Subtotal		1,03,314.26	1,888.22	1,01,426.04	-	1,888.22
Total	Stage 1	10,79,153.28	7,178.40	10,71,974.88	3,905.25	3,273.15
	Stage 2	12,619.34	3,247.40	9,371.94	48.80	3,198.60
	Stage 3	5,201.11	4,242.07	959.04	552.57	3,689.50
		10,96,973.73	14,667.87	10,82,305.86	4,506.62	10,161.25

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March 2025 and accordingly, no amount is required to be transferred to impairment reserve.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

76. Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (Pursuant to Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023:

Particulars	As at 31 March 2025		As at 31 March 2024	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1 Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured (net of unamortised borrowing cost)	1,23,964.20	-	98,448.85	-
- Unsecured (net of unamortised borrowing cost)	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans (net of unamortised borrowing cost)	7,62,824.95	-	6,62,187.79	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	16,821.12	-	42,923.61	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (net of unamortised borrowing cost)*	74,829.27	-	1,01,215.35	-
* It includes working capital demand loans and cash credit from banks and includes borrowings under securitization.				
2 Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures		-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Particulars	As at 31 March 2025	As at 31 March 2024
Assets side:		
3 Break-up of Loans and Advances * including Bills Receivables [other than those included in (4) below]:		
(a) Secured	6,02,825.54	5,18,543.27
(b) Unsecured	4,80,928.43	4,23,088.07
(Excludes loss allowance and includes unamortised fee)		
4 Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i) Lease Assets including Lease Rentals Accrued and Due:		
a) Financial Lease	-	-
b) Operating Lease	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Particulars	As at 31 March 2025	As at 31 March 2024
(ii) Stock on Hire including Hire Charges under Sundry Debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC Activities		
a) Loans where Assets have been Repossessed	-	-
b) Loans other than (a) above	-	-
5 Break-up of Investments (net of provision for diminution in value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and bonds	46,065.84	26,775.23
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) commercial paper	-	-
II. Unquoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	28,763.43	16,196.09
iii. Units of Mutual Funds	-	-
iv. Government Securities	10,486.71	12,121.16
v. Others		
a) pass through certificates	11,415.20	2,996.80
b) units of alternative investment fund	-	-
c) commercial paper	25,519.11	-
Long Term Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	32,391.08	64,833.97
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares		
a) Equity	3,836.73	3,736.73
b) Preference	-	-
ii. Debentures and Bonds	7,289.80	35,832.04
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	3,182.69	2,775.63
b) units of alternative investment fund	26,730.50	-
c) share warrants	0.96	0.96

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:

Category	As at 31 March 2025 (Net of provision for NPA)		As at 31 March 2024 (Net of provision for NPA)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	-	-	10,098.31
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	5,81,833.84	4,75,403.94	5,15,247.73	4,11,989.45
	5,81,833.84	4,75,403.94	5,15,247.73	4,22,087.76

7 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)

Category	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2025	Book Value as on 31 March 2025 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2024	Book Value as on March 31, 2024 (Net of provisions)
1. Related Parties				
(a) Subsidiaries	2,993.20	2,993.20	2,893.20	2,893.20
(b) Companies in the same Group	27,574.03	27,574.03	843.53	843.53
(c) Other related parties	-	-	-	-
2. Other than related parties	1,65,114.82	165,114.82	1,61,531.88	1,61,531.88
	1,95,682.05	195,682.05	1,65,268.61	1,65,268.61

8 Other Information

Particulars	As at 31 March 2025		As at 31 March 2024	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets	-	12,782.64	-	5,202.82
(ii) Net Non-Performing Assets	-	4,917.51	-	960.59
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

Note : NPA contracts represents the Stage 3 contracts (net of write offs). Also this excludes the impact of the fair value changes on the financial assets.

8.1 Remuneration to non-executive directors

The Company has incurred commission of INR 154.00 Lakhs and sitting fee of INR 131.00 lakhs during the year ended 31 March 2025 (31 March 2024: commission - INR 155.50 lakhs; sitting fee - INR 91.00 lakhs)

8.2 Related Party Transaction

Details of all transactions with related parties are disclosed in Note 42.

8.3 Net Profit or Loss for the period, prior period items and changes in accounting policies

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

8.4 Revenue Recognition

There are no prior period items that have impact on the current year's profit and loss.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

77. Disclosure Pursuant to paragraph 8 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Type of Restructuring		Under CDR Mechanism				Under SME Mechanism				Other than CDR and SME Debt Restructuring*				Total			
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
Asset Classification details	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.22	
Restructured assets as on 01 April 2024	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.72	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fresh restructuring during the year	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Write off restructured accounts during the year	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructured accounts as on 31 March 2025	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

*One time Restructuring under notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated August 6, 2021



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

78. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2022, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. Compliance with LCR is monitored by Asset Liability Management Committee (ALCO) of the Company.

Qualitative information:

Main drivers to the LCR numbers:

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Composition of HQLA:

The HQLA maintained by the Company comprises Government securities (including Treasury bills) and cash balance maintained in current account. The details are given below.

- For the period April to March 2025, the average HQLA of (INR 21,635.37 lakhs) comprised of Rs. 9,375.37 lakhs in cash and INR 12,260.00 lakhs in Treasury Investments.

Concentration of funding sources:

The company maintains diversified sources of funding comprising short/long term loans from banks, NCDs, and sub-ordinated, ECBs and CPs. The funding pattern is reviewed regularly by the management

Derivative exposures and potential collateral calls:

As on 31 March 2025, the company has fully hedged interest and principal outflows on the foreign currency ECBs. Hence, open derivative exposures are considered NIL.

Currency mismatch in LCR:

There is NIL mismatch to be reported in LCR as on 31 March 2025 since foreign currency ECBs are fully hedged for the corresponding interest and principal components.

Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile

Nil

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

79. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 04 November 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

Detailed LCR template is presented below according to the format given in RBI circular mentioned above under Appendix I.

Particulars	Quarter ended 30 June 2024			Quarter ended 30 September 2024			Quarter ended 31 December 2024			Quarter ended 31 March 2025		
	Total unweighted value (average)	Total weighted value (average)	Total	Total unweighted value (average)	Total weighted value (average)	Total	Total unweighted value (average)	Total weighted value (average)	Total	Total unweighted value (average)	Total weighted value (average)	Total
High Quality Liquid Assets												
1 **Total High Quality Liquid Assets (HQLA)	22,671.71	22,671.71		20,328.07	20,328.07		19,468.90	19,468.90		21,635.37	21,635.37	
Cash Outflows												
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	8,516.48	9,793.95		3,804.35	4,375.00		-	-		3,333.33	3,833.33	
4 Secured wholesale funding	46,906.86	53,942.89		45,577.17	52,413.74		42,322.11	48,670.43		41,531.67	47,761.42	
5 Additional requirements, of which	-	-	-	-	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
6 Other contingent funding obligations	5,710.00	6,566.50		5,710.00	6,566.50		-	-		300.00	345.00	
7 Opex related	4,178.21	4,804.94		4,539.73	5,220.69		4,093.79	4,707.86		3,578.13	4,114.85	
8 Total Cash Outflows	65,311.55	75,108.28		59,631.25	68,575.93		46,415.90	53,378.29		48,743.13	56,054.60	
Cash Inflows												
9 Secured lending	63,531.75	47,648.81		60,219.93	45,164.95		69,297.67	51,973.25		67,520.30	50,640.23	
10 Inflows from fully performing exposures	73,383.93	55,037.95		87,414.41	65,560.81		92,608.95	69,456.71		61,871.09	46,403.32	
11 Other cash inflows	13,922.45	10,441.84		11,670.53	8,752.90		17,772.71	13,329.54		12,695.94	9,521.95	
12 Total Cash Inflows	1,50,838.13	1,13,128.60		1,59,304.87	1,19,478.65		1,79,679.33	1,34,759.50		1,42,087.33	1,06,565.50	
	Total Adjusted Value	Total Adjusted Value		Total Adjusted Value	Total Adjusted Value		Total Adjusted Value	Total Adjusted Value		Total Adjusted Value	Total Adjusted Value	
13 Total HQLA	NA	22,671.71		NA	20,328.07		NA	19,468.90		NA	21,635.37	
14 Total Net Cash Outflows	NA	18,777.07		NA	17,143.98		NA	13,344.57		NA	14,013.65	
15 Liquidity Coverage Ratio (%)	NA	120.74%		NA	118.57%		NA	145.89%		NA	154.39%	

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of daily observations. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.
5. RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 154.39% as of 31 March 2025 as against the LCR mandated by RBI.

80. Other RBI disclosures

- a. The Company does not have off-balance sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the year ended 31 March 2025
- b. The Company did not have any unhedged foreign currency exposure.
- c. There are no divergences in asset classification and provisioning.
- d. Intra Group exposure:

Particulars	As at 31 March 2025	As at 31 March 2024
Total amount of intra-group exposures	-	10,098.31
Total amount of top 20 intra-group exposures	-	10,098.31
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.00%	1.07%

81. Goodwill

During the previous year ended 31 March 2023, the Company had acquired specifically identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a un-listed company based in India. The excess of the purchase consideration over the value of specifically identified assets and liabilities resulted in a goodwill of INR 2,085.13 lakhs for the Company, which comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). The entire amount of goodwill is considered to be associated with Pragati portfolio (CGU), which is part of the business of the Company (arranging or facilitating or providing finance either in the form of loans or investments or guarantees).

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

Goodwill Impairment

The Company performed its annual impairment test for year ended 31 March 2025 and 31 March 2024. The Company considers the relationship between recoverable value of net assets taken over and its carrying value, among other factors, when reviewing for indicators of impairment. As at 31 March 2025 and 31 March 2024, the recoverable value of the net assets taken over was higher than the carrying value and no other indicators of impairment were identified. Therefore, no impairment loss allowance is provided for the year ended 31 March 2025 and 31 March 2024.

Particulars	Pragati	
	As at 31 March 2025	As at 31 March 2024
Goodwill	2,085.13	2,085.13
Total	2,085.13	2,085.13

Specified assets taken over – CGU

The recoverable amount of the CGU, INR 5,520.30 lakhs as at 31 March 2025, has been determined based on a value in use calculation using excess return method. Key assumptions include (i) discount rate, being the cost of equity applied to cash flow projections at 30.00% and the terminal growth rate at 4%. It was concluded that the recoverable value or value in use exceeded the carrying value of the loan assets. As a result of this analysis, management has not recognised any impairment charge in the current or previous year.

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

Particulars	Ref	As at 31 March 2025	As at 31 March 2024	Reason for Variance
Debt-equity ratio	1.1	2.87	4.02	Variance is on account of increase in equity capital during the year
Total debts to total assets	1.2	0.72	0.78	Reduction is on account of increase in total asset size of the Company during the year
Net worth	1.3	3,40,915.46	2,25,035.33	Increase is on account of proceeds from issue of shares during the period and results of operations during the year
Capital redemption reserve (Amount in lakhs)		2,660.00	2,660.00	No changes
Gross Non-Performing Assets (GNPA) Ratio	1.4	0.99%	0.47%	Increase is on account of increase in stage 3 EAD balance
Net Non-Performing Assets (NNPA) Ratio	1.5	0.43%	0.09%	Increase is on account of increase in stage 3 EAD balance
Capital adequacy ratio (CRAR)	1.6	24.72%	18.26%	Increase is on account of proceeds from issue of shares during the period and results of operations during the year leading to increase in tier 1 capital.
Asset cover over listed non-convertible debentures	1.7	1.08	1.15	Change is in line with the change in asset size of the company
Net profit margin (%)	1.8	14.92%	16.24%	Increase in operations has caused increase in margin

1.1 Debt-equity ratio is (debt securities+borrowings (other than debt securities)) / net worth i.e. equity share capital + instruments entirely equity in nature + other equity.

1.2 Total debts to total assets is debt securities and borrowings (other than debt securities) / total assets

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- 1.3 Net worth is equal to equity share capital + other equity
- 1.4 GNPA Ratio is gross stage 3 (loans+investments) / gross loans and investments
- 1.5 NNPA Ratio is (gross stage 3 term loans - impairment loss allowance for stage 3 term loans / (gross term loans - impairment allowance for Stage 3 term loans)
- 1.6 Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.
- 1.7 Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.
- 1.8 Net profit margin is total comprehensive income for the period, net of income tax / total income

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

83. Treatment of DLG in computation of Expected Credit Loss

The Company has entered into First Loss Default Guarantee (FLDG) arrangements with certain Lending Service Providers (LSPs) in relation to loans originated through the digital lending platform. Under these arrangements, the LSPs guarantee to cover the losses arising from borrower defaults up to a certain percentage of the loan portfolio. Based on the guidance under Ind AS 109, the Company had historically considered the expected recoveries from credit enhancements under FLDG arrangements in the computation of Expected Credit Loss (ECL).

The Reserve Bank of India (RBI), vide e-mail communication dated 16 May 2025, has directed the Company to exclude the credit enhancements under FLDG arrangements in the computation of ECL as at 31 March 2025 and absorb such impact by 30 June 2025. Pursuant to this, the Company has evaluated the total impact of such exclusion of the credit enhancements from the ECL computation to be INR 8,041 lakhs as at 31 March 2025 of which the Company during the quarter ended 31 March 2025 has recorded INR 6,835 lakhs. The exposure pertaining to remaining ECL of INR 1,206 lakhs, has subsequent to 31 March 2025, run down thereby naturally reversing the impact in the quarter ending 30 June 2025.

The above accounting treatment has resulted in a reduction of profit before tax for the quarter and year ended 31 March 2025 by INR 6,835 lakhs with a corresponding decrease in loans and advances on account of additional ECL provisions.

84. Event after reporting date

Subsequent to the year end, the company had sold 3,58,601 shares held by it in FinReach Solutions Private Limited, post dilution, the shareholding in Finreach has come down from 24.55 % to 11.16%. Consequent to the above, FinReach ceases to be an associate of the Company.

85. Audit Trail as per MCA Requirement

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that –

- (a) in respect of the loan management systems for two products of the Company, the audit trail feature was enabled, operated throughout the year and was not tampered with at the application level. However at the database level, the audit trail feature for one application was enabled on 08 July 2024 and operated post the aforementioned date for the year for all relevant transactions recorded in the application at a database level; and for the other application, the database level audit trail is expected to be enabled in the subsequent years.

Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- (b) the company uses three loan management systems (LMS) for the other loan products offered. These loan management systems have a feature of recording audit trail (edit log) facility. However, management is not in possession of Service Organization Controls report to determine whether audit trail feature of LMS managed by third party was enabled and operated throughout the year. Further, for the loan management systems, there are system limitation in testing the operation of audit trail feature. The Company is in discussion with the vendor of the application to assess feasibility to enable such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management systems.

86. Other Statutory Information

A Stage wise Overdue (DPD) based Loan disclosure

Particulars	As at 31 March 2025				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	16,97,230	10,13,428.10	71.18	170.90	10,13,670.18
Accounts with Overdues	2,16,912	30,682.95	23,765.31	15,635.53	70,083.79
Total	19,14,142	10,44,111.05	23,836.49	15,806.43	10,83,753.97

Particulars	As at 31 March 2024				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	16,33,094	9,06,982.49	450.19	131.78	9,07,564.46
Accounts with Overdues	1,75,351	17,445.98	11,749.38	4,871.53	34,066.89
Total	18,08,445	9,24,428.47	12,199.57	5,003.31	9,41,631.35

- B**
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
 - The Company does not have any transactions with companies struck off as per section 248 of Companies Act, 2013.
 - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 - The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
 - As part of the normal business, the Company invests in Alternate Investment Fund managed by its subsidiary and also lends loan to its subsidiary for onward investment into these AIFs. 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:

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- 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 to or on behalf of the Ultimate Beneficiaries



Notes to the Standalone Financial Statements

for the year ended 31 March 2025

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

- (vi) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). 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.
- (vii) The Company does not have 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).
- viii) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.
- ix) Compliance with approved Scheme(s) of Arrangements: The Company has not entered in any such arrangements during the year.

87. Previous year figures

Previous year figures have been regrouped/rearranged, wherever considered necessary, to conform to the classification/disclosure adopted in the current year.

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

Place: Nagpur

Date: 19 May 2025

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Place: Mumbai

Date: 19 May 2025

Ashish Mehrotra

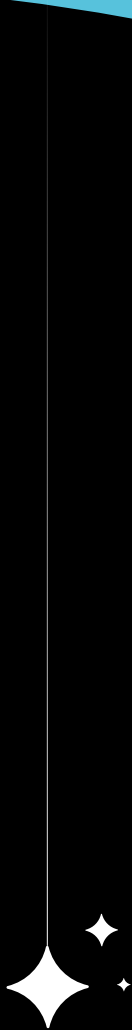
Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585



Consolidated **Financial Statements**

Independent Auditor's Report

To
The Members of
Northern Arc Capital Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Northern Arc Capital Limited ('the Holding Company'/'the Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates as at 31 March 2025, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 Consolidated Financial Statements section of our report. We are independent of the Group, its associates in

accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matters: Exclusion of FLDG credit in calculation of ECL

4. We draw attention to Note 49 to the accompanying consolidated financial statements, which describes the impact of the regulatory directions received by the Holding Company from the Reserve Bank of India (RBI) vide e-mail communication dated 16 May 2025, pursuant to which the holding Company is required to exclude credit enhancements under First Loss Default Guarantee (FLDG) arrangement available at portfolio level as at 31 March 2025 from the computation of expected credit losses (ECL) calculated as per Ind AS 109, Financial Instruments and provide for additional ECL on account of such change by 30 June 2025. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1) Impairment of loan asset based on Expected Credit Losses (ECL) (Refer note 3 for material accounting policies and note 8 for financial disclosures in the accompanying consolidated financial statements) As at 31 March 2025, the Company reported gross loans of ₹ 10,83,753.97 lakhs against which provision for expected credit loss of ₹ 26,516.19 lakhs has been recorded in accordance with Ind AS 109 – Financial Instruments. The Company has written off loans of ₹ 60,930.24 lakhs during the current year. Ind AS 109, Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its loan assets using the expected credit loss ('ECL') approach. The Company has applied a three-stage approach based on changes in credit quality of loan assets which is primarily determined based on number of days past due for each loan asset apart from other factors considered by the management for ascertaining significant increase in credit risk. The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets in accordance with the accounting policy adopted by the Company. Significant management judgements and assumptions are involved in measuring ECL with respect to: ▶ management overlays ▶ determining the criteria for significant increase in credit risk and default risk i.e. staging of loan assets ▶ factoring in forward-looking information (including macroeconomic factors on a portfolio level) ▶ techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, historical data, macro-economic factors. Any change in such models or assumptions could have a material impact on the accompanying consolidated financial statements. Similarly, the Company is also required to make judgements to identify the loan assets which are non-recoverable and thereby determined to be written off. Further as described in note 49 to the accompanying consolidated financial statements as per the Reserve Bank of India RBI e-mail communication dated 16 May 2025, the management has excluded credit enhancements under First Loss Default Guarantee (FLDG) arrangements from the computation of ECL per Ind AS 109 as at 31 March 2025 and to provide the same in the financial statements by 30 June 2025. This matter has also been considered as fundamental to the users' understanding of the financial statements Considering the significance of the above matter to the consolidated financial statements, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit.	Our audit procedures were focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis that included, but were not limited to, the following: ▶ Examined the Board of Director's policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. ▶ Involved auditor's specialists and obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, industry benchmarks and macro-economic factors, we assessed whether such historical experience and the industry information was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Further, assessed reasonableness for the macro-economic factors considered for the portfolio segments. ▶ Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals. ▶ Tested the underlying forecast of future cash flows used in impairment workings with the agreed repayment schedules on a test check basis ▶ Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD). ▶ Evaluated the appropriateness of the methodology and policy laid down and implemented by the Company/Group for the loan portfolio written-off during the year and tested its compliance on a sample basis. ▶ Evaluated Company's compliance with the RBI directions vide e-mail communication dated 16 May 2025, with respect to exclusion of credit enhancements under (FLDG) arrangements from the computation of (ECL) as on 31 March 2025 and verified the mathematical accuracy in such computation.



Key audit matter	How our audit addressed the key audit matter
	▶ Challenged the management on post model adjustments, considering the size and complexity of management overlays, in order to assess the reasonableness of the adjustments. ▶ Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying consolidated financial statements in accordance with the applicable accounting standards and related RBI circulars. ▶ Obtained appropriate written representations from the management.
2) Information Technology (“IT”) systems and controls for accounting and financial reporting process The Company is highly dependent on its IT systems for carrying on its operations which require large volume of transactions to be processed on daily basis and use of multiple software applications at central level The Company uses various loan management system (LMS) for different product of loans for sourcing, processing, recording and management of loan database some of which are integrated with the financial accounting and reporting software. Transfer of data from/to LMS to financial reporting systems are critical for accurate compilation of financial information. As a result, there is a high degree of reliance and dependency on such IT systems for the accounting and financial reporting process of the Company which impacts key financial accounting and reporting items such as loans, interest income, computation of daily DPD, impairment on loans amongst others. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. The Company has put in place IT General Controls and automated IT controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Company which is used for its financial reporting. Among other things, the management also uses the information produced by the Company’s IT systems for accounting and the preparation and presentation of the consolidated financial statements. Since our audit strategy included focus on key IT systems and controls relevant to our audit due to their pervasive impact on the consolidated financial statements, we have determined the use of IT systems for accounting and financial reporting as a key audit matter for current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following: ▶ Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. ▶ Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above; ▶ Reviewed the report on the assessment of cyber security breach prepared by the management’s expert and evaluated that there is no impact of the same on the financial reporting IT systems. ▶ Tested controls for segregations of duties around program maintenance, security administration and key business processes. ▶ Tested IT General Controls such as, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company’s periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. ▶ Tested related interfaces, integration, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy. ▶ Where deficiencies were identified, tested compensating controls or performed alternative procedures. ▶ Obtained appropriate written representations from management.

Key audit matter	How our audit addressed the key audit matter
3) Classification and measurement of Loans – Business model assessment and Fair valuation of loans held at fair value through other comprehensive income (“FVTOCI”) – (Refer note 3 for material accounting policies and notes 8 for financial disclosures in the accompanying consolidated financial statements) As at 31 March 2025, the Company has loans amounting to ₹ 2,17,633.08 lakhs (31 March 2024: ₹ 2,61,483.91 lakhs) that are carried and measured at FVTOCI and FVTPL in accordance with Ind AS 109. Financial assets, i.e. loan assets have been classified and measured as per Ind AS 109, Financial Instruments. The assessment as to how an asset should be classified is made on the basis of both the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The management has assessed its business model on the basis of its approved credit policies, business plan and history of sale of loan assets wherein certain loans have been held to collect contractual cash flows (solely payments of principal and interest on the amount outstanding) and certain loans are held to collect contractual cash flows and also for sale, and consequently, loans have been classified and measured at ‘amortized cost’ and ‘Fair value through Other Comprehensive Income’ (FVTOCI) respectively in accordance with principles of Ind AS 109. In measuring the fair value of loans, valuation methods are used based on inputs that are not directly observable from market information and certain other unobservable inputs. The management has an internal team for arriving at the fair value of aforesaid loans. Such fair value is derived using discounted cash flow models wherein the key assumptions include discount rate, adjustment for credit risk including default risk.. Given the subjectivity and degree of complexity involved in ascertaining the business model and the fair valuation of the aforesaid loans, relative significance of these loans to the consolidated financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	Our audit procedures in relation to the business model and loans measured at FVTOCI included, but were not limited, to the following: ▶ Obtained an understanding of the ‘Business Model Policy Note’ approved by the Board of Directors of the Company, and evaluated whether the identified loans satisfy the conditions of Ind AS 109 for measurement at amortized cost or FVTOCI. Tested the sale of loan assets made during the year and compared with the management’s plan and intent to validate the management’s conclusion for classification and measurement of loans. ▶ Assessed the design and tested the operating effectiveness of classification of loans on the basis of management’s intent and managements’ key internal controls over inputs used in the valuation model. ▶ Involved auditor’s specialists and assessed whether the fair valuation methodology adopted by the management is appropriate and tested the reasonableness of the underlying assumptions used such as discount rates, future cash flows, etc to estimate the fair value of the such loans. Also, on test check basis tested the completeness of source data and arithmetical accuracy of the management working. ▶ Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards. ▶ Obtained appropriate written representations from the management.

Information other than the Consolidated Financial Statements and Auditor’s Report thereon

6. The Holding Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing

so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors are responsible for the

matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its associates in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates..

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated 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 Holding 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 consolidated 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 Group and its associates to cease to continue as a going concern;
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements,

of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of five subsidiaries, whose financial statements reflects total assets of ₹ 5,769.96 lakhs as at 31 March 2025, total revenues of ₹ 6,056.65 lakhs and net cash outflows amounting to ₹ 907.78 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 210.91 lakhs for the year ended 31 March 2025 in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by the predecessor auditor, S.R. Batliboi & Associates LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 29 May 2024.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associates, we report that the Holding Company, and its subsidiaries incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to two associates incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) Except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary and taken on record by the Board of Directors of the Holding Company and its subsidiaries, none of the directors of the Holding Company and its subsidiary are disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act.
- f) The qualification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b), above on reporting under section 143(3)(b) of the Act and paragraph 18 (h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries and associates covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act :
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates as detailed in Note 40 to the consolidated financial statements;
 - ii. The provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in Note 13 to the consolidated financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries and associates covered under the Act, during the year ended 31 March 2025;
 - a. The respective managements of the Holding Company and its subsidiaries and associates incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in note 52 (vii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries and associates to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries and associates ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiaries and associates incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in the note 52 (viii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries and associates from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries and associates 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 performed by us and that performed by the auditors of the subsidiaries and associates, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- iv. The Holding Company, its subsidiaries and associates have not declared or paid any dividend during the year ended 31 March 2025.
- v. As stated in Note 51 to the consolidated financial statements and based on our examination which included test checks, and that performed by

the respective auditors of the subsidiaries and associate except for matters mentioned below, the Holding Company, its subsidiaries and associates in respect of financial year commencing on 01 April 2024, have used accounting softwares for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than consequential impact of the exceptions given below. Furthermore, except for the instances/matters mentioned below the audit trail has been preserved by the Company as per statutory requirements for record retention.

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	(i) The audit trail feature was not enabled at the database level for one loan management system to log any direct data changes. (ii) The audit trail (edit logs) was not retained for the period 01 April 2024 to 07 July 2024 at the database level for another loan management system to log any direct data changes
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level	(i) The loan management systems for two other loan products of the Holding Company are operated by third-party software service providers. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said softwares were enabled and operated throughout the year. (ii) The accounting softwares used for maintenance of accounting records of two subsidiaries are operated by third-party software service providers. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said softwares were enabled and operated throughout the year.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 25042423BMNRBQ9626

Place: Nagpur

Date: 19 May 2025



Annexure A

Subsidiaries:

1. Northern Arc Investment Managers Private Limited
2. Northern Arc Investment Advisers Private Limited
3. Pragati Finserv Private Limited
4. Northern Arc Securities Private Limited
5. Northern Arc Foundation
6. Northern Arc Employee Welfare Trust

Associates:

1. Finreach Solutions Private Limited
2. Northern Arc Emerging Corporates Bond Trust

Annexure B

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Northern Arc Capital Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal financial control over financial reporting (the 'Guidance Note') 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 the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. 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 include 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

7. 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 controls 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.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to five subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹5,769.96 lakhs as at 31st March 2025, total revenues of ₹6,056.65

lakhs and net cash outflows amounting to ₹970.78 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹210.91 for the year ended 31st March 2025, in respect of one associate company, which is companies covered under the Act, whose internal financial controls with reference to financial statements has not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company and associate company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No.: 042423

UDIN: 25042423BMNRBQ9626

Place: Nagpur

Date: 19 May 2025

Consolidated Balance Sheet

as at 31 March 2025

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

Particulars	Notes	As at 31 March 2025	As at 31 March 2024
ASSETS			
Financial assets			
Cash and cash equivalents	4	33,026.83	17,940.08
Bank balances other than cash and cash equivalents	5	31,708.44	22,834.26
Derivative financial instruments	6	5,476.55	5,481.94
Trade receivables	7	2,069.13	2,534.94
Loans	8	10,57,237.78	9,20,958.93
Investments	9	1,77,715.46	1,78,070.50
Investment in associates	23	27,440.88	388.65
Other financial assets	10	6,878.70	8,391.42
Total financial assets		13,41,553.77	11,56,600.72
Non-financial assets			
Current tax assets (net)		609.51	2,404.34
Deferred tax assets (net)	33	11,319.20	3,475.92
Property, plant and equipment	11.1	1,279.68	666.22
Intangible assets under development	11.2	593.48	231.13
Goodwill	11.3	2,340.82	2,347.77
Other intangible assets	11.4	1,285.34	1,179.25
Right of use asset	11.5	2,711.97	1,472.23
Other non- financial assets	12	2,113.44	2,388.31
Total Non-financial assets		22,253.44	14,165.17
Total assets		13,63,807.21	11,70,765.89
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	13	2,363.48	298.65
Trade payables	14	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,945.54	12,848.32
Debt securities	15	1,40,785.32	1,41,372.46
Borrowings (Other than debt securities)	16	8,45,214.61	7,63,403.15
Other financial liabilities (including lease liabilities)	17	17,971.04	15,505.82
Total financial liabilities		10,13,279.99	9,33,428.40
Non-financial liabilities			
Provisions	18	1,930.88	3,206.48
Current tax liabilities (net)		2,832.34	461.50
Deferred tax liabilities (net)	33	-	71.89
Other non-financial liabilities	19	1,807.67	1,556.46
Total non-financial liabilities		6,570.89	5,296.33
EQUITY			
Equity share capital	20	16,137.93	8,938.54
Instruments entirely equity in nature	20	-	8,264.64
Other equity	21	3,27,286.94	2,14,235.38
Equity attributable to the equity holder of the holding company		3,43,424.87	2,31,438.56
Non-controlling interest (NCI)	22	531.46	602.60
Total equity		3,43,956.33	2,32,041.16
Total liabilities and equity		13,63,807.21	11,70,765.89
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Place: Mumbai

Date: 19 May 2025

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Consolidated Statement of Profit and Loss

for the year ended 31 March 2025 (including other comprehensive income)

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

Particulars	Notes	Year ended 31 March 2025	Year ended March 31, 2024
Revenue from operations			
Interest income	24	2,17,608.94	1,71,211.16
Fee and commission income	25	9,264.25	8,492.77
Net gain on fair value changes	26	3,165.31	4,561.95
Net gain on derecognition of financial instruments		4,122.53	4,742.54
Total revenue from operations		2,34,161.03	1,89,008.42
Other income	27	1,412.70	1,594.83
Total income		2,35,573.73	1,90,603.25
Expenses			
Finance costs	28	82,835.99	72,638.50
Fees and commission expense		28,852.49	22,081.94
Employee benefits expenses	29	28,467.30	24,160.72
Impairment on financial instruments	30	40,484.89	12,243.79
Depreciation and amortisation expense	31	1,788.18	1,694.42
Other expenses	32	14,334.86	15,663.06
Total expenses		1,96,763.71	1,48,482.43
Profit before share of loss of associate and taxes		38,810.02	42,120.82
Share of loss from associates	23	(201.96)	(97.21)
Profit before tax		38,608.06	42,023.61
Tax expense	33		
Current tax		16,395.78	10,881.12
Tax related to earlier years		(999.71)	46.92
Less: MAT Credit entitlement		(0.64)	-
Deferred tax charge / (benefit)		(6,919.18)	(673.70)
Total Tax expense		8,476.25	10,254.34
Profit for the year	(A)	30,131.81	31,769.27
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement (loss) / gain on defined benefit plans		(105.55)	116.50
Income tax relating to items that will not be reclassified to profit or loss		26.57	(29.32)
		(78.98)	87.18
Items that will be reclassified to profit or loss in subsequent periods			
Fair value (loss) / gain on Financial Instruments through other comprehensive income (net)		(2,908.30)	1,228.99
Income tax relating to items that will be reclassified to profit or loss		732.01	(309.34)
		(2,176.29)	919.65
Net movement on effective portion of cash flow hedges		(901.53)	1,362.19
Income tax relating to items that will be reclassified to profit or loss		226.92	(342.86)
		(674.61)	1,019.33
Share of other comprehensive income from associates		-	(0.81)
		-	(0.81)
Other comprehensive income (loss) / income for the year (net of income taxes)	(B)	(2,929.88)	2,025.35
Total comprehensive income for the year (net of income taxes)	(A+B)	27,201.93	33,794.62
Profit for the year attributable to			
Owners of the holding company		30,454.79	30,833.39
Non-controlling Interest	22	(322.98)	935.88
Other comprehensive income for the year (net of income taxes)			
Owners of the holding company		(2,926.69)	2,017.01
Non-controlling Interest	22	(3.19)	8.34
Total comprehensive income for the year (net of income taxes)			
Owners of the holding company		27,528.10	32,850.40
Non-controlling Interest	22	(326.17)	944.22
Earnings per equity share of INR 10 each	34		
Basic (in rupees)		20.08	34.61
Diluted (in rupees)		20.03	23.40
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Place: Mumbai

Date: 19 May 2025

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

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

A. Equity Share Capital

Particulars	Amount
Equity share capital of INR 10 each issued, subscribed and fully paid	
Balance as at 01 April 2023	8,903.13
Changes in equity share capital during the year (Refer Note 20)	-
Add: Shares issued during the year	35.41
Balance as at 31 March 2024	8,938.54
Changes in equity share capital during the period (Refer Note 20)	-
Add: Shares issued during the year	7,199.39
Balance as at 31 March 2025	16,137.93

B. Instruments entirely equity in nature

Particulars	Amount
0.0001% Compulsorily convertible preference shares of INR 20 each, issued, subscribed and fully paid	
Balance as at 01 April 2023	8,264.64
Changes in compulsorily convertible preference shares during the year (Refer Note 20)	-
Balance as at 31 March 2024	8,264.64
Changes in compulsorily convertible preference shares during the year (Refer Note 20)	-
Add: Shares issued during the year	1,953.96
Less: Converted to equity shares	(10,218.60)
Balance as at 31 March 2025	-

C. Other Equity

Particulars	Other equity							Total attributable to equity holders of the holding company	Total Non-Controlling Interest (NCI)	Total		
	Reserves and surplus				Other Comprehensive Income (OCI)							
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Share application money	Securities Premium	Share based payment reserve	Retained Earnings				Financial Instruments through OCI	Effective portion of cash flow hedge reserve
Balance as at 1 April 2023	17,672.47	3,467.00	3.57	-	85,679.02	1,700.43	69,899.17	2,657.57	(2,704.38)	1,78,374.85	11,230.43	1,89,605.28
Profit for the year	-	-	-	-	-	-	30,833.39	-	-	30,833.39	935.88	31,769.27
Fair valuation gain financial instruments (net)	-	-	-	-	-	-	-	919.66	1,019.33	1,938.99	-	1,938.99
Amount reclassified to Profit and loss	-	-	-	-	-	-	-	6.56	-	6.56	-	6.56
Change in unit holding in funds (subsidiary)	-	-	-	-	-	-	-	-	-	-	(11,793.93)	(11,793.93)
Premium received on shares issued during the year	-	-	-	-	687.38	(225.83)	-	-	-	461.55	-	461.55

Particulars	Other equity										Total Non-Controlling Interest (NCI)	Total
	Reserves and surplus						Other Comprehensive Income (OCI)					
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Share application money	Securities Premium	Share based payment reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve	Total attributable to equity holders of the holding company		
Transfer to retained earnings	-	-	-	-	-	(160.10)	827.35	-	-	667.25	-	667.25
Transfer to statutory reserve	5,603.43	-	-	-	-	-	(5,603.43)	-	-	-	-	-
Employee compensation expense during the period	-	-	-	-	-	1,790.19	-	-	-	1,790.19	221.88	2,012.07
Share application money received	-	-	-	83.76	-	-	-	-	-	83.76	-	83.76
Remeasurement of net defined benefit plan	-	-	-	-	-	-	78.84	-	-	78.84	8.34	87.18
Balance as at 31 March 2024	23,275.90	3,467.00	3.57	83.76	86,366.40	3,104.69	96,035.32	3,583.79	(1,685.05)	2,14,235.38	602.60	2,14,837.98
Change in equity for the year ended March 31, 2025												
Profit for the year	-	-	-	-	-	-	30,454.79	-	-	30,454.79	(322.98)	30,131.81
Fair valuation (loss) of financial instruments (net)	-	-	-	-	-	-	-	(2,173.09)	(674.62)	(2,847.71)	(3.19)	(2,850.90)
Premium received on shares issued during the period	-	-	-	-	88,571.90	(268.94)	-	-	-	88,302.96	-	88,302.96
Shared issued during the period	-	-	-	(83.76)	-	-	-	-	-	(83.76)	-	(83.76)
Transfer to retained earnings	-	-	-	-	-	(97.74)	36.53	-	-	(61.21)	-	(61.21)
Transfer to statutory reserve	6,852.30	-	-	-	-	-	(6,852.30)	-	-	-	-	-
Employee compensation expense during the period	-	-	-	-	-	1,357.92	-	-	-	1,357.92	255.03	1,612.95
Share application money received	-	-	-	38.84	-	-	-	-	-	38.84	-	38.84
Utilisation of share premium	-	-	-	-	(4,031.29)	-	-	-	-	(4,031.29)	-	(4,031.29)
Remeasurement of net defined benefit plan	-	-	-	-	-	-	(78.98)	-	-	(78.98)	-	(78.98)
Balance as at 31 March 2025	30,128.20	3,467.00	3.57	38.84	1,70,907.01	4,095.93	1,19,595.36	1,410.70	(2,359.67)	3,27,286.94	531.46	3,27,818.40

2 and 3

Summary of material accounting policies

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

As per our report of even date attached

For Walker Chandio & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Atul Tibrewal

Chief Financial Officer

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

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

Particulars	Note	As at 31 March 2025	As at 31 March 2024
A Cash flow from operating activities			
Profit before tax		38,608.06	42,023.61
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses		1,788.65	1,694.42
Write off of intangible assets under development		-	18.59
Unrealised loss on investments		1,366.38	572.50
Interest income on loans, fixed deposits and investments		(2,17,787.52)	(1,69,653.43)
Gain on investments in mutual funds		(731.47)	(1,046.17)
Profit on sale of investments		(731.75)	(1,175.93)
Impairment on financial instruments including amounts written off		37,852.62	12,243.79
Employee share based payment expenses		1,558.91	1,735.92
Loss on sale of plant, property and equipments		-	0.85
Gain on account of lease foreclosed		(0.78)	(1.13)
Amortisation of discount on commercial papers		2,400.31	1,826.37
Share of loss of Associate		201.96	97.21
Interest on income tax refund		(215.10)	-
Net gain on derecognition of financial assets		(4,122.53)	(4,742.54)
Finance costs		80,435.68	70,838.64
Cash used in operations before working capital changes and adjustments		(59,376.58)	(45,567.30)
Changes in working capital and other changes:			
Decrease / (Increase) in other financial assets		5,416.13	(2,076.75)
Decrease in trade receivables		1,978.42	932.10
(Increase) in loans		(2,86,906.59)	(3,56,829.95)
Decrease / (Increase) in other non-financial assets		528.90	(949.23)
(Increase) in other bank balances		(8,952.11)	(3,665.44)
(Increase) in Investments		-	(14,053.95)
Increase in other financial liabilities		1,813.58	2,211.05
Increase in other non-financial liabilities		1,357.08	306.67
(Decrease) / Increase in trade payables and provisions		(8,789.97)	2,351.89
Cash used in operations before adjustments		(3,52,931.14)	(4,17,340.91)
Proceeds from de-recognition of financial assets		81,746.19	1,01,292.05
Interest income received on loans, fixed deposits and investments		2,14,482.46	1,63,802.25
Finance cost paid		(82,117.66)	(73,866.56)
Recovery from written off assets		44,712.79	22,544.38
Income tax paid (net)		(10,560.17)	(9,875.68)
Net cash (used in) operating activities		(1,04,667.53)	(2,13,444.47)
B Cash flows from investing activities			
Purchase of property, plant and equipment (net of proceeds)		(1,807.55)	(1,369.88)
Purchase of investments		(3,81,172.11)	(7,04,676.81)
Proceeds from sale of investments		3,70,436.47	7,09,927.60
Term deposit with scheduled banks		401.93	103.11
Investment in associate		(26,730.49)	(449.13)
Interest income received		51.02	69.58
Net cash (used in) / from investing activities		(38,820.73)	3,604.47
C Cash flow from financing activities			
Proceeds from issue of debt securities		87,500.00	84,426.00
Repayment of debt securities		(87,181.54)	(63,589.70)
Proceeds from borrowings (other than debt securities)		9,98,902.61	7,85,124.40
Repayment of borrowings (other than debt securities)		(9,27,188.99)	(5,97,309.15)
Repayment of Subordinated liabilities		-	(3,995.07)
Payment of principal portion of lease liabilities		(379.88)	(516.06)
Payment of interest on lease liabilities		(270.80)	(175.01)
Proceeds from issue of equity share capital including securities premium		87,154.77	496.96

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

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

Particulars	Note	As at 31 March 2025	As at 31 March 2024
Share application money received pending allotment		38.84	83.76
Net cash flow from financing activities		1,58,575.01	2,04,546.13
Net increase / (decrease) in cash and cash equivalents		15,086.75	(5,293.87)
Cash and cash equivalents at the beginning of the year		17,940.08	23,233.95
Cash and cash equivalents at the end of the year		33,026.83	17,940.08

Particulars	Note	As at 31 March 2025	As at 31 March 2024
Notes to Consolidated Statement of Cash Flows			
1 Components of cash and cash equivalents:	4		
Cash on hand		-	7.75
Cheques on hand		-	20.22
Balances with banks			
- in current accounts		32,886.19	15,836.65
- in deposit accounts free of lien		140.64	2,075.46
		33,026.83	17,940.08

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 Non cash investing activity

Particulars	As at 31 March 2025	As at 31 March 2024
Investing Activity		
Acquisition of right of use assets	1,948.02	1,064.10
Total	1,948.02	1,064.10

4 For disclosures relating to changes in liabilities arising from financing activities, refer Note 36A

Summary of material accounting policies

2 and 3

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

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

1 Reporting entity

Northern Arc Capital Limited (the "Holding Company", or the "Parent Company") was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

The Holding Company, its subsidiaries and its associates (together known as the "Group") are principally engaged in

lending and allied services such as advisory, syndication and portfolio management to provide liquidity and develop access to debt-capital markets for institutions and providing loans for personal, business, education and mortgage purposes to individuals by setting up microfinance institution, online debt trading platforms and alternative investment funds.

Northern Arc Capital Limited ('NACL') has floated Alternate Investment Funds ('AIF'), wherein Northern Arc Investment Managers Private Limited ('IM') and NACL have also invested. NACL evaluated the existence of control on these AIF in accordance with Ind AS 110 (Consolidated Financial Statements) and consolidated the following AIFs in accordance with Ind AS 110.

Name of AIF	Nature of interest	Years of consolidation
Northern Arc Emerging corporates Bond Fund	Associate	Year ended 31 March 2025 NA

The Group structure is as follows:

Entity	Country of Incorporation	Nature of Interest	% of unit holding / equity interest	
			As at 31 March 2025	As at 31 March 2024
Northern Arc Capital Limited (NACL)	India	Parent Company	Not applicable	Not applicable
Northern Arc Investment Managers Private Limited (NAIM)	India	Wholly owned subsidiary	100%	100%
Northern Arc Investment Adviser Services Private Limited (NAIA)	India	Wholly owned subsidiary	100%	100%
Northern Arc Foundation (NAF)	India	Wholly owned subsidiary	100%	100%
Northern Arc Securities Private Limited	India	Wholly owned subsidiary	100%	100%
Pragati Finserv Private Limited	India	Subsidiary	90.10%	90.10%
Northern Arc Employee Welfare Trust*	India	Subsidiary	Not applicable	Not applicable
Finreach Solutions Private Limited	India	Associate	24.55%	24.55%
Northern Arc Emerging corporates Bond Fund	India	Associate	29.93%	Not applicable

* Northern Arc Capital Limited consolidated this entity based on defacto control with effect from April 1, 2021.

2 Statement of compliance and basis of preparation

2.1 Basis of preparation

The Consolidated Financial Statements of the Group comprises of the Consolidated Balance Sheet as at 31 March 2025 and 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended 31 March 2025 and 31 March 2024 and the notes to the Consolidated Financial Statements. These 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') as amended from time to time and other relevant provisions of the Act.



Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

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.

These Consolidated Financial Statements were authorised for issue by the Company's Board on 19 May, 2025

Details of the Group's accounting policies are disclosed in note 3.

2.2 Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The consolidated financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Group. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 -Statement of Cash Flows. The Group presents its Consolidated Balance Sheet in order

of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.

Financial assets and financial liabilities are generally reported on a gross basis in the Consolidated Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Holding Company, its subsidiaries and its associates. All amounts have been rounded-off to the nearest lakhs (two decimals), unless otherwise indicated.

2.4 Use of estimates and judgements

The preparation of the consolidated 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 prospectively as and when the 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 consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model test and the solely payments of principal and interest ('SPPI') test. The Group 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 Group 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 Group'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 the 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) Effective Interest Rate ('EIR') method

The Group's EIR methodology recognises interest income / expense using a rate of return that represents

the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial assets

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 Group'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 Group'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.

v) Impairment of non financial assets



Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

vi) Provisions and other contingent liabilities

The Holding Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory inspections in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case including commercial/ contractual arrangements and considers such outflows to be probable, the group 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 Group 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 Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

vii) Share-based payments

The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

grant date, the Group uses a binomial model for General Employee Share Option Plan (GESP). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 43.

viii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ix) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

x) Other assumptions and estimation uncertainties

Information about critical judgements 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;
- d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.

2.5 Basis of Consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are fully consolidated from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

ii) Non-controlling interests (NCI)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since that date. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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iv) Change in ownership without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Summary of material accounting policies

a. Revenue from contract with customers

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s)

with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group considers the terms of the contract and its customary business practices to determine the transaction price. The Group applies the five-step approach for the recognition of revenue.

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 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.

Trade Receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Recognition of interest income on loans

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when

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appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.

ii. Fees and commission income

Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.

iii. Other Income

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

b. Financial instruments - initial recognition

Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities

are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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.

Measurement categories of financial assets and liabilities

The Group 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 and loss ('FVTPL')

c. Financial assets and liabilities

A. Financial assets

Business model assessment

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

The Group'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 Group'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).



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- d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Sole Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets 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 Group 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. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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.

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. Subsequent changes in fair value are recognised in the statement of profit and loss.

The Group records investments in alternative investment funds, mutual funds and treasury bills at FVTPL.

iv. *Investment in equity instruments*

The Group measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment. For investment in associate the Group measures accounts it at cost or in accordance with Ind AS 109, financial instruments.

B. *Financial liabilities*

i. *Initial recognition and measurement*

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities. 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 rate method.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at

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amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Holding Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

d. Derecognition of financial assets and liabilities

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

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, 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 financial assets are classified as Stage 1 for ECL measurement purposes.

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different,

the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial instruments 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 Group 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.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the

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asset and the maximum amount of consideration the Group could be required to pay.

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.

e Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Based on the above, the Group categorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When financial assets are first recognised, the Group recognises an allowance based on 12-months ECL. Stage 1 financial assets includes those financial assets where there is no significant increase in credit risk observed and also includes facilities where credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:

When a financial asset has shown a significant increase in credit risk since initial recognition, the Group records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Financial assets are considered credit impaired if they are past due for more than 90 days. The Group records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward looking information.

Stage 3:

For financial assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- a. significant financial difficulty of the borrower;
- b. a breach of contract such as a default or past due event;
- c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial
- d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- e. the disappearance of an active market for a security because of financial difficulties; or
- f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-



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impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

Loan commitments

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

C. Financial assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in

the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

f. Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

g. 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 Group has taken into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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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 Group has access to at the measurement date. The Group 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by

selling it to another market participant that would use the asset in its highest and best use.

h. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group, 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. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency

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.

i. 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 Group.

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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 Group 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	Estimated Useful life
Plant and machinery	15 years
Furniture and fittings	10 years
Office equipment's	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

j. Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets

are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

During the period of development, the asset is tested for impairment annually

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Derecognition

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset)

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is included in the statement of profit and loss, when the asset is derecognised

k. Employee benefits

i. Post-employment benefits

Defined contribution plan

The Group'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 Group'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 Group, 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 Group 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 Group 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 Group 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.

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. Share based payment

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet



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the related service and non-market vesting conditions at the vesting date.

Equity Settled Plan:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 43.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is

recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

l. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive 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 determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

m. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is

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remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the initial period agreed in the lease agreement.

n. Taxes

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.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 Group 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.



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Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefit in the form of availability of set off against future income tax liability.

Deferred tax assets and liabilities are 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 tax rates and tax 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 Group 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

o. 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 Rate Method.

p. 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.

q. Segment reporting- Identification of segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group'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 Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

r. Earnings per share

The Group 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.

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s. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before 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 Group are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

t. Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

u. Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have

been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its 8.25% fixed rate secured loan. See Note 47 for more details.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity



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contracts is recognised in other income or expenses. Refer to Note 47 for more details.

The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

v. New and amended standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. During the year ended 31 March 2025, MCA has notified following new standards or amendments to the existing standards applicable to the Group:

i) Lack of exchangeability - Amendments to Ind AS 21: The amendments to Ind AS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendment specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability

is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA has notified below new standards / amendments which were effective from 01 April 2024.

i) Introduction of Ind AS 117 - Insurance contracts

MCA notified Ind AS 117, a comprehensive standard that prescribe, recognition, measurement and disclosure requirements, to avoid diversities in practice for accounting insurance contracts and it applies to all companies i.e., to all "insurance contracts" regardless of the issuer. However, Ind AS 117 is not applicable to the entities which are insurance companies registered with IRDAI.

ii) Amendments to Ind AS 116 - Lease liability in a sale and leaseback

The amendments require an entity to recognise lease liability including variable lease payments which are not linked to index or a rate in a way it does not result into gain on right-of-use asset it retains.

The Group has reviewed the new pronouncements and based on its evaluation has determined that these amendments do not have a significant impact on the financial statements.

w. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered

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substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- ▶ Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Holding Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- ▶ Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- ▶ Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net

assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

x. Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in



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the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive

obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

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4 Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Cash on hand	-	7.75
Cheques on hand	-	20.22
Balance with banks		
- In current accounts	32,886.19	15,836.65
- In deposits with original maturity of less than three months	140.64	2,075.46
	33,026.83	17,940.08

Notes

4.1 The Group had available undrawn committed borrowing facilities of INR 1,20,892 lakhs as at 31 March 2025 (as at 31 March 2024: INR 3,336.40 lakhs).

4.2 For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at 31 March 2025	As at 31 March 2024
Cash on hand	-	7.75
Cheques on hand	-	20.22
Balances with banks		
- In current accounts	32,886.19	15,836.65
- Deposits with original maturity of less than three months	140.64	2,075.46
	33,026.83	17,940.08

5 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
- In deposit accounts with bank with original maturity more than 3 months (Refer Note 5.1 below)	5,377.50	9,700.35
In earmarked accounts:		
- In unpaid dividend account	0.22	0.22
- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.1 and Note 5.2).	26,330.72	13,133.69
	31,708.44	22,834.26

Note:

5.1 As at 31 March 2025, Deposit with bank includes deposits amounting to INR 3,950.81 lakhs (31 March 2024 : INR 3,009.40 lakhs) representing amount received from customers as cash collateral for the loans provided by the holding Company.

5.2 As at 31 March 2025, Deposits amounting to INR 1,796.70 lakhs (31 March 2024: INR 2,625.51 lakhs) have been provided as credit enhancement for securitisation transactions.

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6. Derivative financial instruments

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of assets	Notional amount	Fair value of assets
Part - I				
Asset				
(i) Currency derivatives (Refer Note 47) - measured at FVTOCI				
- Cross currency interest rate swaps	92,039.27	5,184.09	75,385.93	5,346.17
- Forward contract	-	-	1,396.54	54.12
(ii) Interest rate derivatives (Refer Note 47) - measured at FVTPL				
- Overnight Indexed Swaps	59,325.00	292.46	39,500.00	81.65
	1,51,364.27	5,476.55	1,16,282.47	5,481.94

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of assets	Notional amount	Fair value of assets
Part - II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Asset				
Derivative designated as hedge				
Cash flow Hedging				
- Cross currency interest rate swaps	92,039.27	5,184.09	75,385.93	5,346.17
- Forward Contract	-	-	1,396.54	54.12
Fair Value Hedging				
- Overnight Indexed Swaps	59,325.00	292.46	39,500.00	81.65
	1,51,364.27	5,476.55	1,16,282.47	5,481.94

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between between Level 1 and Level 2 during the year. The asset liability management committee periodically monitors and reviews the risks involved.

7. Trade receivables

Particulars	As at 31 March 2025	As at 31 March 2024
Unsecured		
a) Considered good	2,075.80	2,526.91
b) Trade receivables which have significant increase in credit risk	-	18.01
	2,075.80	2,544.92
Allowance for expected credit loss		
a) Considered good	(6.67)	(7.51)
b) Trade receivables which have significant increase in credit risk	-	(2.47)
Net trade receivables	2,069.13	2,534.94

Notes:

- (i) The Groups exposure to credit risks, and loss allowances related to trade receivables are disclosed in note 38.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

- (ii) No trade 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.
- (iii) There are no disputed trade receivables as on 31 March 2025 and 31 March 2024.

7.1 The ageing schedule of Trade receivables is as follows:

As at 31 March 2025

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	925.74	1,134.75	0.75	8.82	5.74	-	2,075.80
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	925.74	1,134.75	0.75	8.82	5.74	-	2,075.80

As at 31 March 2024

Particulars	Unbilled receivables	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	131.36	2,367.72	19.20	8.63	-	-	2,526.91
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	18.01	-	-	-	-	18.01
(iii) Undisputed trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	131.36	2,385.73	19.20	8.63	-	-	2,544.92

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

7.2 Analysis of changes in the gross carrying amount of trade receivables and the corresponding ECL allowance in relation to trade receivables

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	2,526.91	18.01	-	2,544.92	2,873.72	1.14	-	2,874.86
New assets originated	965.12	-	-	965.12	1,542.34	18.01	-	1,560.35
Asset derecognised or repaid (excluding write off)	(1,416.23)	(18.01)	-	(1,434.24)	(1,889.15)	(1.14)	-	(1,890.29)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	2,075.80	-	-	2,075.80	2,526.91	18.01	-	2,544.92

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	7.51	2.47	-	9.98	13.35	0.09	-	13.44
New assets originated	6.55	-	-	6.55	4.59	2.47	-	7.06
Asset derecognised or repaid (excluding write off)	(7.39)	(2.47)	-	(9.86)	(10.43)	(0.09)	-	(10.52)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	6.67	-	-	6.67	7.51	2.47	-	9.98

8. Loans

Particulars	As at 31 March 2025			As at 31 March 2024		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
A. Based on nature						
Gross term loans	8,32,838.78	2,17,633.08	10,50,471.86	6,22,219.92	2,61,483.91	8,83,703.83
Less : Impairment loss allowance	(26,087.13)	-	(26,087.13)	(8,666.10)	-	(8,666.10)
Net term loans	8,06,751.65	2,17,633.08	10,24,384.73	6,13,553.82	2,61,483.91	8,75,037.73
Gross structured cash credit	33,282.11	-	33,282.11	47,829.20	-	47,829.20
Less : Impairment loss allowance	(429.06)	-	(429.06)	(1,908.00)	-	(1,908.00)
Net structured cash credit	32,853.05	-	32,853.05	45,921.20	-	45,921.20
Net loans	8,39,604.70	2,17,633.08	10,57,237.78	6,59,475.02	2,61,483.91	9,20,958.93
B. Based on Security						
(i) Secured by tangible assets *	5,78,003.64	24,821.90	6,02,825.54	4,63,719.52	54,823.74	5,18,543.26
(ii) Unsecured	2,88,117.25	1,92,811.18	4,80,928.43	2,06,329.60	2,06,660.17	4,12,989.77
Gross Loans	8,66,120.89	2,17,633.08	10,83,753.97	6,70,049.12	2,61,483.91	9,31,533.03
Less: Impairment loss allowance	(26,516.19)	-	(26,516.19)	(10,574.10)	-	(10,574.10)
Net Loans	8,39,604.70	2,17,633.08	10,57,237.78	6,59,475.02	2,61,483.91	9,20,958.93

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for the year ended 31 March 2025

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

Particulars	As at 31 March 2025			As at 31 March 2024		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	8,66,120.89	2,17,633.08	10,83,753.97	6,70,049.12	2,61,483.91	9,31,533.03
Gross Loans in India	8,66,120.89	2,17,633.08	10,83,753.97	6,70,049.12	2,61,483.91	9,31,533.03
Less: Impairment loss allowance	(26,516.19)	-	(26,516.19)	(10,574.10)	-	(10,574.10)
	8,39,604.70	2,17,633.08	10,57,237.78	6,59,475.02	2,61,483.91	9,20,958.93
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	8,39,604.70	2,17,633.08	10,57,237.78	6,59,475.02	2,61,483.91	9,20,958.93

* Term loans are secured by way of hypothecation of underlying loan receivables and / or pledge of securities or hypothecation of automobile assets or pledge of equitable mortgage of property.

Notes:

During the current and prior reporting periods, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made due to change in business model. Further, there are no loan assets that are held at FVTPL or designated as FVTPL.

The Group has not granted any loans or advances to promoters, directors, key managerial personels, and other related parties.

Also refer Note 38 (i) on Credit Risk under financial risk management objectives and policies.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

9. Investments

Particulars	As at 31 March 2025			As at 31 March 2024			Total
	At amortised cost	At fair value through other comprehensive income	At Fair value through profit and loss	At amortised cost	At fair value through other comprehensive income	At Fair value through profit and loss	
Investment in debentures (quoted)							
Non-convertible redeemable debentures	-	78,457.28	-	78,457.28	-	72,616.67	72,616.67
Market Linked debentures	-	-	-	-	-	-	18,992.53
Investment in debentures (unquoted)							
Non-convertible redeemable debentures	-	36,052.87	-	36,052.87	-	52,028.13	52,028.13
Investment in Commercial papers (quoted)							
Commercial papers	-	25,519.11	-	25,519.11	-	-	-
Investment in pass-through certificates (unquoted)							
Investment in pass-through certificates	-	14,597.89	-	14,597.89	-	5,772.44	5,772.44
Investment in alternate investment funds (unquoted)							
Alternative Investment Funds	-	-	10,655.43	10,655.43	-	-	14,374.13
Investment in Other approved securities (unquoted)							
Investment in government securities	10,486.71	-	-	10,486.71	12,121.16	-	12,121.16
Investment in mutual funds (quoted)							
Investment in Mutual Funds	-	-	1,945.22	1,945.22	-	-	2,164.49
Other investments (Unquoted)							
Share warrants	-	-	0.95	0.95	-	-	0.95
Sub total	10,486.71	1,54,627.15	12,601.60	1,77,715.46	12,121.16	1,30,417.24	1,78,070.50
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	-
Total Investments	10,486.71	1,54,627.15	12,601.60	1,77,715.46	12,121.16	1,30,417.24	1,78,070.50
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	10,486.71	1,54,627.15	12,601.60	1,77,715.46	12,121.16	1,30,417.24	1,78,070.50
Total Investments	10,486.71	1,54,627.15	12,601.60	1,77,715.46	12,121.16	1,30,417.24	1,78,070.50

Also refer Note 38 (i) on Credit Risk under financial risk management objectives and policies.

The group has designated these investments as FVOCI on the basis that these are not held for trading and held for strategic purpose.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

10 Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Considered good		
Unsecured - amortised cost:		
Security deposits	635.21	543.61
Advances to employees	332.78	252.84
Advance to originator partners	-	4,333.58
AIF application money pending allotment	1,500.00	-
Other receivables	1,560.09	220.70
Excess Interest spread on derecognition of financial assets (Refer Note 10.1)	3,084.36	3,124.39
Less: Impairment loss allowance	(233.74)	(83.70)
	6,878.70	8,391.42

10.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to excess interest spread (EIS) on derecognition of financial assets

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - EIS								
As at the beginning of the year	3,043.99	26.94	53.46	3,124.39	1,379.40	5.33	8.07	1,392.80
New assets originated	2,609.10	67.05	130.84	2,806.99	2,437.93	20.88	43.84	2,502.65
Asset derecognised or repaid (excluding write offs)	(2,808.73)	(24.62)	(13.67)	(2,847.02)	(773.34)	-	-	(773.34)
Transfer to stage 1	-	-	-	-	-	0.73	-	0.73
Transfer to stage 2	-	-	-	-	-	-	1.55	1.55
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	2,844.36	69.37	170.63	3,084.36	3,043.99	26.94	53.46	3,124.39

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - EIS								
As at the beginning of the year	18.28	11.80	53.62	83.70	18.69	2.43	5.25	26.37
New assets originated	40.99	20.63	130.84	192.46	11.40	9.05	48.07	68.52
Asset derecognised or repaid (excluding write offs)	(17.61)	(10.98)	(13.83)	(42.42)	(11.81)	-	-	(11.81)
Transfer to stage 1	-	-	-	-	-	0.32	-	0.32
Transfer to stage 2	-	-	-	-	-	-	0.30	0.30
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	41.66	21.45	170.63	233.74	18.28	11.80	53.62	83.70

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

11.1 Property, plant and equipment

Particulars	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Gross Block							
As at 1 April 2023	6.51	164.78	836.40	193.02	0.19	174.31	1,375.21
Additions	-	242.31	503.29	88.56	-	53.87	888.03
Disposals	-	-	(4.17)	(0.80)	-	(1.98)	(6.95)
As at 31 March 2024	6.51	407.09	1,335.52	280.78	0.19	226.20	2,256.29
Additions	-	144.15	263.43	44.64	-	738.97	1,191.19
Disposals	-	-	-	(0.10)	-	(1.78)	(1.88)
As at 31 March 2025	6.51	551.24	1,598.95	325.32	0.19	963.39	3,445.60
Accumulated depreciation							
As at 1 April 2023	6.26	44.41	641.78	167.80	0.19	133.30	993.74
Depreciation for the year	0.23	69.73	462.38	53.05	-	16.93	602.32
Reversal on disposal of assets	-	-	(4.09)	(0.81)	-	(1.09)	(5.99)
As at 31 March 2024	6.49	114.14	1,100.07	220.04	0.19	149.14	1,590.07
Depreciation for the year	0.02	132.07	324.38	60.21	-	59.17	575.85
Reversal on disposal of assets	-	-	-	-	-	-	-
As at 31 March 2025	6.51	246.21	1,424.45	280.25	0.19	208.31	2,165.92
Net block							
As at 31 March 2024	0.02	292.95	235.45	60.74	-	77.06	666.22
As at 31 March 2025	-	305.03	174.50	45.07	-	755.08	1,279.68

11.2 Intangible assets under development

Particulars	Software	Total
As at 1 April 2023	98.87	98.87
Add: Additions	481.87	481.87
Less: Capitalised during the year	(331.02)	(331.02)
Less: Written off during the year	(18.59)	(18.59)
As at 31 March 2024	231.13	231.13
Add: Additions	975.05	975.05
Less: Capitalised during the year	(612.70)	(612.70)
As at 31 March 2025	593.48	593.48

11.2. i Ageing of Intangible assets under development

As at 31 March 2025

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	513.21	80.27	-	-	593.48

As at 31 March 2024

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	150.85	80.28	-	-	231.13

11.2. ii As at 31 March 2025 and 31 March 2024, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

Notes to the Consolidated Financial Statements

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

11.3 Goodwill

Particulars	Goodwill	Total
Gross Block		
As at 1 April 2023	2,496.41	2,496.41
Additions	-	-
Disposals	-	-
As at 31 March 2024	2,496.41	2,496.41
Additions	-	-
Disposals	-	-
As at 31 March 2025	2,496.41	2,496.41
Impairment		
As at 1 April 2023	89.38	89.38
Impairment for the year	59.26	59.26
As at 31 March 2024	148.64	148.64
Impairment for the year	6.95	6.95
As at 31 March 2025	155.59	155.59
Net Block		
As at 31 March 2024	2,347.77	2,347.77
As at 31 March 2025	2,340.82	2,340.82

11.4 Other Intangible assets

Particulars	Software	Total
Gross block		
As at 1 April 2023	2,822.70	2,822.70
Additions	331.02	331.02
Disposals	-	-
As at 31 March 2024	3,153.72	3,153.72
Additions	616.76	616.76
Disposals	-	-
As at 31 March 2025	3,770.48	3,770.48
Accumulated amortisation		
As at 1 April 2023	1,485.61	1,485.61
Amortisation for the year	488.85	488.85
Reversal on disposal of assets	-	-
As at 31 March 2024	1,974.46	1,974.46
Amortisation for the year	510.68	510.68
Reversal on disposal of assets	-	-
As at 31 March 2025	2,485.14	2,485.14
Net Block		
As at 31 March 2024	1,179.25	1,179.25
As at 31 March 2025	1,285.34	1,285.34

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

11.5 Right of use asset

The details of right of use asset held by the Group is as follows:

	Office Premises- Buildings	Total
Gross block		
As at 1 April 2023	2,297.77	2,297.77
Additions	1,064.10	1,064.10
Disposals	(62.11)	(62.11)
As at 31 March 2024	3,299.76	3,299.76
Additions	1,948.02	1,948.02
Disposals	(6.15)	(6.15)
As at 31 March 2025	5,241.63	5,241.63
Accumulated depreciation		
As at 1 April 2023	1,331.08	1,331.08
Depreciation for the year	543.99	543.99
Reversal on disposal of assets	(47.54)	(47.54)
As at 31 March 2024	1,827.53	1,827.53
Depreciation for the year	702.13	702.13
Reversal on disposal of assets	-	-
As at 31 March 2025	2,529.66	2,529.66
Net Block		
As at 31 March 2024	1,472.23	1,472.23
As at 31 March 2025	2,711.97	2,711.97

12. Other non- financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Considered good, unsecured		
Prepaid expenses	929.67	962.28
Balances with government authorities	292.20	109.65
Capital advances	-	40.23
Advances to vendors	475.08	206.52
Other advances*	416.49	1,069.63
	2,113.44	2,388.31

* Other advances represents various expenses incurred in connection with initial public offer of equity shares of the Holding Company, recoverable from investors as part of the agreement. Balance as at 31 March 2024 includes Rs 222.93 lakhs paid to the statutory auditors (excluding taxes) of the Holding Company.

13. Derivative financial instruments

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of liabilities	Notional amount	Fair value of liabilities
Part I				
Liability				
(i) Currency derivatives (Refer Note 47) - measured at FVTOCI				
- Cross currency interest rate swaps	26,121.00	995.91	8,870.97	188.53
- Forward contract	1,650.95	1,367.57	-	-
(ii) Interest rate derivatives (Refer Note 47) - measured at FVTPL				
- Overnight indexed swaps	-	-	19,825.00	110.12
	27,771.95	2,363.48	28,695.97	298.65

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Notional amount	Fair value of liabilities	Notional amount	Fair value of liabilities
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Cash flow Hedging				
- Cross currency interest rate swaps	26,121.00	995.91	8,870.97	188.53
- Forward contract	1,650.95	1,367.57	-	-
Fair value hedging				
- Overnight indexed swaps	-	-	19,825.00	110.12
	27,771.95	2,363.48	28,695.97	298.65

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between between Level 1 and Level 2 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

14. Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Trade payables (Refer note below)		
-Total outstanding dues to micro enterprises and small enterprises (refer note 41 for details of dues to micro and small enterprises)	-	-
-Total outstanding dues to creditors other than micro enterprises and small enterprises	6,945.54	12,848.32
	6,945.54	12,848.32

Note:

a Ageing of trade payables

Particulars	As at 31 March 2025		As at 31 March 2024	
	MSME	Others	MSME	Others
Not due	-	5,378.75	-	11,836.77
Less than 1 year	-	1,566.79	-	1,011.55
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	-	6,945.54	-	12,848.32

b There are no disputed trade payables as at 31 March 2025 and 31 March 2024.

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

15. Debt securities (Refer Note 15A)

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Secured:		
- Redeemable non-convertible debentures:	1,23,964.20	98,448.85
Unsecured:		
- Commercial paper	16,821.12	42,923.61
Total Debt securities	1,40,785.32	1,41,372.46
Debt securities in India	1,40,785.32	1,41,372.46
Debt securities outside India	-	-
Total Debt securities	1,40,785.32	1,41,372.46

The above debentures are secured by the way of first and exclusive charge over eligible specified book debts of the Group.

Note 15 A : Details regarding terms of issuance of debt securities

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
Secured, redeemable non-convertible debentures:						
- NIL units (March 31, 2024: 5710 units) of 8.65% Redeemable, market linked non-convertible debentures of INR 1,00,000 each, maturing on July 12, 2024	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenor: 13 months Redemption Date: July 12, 2024	12-Jul-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.60%	-	5,710.00
- 2949 units (March 31, 2024: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on December 18, 2025	Coupon payment frequency: Semi annually Principal repayment frequency: 7 equal half-yearly instalments Tenure of security: 60 months Redemption date: December 18, 2025	18-Jun-25	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.97%	8,425.71	16,851.43

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
- 1800 units (March 31, 2024: 1800 units) of 9.85% Redeemable, market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026	Coupon payment frequency: Semi annually Principal repayment frequency: On maturity Tenure of security: 60 months Redemption date: March 23, 2026	23-Sep-25	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.85%	3,600.00	10,800.00
- NIL units (March 31, 2024: 200 units) of 8.95% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on June 30, 2024	Coupon payment frequency: Monthly Principal repayment frequency: On maturity Tenure of security: 21 months Redemption date: June 30, 2024	30-Jun-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	8.95%	-	2,000.00
- 3950 units (March 31, 2024: 3950 units) of 10.07% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on September 21, 2027	Coupon payment frequency: Semi annually Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 36 Months, 42 months, 48 months and 60 months Tenure of security: 5 years Redemption date: September 21, 2027	21-Sep-25	The Debentures shall be secured by a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien	Overnight MIBOR + Spread 3.51%	31,600.00	31,600.00
- NIL units (March 31, 2024: 891 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	-	8,910.00
- NIL units (March 31, 2024: 2500 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	-	2,500.00

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

Particulars		Terms of Redemption		Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
17500 units (March 31, 2024: 17500 units) of 9.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Mar 26, 2027		Coupon payment frequency: Quarterly Principal repayment frequency: 12 equal quarterly instalments Tenure of security: 36 months Redemption date: March 26, 2027		30-Apr-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.65%	11,666.67	17,500.00
62000 units (March 31, 2024: NIL units) of 9.18% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Jun 14, 2029		Coupon payment frequency: Semi-Annually Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 30 Months, 42 months, 48 months and 60 months Tenure of security: 60 months Redemption date: June 14, 2029"		14-Jun-25	The Debentures shall be secured by a first ranking and fixed and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.18%	62,000.00	-
5000 units (March 31, 2024: NIL units) of 9.17% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Nov 13, 2025		Coupon payment frequency: Quarterly Principal repayment frequency: On Maturity Tenure of security: 15 months Redemption date: November 13, 2025		13-May-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.17%	5,000.00	-
Total							1,22,292.38	95,871.43
Unsecured, Commercial Paper:								
NIL Units (March 31, 2024 : 2000 units) of 9.25% commercial paper of INR 500,000 each, maturing on June 17, 2024		"Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 17,2024"		14-Jun-24	NA	9.25%	-	10,000.00
NIL Units (March 31, 2024 : 2000 units) of 9.15% commercial paper of INR 500,000 each, maturing on June 25, 2024		"Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 25,2024"		25-Jun-24	NA	9.10%	-	10,000.00
NIL Units (March 31, 2024 : 900 units) of 8.85% commercial paper of INR 500,000 each, maturing on May 28, 2024		"Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Redemption date: May 28, 2024"		28-May-24	NA	8.85%	-	4,500.00

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Earliest repayment date	Security	Interest rate	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024
NIL Units (March 31, 2024 : 2000 units) of 9.90% commercial paper of INR 500,000 each, maturing on February 28, 2025	"Repayments terms: Entire amount is repaid on maturity Tenor: 365 Days Redemption date: February 28, 2025"	28-Feb-25	NA	9.90%	-	10,000.00
NIL Units (March 31, 2024 : 2000 units) of 10.20% commercial paper of INR 500,000 each, maturing on July 26, 2024	"Repayments terms: Entire amount is repaid on maturity Tenor: 122 Days Redemption date: July 24, 2024"	26-Jul-24	NA	10.20%	-	10,000.00
1000 Units (March 31, 2024 : NIL units) of 9.60% commercial paper of INR 500,000 each, maturing on August 14, 2025	"Repayments terms: Entire amount is repaid on maturity Tenor: 363 Days Redemption date: August 14, 2025"	14-Aug-25	NA	9.60%	5,000.00	-
1000 Units (March 31, 2024 : NIL units) of 9.60% commercial paper of INR 500,000 each, maturing on August 21, 2025	"Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: August 21, 2025"	21-Aug-25	NA	9.60%	5,000.00	-
500 Units (March 31, 2024 : NIL units) of 9.15% commercial paper of INR 500,000 each, maturing on May 02, 2025	"Repayments terms: Entire amount is repaid on maturity Tenor: 245 Days Redemption date: May 02, 2025"	02-May-25	NA	9.15%	2,500.00	-
1000 Units (March 31, 2024 : NIL units) of 9.45% commercial paper of INR 500,000 each, maturing on December 30, 2025	"Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: December 30, 2025"	30-Dec-25	NA	9.45%	5,000.00	-
Total					17,500.00	44,500.00

Note: The balances are net of accrued interest and gross of unamortised processing fees

* Coupon rate are linked to performance of specified indices including maket indiactors over the period of the debentures

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

16 Borrowings (Other than debt securities) (Refer Note 16A to 16E)

Particulars	As at 31 March 2025	As at 31 March 2024
Measured at amortised cost:		
Secured		
Term Loans		
- from banks	6,40,300.76	5,51,090.55
- from other financial institutions	1,30,084.58	1,11,097.24
Loans repayable on demand		
- Working capital loan from banks	57,731.58	62,847.50
- Cash credit from banks	9,835.03	9,828.33
Other loans		
- Borrowings under securitisation	7,262.66	28,539.53
Total borrowings (Other than debt securities)	8,45,214.61	7,63,403.15
Borrowings in India	7,34,382.34	6,79,067.74
Borrowings outside India	1,10,832.27	84,335.41
Total borrowings (Other than debt securities)	8,45,214.61	7,63,403.15

The above loans are secured by the way of first and exclusive charge over eligible specified book debts of the Group.

Note 16 A : Details regarding terms of borrowings

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Secured borrowing from banks						
Term Loan - 1	Repayments terms: Bullet payment Tenor: 37 Days Redemption date: May 05, 2025"	9.20%	30-Apr-25	1,500.00	1,500.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 2	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: March 31, 2026"	1 Y MCLR + Spread 1.15%	01-Apr-25	1,333.33	2,666.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 3	"Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025"	1 Y MCLR + Spread 1.15%	16-Dec-24	-	2,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 4	Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025	1 Y MCLR + Spread 1.15%	16-Dec-24	-	2,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 5	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: May 30, 2026	1 Y MCLR + Spread 1.15%	01-Apr-25	4,000.00	8,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 6	Repayments terms: Repayment on maturity Tenor: 62 Days Redemption date: May 29, 2025	8.90% P.A. Linked to 1 M MIBOR	30-Apr-25	7,500.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 7	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: March 30, 2027	1 Y MCLR + Spread 1.15%	01-Apr-25	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 8	Repayments terms: 14 monthly instalments Tenor: 48 months Redemption date: October 01, 2025	EBLR + Spread 1.26%	01-May-25	1,428.57	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 9	"Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	29-Mar-25	-	2,083.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 10	"Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	01-May-25	1,250.00	2,812.50	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 11	"Repayment Terms: Bullet payment Tenor: 90 Days Redemption Date: May 27, 2025	8.75% Linked to 1 M Repo	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 12	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: September 29, 2025	Repo Rate + Spread 3.25%	01-May-25	1,250.00	4,375.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 13	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 29, 2025	Repo Rate + Spread 3.25%	01-May-25	1,250.00	3,333.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 14	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: January 31, 2026	Repo Rate + Spread 3.25%	01-May-25	833.33	1,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 15	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2025	3M MCLR + Spread 0%	30-Mar-25	-	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 16	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: June 04, 2025	3Month T Bill + Spread 1.28%	05-Apr-25	312.50	1,562.50	First and Exclusive charge on the standard receivables with a security cover of 110%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 17	Repayments terms: 16 quaterly instalments Tenor: 48 months Redemption date: March 06, 2027	1 Y MCLR + Spread 0.75%	06-Apr-25	1,243.54	1,875.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 18	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: March 10, 2025	INR 13,900 - Repo Rate + Spread 3.5%, INR 5,000 - Repo Rate + Spread 3.75%	10-Mar-25	-	7,214.05	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 19	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: May 10, 2025	Repo Rate + Spread 3.75%	10-Apr-25	666.67	4,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 20	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: March 11, 2025	1 Y MCLR + Spread 0%	11-Mar-25	-	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 21	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: August 13, 2024	1 Y MCLR + Spread 0.5%	02-May-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 22	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: March 13, 2026	9.00%	15-Apr-25	1,935.48	3,870.97	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 23	Repayments terms: 10 quaterly instalments Tenor: 36 months Redemption date: December 23, 2024	1 Y MCLR + Spread 0%	23-Dec-24	-	1,050.00	First and Exclusive charge over the loan receivables
Term Loan - 24	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 23, 2026	1 Y MCLR + Spread 0%	23-Apr-25	4,000.00	8,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 25	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 24, 2025	1 Y MCLR + Spread 0.25%	24-Mar-25	-	6,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 26	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 25, 2025	364 days T Bill + Spread 3.99%	25-Mar-25	-	983.33	First and Exclusive charge over the loan receivables with a security cover of 115%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 27	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: September 26, 2024	8.60%	26-Sep-24	-	1,550.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 28	Repayments terms: 15 monthly instalments Tenor: 18 months Redemption date: April 26, 2024	3M T Bill + Spread 2.75%	26-Apr-24	-	333.80	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 29	Repayments terms: 9 quarterly instalments Tenor: 27 months Redemption date: January 27, 2025	3M T Bill + Spread 2.90%	27-Jan-25	-	2,222.25	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 30	Repayment Terms: Bullet payment Tenor: 38 Days Redemption Date: May 06, 2025	8.50%	30-Apr-25	900.00	900.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 31	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: June 28, 2027	1 Year MCLR + Spread 0.75%	28-Apr-25	5,620.44	8,125.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 32	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	19-Mar-25	-	933.33	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 33	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 29, 2025	1 Y MCLR + Spread 1.55%	29-Mar-25	-	1,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 34	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	19-Mar-25	-	1,866.67	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 35	Repayments terms: 11 quarterly instalments Tenor : 36 months Redemption date: March 29, 2026	1 Y MCLR + Spread 1.00%	08-Nov-24	-	5,454.55	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 36	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-25	1,050.00	5,250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 37	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-25	400.00	2,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 38	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: November 30, 2025	1 Y MCLR + Spread 0.8%	30-Apr-25	4,414.51	11,099.20	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 39	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: June 28, 2026	Repo Rate + Spread 2.75%	30-Apr-25	2,083.33	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 40	Repayments terms: 12 quarterly instalments Tenor: 39 months Redemption date: April 30, 2024"	6M MCLR + Spread 0.5%	30-Apr-24	-	278.29	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 41	"Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: November 30, 2024	8.00%	30-Nov-24	-	1,212.12	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 42	Repayments terms: 12 quaterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	31-Aug-24	-	1,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 43	Repayments terms: 12 quaterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	31-Aug-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 44	Repayments terms: 12 quaterly instalments Tenor: 36 months Redemption date: September 28, 2024	1 Y MCLR + Spread 0.65%	28-Sep-24	-	833.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 45	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024	1 Y T Bill + Spread 3.34%	28-Jun-24	-	1,166.67	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 46	Repayments terms: 24 monthly instalments Tenor: 33 months Redemption date: October 21, 2024	1 Y MCLR + Spread 0.6%	17-Oct-24	-	748.94	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 47	Repayments terms: Repayment on maturity Tenor: 180 days Redemption date: Sep 21, 2025	8.80% Linked to 3 M Repo	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 48	"Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024"	1 Y MCLR + Spread 1%	30-Sep-24	-	416.67	First and Exclusive charge over the loan receivables with a security cover of 111%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 49	Repayments terms: Bullet payment Tenor: 48 Days Redemption date: May 15, 2025	8.45%	30-Apr-25	10,000.00	8,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 50	Repayments terms: Bullet payment Tenor: 38 Days Redemption date: May 05, 2024\5	8.45%	30-Apr-25	15,000.00	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 51	Repayments terms: Bullet payment Tenor: 177 Days Redemption date: July 25, 2024	9.59% Linked to 1 M MIBOR	25-Jul-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 52	Repayments terms: Bullet payment Tenor: 179 Days Redemption date: August 23, 2024	9.59% Linked to 1 M MIBOR	23-Aug-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 53	Repayments terms: Repayment on maturity Tenor: 89 Days Redemption date: May 26, 2025	9.05%	30-Apr-25	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 133%.
Term Loan - 54	Repayments terms: 10 quarterly instalments Tenor: 33 months Redemption date: September 30, 2024	1 Y SOFR + Spread 2%	30-Sep-24	-	3,000.00	Asset cover of 1x for derivative limit
Term Loan - 55	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 31, 2024	1 Y MCLR + Spread 0.3%	09-Oct-24	-	749.50	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 56	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 31, 2025	1 Y MCLR + Spread 0.8%	31-Mar-25	-	1,295.53	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 57	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: March 28, 2025	1 Y MCLR + Spread 1%	08-Nov-24	-	3,636.36	First and Exclusive charge on the standard receivables with a security cover of 118%.
Term Loan - 58	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 30, 2024	364 days T Bill + Spread 5.2%	30-Jun-24	-	183.33	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 59	Repayments terms: Repayment on maturity Tenor: 110 Days Redemption date: April 08, 2024	9.40% Linked to 1 M MCLR + 0.15%	05-Apr-24	-	3,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 60	Repayments terms: Repayment on maturity Tenor: 136 Days Redemption date: May 06, 2024	9.40% Linked to 1 M MCLR + 0.15%	06-May-24	-	3,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 61	Repayments terms: Repayment on maturity Tenor: 157 Days Redemption date: July 05, 2024	9.60% Linked to 1 M MCLR + 0.15%	05-Jul-24	-	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 62	Repayments terms: 42 monthly instalments Tenor: 48 months Redemption date: March 23, 2026	1 Y MCLR + Spread 1%	30-Apr-25	654.76	1,369.05	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 63	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: May 31, 2024	External BMLR + Spread 4.2%	31-May-24	-	250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 64	Repayments terms: 60 monthly instalments Tenor: 60 months Redemption date: January 19, 2025	1 Y MCLR + Spread 1.5%	30-Sep-24	-	1,984.88	1x security cover for hedge limits
Term Loan - 65	Repayments terms: Repayment on maturity Tenor: 86 Days Redemption date: April 25, 2024	8.98% P.A. Linked to 1 M MIBOR	15-Apr-24	-	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan - 66	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2025	Repo Rate + Spread 4.45%	30-Apr-25	1,250.00	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 67	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 10, 2025	7.40%	30-Apr-25	918.55	2,563.81	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 68	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 31, 2025	7.40%	30-Apr-25	1,063.32	2,702.70	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 69	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	3,307.50	3,937.50	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 70	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: December 28, 2026	6M MCLR + Spread 0.55%	10-Apr-25	2,334.58	3,668.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 71	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 29, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	7,350.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 72	Repayments terms: 24 monthly instalments Tenor: 27 months Redemption date: March 31, 2025	1 year MCLR + Spread 0.1%	31-Mar-25	-	2,500.00	1.20 times first and exclusive charge on standard receivables on outstanding level with 1.15 times receivables being PSL qualifying assets and 0.05 times receivables being non-PSL assets.
Term Loan - 73	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-25	13,230.00	15,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 74	Repayment Terms: 37 monthly instalments Tenor: 37 months Redemption Date: March 15, 2025	Repo Rate + Spread 2.30%	15-Mar-25	-	4,677.46	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 75	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 31, 2026	6M T bill + Spread 0%	30-Apr-25	1,327.09	2,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 76	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2025	6M MCLR + Spread 0.6%	31-Mar-25	-	4,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 77	Repayment Terms: Bullet payment Tenor: 40 Days Redemption Date: May 07, 2025	9.00% Linked to Repo	01-Apr-25	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 78	Repayment Terms: Bullet payment Tenor: 90 Days Redemption Date: Jun 27, 2025	9.10%	01-Apr-25	3,000.00	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 79	Repayment Terms: 12 equal quaterly instalments Tenor: 36 months Redemption Date: June 21, 2026	3Month MCLR + Spread 0.3%	10-Oct-24	-	750.00	First and Exclusive charge over the loan receivables with a security cover of 120%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 80	Repayment Terms: 8 equal quarterly instalments starting from 3 months from the date of first disbursement Tenor: 24 months Redemption Date: June 27, 2025	9.45%	30-Apr-25	1,250.00	6,250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 81	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: June 30, 2025	Repo Rate + Spread 0.30%	30-Apr-25	500.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 82	Repayments terms: 15 quarterly instalments Tenor: 42 months Redemption date: June 1, 2025	1 Y MCLR + Spread 1.15%	01-May-25	404.03	2,076.09	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 83	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: July 28, 2027	3M T bill + Spread 2.57%	10-Apr-25	3,335.00	4,667.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 84	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: July 31, 2027	3M T bill + Spread 2.57%	10-Apr-25	3,335.00	4,667.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 85	Repayments terms: 48 Monthly instalments Tenor: 48 months Redemption date: July 31, 2027	3Y MCLR + Spread 0.55%	30-Apr-25	1,555.56	2,222.22	Exclusive charge on the standard receivables with a security cover / ACR of 110%.
Term Loan - 86	Repayments terms: 12 Monthly instalments Tenor: 12 months Redemption date: Sep 05, 2024	Repo Rate + Spread 2.50%	05-Sep-24	-	2,044.60	First ranking Exclusive and continuing charge by way of Hypothecation of identified book debts of borrower (Principal amount) to cover 110% of the outstanding facility amount.
Term Loan - 87	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 20, 2026	Repo Rate + Spread 2.60%	21-Apr-25	7,661.29	12,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 88	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 20, 2026	3M MCLR + Spread 0%	21-Apr-25	4,596.77	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 89	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: Sep 29, 2026	1 Y MCLR + Spread 1.25%	10-Apr-25	5,700.00	9,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 90	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: Oct 28, 2026	9.35%	28-Apr-25	3,064.52	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 91	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Sep 28, 2025	6M MCLR + Spread 0.15%	28-Apr-25	1,250.00	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 92	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: Sep 29, 2026	1 Y MCLR + Spread 0.45%	29-Apr-25	9,989.79	16,666.67	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 93	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Nov 02, 2027	1 Y MCLR + Spread 0.65%	01-Apr-25	9,333.33	13,066.67	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 94	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: October 30, 2027	1 Y MCLR + Spread 0.80%	01-Apr-25	4,133.33	5,733.33	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 95	Repayments terms: 24 monthly instalments Tenor: 36 months Redemption date: October 31, 2025	1 Y MCLR + Spread 0.20%	30-Apr-25	2,187.50	5,937.50	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 96	Repayments terms: 6 quarterly instalments Tenor: 24 months Redemption date: December 15, 2025	3M T-Bill + Spread 2.20%	15-Apr-25	1,875.00	4,375.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 97	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: December 18, 2025	8.10%	20-Apr-25	3,750.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 98	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: December 20, 2025	6M MCLR + Spread 0.30%	20-Apr-25	3,750.00	8,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 99	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: December 10, 2026	1 Y MCLR + Spread 1.25%	10-Apr-25	10,850.00	17,050.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 100	Repayments terms: 27 monthly instalments Tenor: 27 months Redemption date: March 31, 2026	6 M MCLR	30-Apr-25	5,000.00	10,000.00	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 101	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: January 31, 2027	1 Y MCLR + Spread 0.75%	30-Apr-25	5,445.63	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 102	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2024	1 Y MCLR + Spread 0.50%	01-May-25	4,058.24	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 103	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: February 27, 2027	Repo Rate + Spread 3.00%	30-Apr-25	4,791.67	7,291.67	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 104	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: February 28, 2026	6M MCLR + Spread 0.30%	29-Apr-25	1,648.50	3,450.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 105	Repayments terms: 6 quarterly instalments Tenor: 24 months Redemption date: February 28, 2026	3M T bill + Spread 2.52%	10-Apr-25	5,710.00	10,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 106	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 07, 2026	8.25%	07-Apr-25	2,500.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 107	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 07, 2026	3M T-Bill + Spread 2.32%	07-Apr-25	2,500.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 108	Repayment Terms: 12 equal quarterly instalments Tenor: 36 months Redemption Date: March 07, 2027	3M T Bill + Spread 2.64%	30-Apr-25	3,332.00	5,000.00	Exclusive Charge by way of Hypothecation of loan receivables of slandered assets created out of bank finance and which are not overdue as per RBI/ Regulator guideline, with as security cover of 110%
Term Loan - 109	Repayments terms: 11 quarterly instalments Tenor: 34 months Redemption date: December 31, 2026	9.65%	01-May-25	15,000.00	25,000.00	First and Exclusive charge on the standard receivables with a security cover of 120%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 110	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 17, 2024	8.80%	13-Sep-24	-	29,836.90	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 111	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 17, 2024	8.80%	13-Sep-24	-	29,951.78	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 112	Repayments terms: 16 quaterly instalments Tenor: 48 months Redemption date: March 21, 2028	1 Y MCLR + Spread 0.75%	21-Apr-25	7,500.00	10,000.00	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 113	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: March 28, 2028	1 Y MCLR + Spread 0.80%	01-Apr-25	16,000.00	20,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 114	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 27, 2024	9.25%	27-Sep-24	-	11,662.06	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 115	Repayments terms: 6 Monthly instalments Tenor: 183 Days Redemption date: September 27, 2024	9.25%	27-Sep-24	-	11,662.06	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 116	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Jun 28, 2026	3M T bill + Spread 2.39%	28-Apr-25	3,125.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 117	Repayments terms: 12 quaterly instalments Tenor: 36 months Redemption date: Jun 29, 2027	1 M MCLR + Spread 0.20%	30-Apr-25	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 118	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Jul 30, 2026	6M MCLR + Spread 0.05%	30-Apr-25	1,600.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 119	Repayments terms: 16 quaterly instalments Tenor: 48 months Redemption date: Sep 26, 2028	1Y MCLR + Spread 0.60%	30-Apr-25	9,160.75	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 120	Repayments terms: 45 monthly instalments Tenor: 48months Redemption date: Sep 30, 2028	1Y MCLR + Spread 0.40%	30-Apr-25	9,333.33	-	First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 121	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	1 Y MCLR + Spread 1.20%	30-Apr-25	5,416.67		- First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 122	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 01, 2026	6 M SOFR + Spread 2.60%	30-Apr-25	17,951.78		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 123	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 29, 2026	6 M SOFR + Spread 2.60%	30-Apr-25	17,836.90		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 124	Repayments terms: 20 quaterly instalments Tenor: 60 months Redemption date: Sep 30, 2029	1Y MCLR + Spread 0.40%	30-Apr-25	4,500.00		- First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 125	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 30, 2028	1Y MCLR + Spread 0.40%	30-Apr-25	28,429.00		- First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 126	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: Oct 29, 2027	1Y MCLR + Spread 0.00%	30-Apr-25	10,000.00		- First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 127	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	6 M SOFR + Spread 2.53%	28-Apr-25	45,000.00		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 128	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 14, 2025	6 M SOFR + Spread 2.65%	28-Apr-25	4,994.06		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 129	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 14, 2025	6 M SOFR + Spread 2.65%	28-Apr-25	4,994.06		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 130	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 15, 2027	6 M SOFR + Spread 2.53%	25-Apr-25	45,000.00		- First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 131	Repayments terms: 16 quaterly instalments Tenor: 48 months Redemption date: Dec 11, 2028	1Y MCLR + Spread 1.15%	30-Apr-25	4,663.93		- First and Exclusive charge on the standard receivables with a security cover of 110%.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 132	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 24, 2028	1Y MCLR + Spread 0.40%	24-Apr-25	9,333.33	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 133	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Dec 31, 2028	1 Y MCLR + Spread 0.35%	01-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 134	Repayments terms: 48 monthly instalments Tenor: 60 months Redemption date: Jan 31, 2030	Term SOFR + Spread 2.15%	31-Jul-25	12,982.50	-	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 135	Repayments terms: 31 monthly instalments Tenor: 36 months Redemption date: Feb 29, 2028	1Y MCLR + Spread 0.00%	30-Apr-25	10,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 136	Repayments terms: 48 monthly instalments Tenor: 60 months Redemption date: Feb 28, 2030	Term SOFR + Spread 2.15%	28-Aug-25	13,138.50	-	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 137	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: Mar 18, 2029	1 Y MCLR + Spread 0.35%	01-Apr-25	15,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 138	Repayments terms: 24 Monthly instalments Tenor: 20 Months Redemption date: November 25, 2026	Repo Rate + Spread 3%	25-Apr-25	5,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 139	Repayments terms: 11 quarterly instalments Tenor: 34 months Redemption date: Nov 25, 2026	3 M T Bill + Spread 2.82%	30-Jun-25	50,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 140	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: Sep 27, 2028	1Y MCLR + Spread 0.40%	27-Apr-25	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 141	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Mar 28, 2027	3 M MCLR + Spread 0.05%	28-Apr-25	20,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 142	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: Mar 28, 2028	3 M MCLR + Spread 0.15%	28-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 143	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Apr 01, 2027	1Y MCLR + Spread 0.25%	01-May-25	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 144	Repayment Terms: Bullet payment Tenor: 60 Days Redemption Date: May 27, 2025	1 M T Bill + Spread 2.48%	30-Apr-25	10,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 145	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: Mar 27, 2027	6 M MCLR + Spread 0.20%	30-Apr-25	20,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 146	Repayments terms: 10 quarterly instalments Tenor: 34 months Redemption date: Mar 27, 2027	3 M T Bill + Spread 0.00%	10-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 147	Repayment Terms: Bullet payment Tenor: 37 Days Redemption Date: May 05, 2025	9.65% Linked to overnight MCLR + 0.15%	30-Apr-25	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 148	Repayments terms: 16 quarterly structured principal instalments Tenor: 48 months Redemption date: Mar 28, 2028	12.25%		7,600.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Total				7,06,224.47	6,13,512.84	

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Secured borrowing from other financial institutions						
Term Loan - 1	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: September 28, 2024	3M MCLR + Spread 0.55%	28-Sep-24	-	2,187.50	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 2	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: July 30, 2024	HDFC 1Y MCLR + Spread 1.6%	30-Jul-24	-	555.56	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 3	Repayment Terms: 12 equal quaterly instalments Tenor: 36 months Redemption Date: October 01, 2024	LTRR + Spread 9.05%	01-Oct-24	-	333.33	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 4	Repayment Terms: 12 quarterly instalments Tenor: 36 months Redemption Date: June 01, 2024	9.10%	01-Jun-24	-	208.33	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 5	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 01, 2025	9.15%	01-May-25	249.38	1,250.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 6	Repayments terms: 12 equal quaterly instalments Tenor: 36 months Redemption date: JULY 01 , 2026	LTRR+- Spread 10.85%	01-May-25	1,666.67	3,000.00	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 7	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 27, 2026	3Month MCLR + Spread 1.15%	05-Apr-25	2,222.22	3,888.89	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 8	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: March 04, 2026	9.78%	04-Sep-25	2,434.33	4,868.67	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 9	Repayment Terms: 7 half yearly instalments Tenor: 60 months Redemption Date: September 15, 2026	7.59%	15-Sep-25	15,792.86	26,321.43	Exclusive hypothecation charge over loan receivables/ loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 10	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: November 17, 2025	9.35%	15-May-25	6,149.17	12,298.33	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 11	Repayment Terms: 6 half yearly instalments Tenor: 56 months Redemption Date: November 15, 2025	9.50%	15-May-25	6,036.25	12,072.50	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets

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Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Term Loan - 12	"Repayments terms: 6 half yearly instalments Tenor: 60 months Redemption date: December 15, 2026"	Overnight MIBOR + Spread 4.97%	15-Jun-25	13,216.67	19,825.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 13	"Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: July 28, 2026"	SBI 3M MCLR + Spread 1.10%	05-Apr-25	2,361.11	4,027.78	Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount.
Term Loan - 14	Repayments terms: 11 quaterly instalments Tenor: 36 months Redemption date: Sep 01, 2026	9.35%	01-May-25	3,272.73	5,454.55	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 110% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 15	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: Sep 01, 2026	9.35%	30-Apr-25	3,208.14	4,819.66	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 16	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: May 29, 2027	HDFC 3M MCLR + Spread 0.17%	05-Apr-25	9,375.00	-	First and Exclusive charge on Specific & identified loan receivable with a security cover of 115%.
Term Loan - 17	Repayments terms: 4 Equal instalments Tenor: 60 months Redemption date: Jun 15, 2029	9.23%	16-Jun-25	33,410.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 18	Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: Feb 10, 2028	9.35%	10-Jun-25	15,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Total				114,394.53	1,01,111.53	

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for the year ended 31 March 2025

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at 31 March 2025	Gross Balance as at 31 March 2024	Security
Borrowings under securitisation						
Securitisation loan - 1	"Repayments terms: 42 monthly instalments Tenor: 42 months Redemption date: Sep 17, 2027"	10.20%	17-Apr-25	3,992.69	10,330.09	NA
Securitisation loan - 2	"Repayments terms: 14 monthly instalments Tenor: 14 months Redemption date: February 23, 2025"	8.50%	NA	-	8,254.34	NA
Securitisation loan - 3	"Repayments terms: 20 monthly instalments Tenor: 20 months Redemption date: Dec 23, 2025"	8.70%	23-May-25	3,269.97	9,790.36	NA
Total				7,262.66	28,374.79	

16B. Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2025, the rate of interest across the cash credit and working capital demand loans was in the range of 8.50 % p.a to 9.65% p.a (as on March 31, 2024 - 6.95% p.a to 10.15% p.a). The Group has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

16C. The Group has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

16D. The quarterly returns/statements of current assets filed by the Group with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

16E. The Group is not declared as wilful defaulter by any of our bank and financial institutions during the year ended 31 March 2025 and 31 March 2024.

17 Other financial liabilities (including lease liabilities)

Particulars	As at 31 March 2025	As at 31 March 2024
Collateral deposits from customers (Refer note 1 below)	3,950.81	581.85
Lease Liability (Refer Note 35)	3,253.90	1,698.20
Employee benefits payable	4,982.49	4,820.02
Remittances payable - derecognised financial instruments (Refer note 2 below)	3,957.11	7,598.13
Income received in advance	0.75	83.74
Other liabilities	1,823.29	721.19
Unpaid Dividend on Non convertible Preference shares	2.69	2.69
	17,971.04	15,505.82

Notes :

- 1) Represents amounts received from customers (originator partners which includes corporates such as NBFCs, HFCs, and SFBs) as cash collateral for the loans provided by the Group.
- 2) Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

18 Provisions

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for employee benefits:		
- Gratuity (refer note 42)	1,015.63	914.06
- Compensated absences (refer note 42)	786.80	607.28
Provision for others:		
- Impairment loss allowance for guarantees (Refer Note 18(A))	32.55	1,573.77
- Impairment loss allowance for undrawn commitments (Refer Note 18(B))	95.90	107.06
- Others	-	4.31
	1,930.88	3,206.48

18A Impairment loss allowance for guarantees

i Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58
Individually impaired	-	-	-	-	-	-	-	-
Total	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58

ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:

Gross exposure reconciliation

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	6,048.75	392.83	-	6,441.58	15,668.21	720.00	-	16,388.21
New exposures	-	-	-	-	48.49	-	-	48.49
Asset derecognised or repaid (Excluding write off)	(5,879.98)	(392.83)	-	(6,272.81)	(9,667.95)	(327.17)	-	(9,995.12)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	168.77	-	-	168.77	6,048.75	392.83	-	6,441.58

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

iii Reconciliation of ECL balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	82.57	1,491.20	-	1,573.77	358.77	1,148.00	-	1,506.77
New exposures	-	-	-	-	8.76	-	-	8.76
Asset derecognised or repaid	(50.02)	(1,491.20)	-	(1,541.22)	(284.96)	(56.80)	-	(341.76)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	400.00	-	400.00
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	32.55	-	-	32.55	82.57	1,491.20	-	1,573.77

18B Impairment loss allowance for loan commitments

i Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00
Total	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00

ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows:

Gross exposure reconciliation

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	13,599.00	-	-	13,599.00	12,733.82	500.00	-	13,233.82
New exposures	7,800.00	-	-	7,800.00	13,350.00	-	-	13,350.00
Asset derecognised or repaid (Excluding write off)	(10,099.00)	-	-	(10,099.00)	(12,484.82)	(500.00)	-	(12,984.82)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	11,300.00	-	-	11,300.00	13,599.00	-	-	13,599.00

iii Reconciliation of ECL balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	107.06	-	-	107.06	262.42	10.22	-	272.64
New exposures	82.60	-	-	82.60	99.69	-	-	99.69
Assets converted to funded exposure	(93.76)	-	-	(93.76)	(255.05)	(10.22)	-	(265.27)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	95.90	-	-	95.90	107.06	-	-	107.06

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

19. Other non- financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Statutory dues payable	1,807.67	1,556.46
	1,807.67	1,556.46

20. Equity share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	Amount	No. of shares	Amount
Issued, subscribed and paid up				
Equity Shares				
Equity shares of ₹ 10 each	16,13,79,336	16,137.93	8,93,85,420	8,938.54
	16,13,79,336	16,137.93	8,93,85,420	8,938.54
Instruments entirely equity in nature:				
0.0001% Compulsorily convertible preference shares of ₹ 20 each	-	-	4,13,23,204	8,264.64
	-	-	4,13,23,204	8,264.64

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	8,93,85,420	8,938.54	8,90,31,293	8,903.13
Add: Equity shares issued during the year through employee stock options plan	3,11,966	31.20	3,54,127	35.41
Add: Equity shares issued during the year through initial public offering	1,90,65,326	1,906.53	-	-
Add: Equity shares arising on conversion of preference shares	5,26,16,624	5,261.66	-	-
At the end of the year	16,13,79,336	16,137.93	8,93,85,420	8,938.54
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	4,13,23,204	8,264.64	4,13,23,204	8,264.64
Add: shares issued during the year	97,69,820	1,953.96	-	-
Less: Shares converted into equity	(5,10,93,024)	(10,218.60)	-	-
At the end of the year	-	-	4,13,23,204	8,264.64

b) During the period, the holding Company has issued 311,966 shares (March 31, 2024 : 354,127) equity shares which were allotted to employees who exercised their options under ESOP scheme.

c) During year ended 31 March 2025 the Holding Company has issued compulsorily convertible preference shares (CCPS) amounting to ₹ 38,199.99 by offering and issuing

- 84,91,048 Series C CCPS having a face value of ₹ 20 each issued at a premium of ₹ 371 per share, amounting to of ₹ 33,199.99 and;
- 12,78,772 Series C2 CCPS having a face value of ₹ 20 each issued at a premium of ₹ 371 per share, amounting to a ₹ 4,999.99 on a private placement basis by way of preferential allotment pursuant to the approval by the Board of Directors at its meeting held on 04 April 2024 which was approved by the shareholders in the Extraordinary General Meeting held on 15 April 2024.

Northern Arc Capital Limited

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d) During the year ended 31 March 2025, the Holding Company has completed an Initial Public Offer ("IPO") of 29,597,646 equity shares of face value of INR 10 each at an issue price of INR 263 per equity share (INR 239 per equity share reserved for employees), comprising of offer for sale of 10,532,320 equity shares by selling shareholders and fresh issue of 19,065,326 equity shares. The equity shares of the Holding Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 24 September 2024.

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

i) Equity shares

The Group has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Group's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) 0.0001% Compulsorily convertible preference shares:

0.0001% Compulsory Convertible Preference Shares ('CCPS') having a par value of INR 20 is convertible in the ratio of 1:1 and are treated pari passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

- In connection with an IPO, immediately prior to the filing of red herring prospectus (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time; and
- The date which is 19 (nineteen) years from the date of allotment of CCPS.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

f) In the period of five years immediately preceding 31 March 2025

There were no shares allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last five years immediately preceding 31 March 2025. There were issue of shares pursuant to the contract without payment being received in cash as follows:

During the year ended 31 March 2025, the Holding Company issued 52,616,624 equity shares of ₹ 20 each pursuant to the conversion of 51,093,024 CCPS of ₹10 each, issued by the Company.

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10 each fully paid				
Leapfrog Financial Inclusion India (II) Limited	2,61,08,216	16.18%	2,99,52,665	33.51%
Augusta Investments Pte II Ltd	2,58,87,110	16.04%	2,26,30,995	25.32%
Eight Roads Investments Mauritius (II) Limited	1,18,63,798	7.35%	-	0.00%
International Finance Corporation	98,15,224	6.08%	-	0.00%
Dvara Trust	82,99,258	5.14%	99,29,257	11.11%
Accion Africa Asia Investment Company	64,35,564	3.99%	76,99,529	8.61%
Sumitomo Mitsui Banking Corporation	60,81,154	3.77%	70,04,364	7.84%

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Particulars	As at 31 March 2025		As at 31 March 2024	
	No. of shares	% held	No. of shares	% held
	9,44,90,324	58.55%	7,72,16,810	86.39%
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	-	0.00%	1,16,30,889	28.15%
360 One Special Opportunities Fund - Series 4 (formerly IIFL Special Opportunities Fund - Series 4)	-	0.00%	66,09,362	15.99%
360 One Special Opportunities Fund - Series 5 (formerly IIFL Special Opportunities Fund - Series 5)	-	0.00%	54,23,128	13.12%
360 One Special Opportunities Fund - Series 2 (formerly IIFL Special Opportunities Fund - Series 2)	-	0.00%	43,71,781	10.58%
360 One Special Opportunities Fund (formerly IIFL Special Opportunities Fund)	-	0.00%	41,61,142	10.07%
360 One Special Opportunities Fund - Series 7 (formerly IIFL Special Opportunities Fund - Series 7)	-	0.00%	36,93,947	8.94%
Augusta Investments Pte II Ltd	-	0.00%	32,56,115	7.88%
	-	0.00%	3,91,46,364	94.73%

h) The Group does not have an identifiable promoter.

21. Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
a) Securities premium		
At the commencement of the year	86,366.40	85,679.02
Add: Premium on equity shares issued during the year upon exercise of ESOP	636.44	687.38
Add: Premium on equity shares issued during the year through initial public offering	46,732.49	-
Add: Premium on preference shares issued during the year	36,246.03	-
Add: Premium on on conversion of preference shares	4,956.94	-
Less: Utilised during the year for writing off share issue expenses	(4,031.29)	-
At the end of the year	1,70,907.01	86,366.40
b) Statutory reserve		
At the commencement of the year	23,275.90	17,672.47
Add : Transfer from retained earnings	6,852.30	5,603.43
At the end of the year	30,128.20	23,275.90
c) Share based payment reserve		
At the commencement of the year	3,104.69	1,700.43
Add: Employee compensation expense during the year	1,357.92	1,790.19
Less: Transfer to retained earnings	(97.74)	(160.10)
Less: Transfer to securities premium on allotment of shares	(268.94)	(225.83)
At the end of the year	4,095.93	3,104.69
d) Retained earnings		
At the commencement of the year	96,035.32	69,899.17
Add: Profit for the year	30,454.79	30,833.39
Add: Other comprehensive income for the year	(78.98)	78.84
Add: Transfer from Share based payment reserve	36.53	827.35
Less: Transfer to statutory reserve	(6,852.30)	(5,603.43)
At the end of the year	1,19,595.36	96,035.32
e) Capital Redemption Reserve		

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Particulars	As at 31 March 2025	As at 31 March 2024
At the commencement of the year	3,467.00	3,467.00
At the end of the year	3,467.00	3,467.00
f) Capital Reserve		
At the commencement of the year	3.57	3.57
At the end of the year	3.57	3.57
g) Other comprehensive income - Financial instruments through OCI		
At the commencement of the year	3,583.79	2,657.57
Less : Fair valuation of financial instrument (refer note (vii)(a) below)	(2,173.09)	919.66
Add: Amount reclassified to Profit and loss	-	6.56
At the end of the year	1,410.70	3,583.79
h) Other comprehensive income - Effective Portion of Cash Flow Hedge Reserve		
At the commencement of the year	(1,685.05)	(2,704.38)
Cash flow hedge reserve (refer note (vii)(b) below)	(674.62)	1,019.33
At the end of the year	(2,359.67)	(1,685.05)
i) Share application money received pending allotment		
At the commencement of the year	83.76	-
Less: Shares allotted during the year	(83.76)	-
Received during the year pending allotment	38.84	83.76
At the end of the year	38.84	83.76
Total (a+b+c+d+e+f+g+h+i)	3,27,286.94	2,14,235.38

Notes

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Share based payment reserve

The Holding Company has established various equity settled share based payment plans for certain categories of employees of the Company. The amount represents reserve created to the extent of granted options based on the employee stock option scheme. Under Ind AS 102, fair value of the options granted is to be expelled off over the life of the vesting period as employee compensation cost reflecting period of receipt of service.

(iii) Statutory reserve

Reserve u/s 45-IA of the RBI Act, 1934, the Group is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared.

(iv) Retained earnings

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss.

(v) Capital reserve

During the year ended 31 March 2017, the holding Company approved the scheme of arrangement (Demerger) & amalgamation between the holding Company, IFMR Holdings Private Limited ('IFMR Holdings'), Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013. Pursuant to such scheme of

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arrangement entered in the year ended March, 31, 2017, the Group has created a capital reserve in accordance with the applicable accounting standards.

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the Cumulative non convertible compulsorily redeemable preference shares in accordance with section 69 of Companies Act, 2013.

(vii) Other comprehensive income

- a) The Group has elected to recognise changes in the fair value of certain loans where the business model is to collect contractual cash flows and also to sell financial assets in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.
- b) The Group has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

(viii) Share application money received pending allotment

The Holding Company has received share application money against exercise of 32,500 shares (As at March 31, 2024 - 74,500 shares) at face value of INR 10 each at an aggregate premium of INR 35.59 lakhs (As at 31 March 2024 - INR 76.31 lakhs) from employees pending allotment at the end of the respective financial year end.

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for the year ended 31 March 2025

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

22 Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/ associates

Particulars	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated comprehensive income	Amount
As at 31 March 2025								
Holding Company								
Northern Arc Capital Limited	99.12%	3,40,915.46	113.71%	34,261.50	99.02%	(2,900.79)	115.29%	31,360.71
Domestic Subsidiaries - (Holding Company's share)								
Northern Arc Investment Adviser Services Private Limited	0.11%	367.04	0.00%	0.11	0.00%	-	0.00%	0.11
Northern Arc Investment Managers Private Limited	1.42%	4,876.57	(1.70)%	(512.90)	(0.11)%	3.16	(1.87)%	(509.74)
Northern Arc Foundation	0.02%	77.97	(0.24)%	(72.80)	0.00%	-	(0.27)%	(72.80)
Northern Arc Capital Employee Welfare Trust	0.00%	0.00	0.00%	(0.37)	0.00%	-	0.00%	(0.37)
Northern Arc Securities Private Limited	0.05%	161.54	(0.27)%	(79.86)	0.00%	-	(0.29)%	(79.86)
Pragati Finserv Private Limited	0.14%	496.47	(9.76)%	(2,939.40)	0.99%	(29.05)	(10.91)%	(2,968.45)
Non-controlling interests in subsidiaries	0.15%	531.46	(1.07)%	(322.98)	0.10%	(3.19)	(1.20)%	(326.17)
Associates (Investment accounted as per equity method)								
Finreach Solutions Private Limited	0.00%	-	(0.70)%	(210.91)	0.00%	-	(0.78)%	(210.91)
Northern Arc Emerging Corporate Bond Fund	0.00%	-	0.03%	8.95	0.00%	-	0.03%	8.95
Eliminations	(1.01)%	(3,470.18)	0.00%	0.47	0.00%	(0.01)	0.00%	0.46
As at 31 March 2025	100.00%	3,43,956.33	100.00%	30,131.81	100.00%	(2,929.88)	100.00%	27,201.93
As at 31 March 2024								
Holding Company								
Northern Arc Capital Limited	96.98%	2,25,035.33	88.19%	28,017.11	95.40%	1,932.22	88.62%	29,949.33
Domestic Subsidiaries - (Holding Company's share)								
Northern Arc Investment Adviser Services Private Limited	0.16%	366.94	0.05%	14.67	0.00%	-	0.04%	14.67
Northern Arc Investment Managers Private Limited	2.32%	5,386.31	2.26%	718.00	0.48%	9.68	2.15%	727.68
IFMR Fimpact Long Term Credit Fund	0.00%	-	2.11%	671.35	0.00%	-	1.99%	671.35
Northern Arc Foundation	0.06%	150.77	0.13%	40.00	0.00%	-	0.12%	40.00
Northern Arc Capital Employee Welfare Trust	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Northern Arc Securities Private Limited	0.06%	141.40	0.00%	0.23	0.00%	-	0.00%	0.23
Pragati Finserv Private Limited	1.49%	3,465.00	6.15%	1,954.63	3.75%	75.92	6.01%	2,030.55
Non-controlling interests in all subsidiaries	0.26%	602.60	2.95%	935.88	0.41%	8.34	2.79%	944.22
Associates								
Finreach Solutions Private Limited	0.00%	-	0.00%	(216.08)	(0.04)%	(0.81)	(0.64)%	(216.89)
Northern Arc Emerging Corporate Bond Fund	0.00%	-	0.00%	(11.11)	0.00%	-	(0.03)%	(11.11)
IFMR Fimpact Long Term Credit Fund			0.00%	129.98	0.00%	-	0.38%	129.98
Eliminations	(1.34)%	(3,107.19)	(1.53)%	(485.39)	0.00%	-	(1.44)%	(485.39)
As at 31 March 2024	100.00%	2,32,041.16	100.00%	31,769.27	100.00%	2,025.35	100.00%	33,794.62

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for the year ended 31 March 2025

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

23. Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/ associates/ joint ventures

Investment in Associates (Investment accounted as per equity method)

The following table illustrates the summarised financial information of the Group's investment in Associates as at 31 March 2025 and 31 March 2024

Particulars	As at 31 March 2025		As at 31 March 2024
	Finreach Solutions Private Limited	Northern Arc Emerging Corporate Bond Fund	Finreach Solutions Private Limited
Financial Assets	673.52	90,668.30	1,521.21
Non-Financial Assets	157.52	-	174.24
Financial Liabilities	(313.46)	(3,072.37)	(367.24)
Non-Financial Liabilities	(111.76)	-	(95.84)
Equity	405.82	87,595.93	1,232.37
Group's Share in equity	24.55%	29.93%	24.55%
Goodwill	-	-	-
Group's carrying amount of the investment	178.25	27,262.63	388.65

Particulars	Year ended 31 March 2025		Year ended 31 March 2024		
	Finreach Solutions Private Limited	Northern Arc Emerging Corporate Bond Fund	Finreach Solutions Private Limited	Northern Arc Emerging Corporate Bond Fund*	IFMR Fimpect Long Term Credit Fund**
Revenue from contract with customers	166.26	1,674.33	118.24	95.81	2,009.22
Finance costs	(12.52)	-	(16.06)	-	-
Investment management fees	-	(1,021.40)	-	(14.00)	(267.62)
Employee benefits expenses	(810.89)	-	(759.77)	-	-
Depreciation and amortisation	(40.54)	-	(50.61)	-	-
Other expenses	(161.44)	(171.57)	(163.04)	(120.29)	(20.77)
Profit before tax	(859.13)	481.36	(871.24)	(38.48)	1,720.83
Income tax expenses	-	-	-	-	-
Profit for the period	(859.13)	481.36	(871.24)	(38.48)	1,720.83
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	-	-	-	-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	6.19	-	(3.94)	-	-
Total comprehensive income for the period	(852.94)	481.36	(875.18)	(38.48)	1,720.83
Group's share of (loss) / profit for the period	(210.91)	8.95	(216.08)	(11.11)	129.98

*For the period upto 26 April 2023

**For the period from 22 November 2023 till 12 January 2024

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 March 2025 and 31 March 2024

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for the year ended 31 March 2025

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

24. Interest income

Particulars	Year ended 31 March 2025			Year ended 31 March 2024		
	On financial assets measured at		Total	On financial assets measured at		Total
	Amortised cost	FVOCI		Amortised cost	FVOCI	
Interest on loans	1,29,285.70	65,992.83	1,95,278.53	1,07,772.02	46,294.34	1,54,066.36
Interest from investments:						
- Pass through certificates	-	1,567.52	1,567.52	-	1,165.04	1,165.04
- Commercial paper	-	1,622.16	1,622.16	-	41.87	41.87
- Non-convertible debentures	-	15,504.06	15,504.06	-	13,686.58	13,686.58
- Interest income from T-bills	784.81	-	784.81	623.62	-	623.62
Interest on deposits with banks	2,851.86	-	2,851.86	1,627.69	-	1,627.69
	1,32,922.37	84,686.57	2,17,608.94	1,10,023.33	61,187.83	1,71,211.16

25. Fee and Commission income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from contract with customers		
Income from guarantee facility	222.33	400.54
Income from other financial services		
- Professional fee	4,453.18	3,843.39
- Management fee	3,078.04	2,804.48
Others	1,510.70	1,444.36
	9,264.25	8,492.77
Timing of revenue recognition:		
- That are recognised over a period of time	222.33	400.54
- That are recognised at a point of time	9,041.92	8,092.23
Geographical Market		
- In India	9,264.25	8,492.77
- Outside India	-	-
Contract balances		
- Trade receivables (net of ECL)	2,069.13	2,534.94

26. Net gain on fair value changes

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Net gain on financial instruments at fair value through profit or loss		
On alternative investment funds	2,351.00	1,935.27
On market linked debentures	-	942.46
On mutual fund investments	827.04	553.25
(Loss)/ Profit on sale of investments	(12.73)	1,130.97
	3,165.31	4,561.95
Fair value changes:		
- Realised	2,772.15	4,320.02
- Unrealised	393.16	241.93
	3,165.31	4,561.95

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

27. Other income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Interest Income from Income tax refund	265.48	92.17
Other non operating income (refer note below)	1,147.22	1,502.66
	1,412.70	1,594.83

Note

Comprises of charges collected from the customers in the nature of penal, pre-closure charges and other charges as applicable.

28. Finance costs

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits (Refer note 5.1)	261.49	150.07
Interest on borrowings		
- Term loans from banks and others	65,193.52	59,577.18
- Cash credits and overdraft	15.58	18.26
- Securitisation	1,486.72	355.36
Interest on debt securities	13,160.99	10,536.25
Interest on lease liability (Refer Note 35)	317.38	175.01
Amortisation of discount on commercial papers	2,400.31	1,826.37
	82,835.99	72,638.50

29. Employee benefits expense

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Salaries, wages and bonus (refer note 44)	24,513.75	19,980.30
Contribution to provident fund (refer note 42)	1,456.73	1,134.63
Employee stock option expense (Refer Note 43)	1,560.20	1,997.77
Gratuity expenses (refer note 42)	243.94	253.76
Staff welfare expenses	692.68	794.26
	28,467.30	24,160.72

30. Impairment on financial instruments

Particulars	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the period ended 31 March 2025	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the period ended 31 March 2024
Write off on financial instruments						
Loans	60,930.24	-	60,930.24	32,287.94	-	32,287.94
Less: Recovery	(43,798.83)	(41.23)	(43,840.06)	(22,544.38)	-	(22,544.38)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Particulars	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the period ended 31 March 2025	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the period ended 31 March 2024
Impairment loss allowance on financial instruments						
Loans	15,819.03	6,526.39	22,345.42	2,129.28	438.56	2,567.84
Investments	1,759.55	845.43	2,604.98	(1.21)	435.65	434.44
Others	(1,555.69)	-	(1,555.69)	(502.05)	-	(502.05)
	33,154.30	7,330.59	40,484.89	11,369.58	874.21	12,243.79

31. Depreciation and amortisation expense

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Depreciation of property, plant and equipment (refer note 11.1)	575.79	602.32
Depreciation on right of use asset (refer note 11.5 and 35)	702.13	543.99
Impairment of goodwill (refer note 11.3)	-	59.26
Amortisation of intangible assets (refer note 11.4)	510.26	488.85
	1,788.18	1,694.42

32. Other expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Legal and professional charges	4,191.28	6,741.12
Travelling and conveyance	1,998.35	1,544.00
Subscription charges	1,936.28	1,166.08
Repairs and maintenance expenses	1,448.39	1,365.68
Rent expenses	1,317.54	958.67
Corporate social responsibility expenditure	706.51	368.71
Communication expenses	576.99	359.80
Advertisement and business promotion expenses	498.03	280.68
Bank charges	347.64	370.10
Rates and taxes	260.92	47.91
Directors' sitting fees (refer note 44)	195.68	156.90
Printing and stationery expenses	157.93	181.74
Auditors' remuneration	116.72	168.07
Miscellaneous expenses	582.60	1,953.60
	14,334.86	15,663.06

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

33. Income tax

A. The components of income tax expense for the years ended March 31, 2025 and March 31, 2024 are:

Statement of Profit and Loss

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Current tax		
i) current income tax charge	16,395.78	10,881.12
ii) Adjustments in respect of current income tax of previous year	(999.71)	46.92
Less: MAT Credit entitlement	(0.64)	-
Deferred tax	(6,919.18)	(673.70)
Income tax expense reported in the consolidated statement of profit and loss	8,476.25	10,254.34

Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Arising on income and expenses recognised in other comprehensive income:		
Remeasurements of the defined benefit obligation	26.57	(29.32)
Fair valuation of financial instruments through OCI (Net)	732.01	(309.34)
Effective portion of loss on designated portion of hedging instruments in a cashflow hedge	226.92	(342.86)
Total Income tax recognised in other comprehensive income	985.50	(681.52)

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 31 March 2025 and 31 March 2024 is, as follows:-

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Profit before tax	38,608.06	42,023.61
Non-controlling interest	431.62	(1,250.67)
Profit before tax attributable to equity holders	39,039.68	40,772.94
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	9,826.29	10,262.55
Effect of difference in tax expenditure due to differential tax rates applicable for subsidiaries *	0.11	0.13
Permanent differences		
- Provision for Corporate Social Responsibility	177.83	169.93
- Others	(528.27)	(225.19)
Tax expenses recognised in the statement of profit and loss	9,475.96	10,207.42
Effective tax rate	24.27%	25.03%

Note: The Holding Company and its subsidiary (Northern Arc Investment Managers Private Limited) has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2025.

* Tax rates applicable for subsidiaries are as follows

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for the year ended 31 March 2025

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

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Northern Arc Investment Managers Private Limited	25.17%	25.17%
Northern Arc Investment Adviser Services Private Limited	26.00%	26.00%
Northern Arc Foundation	NA	NA
Northern Arc Securities Private Limited	25.17%	25.17%
Pragati Finserv Private Limited	25.17%	25.17%
Northern Arc Employee Welfare Trust	NA	NA

C. Deferred tax

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

Particulars	As at 31 March 2024	Statement of profit and loss	Other comprehensive income	As at 31 March 2025
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	37.08	114.19	-	151.27
Impact of fair value on financial assets measured at FVTPL	(636.02)	828.84	-	192.82
Impact of fair value on financial assets measured at FVOCI	1,012.22	(1,423.02)	958.94	548.14
Impairment on financial assets	2,138.07	6,961.51	-	9,099.58
Provision for employee benefits	310.51	91.01	26.56	428.08
Unamortised component of processing fee	1,316.86	(630.88)	-	685.98
EIS Receivable	(786.38)	10.11	-	(776.27)
Minimum alternative tax	11.69	(0.19)	-	11.50
Others	-	978.10	-	978.10
Total	3,404.03	6,929.67	985.50	11,319.20

Particulars	As at 31 March 2023	Statement of profit and loss	Other comprehensive income	As at 31 March 2024
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	1.21	35.87	-	37.08
Impact of fair value on financial assets measured at FVTPL	(562.11)	(73.91)	-	(636.02)
Impact of fair value on financial assets measured at FVOCI	1,578.41	86.01	(652.20)	1,012.22
Impairment on financial assets	1,444.16	693.91	-	2,138.07
Provision for employee benefits	261.63	78.20	(29.32)	310.51
Unamortised component of processing fee	1,025.20	291.66	-	1,316.86
EIS Receivable	(350.54)	(435.84)	-	(786.38)
Minimum alternative tax	13.89	(2.20)	-	11.69
Total	3,411.85	673.70	(681.52)	3,404.03

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

34. Earnings per share ('EPS')

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
A Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	30,454.79	30,833.39
Net profit attributable to equity shareholders for calculation of diluted EPS	30,454.79	30,833.39
B Shares		
Equity shares at the beginning of the year	8,93,85,420	8,90,31,293
Shares issued during the year	7,19,93,916	3,54,127
Total number of equity shares outstanding at the end of the year	16,13,79,336	8,93,85,420
C Weighted average number of equity shares outstanding during the year for calculation of basic EPS	15,16,75,670	8,90,96,560
Options granted	3,87,511	13,39,429
Compulsory convertible preference shares	-	4,13,23,204
D Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	15,20,63,181	13,17,59,193
Face value per share	10.00	10.00
E Earnings per share		
E1 Basic ($E1 = A / C$)	20.08	34.61
E2 Diluted ($E2 = A / D$)	20.03	23.40

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

35 Leases

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises. In accordance with the requirements under Ind AS 116, Leases, the Group has recognised the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application on as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognised at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right to use asset at the date of initial application.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

(i) Movement in carrying value of right of use assets

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening Balance	1,472.22	966.69
Add:		
Additions during the period	1,948.02	1,064.10
Less:		
Depreciation	(702.13)	(543.99)
Derecognition on termination of lease	(6.15)	(14.58)
Closing balance	2,711.96	1,472.22

(ii) Movement in lease liabilities

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening Balance	1,698.20	1,166.36
Additions during the year/period	1,948.02	1,064.10
Interest on lease liabilities	317.38	175.01
Rent payment	(689.68)	(691.70)
Derecognition on termination of lease	(20.02)	(15.57)
Closing balance	3,253.90	1,698.20

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
a) Depreciation charge for right-of-use assets	702.13	543.99
b) Interest expense (included in finance cost)	317.38	175.01
c) Expense relating to short-term leases	1,317.54	958.67
d) Gain recognised on derecognition of leases	13.87	(1.13)

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

(iv) Cash Flows

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
The total cash outflow of leases	689.68	691.70

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Not later than one year	468.93	510.75
Later than one year and not later than five years	1,250.18	1,510.09
Later than five years	18.64	154.92

Lease liabilities are recognised at weighted average incremental borrowing rate ranging between 9.70% and 14.25%.

36 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at 31 March 2025			As at 31 March 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	33,026.83	-	33,026.83	17,940.08	-	17,940.08
Bank balances other than cash and cash equivalents	29,291.99	2,416.45	31,708.44	18,876.65	3,957.61	22,834.26
Derivative financial instruments	2,104.09	3,372.46	5,476.55	54.12	5,427.82	5,481.94
Trade receivables	2,069.13	-	2,069.13	2,534.94	-	2,534.94
Loans	6,81,772.00	3,75,465.78	10,57,237.78	6,21,103.81	2,99,855.12	9,20,958.93
Investments	1,20,635.35	57,080.11	1,77,715.46	95,836.74	82,233.76	1,78,070.50
Investment in Associate	-	27,440.88	27,440.88	-	388.65	388.65
Other financial assets	5,202.10	1,676.60	6,878.70	7,795.46	595.96	8,391.42
Current tax assets (net)	-	609.51	609.51	-	2,404.34	2,404.34
Deferred tax assets (net)	-	11,319.20	11,319.20	-	3,475.92	3,475.92
Property, plant and equipment	-	1,279.68	1,279.68	-	666.22	666.22
Intangible assets under development	-	593.48	593.48	-	231.13	231.13
Goodwill	-	2,340.82	2,340.82	-	2,347.77	2,347.77
Other intangible assets	-	1,285.34	1,285.34	-	1,179.25	1,179.25
Right of use asset	-	2,711.97	2,711.97	-	1,472.23	1,472.23
Other non- financial assets	1,948.87	164.57	2,113.44	2,365.51	22.80	2,388.31
Total Assets	8,76,050.36	4,87,756.85	13,63,807.21	7,66,507.31	4,04,258.58	11,70,765.89
Liabilities						
Derivative financial instruments	1,367.57	995.91	2,363.48	-	298.65	298.65
Trade payables	-	-	-	-	-	-
Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	6,945.54	-	6,945.54	12,848.32	-	12,848.32

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Particulars	As at 31 March 2025			As at 31 March 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Debt securities	70,263.20	70,522.12	1,40,785.32	88,075.11	53,297.35	1,41,372.46
Borrowings (Other than debt securities)	5,08,783.09	3,36,431.52	8,45,214.61	4,58,113.61	3,05,289.54	7,63,403.15
Other financial liabilities	14,958.03	3,013.01	17,971.04	13,454.45	2,051.37	15,505.82
Provisions	645.18	1,285.70	1,930.88	2,330.37	876.11	3,206.48
Current tax liabilities (net)	-	2,832.34	2,832.34	461.50	-	461.50
Deferred tax liabilities (net)	-	-	-	-	71.89	71.89
Other non-financial liabilities	1,807.67	-	1,807.67	1,556.46	-	1,556.46
Total Liabilities	6,04,770.28	4,15,080.60	10,19,850.88	5,76,839.82	3,61,884.91	9,38,724.73
Total equity			3,43,956.33			2,32,041.16

36 A Change in Liabilities arising from financing activities

Particulars	As at April 01, 2024	Cash flows	Exchange difference	Others*	New Leases	As at 31 March 2025
Debt Securities	1,41,372.46	318.46	-	(905.60)	-	1,40,785.32
Borrowings (other than debt securities)	7,63,403.15	71,713.62	6,669.82	3,428.02	-	8,45,214.61
Lease Liabilities	1,698.20	(650.68)	-	258.36	1,948.02	3,253.90

Particulars	As at April 01, 2023	Cash flows	Exchange difference	Others*	New Leases	As at 31 March 2024
Debt Securities	1,22,431.55	20,836.30	-	(1,895.39)	-	1,41,372.46
Borrowings (other than debt securities)	5,77,029.86	1,87,815.25	8,614.82	(10,056.78)	-	7,63,403.15
Sub-ordinated Liabilities	3,995.07	(3,995.07)	-	-	-	-
Lease Liabilities	1,166.36	(691.07)	-	158.81	1,064.10	1,698.20

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.

36 B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at 31 March 2025 and 31 March 2024. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately

Particulars	As at 31 March 2025					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	32,890.14	106.80	-	-	-	32,996.94
Bank balances other than cash and cash equivalents	0.22	13,685.53	11,773.29	7,606.17	-	33,065.21
Derivative financial instruments	-	-	2,104.09	3,372.46	-	5,476.55
Trade receivables	-	2,069.14	-	-	-	2,069.14
Loans	-	3,24,963.79	5,35,753.50	4,76,856.13	1,12,711.48	14,50,284.90
Investments	1,945.22	43,781.17	86,683.99	87,798.25	854.07	2,21,062.70
Investment in associates	-	-	-	-	27,440.88	27,440.88
Other financial assets	-	3,469.69	21.64	432.68	-	3,924.01
Total undiscounted financial assets*	34,835.58	3,88,076.12	6,36,336.51	5,76,065.69	1,41,006.43	17,76,320.33

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Particulars	As at 31 March 2025					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Liabilities						
Derivative financial instruments	-	-	1,367.58	995.90	-	2,363.48
Trade payables						
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	5,714.15	-	-	-	5,714.15
Debt securities	-	11,820.79	67,460.58	85,131.34	-	1,64,412.71
Borrowings (Other than debt securities)	-	2,15,648.71	3,32,834.74	3,72,850.86	-	9,21,334.31
Other financial liabilities	1,555.26	12,793.62	1,593.84	1,690.23	18.64	17,651.59
Total undiscounted financial liabilities*	1,555.26	2,45,977.27	4,03,256.74	4,60,668.33	18.64	11,11,476.24
Net undiscounted financial assets/(liabilities)*	33,280.32	1,42,098.85	2,33,079.77	1,15,397.36	1,40,987.79	6,64,844.09

* Excludes gross settled derivatives not held for trading

Particulars	As at 31 March 2024					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	15,864.62	2,075.46	-	-	-	17,940.08
Bank balances other than cash and cash equivalents	0.22	4,449.26	15,470.34	4,621.32	-	24,541.14
Derivative financial instruments	-	-	54.12	5,427.83	-	5,481.95
Trade receivables	-	2,534.94	-	-	-	2,534.94
Loans	-	2,75,037.16	4,02,190.80	3,88,949.89	70,951.95	11,37,129.80
Investments	2,164.49	17,275.81	91,435.11	88,294.09	1,361.29	2,00,530.79
Other financial assets	-	5,169.24	-	178.80	-	5,348.04
Total undiscounted financial assets*	18,029.33	3,06,541.87	5,09,150.37	4,87,471.93	72,313.24	13,93,506.74
Financial Liabilities						
Derivative financial instruments	-	-	-	298.65	-	298.65
Trade payables						
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	12,848.32	-	-	-	12,848.32
Debt securities	-	33,494.61	61,823.82	61,929.39	-	1,57,247.82
Borrowings (Other than debt securities)	-	1,52,939.94	3,41,873.34	3,24,666.06	-	8,19,479.34
Other financial liabilities	17.30	11,485.21	2,016.66	2,240.62	154.92	15,914.71
Total undiscounted financial liabilities*	17.30	2,10,768.08	4,05,713.82	3,89,134.72	154.92	10,05,788.84
Net undiscounted financial assets/(liabilities) *	18,012.03	95,773.79	1,03,436.55	98,337.21	72,158.32	3,87,717.90

* Excludes gross settled derivatives not held for trading

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37 Financial instrument

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.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities

- i) For all assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amount approximates fair value except as stated below.
 - a) The fair value of loans other than fixed rate instruments are estimated by discounted cash flow models considering all significant characteristics of the loans. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs (discount rate). For fixed rate instruments not carried at fair value, carrying amount approximates fair value.
 - b) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.
- ii) There has been no transfer in between level I and level II.
- iii) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of 31 March 2025 were as follows

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	2,17,633.08	-	-	2,17,633.08	2,17,633.08
Investments						
- Commercial papers	-	25,519.11	-	-	25,519.11	25,519.11
- Pass through certificates	-	14,597.89	-	-	14,597.89	14,597.89
- Non convertible debentures	-	1,14,510.15	-	-	1,14,510.15	1,14,510.15
- Alternate Investment Funds	10,655.43	-	-	-	10,655.43	10,655.43
- Share warrants	0.95	-	-	-	0.95	0.95
- Mutual funds	1,945.22	-	1,945.22	-	-	1,945.22
Derivative financial instruments	292.46	5,184.09	-	-	5,476.55	5,476.55
Financial liabilities:						
Derivative financial instruments	-	2,363.48	-	-	2,363.48	2,363.48

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The carrying value and fair value of financial instruments measured at fair value as of 31 March 2024 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	2,61,483.91	-	-	2,61,483.91	2,61,483.91
Investments						
- Pass-through certificates	-	5,772.44	-	-	5,772.44	5,772.44
- Non convertible debentures	-	1,24,644.80	-	-	1,24,644.80	1,24,644.80
- Market Linked debentures	18,992.53				18,992.53	18,992.53
- Alternative Investment Funds	14,374.13	-	-	-	14,374.13	14,374.13
- Share warrants	0.95	-	-	-	0.95	0.95
- Mutual funds	2,164.49	-	2,164.49	-	-	2,164.49
Derivative financial instruments	81.65	5,400.29	-	-	5,481.94	5,481.94
Financial liabilities:						
Derivative financial instruments	110.12	188.53	-	-	298.65	298.65

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Financial assets measured at FVOCI		
Balance at the beginning of the year	1,898.74	(46.81)
Total gains measured through OCI for additions made during the year	(2,847.71)	1,945.55
Balance at the end of the year	(948.97)	1,898.74
Financial assets measured at FVTPL		
Balance at the beginning of the year	35,613.75	14,303.55
Total gains measured through PL for additions made during the year	(22,719.69)	21,310.20
Balance at the end of the year	12,894.06	35,613.75

Sensitivity analysis - Increase/ decrease of 100 basis points of discount rate

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	2,176.33	(2,176.33)	1,916.46	(1,916.46)
Investments				
- Commercial papers	255.19	(255.19)	-	-
- Pass through securities	145.98	(145.98)	52.99	(52.99)
- Non convertible debentures	1,145.10	(1,145.10)	1,332.47	(1,332.47)
- Market Linked debentures	-	-	85.29	(85.29)
- Alternative Investment Funds	106.55	(106.55)	134.18	(134.18)
- Mutual funds	19.45	(19.45)	21.64	(21.64)
- Share warrants	0.01	(0.01)	0.01	(0.01)
Derivative financial instruments	54.77	(54.77)	54.82	(54.82)
Financial liabilities:				
Derivative financial instruments	(23.63)	23.63	(2.99)	2.99

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

The carrying value and fair value of other financial instruments by categories as of 31 March 2025 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	33,026.83	-	-	33,026.83	33,026.83
Bank balances other than cash and cash equivalents	31,708.44	-	-	31,708.44	31,708.44
Trade receivables	2,069.13	-	-	2,069.13	2,069.13
Loans	8,66,120.89	-	-	7,98,004.71	7,98,004.71
Investments	10,486.71	-	-	10,486.71	10,486.71
Investment in associates	27,440.88	-	-	27,440.88	27,440.88
Other financial assets	6,878.70	-	-	6,878.70	6,878.70
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	6,945.54	-	-	6,945.54	6,945.54
Debt securities	1,40,785.32	-	-	1,40,785.32	1,40,785.32
Borrowings (Other than debt securities)	8,45,214.61	-	-	8,45,214.61	8,45,214.61
Other financial liabilities	17,971.04	-	-	17,971.04	17,971.04

The carrying value and fair value of financial instruments by categories as of 31 March 2024 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	17,940.08	-	-	17,940.08	17,940.08
Bank balances other than cash and cash equivalents	22,834.26	-	-	22,834.26	22,834.26
Trade receivables	2,534.94	-	-	2,534.94	2,534.94
Loans	6,70,049.12	-	-	6,73,340.38	6,73,340.38
Investments	12,121.16	-	-	12,121.16	12,121.16
Other financial assets	8,391.42	-	-	8,391.42	8,391.42
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	12,848.32	-	-	12,848.32	12,848.32
Debt securities	1,41,372.46	-	-	1,41,372.46	1,41,372.46
Borrowings (Other than debt securities)	7,63,403.15	-	-	7,63,403.15	7,63,403.15
Other financial liabilities	15,505.82	-	-	15,505.82	15,505.82

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B Capital management

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Group monitors capital using adjusted net debt (total borrowings net of cash and cash equivalents) to equity ratio.

The Group's adjusted gearing ratio is as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
i Debt securities	1,40,785.32	1,41,372.46
ii Borrowings (other than debt securities)	8,45,214.61	7,63,403.15
iii Less: cash and cash equivalents	(33,026.83)	(17,940.08)
iv Adjusted net debt (iv = i + ii - iii)	9,52,973.10	8,86,835.53
v Total equity	3,43,956.33	2,32,041.16
vi Gearing ratio (vi = iv / v)	2.77	3.82

The Holding Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Holding Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2025 and 31 March 2024.

Regulatory capital of the Holding Company

Particulars	As at 31 March 2025	As at 31 March 2024
Tier I Capital	3,21,918.68	2,05,781.74
Tier II Capital	17,086.42	2,152.68
Total Capital	3,39,005.10	2,07,934.42
Risk weighted assets	13,71,302.14	11,38,683.23
Tier I Capital Ratio (%)	23.48%	18.07%
Tier II Capital Ratio (%)	1.25%	0.19%
CRAR (%)	24.72%	18.26%

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38 Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, market risk and foreign currency risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

Risk management framework

The Groups's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Groups's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Groups's risk management policies. The committee reports regularly to the board of director's of Holding Company on it's activities.

The Groups's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(I) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

The board of director's of Holding Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

Loans

The Group'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.

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

Particulars	Carrying Amount	
	As at 31 March 2025	As at 31 March 2024
Gross Term loans and structured cash credit	10,83,753.97	9,31,533.03
Less : Impairment loss allowance	(26,516.19)	(10,574.10)
	10,57,237.78	9,20,958.93

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 loan 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 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. In line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated 13 March 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

The Group 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 lifetime of the instrument.

As per Ind AS 109, Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Group has staged the assets based on the days 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, the Group categorises the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into different segments:

- Intermediate retail
- Partnership based lending

Further for intermediate retail ECL is calculated separately for various products – Loans, securitisation, pooled loan products, working capital loans, guarantee, NCDs.



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For Partnership based Lending (PBL) book which is part of retail segment, PD is computed at sector level, ECL is calculated at partner level and aggregated.

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.

1. Intermediate Retail Portfolios (Ratings-Based Approach)

For intermediate retail portfolios, the TTC PD is determined using a ratings-based methodology.

- ▶ **Transition Matrices:** The calculation is anchored on the observed movement of loans between Holding Company's internal credit rating grades. Semi-annual transition matrices are generated, tracking rating migrations over six-month periods using historical data from September 2017 to the latest reporting date.
- ▶ **Averaging and Calibration:** These historical six-month matrices are averaged to produce a single, long-run transition matrix that represents stable, through-the-cycle performance. To ensure a logical relationship where credit risk increases as credit quality declines (monotonicity), the resulting six-month PDs are smoothed using a loglinear calibration method.
- ▶ **Final TTC PD:** The calibrated six-month PDs are then annualized to arrive at the final 12-month TTC PD for each rating grade."

2. Partnership based lending (Delinquency-Based Approach)

For the partnership based lending, the TTC PD is calculated using a delinquency-based approach, leveraging static pool and net flow analysis.

- ▶ **Static Pool Analysis:** To ensure a clear view of asset quality, loans are grouped by their origination period ("vintage"). The Company analyze the performance of each vintage over time, tracking the movement of accounts through delinquency stages. This method isolates the performance of underlying assets from the effect of new loan origination.
- ▶ **Net Flow to Default:** The default rate is determined by observing the net flow of accounts from various delinquency buckets into a state of 90+ Days Past Due (DPD). This analysis is conducted using up to five years of historical data.
- ▶ **Final TTC PD:** A 12-month simple or weighted average of these historical default rates is calculated to establish the TTC PD for the portfolio.

Forward-Looking Point-in-Time (PIT) PD Estimation

For all portfolios The TTC PD serves as a baseline for determining forward-looking PIT PDs.

- ▶ **Macroeconomic Linkage:** The Vasicek model, or other appropriate logistic regression models, are used to establish a statistical relationship between the TTC PDs and key macroeconomic factors. This model converts the stable TTC PD into a dynamic PIT PD that reflects the expected economic environment.

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- **Scenario Analysis:** To account for economic uncertainty, PIT PDs are estimated under three macroeconomic scenarios: a base case, an optimistic case, and a pessimistic case. The optimistic and pessimistic scenarios are informed by applying shocks (e.g., +/- 10%) to the key macroeconomic variables within the model.

Marginal probability:

The PDs derived from the autoregressive integrated moving average model (ARIMA), are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

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. Considering the low expertise in default and recovery, the Group has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

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 Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows, undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

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:

Particulars	Provisions	As at 31 March 2025	As at 31 March 2024
Stage 1	12 month provision	16,051.79	5,296.17
Stage 2	Life time provision	4,350.30	1,141.93
Stage 3	Life time provision	6,114.10	4,136.00
		26,516.19	10,574.10

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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 Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Particulars	As at 31 March 2025	As at 31 March 2024
ECL allowance - opening balance	10,574.10	8,902.16
Addition during the year	80,303.78	40,605.79
Reversal during the year	(3,431.45)	(6,645.91)
Write offs during the year	(60,930.24)	(32,287.94)
Closing provision of ECL	26,516.19	10,574.10

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - loans								
As at the beginning of the year	9,14,330.16	12,199.57	5,003.30	9,31,533.03	6,85,788.16	5,272.09	6,702.48	6,97,762.73
New assets originated *	8,61,557.13	14,763.13	4,717.38	8,81,037.64	7,88,315.50	9,624.37	18,924.21	8,16,864.08
Asset derecognised or repaid (excluding write off)	(7,12,890.38)	(11,403.08)	56,406.99	(6,67,886.47)	(3,36,693.86)	(4,941.76)	(3,844.25)	(3,45,479.87)
Transfer to stage 1	(13,883.68)	8,646.63	5,237.05	-	(2,11,922.59)	5,460.06	1,457.86	(2,05,004.67)
Transfer to stage 2	102.11	(357.88)	255.77	-	376.49	(2,205.72)	1,771.49	(57.74)
Transfer to stage 3	36.88	71.98	(108.86)	-	143.84	55.55	(462.95)	(263.56)
Write offs	-	-	(60,930.24)	(60,930.24)	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)
As at the end of the year	10,49,252.22	23,920.36	10,581.39	10,83,753.97	9,14,330.16	12,199.57	5,003.30	9,31,533.03

* New assets originated are those assets which have originated during the year.

Reconciliation of ECL Balance

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	5,296.17	1,141.93	4,136.00	10,574.10	5,201.35	494.51	3,206.30	8,902.16
New assets originated	12,418.92	3,982.21	63,902.65	80,303.78	17,454.76	1,572.28	21,239.33	40,266.37
Asset derecognised or repaid	1,791.98	(1,412.94)	(3,810.48)	(3,431.44)	(2,813.83)	(321.45)	(1,450.77)	(4,586.05)
Transfer to stage 1	(3,456.96)	769.34	2,687.62	-	(2,969.29)	552.49	368.73	(2,048.07)
Transfer to stage 2	1.20	(131.19)	129.99	-	47.49	(110.93)	51.66	(11.78)
Transfer to stage 3	0.48	0.95	(1.44)	(0.01)	53.07	20.05	266.29	339.41
Write offs	-	-	(60,930.24)	(60,930.24)	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)
As at the end of the year	16,051.79	4,350.30	6,114.10	26,516.19	5,296.17	1,141.93	4,136.00	10,574.10

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Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

B. Investments

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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 investments are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. Further, the risk management committee periodically assesses the credit rating information.

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	1,76,429.13	-	-	1,76,429.13	1,78,070.50	-	-	1,78,070.50
Sub-standard	-	-	1,286.33	1,286.33	-	-	-	-
Total	1,76,429.13	-	1,286.33	1,77,715.46	1,78,070.50	-	-	1,78,070.50

Changes in gross carrying amount

Particulars	As at 31 March 2025				As at 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Investments								
As at the beginning of the year	1,78,070.50	-	-	1,78,070.50	1,76,274.57	-	-	1,76,274.57
New assets originated *	98,945.70	-	-	98,945.70	1,23,146.67	-	-	1,23,146.67
Asset derecognised or repaid	(99,300.74)	-	-	(99,300.74)	(1,21,350.74)	-	-	(1,21,350.74)
Transfer to stage 1	(1,286.33)	-	1,286.33	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	1,76,429.13	-	1,286.33	1,77,715.46	1,78,070.50	-	-	1,78,070.50

*Net assets originated are those assets which have originated during the year.

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C. Cash and cash equivalent and Bank deposits

The credit risk for cash and cash equivalents and deposits with banks are considered negligible, since the counterparties have high quality external credit ratings.

(ii) Liquidity risk

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

The Group 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 Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The Group has also made sales through direct assignment route (off book) approximately 10% to 25% of assets under management. This further strengthens the liability management.

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

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
As at 31 March 2025								
Borrowings	71,618.00	84,605.60	55,815.51	1,61,138.51	1,35,903.02	2,70,818.82	65,315.15	-
Debt securities	2,383.03	2,500.00	5,671.19	19,358.33	41,029.52	34,033.33	35,809.92	-
Trade payables	5,378.75	-	-	1,566.79	-	-	-	-
Derivative financial liabilities	-	-	-	1,367.57	-	-	995.91	-
Lease liabilities (undiscounted)	39.19	39.20	39.25	118.13	237.06	866.91	393.44	18.63
Other financial liabilities	9,833.53	23.09	3,360.78	358.29	567.59	573.85	-	-
As at 31 March 2024								
Borrowings	56,963.84	39,182.93	51,896.09	1,66,930.82	1,43,139.93	2,79,222.75	26,066.79	-
Debt securities	2,996.06	4,500.00	27,671.19	20,768.33	32,139.52	47,392.38	5,904.97	-
Trade payables	-	-	354.46	12,493.86	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	298.65	-	-
Lease liabilities (undiscounted)	68.01	68.01	42.49	109.52	222.73	895.12	615.17	154.72
Other financial liabilities	6,603.38	325.41	4,636.87	762.96	762.48	716.52	-	-

Note:

- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

Also refer note 36B for detailed disclosure on Analysis of financial assets and liabilities by remaining contractual maturities

(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, foreign currency risk and price 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment

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in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
Fixed rate instruments		
Financial Assets	6,47,737.70	6,92,032.45
Financial Liabilities	2,90,137.75	3,72,622.58
Variable rate instruments		
Financial Assets	4,41,348.94	4,12,912.31
Financial Liabilities	6,95,862.18	5,32,153.03

Sensitivity analysis of interest rate - Increase/ decrease of 100 basis points

The Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were constant, the Group's profit before tax / equity would have changed by the following:

Loans extended by the Company are fixed and floating rate loans. The sensitivity analysis have been carried out based on the exposure to interest rates for term loans from banks, debt securities and borrowings carried at variable rate.

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Loans	4,413.49	(4,413.49)	3,411.54	(3,411.54)
Borrowings	(6,958.62)	6,958.62	(5,321.53)	5,321.53

(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

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(v) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over trade receivables and
- For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower

Management monitors the market value of collateral and will request for additional collateral in accordance with the underlying agreement. In its normal course of business, the Group does not physically repossess assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

(vi) Technology risk

Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Group has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Group also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Group looks into all these aspects to protect the Group's technology and data assets, and ensure adequate preparedness to manage these risks.

39 Commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	800.00	800.00
Undrawn committed sanctions to borrowers	11,300.00	13,599.00

40 a) Contingent liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Claims against the Group not acknowledged as debt		
- Income tax related matters related to AY 2014-15 (refer note 1)	256.00	256.00
- Income tax related matters related to AY 2017-18 (refer note 2)	172.53	172.53
- Income tax related matters related to AY 2020-21 (refer note 3)	84.59	84.59

Notes :

- This litigation is related to disallowance of expenses incurred for earning exempt income for the AY 2014-15, which was partially allowed by the ITAT. The Company filed an appeal against this matter with High Court, Madras.
- This litigation is related to denying benefit of exemption of Income from securitisation investments under section 10(35A) of the Income Tax Act AY 2017-18. The Company filed an appeal against this matter with Commissioner of Income Tax Appeals.

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- 3) This litigation is related to rejection of our subsidiary M/s Northern Arc Foundation's condonation request by CIT(Exemptions) on the ground that Company was not registered under Sec 12A for AY 2020-21. The Subsidiary Company had filed rectification petition with CIT(Exemptions)
- 4) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly no further provision has been created.
- 5) The Company has certain litigations pending with income tax authorities, and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable in the standalone financial statements.

b) Financial guarantee issued to third parties

Particulars	As at 31 March 2025	As at 31 March 2024
Guarantees outstanding	168.77	6,441.59

41 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. Based on the information and records available with management and to the extent of confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year is furnished as under. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor:

Particulars	As at 31 March 2025	As at 31 March 2024
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.	-	-

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42 Retirement Benefit Plan

I. Defined contribution plans

The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 1,456.73 lakhs (March 31, 2024: INR 1,134.63 lakhs).

II. Defined benefit plans

The Group's gratuity benefit scheme is a defined plan. The Group'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 Group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Group have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group make annual contributions to gratuity funds established as trusts. The Group account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

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

A. Change in present value of obligations

Particulars	As at 31 March 2025	As at 31 March 2024
Present value of obligations at the beginning of the year	914.06	1,054.53
Current service cost	178.84	186.06
Interest cost	65.10	66.38
Past service cost	-	1.32
Benefits settled	(247.92)	(277.73)
Acquisition of specified assets and liabilities (Refer note 48)	-	0.01
Actuarial (gain) / loss recognised in the other comprehensive income		
- Changes in financial assumptions	(39.24)	(54.65)
- Experience adjustment	144.79	(61.85)
Present value of obligations at the end of the year	1,015.63	914.06

B. Change in plan assets

Particulars	As at 31 March 2025	As at 31 March 2024
Fair value of plan assets at the beginning of the year	-	-
Employer contributions	247.92	277.73
Benefits paid	(247.92)	(277.73)
Fair value of plan assets at the end of the year	-	-

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

Particulars	As at 31 March 2025	As at 31 March 2024
Change in projected benefit obligation		
Present value of obligations at the end of the year	1,015.63	914.06
Fair value of plan assets	-	-
Net liability recognised in balance sheet	1,015.63	914.06
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	238.41	220.73
Non-current	777.22	693.33
	1,015.63	914.06

D. Expense recognised in statement of profit and loss

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Current service cost	178.84	186.06
Interest on obligation	65.10	66.38
Past service cost	-	1.32
Total included in statement of profit and loss	243.94	253.76

E. Remeasurements recognized in other comprehensive income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Actuarial loss on defined benefit obligation	105.55	(116.50)
Total included in other comprehensive income	105.55	(116.50)

F. Assumptions at balance sheet date

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Discount rate	6.34% to 6.82%	6.95% to 7.10%
Salary escalation	3% to 8%	5% to 8%
Mortality rate	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2012 -14)
Attrition rate	3% to 63.60%	3% to 33%
Estimated average future working life	2.60	3.10

Notes:

- 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. The above information is certified by the actuary.
- 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.

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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 31 March 2025		Year ended 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	973.30	(1,057.34)	875.44	(957.15)
Future salary growth (1% movement)	1,074.60	(958.80)	972.68	(862.39)
Attrition rate (1% movement)	1,012.72	(1,014.96)	914.25	(914.67)

Additional disclosures required under Ind AS 19

Particulars	As at 31 March 2025	As at 31 March 2024
Average duration of defined benefit obligation (in years)	2.94 to 8.03 years	2.94 to 8.03 years
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	259.05	193.69
Year 2	209.77	158.86
Year 3	168.61	125.58
Year 4	142.88	111.62
Year 5	109.36	106.94
Next 5 years	750.00	964.09
Exected benefit payments for the next annual reporting year	259.05	193.69

III. Other long term employee benefits

The Company permits encashment of compensated absences accumulated by their employees on retirement. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences. The liability for compensated absences as at 31 March 2025 is INR 786.80 lakh and as at 31 March 2024 was INR 607.28 lakh.

Assumptions:

Particulars	As at 31 March 2025	As at 31 March 2024
Discount rate	6.34%	6.95%
Future salary increases	8.00%	8.00%

IV. Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Demographic risks

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligations depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward.

Change in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

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

Inflation risk

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Life expectancy

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

43 Share Based Payments

A ESOP disclosure related to Holding Company

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on 07 October 2016 and by the members in the Extra Ordinary General Meeting held on 07 October 2016.

43.1 The Group has an cash settled share based payments scheme, under which grants were made as per details provided below:

Northern Arc Capital Employee Stock Option Scheme 2016 – “Scheme II”

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued in seventeen tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Employee Stock Option Scheme 2023 – “Scheme- II B”

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on 9th September 2021. The exercise price is INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2018 – “Scheme III”

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries. The options were issued in five tranches. The exercise price ranging between INR 10 to INR 275. The options are vested over a period of 3 years in 30:30:40. proportion

Northern Arc Capital Employee Stock Option Scheme 2022 – “Scheme- IV”

The Northern Arc Capital Employee Stock Option Scheme 2022 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on 21st July, 2021 . The exercise price is INR 324 price per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

Northern Arc Capital Employee Stock Option Scheme 2023 – “Scheme- IVB”

The Northern Arc Capital Employee Stock Option Scheme 2023 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on five tranches. The exercise price is 275 per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

43.2 Options outstanding under Scheme I, Scheme II, Scheme IIB, Scheme III, Scheme IV and Scheme IVB

Particulars	As at 31 March 2025				
	Scheme II Various	Scheme IIB 13-Sep-23	Scheme III Various	Scheme IV 13-Sep-23	Scheme IV B Various
Plan					
Grant date					
Number of options	13,16,500	2,18,000	6,23,501	9,68,000	25,40,000
Exercise price in INR	110 to 275	275	10 to 275	324	275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45

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

Particulars	As at 31 March 2025				
Weighted average exercise price in INR	149.50	275.00	174.28	324.00	275.00
Weighted average remaining contractual life (in years)	0.22	5.00	0.20	0.40	1.49
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90
Vesting condition	Time based vesting				

Particulars	As at 31 March 2024				
Plan	Scheme II	Scheme IIB	Scheme III	Scheme IV	Scheme IV B
Grant date	Various	13-Sep-23	Various	13-Sep-23	Various
Number of options	15,03,000	2,79,500	8,32,254	1,50,000	21,60,000
Exercise price in INR	110 to 275	275	10 to 275	324	275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45
Weighted average exercise price in INR	147.01	275.00	172.71	324.00	275.00
Weighted average remaining contractual life (in years)	0.22	5.00	0.20	0.40	1.49
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90
Vesting condition	Time based vesting				

43.3 Reconciliation of outstanding options

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

Particulars	As at 31 March 2025		As at 31 March 2024	
	Weighted average exercise price per option (₹ Rs.)	Number of options	Weighted average exercise price per option (₹ Rs.)	Number of options
Outstanding at beginning of year	216.84	49,24,754	173.95	32,85,984
Add: Granted during the year	303.03	14,08,000	263.89	24,40,000
Less: Forfeited during the year	218.66	3,96,787	196.01	3,72,603
Less: Exercised during the year and allotted	132.97	2,37,466	140.34	3,54,127
Less: Exercised during the year but not allotted	119.51	32,500	112.43	74,500
Outstanding as at end of year	243.13	56,66,001	216.84	49,24,754
Amount expensed of in Statement of Profit and Loss (in Rs. Lakhs)		1,560.20		1,997.77

Notes to the Consolidated Financial Statements

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

43.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. Accordingly, the Holding company has considered the volatility of the Company's stock price based on historical volatility of similar listed enterprise. The various assumptions considered in the pricing model for the stock options granted by the Holding company are as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
Dividend yield	0.00%	0.00%
Historical volatility estimate	39.33% - 39.61%	34.41% - 45.13%
Risk free interest rate	6.87% - 7.07%	6.96% - 7.11%
Expected life of option (in years)	3.00	1.07 - 3

B ESOP disclosure related to Pragati Finserv Private Limited (Subsidiary)

The Company offers equity based option plans to its selected employees through the Company's stock option plan introduced in 2021.

i Description of share based payments

Pragati Employee Stock Option Scheme 2021 - Scheme I [ESOP 2021 - Scheme 1]

The Company introduced an Employee Stock Option Scheme 2021 - Scheme I, which was approved by the Pragati Finserv Private Limited shareholders with an intention to provide equity settled incentive to high performing employees of the Company.

The options granted on 7th May 2021 will be exercised at Rs.10 per option and will vest over 5 years in the proportion of 15.75 : 15.75 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

The options granted on 2nd August 2022 will be exercised at Rs.10 per option and will vest over 4 years in the proportion of 31.5 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

No modification has been made to the plan during the reporting period.

ii Summary of share based payments

a) Reconciliation of outstanding options

Particulars	ESOP 2021 - Scheme 1	
	As at 31 March 2025	As at 31 March 2024
	(In Nos.)	(In Nos.)
Outstanding balance at the beginning of the period	1,36,61,080	1,73,92,756
Options vested	-	(37,31,676)
Options outstanding at the end of the period	1,36,61,080	1,36,61,080
Options exercisable at the end of the period	62,82,102	62,82,102
For share options exercised:		
Weighted average exercise price at date of exercise	N.A.	N.A.
Money realized by exercise of options (in actual rupees)	N.A.	N.A.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

b) For share options outstanding:

Particulars	As at 31 March 2025		As at 31 March 2024	
	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares
Range of exercise prices	10	10	10	10
Average remaining contractual life of options (years)	2.31	3.06	3.31	4.06
Modification of plans	N.A.	N.A.	N.A.	N.A.
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.

c) Valuation of stock options

Particulars	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares
Share price	10	10
Exercise Price	10	10
Fair value of option	5.93	5.98
Valuation date	31-Dec-21	02-Aug-22
Valuation model used	Blackscholes model	Blackscholes model
Expected Volatility	0.54	0.56
Basis of determination of expected volatility	Median historical volatility of comparable companies	Median historical volatility of comparable companies
Contractual Option Life (years)	6.1	5.72
Expected dividends *	0	0
Risk free interest rate	6.27%	7.08%
Valuation of incremental fair value on modification	N.A	N.A

* Expected Dividends is considered zero, as no dividend payout is expected in the foreseeable future.

Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

Name of the Employee	ESOP 2021 - Scheme 1			
	As at 31 March 2025		As at 31 March 2024	
	KMP	Others	KMP	Others
	(In Nos.)	(In Nos.)	(In Nos.)	(In Nos.)
Options Granted	1,61,93,182	42,50,000	1,61,93,182	42,50,000
Options Vested	51,00,852	11,81,250	51,00,852	11,81,250
Options Lapsed	-	5,00,000	-	5,00,000
Options yet to vest	1,10,92,330	25,68,750	1,10,92,330	13,87,500

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Impact on Statement of profit and loss and balance sheet for such share-based payments

Expense recognized for employee services received during the year are as below:

Particulars	As at 31 March 2025	As at 31 March 2024
Expense arising from equity-settled share-based payment transactions (Refer Note-23)	255.03	221.88

44 Related party disclosures

44.1 Disclosure post elimination of intra-group transactions:

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

(i) Associate	Finreach Solutions Private Limited
	Northern Arc Emerging Corporates Bond Trust (w.e.f 04 April 2022 upto 26 April 2023 and w.e.f 26 february 2025)
	IFMR Fimpact Long term credit fund (w.e.f 22 November 2023 till 12 January 2024)
(ii) Key Managerial Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director & CEO
	Mr. Atul Tibrewal, Chief Financial Officer
	Ms. Bama Balakrishnan Executive Director and Chief Operating Officer (upto 13 November 2023)
	Mrs. Srividhya, Company Secretary (upto November 20, 2023)
	Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024)
	Mr.Prakash Chandra Panda, Company Secretary (w.e.f April 23, 2024)
(iii) Director and relative of Key Management Personnel	Ms. Kshama Fernandes , Non - Executive Director
	Mr. Ashutosh Arvind Pednekar - Independent director
	Mr. Amit Mehta -Nominee Director (upto 2 May 2022)
	Mr. P S Jayakumar - Independent director
	Ms. Anuradha Rao - Independent director
	Mr. Michael Jude Fernandes - Nominee director
	Mr. Vijay Chakravarthi Nallan - Nominee director
	Mr Arunkumar Nerur Thiagarajan - Director (up to 13 february 2025)
	Mr. T.S. Anantharaman - Nominee direcotor (w.e.f. 9 February 2023)
	Mr. Samir Shah - Nominee Director (upto 28 December 2022)

A. Transactions during the year :

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Finreach Solutions Private Limited		
Investments	-	449.13
Guarantee Management Service Fee	2.84	17.27
Northern Arc Emerging Corporates Bond Trust (w.e.f 04 April 2022 upto 26 April 2023 and w.e.f 26 february 2025)		
Investments in Alternate Investment Funds	26,000.00	-
Application money transferred pending allotment	1,500.00	-
Distribution of surplus	-	43.47
Fee Income	-	19.98
Reimbursement of expenses	-	3.32

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for the year ended 31 March 2025

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

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
IFMR Fimpace Long term credit fund (w.e.f 22 November 2023 till 12 January 2024)		
Distribution of surplus	-	201.18
Fee Income	-	77.62
Reimbursement of expenses	-	50.00
Ms. Kshama Fernandes , Non - Executive Director		
Commission	-	65.00
Sitting fees	22.00	15.50
Ms. Bama Balakrishnan Executive Director and Chief Operating Officer (upto 13 November 2023)		
Short term employee benefits		
- Remuneration and other benefits *	-	215.48
Post employment benefits	-	61.84
Receipt of money on issue of shares	-	55.00
Mr. Atul Tibrewal, Chief Financial Officer		
Short term employee benefits		
- Remuneration and other benefits *	293.94	190.60
Share based payment expense	57.19	57.19
Mr. P S Jayakumar - Independent director		
Commission	154.00	90.00
Sitting Fees	25.00	19.00
Mr. Ashish Mehrotra, Managing Director & CEO		
Short term employee benefits		
- Remuneration and other benefits *	885.38	542.95
Share based payment expense	812.52	812.52
Receipt of money on issue of shares	-	210.00
Mrs. Srividhya, Company Secretary (upto November 20, 2023)		
Short term employee benefits		
- Remuneration and other benefits *	-	41.00
Receipt of money on issue of shares	-	18.70
Share based payments	-	0.60
Post employment benefits	-	17.63
Advances given	-	4.00
Advances repaid	-	4.00
Mr. Ashutosh Pednekar - Independent director		
Sitting Fees	23.00	16.50
Ms. Anuradha Rao - Independent director		
Sitting Fees	29.00	22.50
Mr Arunkumar Nerur Thiagarajan - Director (up to 13 february 2025)		
Sitting Fees	21.50	17.50
Mr. Vijay Chakravarthi Nallan - Nominee director		
Sitting Fees	2.50	-
Mr. Michael Jude Fernandes - Nominee director		
Sitting Fees	4.50	-
Mr.Prakash Chandra Panda, Company Secretary (w.e.f April 23, 2024)		
Short term employee benefits		
- Remuneration and other benefits *	33.31	-

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for the year ended 31 March 2025

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

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024)		
Short term employee benefits		
- Remuneration and other benefits *	1.20	5.86
Advances	0.25	0.25

Amount attributable to post employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation. Amount excludes transfer from share based payment reserve to securities premium on exercise of employee stock options.

B. Balances as at year end:

Particulars	As at 31 March 2025	As at 31 March 2024
Finreach Solutions Private Limited		
Investments	843.53	843.53
Trade Payables	-	0.37
Northern Arc Emerging Corporates Bond Trust (w.e.f 04 April 2022 upto 26 April 2023 and w.e.f 26 february 2025)		
Investments	26,730.49	-
Mr. Ashish Mehrotra, Managing Director & CEO		
Provision for share based payment	994.79	994.79
Advances	10.32	10.32
Mr. P S Jayakumar - Independent director		
Commision Payable	-	22.50
Mr. Atul Tibrewal, Chief Financial Officer		
Provision for share based payment	151.79	151.79
Advances	4.00	4.00
Ms. Monika Gurung, Company Secretary (from 18 January 2024 till 22 April 2024)		
Advances	0.25	0.25

Notes:

- The Group Company's related party transactions during the year ended 31 March 2025 and 31 March 2024 and outstanding balances as at 31 March 2025 and 31 March 2024 are at arms length and in the ordinary course of business.

45 The details of the investments held by the group in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	Year ended 31 March 2025		Year ended 31 March 2024	
	Purchases	Redemption #	Purchases	Redemption #
Northern Arc Money Market Alpha Trust Fund	29,64,200.26	32,58,976.12	3,79,599.16	4,22,162.10
Northern Arc India Impact Fund	233.95	233.95	1,374.21	1,693.69
Northern Arc Income Builder (Series II) Fund	174.61	1,651.10	-	1,661.30
Northern Arc Emerging corporates Bond Fund	30,789.16	6,149.84	1,800.89	4,058.10
Northern Arc Finserv Fund	500.00	-	-	-
Northern Arc Fintech NBFC Fund I	487.79	-	1,800.89	4,058.10

represents the dividend received in respect of cum dividend investment

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for the year ended 31 March 2025

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

Fund	Fair value changes	
	Year ended 31 March 2025	Year ended 31 March 2024
IFMR Fim pact Long Term Credit Fund *	396.88	379.43
Northern Arc Money Market Alpha Trust Fund	110.91	51.87
Northern Arc India Impact Fund	923.03	272.63
Northern Arc Income Builder (Series II) Fund	259.58	437.44
Northern Arc Emerging corporates Bond Fund	414.18	226.62
Northern Arc Finserv Fund	37.05	-
Northern Arc Fintech NBFC Fund I	20.67	-

Outstanding balances (Investment) at carrying value

Fund	As at 31 March 2025		As at 31 March 2024	
	Units**	Carrying value	Units**	Carrying value
IFMR Fim pact Long Term Credit Fund	2,498.24	2,695.30	2,706.92	2,731.77
Northern Arc Money Market Alpha Trust Fund	10,07,206.76	1,071.01	13,01,982.63	1,360.34
Northern Arc India Impact Fund	6,476.56	5,858.20	6,476.57	7,524.80
Northern Arc Income Builder (Series II) Fund	-	-	1,476.48	2,232.95
Northern Arc Emerging corporates Bond Fund*	24,857.69	27,262.63	488.37	524.28
Northern Arc Finserv Fund	500.00	515.77	-	-
Northern Arc Fintech NBFC Fund I	487.79	515.13	-	-

* Northern Arc Emerging corporates Bond Fund has been considered for consolidation in these financial statements. Also refer note 1.

** The units disclosed are in absolute figures

46 Segment reporting

The Group's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees, providing portfolio management, investment advisory and investment management services. The information relating to this operating segment is reviewed regularly by the Group's Board of Directors (Chief Operating Decision Maker (CODM)) to make decisions about resources to be allocated and to assess their performance.

- a) The Group has three reportable segments Viz., Financing activity, Investment advisory services, Investment management services. For each of the business, CODM reviews internal management reports on periodic basis.

As of and for the Year ended 31 March 2025

Particulars	Financing activity*	Investment advisory services	Investment Management services	Others/ Unallocated	Total reportable segments	Eliminations	Total
(i) Segment revenue							
- External Revenue	2,28,019.63	5.93	5,046.09	1,089.38	2,34,161.03	-	2,34,161.03
- Inter segment revenue	623.43	-	-	4,729.70	5,353.13	(5,353.13)	-
Total segment revenue	2,28,643.06	5.93	5,046.09	5,819.08	2,39,514.16	(5,353.13)	2,34,161.03

* Income from financing activities represents interest income

(ii) Segment result before tax							
Add:							
Other Income	1,240.04	0.18	153.37	663.62	2,057.21	(644.51)	1,412.70
Less:	-	-	-	-	-	-	-
Finance costs	82,286.37	-	1,126.47	46.58	83,459.42	(623.43)	82,835.99

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

Particulars	Financing activity*	Investment advisory services	Investment Management services	Others/ Unallocated	Total reportable segments	Eliminations	Total
Fees and commission expense	32,940.65	-	641.54	-	33,582.19	(4,729.70)	28,852.49
Employee benefit expense	20,385.29	-	1,134.52	6,947.49	28,467.30	-	28,467.30
Impairment on financial instruments	(44,712.79)	-	(41.24)	-	(44,754.03)	-	(44,754.03)
Depreciation and amortisation	1,531.32	-	-	256.86	1,788.18	-	1,788.18
Other expenses	10,483.44	9.55	1,259.86	4,140.48	15,893.33	(1,558.47)	14,334.86
Non cash expenditure	82,565.41	-	1,759.55	-	84,324.96	913.96	85,238.92
Profit/(loss) before tax	44,403.41	(3.44)	(681.24)	(4,908.71)	38,810.02	(201.96)	38,608.06
(iii) Segment Assets	13,52,066.79	367.86	13,336.91	5,397.15	13,71,168.71	(7,361.50)	13,63,807.21
(iv) Investments accounted for using equity method	27,440.88	-	-	-	27,440.88	-	27,440.88
(v) Segment liabilities	10,11,151.33	0.82	8,460.34	4,124.48	10,23,736.97	(3,886.09)	10,19,850.88
(vi) Capital Expenditure	3,934.30	-	-	179.95	4,114.25	-	4,114.25
(vii) Share of profit/(loss) from investments accounted for using equity method	-	-	-	-	-	(201.96)	(201.96)

b) Geographical segment

Geographical information analyses the Group's revenue and assets by the Group's country of domicile (i.e. India) and other countries. The Group did not have any operations outside India hence the geographical segment is not applicable."

c) Information about major customers

The Group did not have revenue from transactions with a single external customer or counterparty amounted to 10% or more of the group's total revenue in year ended 31 March, 2025.

As of and for the Year ended 31 March 2024

Particulars	Financing activity*	Investment advisory services	Investment Management services	Others/ Unallocated	Total reportable segments	Eliminations	Total
(i) Segment revenue							
- External Revenue	1,83,025.99	-	3,311.48	2,511.86	1,88,849.33	-	1,88,849.33
- Inter segment revenue	1,022.12	-	239.00	9,632.25	10,893.37	(10,734.28)	159.09
Total segment revenue	1,84,048.11	-	3,550.48	12,144.11	1,99,742.70	(10,734.28)	1,89,008.42
* Income from financing activities represents interest income							
(ii) Segment result before tax							
Add:							
Other Income	1,565.65	-	15.17	368.28	1,949.10	(354.27)	1,594.83
Less:							
Finance costs	72,586.35	-	363.07	52.15	73,001.57	(363.07)	72,638.50
Fees and commission expense	31,714.19	-	-	-	31,714.19	(9,632.25)	22,081.94

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Particulars	Financing activity*	Investment advisory services	Investment Management services	Others/ Unallocated	Total reportable segments	Eliminations	Total
Employee benefit expense	17,961.03	-	1,019.33	5,180.36	24,160.72	-	24,160.72
Impairment on financial instruments	(22,474.65)	-	-	-	(22,474.65)	-	(22,474.65)
Depreciation and amortisation	1,467.03	-	0.12	227.27	1,694.42	-	1,694.42
Other expenses	10,847.33	6.30	2,182.39	3,166.74	16,202.76	(539.70)	15,663.06
Non cash expenditure	34,788.17	-	-	-	34,788.17	(69.73)	34,718.44
Profit/(loss) before tax	38,724.31	(6.30)	0.74	3,885.87	42,604.62	(581.01)	42,120.82
(iii) Segment Assets	11,61,956.64	397.55	16,731.92	7,105.17	11,86,191.28	(15,425.40)	11,70,765.88
(iv) Investments accounted for using equity method	843.53	-	-	-	843.53	(454.88)	388.65
(v) Segment liabilities	9,36,921.31	30.62	11,345.61	2,747.09	9,51,044.63	(12,319.89)	9,38,724.74
(vi) Capital Expenditure	2,133.86	-	-	300.12	2,433.98	-	2,433.98
(vii) Share of profit from investments accounted for using equity method	-	-	-	-	-	(97.21)	(97.21)

b) Geographical segment

Geographical information analyses the Group's revenue and assets by the Group's country of domicile (i.e. India) and other countries. The Group did not have any operations outside India hence the geographical segment is not applicable.

c) Information about major customers

The Group did not have revenue from transactions with a single external customer or counterparty amounted to 10% or more of the group's total revenue in year ended 31 March, 2024.

4.7 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at 31 March 2025

Type of hedge risks	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	1,18,160.27	5,184.09	995.91	15 November 2025 to 28 February 2030	(969.46)	969.46	Borrowings (Other than debt securities)
Forward contract	1,650.95	-	1,367.57	22-Sep-25	(1,421.69)	1,421.69	Borrowings (Other than debt securities)
Overnight Indexed Swap	59,325.00	292.46	-	15 December 2026 to 21 September 2027	320.93	(320.93)	- Debt Securities - Borrowings (Other than debt securities)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

As at 31 March 2024

Type of hedge risks	As at 31 March 2024						
	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	84,256.90	5,346.17	188.53	15 November 2025 to 15 September 2026	(572.32)	572.32	Borrowings (Other than debt securities)
Forward contract	-	54.12	-	29-Sep-24	54.12	(54.12)	Borrowings (Other than debt securities)
Overnight Indexed Swap	59,325.00	81.65	110.12	15 December 2026 to 21 September 2027	(175.75)	175.75	- Debt Securities - Borrowings (Other than debt securities)

b) Disclosure of effects of hedge accounting on statement of profit and loss:

Year ended 31 March 2025

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(969.46)	-	-	NA
Forward Contract	(1,421.69)	-	-	NA

Type of hedge	Change in value of the hedging instrument recognised in statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed Swap	320.93	-	-	NA

Year ended 31 March 2024

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(572.32)	-	-	NA
Forward Contract	54.12	-	-	NA

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed Swap	(175.75)	-	-	NA

48 Goodwill

The below table summarises the breakup of Goodwill:

Particulars	Goodwill	
	As at 31 March 2025	As at 31 March 2024
Goodwill in Holding Company (Refer Note 1 below)	2,085.13	2,085.13
Goodwill in subsidiary (Refer Note 2 below)	81.06	88.01
Goodwill arising on consolidation of:		
- Northern Arc Investment Managers Private Limited	168.80	168.80
- Northern Arc Investment Advisers Private Limited	5.83	5.83
Total goodwill	2,340.82	2,347.77

Notes:

1 Goodwill in Holding Company

During the year ended 31 March 2023, the Holding Company had acquired specifically identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a un-listed Company based in India. The excess of the purchase consideration over the value of specifically identified assets and liabilities resulted in a goodwill of INR 2,085.13 lakhs for the Holding Company, which comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). The entire amount of goodwill is considered to be associated with Pragati portfolio (CGU), which is part of the business of the Holding Company (arranging or facilitating or providing finance either in the form of loans or investments or guarantees).

The Holding Company performed its annual impairment test for year ended 31 March 2025 and 31 March 2024. The Group considers the relationship between recoverable value of net assets taken over and its carrying value, among other factors, when reviewing for indicators of impairment. As at 31 March 2025 and 31 March 2024, the recoverable value of the net assets taken over was higher than the carrying value and no other indicators of impairment were identified. Therefore, no impairment loss allowance is provided for the year ended 31 March 2025 and 31 March 2024.

The recoverable amount of the CGU, INR 5,520.30 lakhs as at 31 March 2025, has been determined based on a value in use calculation using excess return method. Key assumptions include (i) discount rate, being the cost of equity applied to cash flow projections at 30.00% and the terminal growth rate at 4%. It was concluded that the recoverable value or value in use exceeded the carrying value of the loan assets. As a result of this analysis, management has not recognised any impairment charge in the current or previous year.

2 Goodwill in Subsidiary:

Particulars	As at 31 March 2025	As at 31 March 2024
Opening Balance	88.01	147.27
Less: Impairment	(6.95)	(59.26)
Closing Balance	81.06	88.01

The above goodwill in subsidiary is related to transfer of employees from S.M.I.L.E Microfinance Limited (acquired entity as specified above) to Pragati Finserv Private Limited. Impairment has been evaluated annually considering the attrition of employees.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

49 Treatment of DLG in computation of Expected Credit Loss

The Holding Company has entered into First Loss Default Guarantee (FLDG) arrangements with certain Lending Service Providers (LSPs) in relation to loans originated through the digital lending platform. Under these arrangements, the LSPs guarantee to cover the losses arising from borrower defaults up to a certain percentage of the loan portfolio. Based on the guidance under Ind AS 109, the Company had historically considered the expected recoveries from credit enhancements under FLDG arrangements in the computation of Expected Credit Loss (ECL).

The Reserve Bank of India (RBI), vide e-mail communication dated 16 May 2025, has directed the Company to exclude the credit enhancements under FLDG arrangements in the computation of ECL as at 31 March 2025 and absorb such impact by 30 June 2025. Pursuant to this, the Holding Company has evaluated the total impact of such exclusion of the credit enhancements from the ECL computation to be INR 8,041 lakhs as at 31 March 2025 of which the Holding Company during the quarter ended 31 March 2025 has recorded INR 6,835 lakhs. The exposure pertaining to remaining ECL of INR 1,206 lakhs, has subsequent to 31 March 2025, run down thereby naturally reversing the impact in the quarter ending 30 June 2025.

The above accounting treatment has resulted in a reduction of profit before tax for the quarter and year ended 31 March 2025 by INR 6,835 lakhs with a corresponding decrease in loans and advances on account of additional ECL provisions.

50 Events after reporting period

Subsequent to the year end, the Holding Company had sold 3,58,601 shares held by it in FinReach Solutions Private Limited, post dilution, the shareholding in Finreach has come down from 24.55 % to 11.16%. Consequent to the above, FinReach ceases to be an associate of the Holding Company.

51 Audit Trail as per MCA Requirement

The Group has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that –

- (a) in respect of the loan management systems for two products of the Holding Company, the audit trail feature was enabled, operated throughout the year and was not tampered with at the application level. However at the database level, the audit trail feature for one application was enabled on 08 July 2024 and operated post the aforementioned date for the year for all relevant transactions recorded in the application at a database level; and for the other application, the database level audit trail is expected to be enabled in the subsequent years.
- (b) the Holding Company uses three loan management systems (LMS) for the other loan products offered. These loan management systems have a feature of recording audit trail (edit log) facility. However, management is not in possession of Service Organization Controls report to determine whether audit trail feature of LMS managed by third party was enabled and operated throughout the year. Further, for the loan management systems, there are system limitation in testing the operation of audit trail feature. The Company is in discussion with the vendor of the application to assess feasibility to enable such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management systems.
- (c) The subsidiary companies which are companies incorporated in India and whose financial statements have been audited under the Act, have used accounting software for maintaining their respective books of account which has a feature of recording audit trial (edit log) facility, and the same has operated throughout he year for all relevant transactions recorded in the software, except that In respect of two subsidiaries, management is not in possession of Service Organisation Controls report to determine whether audit trial feature of the said application was enabled throughout the year for all relevant transactions recorded in the application at a database leve

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

52 Other Statutory Information

(i) Stage wise Overdue (DPD) based Loan disclosure

Particulars	As at 31 March 2025				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	16,97,230	10,13,428.10	71.18	170.90	10,13,670.18
Accounts with Overdues	2,16,912	30,682.95	23,765.31	15,635.53	70,083.79
Total	19,14,142	10,44,111.05	23,836.49	15,806.43	10,83,753.97

Particulars	As at 31 March 2024				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	16,33,093	8,96,884.19	450.19	131.78	8,97,466.16
Accounts with Overdues	1,75,351	17,445.98	11,749.38	4,871.53	34,066.89
Total	18,08,444	9,14,330.17	12,199.57	5,003.31	9,31,533.05

- (ii) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (iii) The Group does not have any transactions with companies struck off as per section 248 of Companies Act, 2013.
- (iv) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
- (v) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vi) As part of the normal business, the Group invests in Alternate Investment Fund managed by the subsidiary of the Company and also lends loan to the subsidiary for onward investment into these AIFs. 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 Group'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: ((v) & (vi))
- (vii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (viii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

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

- (ix) The Group does not have any 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).
- (x) Compliance with approved Scheme(s) of Arrangements: The Group has not entered in any such arrangements during the year.

53 Previous year figures

Previous year figures have been regrouped/rearranged, wherever considered necessary, to conform to the classification/disclosure adopted in the current year.

As per our report of even date attached

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration no.: 001076N/N500013

Khushroo B. Panthaky

Partner

ICAI Membership No. 042423

For and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: L65910TN1989PLC017021

P S Jayakumar

Chairman

DIN: 01173236

Atul Tibrewal

Chief Financial Officer

Ashish Mehrotra

Managing Director & CEO

DIN: 07277318

Prakash Chandra Panda

Company Secretary and Compliance Officer

Membership No: A22585

Place: Nagpur

Date: 19 May 2025

Place: Mumbai

Date: 19 May 2025

Notice

NOTICE is hereby given that the 17th (Seventeenth) Annual General Meeting ("AGM") of the Members of Northern Arc Capital Limited ("the Company") will be held on Monday, August 25, 2025 at 11.00 a.m. (IST) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") and the deemed venue is registered office of the Company to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2025, together with the Reports of the Board of Directors and the Auditors thereon.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED THAT the audited annual standalone and consolidated financial statements of the Company comprising of the Balance Sheet as at March 31, 2025, statement of profit and loss account, cash flow statement for the year ended on that date along with the notes to accounts thereon and the Board's report and Auditor's report thereon, as circulated to the Members, be and are hereby received, considered and adopted."

2. **Appointment of Mr. Michael Jude Fernandes (DIN: 00064088), as a director, liable to retire by rotation.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Michael Jude Fernandes (DIN: 00064088), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **To appoint Secretarial Auditors of the Company.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, including any statutory modification(s) thereto or re-enactment thereof for the time being in force and on the recommendation of the Audit Committee and the Board of Directors, consent of the

Members of the company be and is hereby accorded to appoint M/s. Alagar & Associates LLP (Formerly known as M. Alagar & Associates), Practicing Company Secretaries, Chennai (Firm Registration No. L2025TN019200) as the Secretarial Auditors of the Company to hold the office for a term of five consecutive years, from April 01, 2025 to March 31, 2030 on such terms and conditions including remuneration and fees for certification as may be mutually agreed between the Board of Directors and the Secretarial Auditors.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the company be and are hereby severally authorized to file necessary forms with the Registrar of Companies and to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution."

4. **To approve Creation of charges on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolutions passed by the Members at the Extra-Ordinary General Meeting held on June 21, 2024 and pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 ("the Act") and all other applicable provisions of the Act and any rules made thereunder or any other law for the time being in force (including any statutory modification or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers including the power conferred under this resolution) to create a charge, mortgage, lien, pledge, hypothecate or any other form of security interest of any nature or in any kind in addition to the existing charges, mortgages, lien, pledge or hypothecation or any other form of security interest of any nature created by the Company on the movable and immovable properties and assets of the Company including book debts, receivables of the Company both present and future and in such manner as the Board may deem fit together with the power to take over the whole or substantially the whole of the undertaking of the Company in favour of Banks, Non-Banking Financial Companies, Financial Institutions, Mutual Funds, Trusts, Debenture holders (or debenture trustee or any other person acting on their behalf), other Body Corporates and providers of credit and debt facilities to secure the loans /financial facility/ borrowings / credit /debt facilities

obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed INR 15,000 Crores (Rupees Fifteen Thousand Crores Only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize, settle and execute such documents, deeds, writings and agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to resolve any question, difficulty or doubt that may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to file the necessary forms and documents with the Registrar of Companies, Chennai and to issue a certified true copy of this resolution."

5. To Approve increase in borrowing powers in excess of the paid-up share capital, free reserves and securities premium of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolution passed by the shareholders at the Extra Ordinary General Meeting held on June 21, 2024 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and all other applicable provisions of the Act and any rules made there under; or any other law for the time being in force (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the Company, the consent of Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers including the power conferred under this resolution) of the Company to borrow any sum(s) of money from time to time and for availing all kind of loans, advances, and credit facilities from various banks, financial institutions and/or other lenders and/or by way of issuance of debentures, bonds, commercial papers, external commercial borrowings or such other debt instruments, (apart from temporary loans from the Company's bankers) with or without security, whether in India or outside India on such terms and conditions as may be considered suitable by the Board notwithstanding that money to be borrowed together

with the money already borrowed by the Company (apart from temporary loans from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company provided that the total amount so borrowed and outstanding at any time shall not exceed the sum of INR 15,000 Crores (Rupees Fifteen Thousand Crores only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize, settle and execute such documents, deeds, writings and agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to resolve any question, difficulty or doubt that may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to file the necessary forms and documents with the Registrar of Companies, Chennai and to issue a certified true copy of this resolution."

6. To approve the Offer and Issue of Non-Convertible Debentures, in one or more tranches on a private placement basis.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 42, 71, 179 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and other regulations, rules and guidelines issued by Reserve Bank of India, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time) and in accordance with the Memorandum of Association and Articles of Association of the Company, and within the overall borrowing limits of the Company, the consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers including the power conferred under this resolution) to offer, issue, create or invite subscriptions for all kind of Non-Convertible Debentures ("NCDs") which may be Listed/ Unlisted, Secured, Unsecured, Rated, Redeemable, cumulative or non-cumulative, fixed rate or market linked and/or hybrid instruments in one or more series / tranches, aggregating up

to INR 5000 Crores (Rupees Five Thousand Crores only) to be issued during a period of one year from the date of approval of the Members at this Annual General Meeting to banks, any financial institutions, non-banking financial companies, bodies corporate, mutual funds, entities, foreign institutional investors, any other person or persons, domestic or foreign, or any other investors as permitted under applicable laws, on private placement basis on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Debentures of the Company, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters, and things as it may, in its absolute discretion, deem necessary, desirable or expedient and to settle any questions, difficulties or doubts that may arise in this regard including but not limited to the offer, issue and allotment of debentures of the Company as it may in its absolute discretion deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to file the necessary forms and documents with the Registrar of Companies, Chennai and to issue a certified true copy of this resolution."

7. **Approval for Increase of ESOP Options under Northern Arc Employee Stock Option Plan 2016.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of Section 62(1)(b) of the Companies Act, 2013 ("Act") read with Rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014, and applicable provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any other applicable laws, rules and regulations for the time being in force, the relevant provisions of the Memorandum and Articles of Association of the Company, and subject to such other approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions and modifications as may be prescribed or imposed by the relevant authorities, and pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, the consent of the Members of the Company be and is hereby accorded to increase the employee stock option pool from 90,07,758 employee stock options ("ESOPs") to 94,78,967 ESOPs by creating additional employee stock option pool of 4,71,209 ESOPs ("Additional ESOP pool"), in accordance with the terms and conditions of the ESOP Plan, for issuing further grants to the eligible employees of the Company.

RESOLVED FURTHER THAT the additional ESOP pool of 4,71,209 ESOPs can be issued in one or more tranches, convertible into not exceeding 4,71,209 equity shares of

face value of ₹10 (Rupees Ten Only) each fully paid-up upon exercise of vested Options.

RESOLVED FURTHER THAT it is hereby noted that the terms of amendments to the ESOP Plan are not prejudicial to the interests of the employees and the other terms and conditions of the ESOP Plan shall continue to remain the same and it will not affect any earlier options granted under the Plan.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the ESOP Plan and generally for giving effect to these resolutions, the NRC/Board of Directors, be and are hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to file the necessary forms and documents with the Registrar of Companies, Chennai and to issue a certified true copy of this resolution."

8. **Revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 149, 197, 198 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder and Regulation 17(6) (a) & (ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") including any statutory modification(s) or re-enactment(s) thereof for the time being in force, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded in relation to revision in payment of remuneration by way of commission of INR 1,52,50,000/- (Rupees One Crore and Fifty Two Lakhs and Fifty Thousand only) excluding sitting fees for attending the Board and Committee meetings for the FY 2025-26 to Mr. P S Jayakumar (DIN: 01173236) Non-Executive Independent Director and Chairperson of the Company, which is within the prescribed limits of 1% of the net profits of the Company computed in accordance with sections 197 and 198 of the Companies Act, 2013 but exceeds fifty percentage of total annual remuneration to be payable to all non-executive directors of the company for the FY 2025-26 in accordance with Regulation 17(6)(ca) of Listing Regulations.

RESOLVED FURTHER THAT the total managerial remuneration payable to all the director(s) including managing director of the Company taken together in any

financial year shall not exceed the limit of 11% of net profit of the Company as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and settle all questions or difficulties that may arise with regard to the aforesaid resolution as it may deem fit including the filing of necessary forms and returns with the Registrar of Companies (RoC) and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid resolution."

9. Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company.

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 198 and 203 and other applicable provisions of the Companies Act read with Schedule V and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the enabling provisions of Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the revision in terms of the managerial remuneration of Mr. Ashish Mehrotra, Managing Director and Chief Executive Officer (DIN: 07277318) effective from 01st April 2025 as detailed below:

Remuneration:

- 1. Fixed Pay** - Annual Fixed Salary of INR 5,50,00,000 (Rupees Five Crores Fifty Lakhs).
- 2. Variable Pay** - Annual variable pay of ₹3,08,12,500 (Rupees Three Crore Eight Lakhs Twelve Thousand Five Hundred), payable at intervals as determined by the Nomination and Remuneration Committee and approved by the Board which includes INR 61,62,500 (Rupees Sixty One Lakh Sixty Two Thousand and Five Hundred) to be deferred and paid in the 1st Quarter of FY 2026-27;

- 3. Provident Fund** - Contribution to Provident Fund in accordance with the applicable laws and company policy, as applicable to all the employees of the Company, from time to time.

Perquisites:

1. The Company to reimburse, on a monthly basis, all reasonable travelling, entertainment and other out of pocket expenses on an actual basis as per Company policy and usage of Company provided Car, coverage under Company's Group Medical Insurance, Group Life Insurance and Personal Accident Insurance as per Company policy, as applicable to all the employees of the Company, from time to time.
2. Perquisite value of stock options exercised, as per the provisions of the Income Tax Act.

Employee Stock Option (ESOP):

Grant of 97,000 ESOPs at an average market price of INR 211 per share, calculated based on the average closing price of the Company's shares for the 14 days preceding the cut-off date of May 20, 2025.

RESOLVED FURTHER THAT the above remuneration is subject to total managerial remuneration payable to all the director(s) including the Managing Director of the Company taken together in any financial year shall not exceed the limit of 11% of net profit of the Company as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof.

RESOLVED FURTHER THAT save and except as aforesaid, all other terms and conditions of appointment of Mr. Ashish Mehrotra (DIN: 07277318) as Managing Director and Chief Executive Officer of the Company passed by the members at the 5th (2021-22) Extra-Ordinary General Meeting of the Company held on March 26, 2022 shall continue to remain in force and effect.

RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and settle all questions or difficulties that may arise with regard to the aforesaid resolution as it may deem fit including the filing of necessary forms and returns with the Registrar of Companies (RoC) and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid resolution."

By order of the Board of Directors
For **Northern Arc Capital Limited**

Sd/-

Prakash Chandra Panda

Company Secretary & Compliance Officer

Date: July 02, 2025

Place: Chennai

NOTES

1. Pursuant to the General Circular No. 09/2024 dated September 19, 2024, issued by the Ministry of Corporate Affairs (MCA) and circular issued by SEBI vide circular no. SEBI/HO/CFD/CFDPoD-2/P/CIR/2024/133 dated October 3, 2024 ("SEBI Circular") and other applicable circulars and notifications issued (including any statutory modifications or re-enactment thereof for the time being in force and as amended from time to time, companies are allowed to hold EGM/AGM through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of members at a common venue. In compliance with the said Circulars, AGM shall be conducted through VC / OAVM.
 2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
 3. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the Special Businesses detailed above and the relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also part of this Notice.
 4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) the Secretarial Standard on General Meetings (SS-2) issued by the ICSI and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs from time to time, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has appointed National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting on the date of the AGM will be provided by NSDL.
 7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.northernarc.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
 8. Inspection of documents: In accordance with the MCA circulars, following registers along with other documents referred in the Notice will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting:
 - (a) Register of contracts or arrangements in which directors are interested under section 189 of the Act.
 - (b) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.
 - (c) Certificate from Secretarial Auditor of the Company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
 - (d) Copy of Articles of Association.
 9. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.
 10. Mr. N. A. Srinivasan FCS: 7257 and Advocate Registration Number: Ms 2065/2006, Designated Partner, failing him Mrs. Jamuna Suresh ACS: 74911, from M/s. Genicon Legal LLP, Advocates and Advisors Firm is appointed as Scrutiniser to scrutinise the remote e-voting and e-voting during the meeting in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose. The Scrutiniser's decision on the validity of the votes cast through remote e-voting and e-voting during the meeting shall be final.
- The Scrutiniser shall after the conclusion of voting at the AGM, will collate the votes downloaded from the e-Voting system and the votes cast at the AGM through e-voting for all resolutions set forth in the Notice convening the AGM. On

completion of the Scrutiny, the Scrutiniser will submit his report to the Chairman or in his absence, to the Managing Director of the Company, who shall counter sign the same and declare the results of the voting. The Results of the resolutions stated in the Notice shall be declared within two working days from the conclusion of AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

The results declared along with the report of the Scrutiniser shall be made available on the website of the Company and on the website of NSDL immediately after the declaration of results by the Chairman. The results shall also be immediately forwarded to the Stock Exchanges where the Company's equity shares are listed.

11. AGM will be convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular issued from time to time
12. Members are requested to note that dividend(s) if not encashed for a period of 7 years, from the date of transfer to the unclaimed dividend account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The unpaid dividend details are available on Company's website at <https://www.northernarc.com/assets/uploads/files/unclaimed-dividends.pdf>. In view of the

above, Members are requested to encash their dividend/s, within the stipulated timeline. The shareholders whose dividend transferred to IEPF can claim the same from IEPF Authority by submitting an online Form IEPF - 5 available on the website <https://www.iepf.gov.in/>.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Thursday, August 21, 2025 at 9.00 am [IST] and ends on Sunday, August 24, 2025 at 5.00 pm [IST]. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Beneficial Owners as on the record date (cut-off date) Tuesday, August 19, 2025 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, August 19, 2025 .

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	- For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp - Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 - Now, you will have to click on "Login" button.
 - After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to nas@geniconlegal.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on: 022 - 4886 7000 or send a request to Ms. Pallavi M, Senior Manager at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to (Company email id).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (Company email id). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot

may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@northernarc.com. The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@northernarc.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@northernarc.com. These queries will be replied to by the company suitably by email.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3: To appoint Secretarial Auditors of the Company

Pursuant to the provisions of Section 204(1) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the Listing Regulations") as may be amended from time to time, every listed entity and its material subsidiaries incorporated in India is required to have the audit of its secretarial and related records conducted by a Secretarial Auditor.

Further, the SEBI had introduced significant amendments to the Listing Regulations on December 12, 2024, wherein pursuant to the provisions of Regulation 24A(1)(b), no listed company can appoint or re-appoint a Secretarial Audit firm as Secretarial Auditors for more than 2 (Two) terms of 5 (Five) consecutive years.

In view of the above, the audit committee and the Board of Directors at their respective meeting held on May 19, 2025 have recommended the appointment of M/s. Alagar & Associates LLP (Formerly known as M. Alagar & Associates), Practising Company Secretaries, Chennai, Peer Reviewed Firm of Practising Company Secretaries, (Firm Registration No. L2025TN019200) as Secretarial Auditors of the Company on the following terms and conditions:

- a) Term of Appointment: Up to 5 (five) consecutive years from April 1, 2025 till March 31, 2030

- b) Proposed Fee: Up to INR 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and other out-of-pocket expenses in connection with the secretarial audit for the Financial Year 2025 -26 and fee for subsequent year(s) of their term, as may be determined by the Board, on recommendation of the Audit Committee.

The proposed fees are based on knowledge, expertise, industry experience, time and efforts required to be put in by the secretarial auditors. The fees for other services in the nature of certifications and other professional work will be in addition to the secretarial audit fee as mentioned above and will be determined by the Board in consultation with the Secretarial Auditors and as per the recommendations of the Audit Committee.

The recommendations are based on the fulfilment of the eligibility criteria and qualification prescribed under the Companies Act, 2013 and rules made thereunder and SEBI Listing Regulations with regard to the full-time partners and secretarial audit experience of the firm.

M/s. Alagar & Associates LLP (Formerly known as M. Alagar & Associates), a reputed firm of Company Secretaries in Practice specialized in Secretarial Audit and other corporate law advisory services. The firm is registered with the Institute of Company Secretaries of India and has an experience of more than 15 years in providing various corporate law services. The Secretarial Audit Firm also holds a valid Peer Review Certificate and given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the prescribed limits under the Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulations. They have also confirmed that they are not disqualified to be appointed as Secretarial Auditors in terms of provisions of the Companies Act, 2013 and Rules made thereunder and SEBI LODR Regulations.

The Board of Directors based on the recommendation of the Audit Committee may alter or vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Secretarial Auditors.

None of the Directors and Key Managerial Personnel of the Company and their relatives, or in any way, are concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution set out at Item No. 3 of the notice for approval by the Members as an Ordinary Resolution.

Item No. 4 and 5:

To approve Creation of charges on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and to approve increase in borrowing powers in excess of the paid-up share capital, free reserves and securities premium of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013

In terms of provisions of Section 180(1)(c) of the Act, the Board cannot, except with the consent of the Company in a general

meeting by way of a special resolution, borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), in excess of the aggregate of the paid-up capital, free reserves and securities premium of the Company. At the Extra Ordinary General Meeting of the Company held on June 21, 2024, the shareholders had passed a special resolution under Section 180 (1) (c) of the Act empowering the Board to borrow up to Rs. 13,000 crores which is in excess of the paid-up capital, free reserves and securities premium of the Company as of March 31, 2024.

In order to further expand its business and to meet the loan disbursements and keeping in view of the Company's existing and future financial requirements and to support its business operations, the Board may have to resort to various borrowing options and for which it is proposed to enhance the borrowing limits from INR 13,000 crores to INR 15,000 Crores.

In terms of provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a Company shall only with the consent of the members by way of Special Resolution in a General Meeting can sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. The borrowings of the Company may be secured by way of creation of charge, mortgage, lien, pledge, hypothecation or any other form of security interest of any nature on the Company's assets whether movable and immovable properties and assets including book debts and receivables both present and future, in favour of Banks, Non-Banking Financial Companies, Financial Institutions, Mutual Funds, Trusts, Debenture holders (or debenture trustee or any other person acting on their behalf), other Body Corporates and providers of credit and debt facilities to secure the loans /financial facility/ borrowings / credit /debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company (hereinafter collectively referred to as "Loans") However, the total amount of Loans together with interest thereon, additional interest, and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed INR 15,000 Crores.

The creation of said charge, mortgage, lien, pledge, hypothecation or any other form of security interest of any nature on the Company's assets is considered to be the disposal of all or any part of the Company's undertakings, for the said borrowings and would attract the provisions of the said Section 180(1)(a) of the Companies Act, 2013.

Accordingly, the Board has at its meeting held on May 19, 2025, subject to the approval of the Members of the Company, approved the aforesaid proposal for enhancing the limit of borrowings under Section 180 (1)(c) of the Act together with creation of such charge, mortgage, pledge, hypothecation, assignment or otherwise on the Company's assets under 180(1)(a) of the Act for an amount not exceeding INR 15,000 Crore.

None of the Directors and Key Managerial Personnel of the Company and their relatives, or in any way, are concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Resolution set out at Item No. 4 and 5 of the Notice for approval of the Members as a Special Resolution.

Item No. 6

To approve the Offer and Issue of Non-Convertible Debentures, in one or more tranches on a private placement basis.

Pursuant to the provisions of Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company can issue securities including Non-convertible Debentures (NCDs) on a private placement basis subject to the condition that the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the Members of the Company, by means of a special resolution, for each of the offer or invitation. In case of an offer or invitation for NCDs, it shall be sufficient if the Company passes a special resolution only once in a year for all the offer(s) or invitation(s) to subscribe to such NCDs on a private placement basis, during a period of 1 (one) year from the date of passing of the special resolution.

In view of the above requirement, the Members of the Company at the Extra-ordinary General Meeting held on 21st June 2024 had approved the raising of funds by issue of NCDs on private placement basis pursuant of the relevant provisions of the applicable laws and circulars and guidelines issued by the Reserve Bank of India (RBI), up to an amount not exceeding INR 6,000 crore (Rupees Six Thousand crore only), for a period of 1 (one) year from the date of passing of the special resolution, in one or more series/ tranches.

The Company has a plan to raise additional funding through NCDs issuances to the tune of 5,000 crore in the next 12 months in one or more tranches.

Accordingly, the funds will be utilized to augment resources for on-lending by the Company, repayment/ refinance of existing debt, working capital requirement, investments, general corporate purposes and to facilitate the Company to evaluate a potential fund raising at an appropriate time in one or more tranches in India as well as overseas market by issue of NCDs, consent of the Members of the Company is sought in connection with the aforesaid issue of listed, secured/unsecured/ subordinated/ unsubordinated/ senior, rated/ unrated, redeemable (including market linked debentures) cumulative/ non-cumulative NCDs and they are requested to authorise the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers including the power conferred under this resolution) to issue such NCDs up to INR 5000/- crore (Rupees Five Thousand Crore only), in one or more series/ tranches on a private placement basis within the limits permitted by the RBI and other regulatory authorities, if any, to the eligible investors, during a period of 1 (one) year from the date of passing of this special resolution.

The said NCDs would be issued by the Company in accordance with the applicable statutory guidelines, for cash either at par or premium to face value depending upon the prevailing market conditions and the issue price of such securities depends upon various factors which may include prevailing rates, competitor rates of similar rating and prevailing regulations.

Furthermore, the offer shall be made to such persons as identified under Section 42 of the Companies Act, 2013, on such terms and conditions including the price, coupon, par/ premium/ discount, tenor etc., as may be determined by the Board, in the prevailing market conditions as permitted by the relevant applicable regulations.

The Board of Directors of the Company, vide its resolution passed at the meeting held on May 19, 2025 has proposed the said issuance of NCDs on private placement basis, subject to approval of the Members.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution.

The Board of Directors of the Company recommends the resolution set out as Item No. 6 of this Notice for approval by the Members as a Special Resolution.

Item No. 7:

Approval for Increase of ESOP Options under Northern Arc Employee Stock Option Plan 2016

The Northern Arc Employee Stock Option Plan, 2016 ("ESOP Plan") and Northern Arc Employee Stock Option Scheme 2016 – Scheme– I, Northern Arc Employee Stock Option Scheme 2016 – Scheme II, Northern Arc Employee Stock Option Scheme 2023 – Scheme– II B, Northern Arc Employee Stock Option Scheme 2018 – Scheme– III, Northern Arc Employee Stock Option Scheme 2022 –Scheme– IV and Northern Arc Employee Stock Option Scheme 2023 – Scheme– IVB (collectively, the "ESOP Schemes") has been formulated by the Nomination and Remuneration Committee ("NRC") for the benefit of the eligible employees of the Company and/or Subsidiary Company, in India or outside India with an aim to encourage and motivate employees by strengthening and improving their performance, thereby contributing to the overall growth of the Company.

The members of the Company at their Extraordinary General Meeting held on October 7, 2016 approved the adoption of the ESOP Plan for the benefit of the employees of the Company and subsequent amendments to the ESOP Plan were approved by the shareholders at their meetings held on 25th July 2018, 23rd May 2019, 25th May 2021, 13th September 2023, 26th October 2023 and 02nd July 2024.

The Company has extended the benefits of issuing the grants under Northern Arc Employee Stock Option Scheme 2016 – Scheme– I

(Scheme I) and Northern Arc Employee Stock Option Scheme 2016 – Scheme– III (Scheme III) to the Eligible Employees of the Subsidiary Company, in India or Outside India, of the Company for which the Company has passed a Separate Resolution by the Shareholders in the EGM dated 07 October, 2016 (For Scheme I) and EGM dated 25 July 2018 (for Scheme III).

The shareholders pursuant the special resolution dated December 19, 2024 have ratified the ESOP Plan 2016 and ESOP Schemes, post its listing of equity shares to make any fresh grant which involves allotment or transfer of shares to the eligible employees of the Company.

Further, the Members by way of separate special resolution dated May 05, 2025 through postal ballot had approved the following resolutions:

- (i) Ratification of the implementation of ESOP Plan 2016 and ESOP Schemes through trust route and;
- (ii) Extension of the benefits under the ESOP Plan 2016 and ESOP Schemes to the eligible employees of subsidiary companies.

In order to attract, retain and motivate the best available talents and to reward the employees for their performance and based on the approval of NRC and the Board of Directors dated June 24, 2025, the Company intends to increase the employee stock option pool from 90,07,758 employee stock options ("ESOPs") to 94,78,967 ESOPs by creating additional employee stock option pool of 4,71,209 ESOPs ("Additional ESOP pool") to provide an opportunity to more employees to participate in the growth of the Company, besides creating long term wealth in their hands under the ESOP Plan.

Pursuant to the provisions of section 62(1)(b) and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder, the Company seeks members' approval in respect of increasing the pool size for grant of employee stock options and issuing equity shares of the Company on exercise of employee stock options, each equity share having face value of INR 10/- (Indian Rupees Ten only) per share (or such adjusted number of equity shares as may arise after giving effect to any corporate action like share split, bonus issue, consolidation or other re-organisation of the capital structure of the Company, as may be applicable, from time to time) and the exercise price will be decided by the NRC on the date of grant to the eligible employees of the Company.

Further, increase of ESOP Pool is not prejudicial to the interests of the employees and the other terms and conditions of the ESOP Plan shall continue to remain the same and it will not affect any Options previously granted under the ESOP Plan.

The ESOP Plan and ESOP Schemes shall be made available for inspection at the registered office of the Company during the working hours of the Company i.e., between 10 a.m. to 6 p.m. and at the Annual General Meeting.

The disclosures as required under the applicable laws are as follows:

S. No.	Particulars	Details															
a)	A brief description of the Scheme	The Company has formulated the ESOP Plan 2016 and ESOP Schemes with an aim to encourage and motivate its employees and employees of its subsidiaries (in or outside India) in strengthening and improving their performance, thereby contributing to the overall growth of the Company.															
b)	The total number of options/ SARs, shares or benefits, as the case may be to be offered and granted.	It is proposed to offer and grant up to 94,78,967 ESOP Options by creating an additional employee stock option pool consisting of 4,71,209 ESOP Options, to be granted in one or more tranches. Each Option will entitle the option holder 1(one) Equity Share of the Company. Further, the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 require that in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc., a fair and reasonable adjustment needs to be made to the Options granted or to be granted. In this regard, the NRC shall adjust the Options and/or price of the Options granted or to be granted in such a manner that the total value of the Options granted or to be granted under the Plan remain the same after any such corporate action. Accordingly, if any additional Options are issued by the Company to the Options grantees for making such fair and reasonable adjustment, the aforesaid ceiling shall be deemed to be increased to the extent of such additional Options issued. The present pool size and the particulars of ESOP grants are as follows: <table><tr><td>Existing Pool Size:</td><td>90,07,758 options</td></tr><tr><td>Total Active Grants:</td><td>82,07,095 options</td></tr><tr><td>Total Ungranted Options:</td><td>8,00,663 options</td></tr><tr><td>Total Options Allotted:</td><td>23,15,466 options</td></tr></table>	Existing Pool Size:	90,07,758 options	Total Active Grants:	82,07,095 options	Total Ungranted Options:	8,00,663 options	Total Options Allotted:	23,15,466 options							
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Total Ungranted Options:	8,00,663 options																
Total Options Allotted:	23,15,466 options																
c)	Identification of classes of employees entitled to participate and be beneficiaries in the Scheme	a) an employee as designated by the Company, who is exclusively working in India or outside India; (b) a director of the Company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (c) an employee, as described in clauses (a) or (b) above, of a group company including subsidiary company, in India or outside India but shall not include: (1) an employee who is a promoter or a person belonging to the promoter group; or (2) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% (ten percent) of the outstanding equity shares of the Company.															
d)	Requirements of vesting and period of vesting	The vesting period under ESOP Schemes is as follows: <table><tr><th>ESOP Schemes</th><th>Minimum</th><th>Maximum</th></tr><tr><td>Scheme I</td><td>1 year</td><td>4 years</td></tr><tr><td>Scheme II and IIB</td><td>1 year</td><td>5 years</td></tr><tr><td>Scheme III</td><td>1 year</td><td>3 years</td></tr><tr><td>Scheme IV and IVB</td><td>1 year</td><td>4 years</td></tr></table>	ESOP Schemes	Minimum	Maximum	Scheme I	1 year	4 years	Scheme II and IIB	1 year	5 years	Scheme III	1 year	3 years	Scheme IV and IVB	1 year	4 years
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Scheme I	1 year	4 years															
Scheme II and IIB	1 year	5 years															
Scheme III	1 year	3 years															
Scheme IV and IVB	1 year	4 years															
e)	The maximum period within which the options/ SARs/ benefits shall be vested	The maximum period within which the options shall be vested: <table><tr><th>ESOP Schemes</th><th>Maximum</th></tr><tr><td>Scheme I</td><td>4 years</td></tr><tr><td>Scheme II and IIB</td><td>5 years</td></tr><tr><td>Scheme III</td><td>3 years</td></tr><tr><td>Scheme IV and IVB</td><td>4 years</td></tr></table>	ESOP Schemes	Maximum	Scheme I	4 years	Scheme II and IIB	5 years	Scheme III	3 years	Scheme IV and IVB	4 years					
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Scheme II and IIB	5 years																
Scheme III	3 years																
Scheme IV and IVB	4 years																
f)	Exercise price/ SAR price, purchase price or pricing formula	The Exercise Price will be decided by the NRC on the date of grant to the eligible employees of the Company. The exercise price shall not be less than the face value of the shares of the Company.															

S. No.	Particulars	Details
g)	Exercise period/ offer period and process of exercise / acceptance of offer	Exercise Period/Offer Period: "Exercise Period" means the time period after vesting within which the Participant/Beneficiary should exercise his right to apply for shares against the vested option in pursuance of the ESOP Plan and ESOP schemes. As per the ESOP Schemes, Exercise Period means the period of 8 years after vesting, subject to clause 13 of the Plan, unless the Board /committee decides otherwise; Process of exercise/acceptance of offer: The Participant alone can Exercise the Vested Options within the Exercise Period. A Vested Option shall be deemed to be validly exercised only when the Company/ Committee/ Board/ Trust or any other person ratified by the Company/ Committee/ Board/ Trust receives written and signed notice of Exercise Form from the Participant/ Beneficiary and the full payment of the Exercise Price, taxes (wherever arising) and any other sums due to the Company as per the Plan in respect of Exercise of the Option ('Aggregate Exercise Price').
h)	The appraisal process for determining the eligibility of employees for the scheme(s).	To incentivize key employees who have been with the Company for a considerable period of time and contributed significantly towards the building of the Company. As per clause 5 of the Northern Arc Employee Stock Option Plan 2016: The NRC will decide the Employees eligible for Grant of Options under the Plan based on the eligibility criteria as may be decided by the NRC at its own discretion which includes but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Committee determines, in accordance with Applicable Law.
i)	The maximum number of options, SARs, shares, as the case may be, to be offered and issued per employee and in aggregate, if any	Northern Arc Employee Stock Option Plan 2016 is applicable for all the ESOP Schemes. During any one year, no identified Employee(s) shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI SBEB & SESE Regulations) of the Company at the time of Grant of Options unless an approval from the shareholders is taken by way of special resolution in a General Meeting.
j)	Maximum quantum of benefits to be provided per employee under the Scheme	Northern Arc Employee Stock Option Plan 2016 is applicable for all the ESOP Schemes. During any one year, no identified Employee(s) shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI SBEB & SE Regulations) of the Company at the time of Grant of Options unless an approval from the shareholders is taken by way of special resolution in a General Meeting. The maximum quantum of benefits that will be available to every Employee under the Scheme will be the difference between the Fair market value of Company's Share on the Recognized Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.
k)	Whether the Scheme is to be implemented and administered directly by the Company or through a Trust	The Plan will be administered through the Northern Arc Employee Welfare Trust under the supervision of the Nomination and Remuneration Committee.
l)	Whether the Scheme involves a new issue of shares by the Company or secondary acquisition by the trust or both	The Scheme involves a new issue of shares by the Company to the Trust.
m)	The amount of loan to be provided for implementation of the Scheme by the Company to the trust, its tenure, utilisation, repayment terms, etc.	The Source of funds to the Trust is the aggregate of initial contribution, any exercise price received by the trust from the beneficiaries and any other earnings of the Trust.
n)	Maximum percentage of secondary acquisition that can be made by the Trust for the purposes of the Scheme	Not Applicable

S. No.	Particulars	Details
o)	A statement to the effect that the company shall conform to the accounting policies specified in regulation 15 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	The Company follows and conforms to the applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/ or accounting standards as per the Companies Act, 2013 and/or Regulation 15 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as applicable.
p)	The method which the Company shall use to value its options or SARs	Fair value of options is calculated by way of Black Scholes model taking into account the various factors like time value, interest rate, volatility, dividend yield, etc.
q)	The following statement, if applicable: In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Director's report and the impact of this difference on profits and on earnings per share (EPS) of the company shall also be disclosed in the Directors' report.	Not applicable
r)	Lock-in period, if any	The Shares transferred to the Employee pursuant to Exercise of Options shall be subject to no lock-in period from the date of transfer. The Employee is free to sell the Shares.
s)	Terms & conditions for buyback, if any, of specified securities covered under these regulations	The Committee will determine the procedure for buyback of specified securities issued under these SEBI SBEB & SE Regulations, if to be undertaken at any time by the company, and the applicable terms and conditions.

None of the Directors, Key Managerial Personnel of the Company and their immediate relatives are in any way concerned or interested, financial or otherwise, in the said resolution except to the extent that the stock options may be granted to any of them pursuant to the ESOP Plan 2016 and ESOP Schemes.

The Board of Directors recommends the resolution as set out as Item No. 7 in the Notice for approval of Members as a Special Resolution.

Item No. 8:

Revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company

The shareholders of the Company, at the Extra-Ordinary General Meeting held on September 13, 2023, approved the re-appointment

of Mr. P. S. Jayakumar as a Non-Executive Independent Director of the Company for a second term of five consecutive years, commencing from October 15, 2023, and ending on October 14, 2028. In accordance with the provisions of the Companies Act, 2013, Mr. Jayakumar shall not be liable to retire by rotation during this term.

A performance evaluation of all Independent Directors was carried out by the entire Board of Directors, excluding the director being evaluated, based on established criteria including transparency, analytical ability, leadership qualities, ethical standards, performance, and balanced decision-making in the interest of stakeholders. Based on the outcome of the evaluation, the Board noted the significant and valuable contributions made by Mr. P. S. Jayakumar to the Company.

Further, the Company benchmarked the remuneration practices against companies with sound corporate governance, operating in similar sectors and of comparable market capitalization. Taking into account the recommendations of the Nomination and Remuneration Committee ("NRC"), the Board considered the extensive experience, deep industry knowledge, and strategic insights of Mr. Jayakumar. His proven ability to address complex business challenges, provide forward-looking leadership, and actively participate in Board and Committee deliberations has positively impacted the Company's overall performance and governance framework.

The NRC has reviewed various factors including the Company's business and financial performance, the responsibilities and oversight undertaken by Mr. Jayakumar, the time devoted by him to Board and Committee meetings, and the outcomes of his performance evaluation. Based on these, and upon recommendation of the NRC, the Board of Directors vide resolution dated June 24, 2025 approved and recommended to the shareholders the payment of a revised commission to Mr. P. S. Jayakumar, in his capacity as Non-Executive Independent Director and Chairperson, amounting to INR 1,52,50,000/- (Rupees One Crore and Fifty Two Lakhs and Fifty Thousand only), for the financial year 2025-26. This amount is exclusive of the sitting fees payable for attending meetings of the Board and its Committees.

Pursuant to Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if the annual remuneration payable to a single Non-Executive Director exceeds 50% of the aggregate remuneration payable to all Non-Executive Directors, the same requires approval of shareholders through a special resolution. Since the proposed commission to Mr. P. S. Jayakumar exceeds this threshold for the financial year ending March 31, 2025, the Board seeks the approval of the shareholders by way of a special resolution.

Except Mr. P S Jayakumar none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in the said resolution.

The Board of Directors recommends the resolution as set out as Item No. 8 of this Notice for approval of Members as a Special Resolution.

Item No. 9: Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company

The Members of the Company at the 5th (2021- 22) Extra-Ordinary General Meeting of the Company held on March 26, 2022, had approved the appointment and payment of remuneration to Mr. Ashish Mehrotra (DIN: 07277318) as the Managing Director & Chief Executive Officer with effect from April 01, 2022 to March 31, 2027 on the terms and conditions of remuneration payable to him.

The proposal to revise the remuneration payable to Mr. Ashish Mehrotra with effect from April 01, 2025 till the end of his tenure on March 31, 2027 was considered by the NRC and the Board. The NRC, considering the strong growth and excellent financial performance of the Company under the leadership of Mr. Ashish Mehrotra and recommended a revision in the remuneration.

Under the visionary leadership of Mr. Ashish Mehrotra, the Company has successfully navigated one of the most significant milestones in its corporate journey—the completion of its Initial Public Offering (IPO). This achievement marks a new chapter in the Company's growth story by listing of its equity shares on both the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The successful IPO is a testament to the confidence of investors in the Company's strong fundamentals, strategic direction, and long-term value proposition. Mr. Ashish Mehrotra's guidance and strategic foresight played a pivotal role in steering the Company through this complex and highly regulated process, further strengthening its position in the financial markets and enhancing its visibility among a broader investor base.

Based on the achievements, the Nomination and Remuneration Committee has recommended the revision in remuneration for Mr. Ashish Mehrotra, the Board of Directors at its Meeting held on July 02, 2025 had approved and accordingly recommends the revision in the terms of remuneration payable to Mr. Ashish Mehrotra, effective from April 01, 2025 are as follows:

Remuneration:

- 1. Fixed Pay** - Annual Fixed Salary of INR 5,50,00,000 (Rupees Five Crores Fifty Lakhs).
- 2. Variable Pay** - Annual variable pay of ₹3,08,12,500 (Rupees Three Crore Eight Lakhs Twelve Thousand Five Hundred), payable at intervals as determined by the Nomination and Remuneration Committee and approved by the Board. which includes an Amount of INR 61,62,500 (Rupees Sixty One Lakh Sixty Two Thousand and Five Hundred) to be deferred and paid in the 1st Quarter of FY 2026-27;
- 3. Provident Fund** – Contribution to Provident Fund in accordance with the applicable laws and company policy, as applicable to all the employees of the Company, from time to time.

Perquisites:

- The Company to reimburse, on a monthly basis, all reasonable travelling, entertainment and other out of pocket expenses on an actual basis as per Company policy and usage of Company provided Car, coverage under Company's Group Medical Insurance, Group Life Insurance and Personal Accident Insurance as per Company policy, as applicable to all the employees of the Company, from time to time.
- Perquisite value of stock options exercised, as per the provisions of the Income Tax Act.

Employee Stock Option (ESOP):

Grant of 97,000 ESOPs at an average market price of INR 211 per share, calculated based on the average closing price of the Company's shares for the 14 days preceding the cut-off date of May 20, 2025 (date of the meeting of NRC meeting).

Except Mr. Ashish Mehrotra none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in the said resolution.

The Board of Directors recommends the resolution as set out as Item No.9 in the Notice for approval of Members as a Special Resolution.

Annexure A

Disclosure relating to Directors pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standards on General Meetings:

Name of Director	Mr. Michael Jude Fernandes	Mr. P S Jayakumar	Mr. Ashish Mehrotra
DIN	00064088	01173236	07277318
Date of birth/ (Age)	October 24, 1969 (55 Years)	April 08, 1962 (63 years)	February 11, 1969 (56 Years)
Date of first appointment on the Board	March 28, 2014	October 15, 2020	February 14, 2022
Expertise in specific functional Areas/ Experience	20 years of experience in consulting and investing sector.	25+ years of extensive experience in Retail and Commercial Banking, Wealth Management, and Insurance.	With 23 years of experience in the banking and financial services sector, he has served at Citibank across its India and Singapore offices. During this tenure, he played a key role in driving innovation and contributing to the development of the retail financial services industry.
Brief resume	Mr. Michael Jude Fernandes co-leads the LeapFrog group's investments in South and Southeast Asia, with approximately 20 years of experience in consulting and investing. He was formerly an executive director at Khazanah India Advisors Private Limited, an entity under the Khazanah Nasional group, the sovereign fund of Malaysia and served on the boards of IDFC Limited and Apollo Hospitals Enterprise Limited in India. He has been an executive director at Piramal Enterprises Limited. Previously, Mr. Fernandes was a partner with McKinsey & Co, focusing on healthcare and consumer sectors across South and Southeast Asia.	Mr. P. S. Jayakumar has also been an entrepreneur, having co-founded Value Budget Housing Company, a pioneer in affordable housing for low- and moderate-income households. The company introduced innovative construction methods and technology in the sector. In 2008, he also co-founded Home First Finance Ltd., a housing finance company licensed by the NHB, focused on providing long-term mortgage loans to underserved segments.	Mr. Ashish Mehrotra has served as the Managing Director and Chief Executive Officer of Niva Bupa Health Insurance (formerly Max Bupa Health Insurance). Prior to that, he had a distinguished career of more than two decades with Citibank, where he held various leadership positions, including Managing Director and Head of Retail Banking for Citibank India.
Qualifications	B.Sc., University of Calcutta and PG Diploma from the Indian Institute of Management, Calcutta, West Bengal.	A Chartered Accountant and Post graduate diploma in business management from Xavier Labour Relations Institute, Jamshedpur.	Master's in business administration from the Institute of Management Studies, DAVV, Indore, Madhya Pradesh, India. He has also successfully completed the senior executive leadership program offered by the Harvard Business School.
Terms and conditions of appointment	Appointment of Mr. Michael Jude Fernandes as a director, liable to retire by rotation, nominated by Leapfrog Financial Inclusion India II Limited	Revision in payment of remuneration by way of commission to Mr. P S Jayakumar	Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra

Name of Director	Mr. Michael Jude Fernandes	Mr. P S Jayakumar	Mr. Ashish Mehrotra
Details of remuneration during the FY 2024-25	Sitting fees - Rs. 4.50 Lakhs	Sitting fees - Rs. 29.50 Lakh Commission - Rs. 154 Lakhs	Salary and allowances - Rs. 500 lakhs Bonus - Rs. 237.60 lakhs Special Bonus - Rs. 100 lakhs Deferred Bonus for FY 2023-24 - Rs. 33.90 lakhs
No. of Board meeting attended during the FY 2024-25	18 (eighteen) out of 18 (eighteen) meetings held	18 (eighteen) out of 18 (eighteen) meetings held	Total Remuneration - Rs. 871.50 lakhs 18 (eighteen) out of 18 (eighteen) meetings held
Listed entities from which the Director has resigned from Directorship in the past three years	Nil	Nil	Nil
Directorship/ Designated Partners in the Board of other Companies/LLP's	MJF Inclusion Advisors – FZCO	- Adani Logistics Limited - Adani Ports and Special Economic Zone Limited - CG Power and Industrial Solutions Limited - Emcure Pharmaceuticals Limited - Future Generali India Life Insurance Company Limited - HT Media Limited - ICRA Limited - JM Financial Limited - TVS Industrial & Logistics Parks Private Limited - TVS Infrastructure Investment Manager Private Limited - VBHC Private Limited	- Northern Arc Securities Private Limited - Northern Arc Creditech Solutions Private Limited - Northern Arc Investment Managers Private Limited - Northern Arc Foundation - Pragati Finserv Private Limited - Finreach Solutions Private Limited - AAPT Fintech Private Limited - AAPT Holdings Private Limited - AAPT Insurance Brokers Private Limited - AAPT Investment Advisors Private Limited

Name of Director	Mr. Michael Jude Fernandes	Mr. P S Jayakumar	Mr. Ashish Mehrotra
Chairmanship/ Membership of Committees of Other Boards	Mr. Michael Jude Fernandes doesn't hold any Membership/Chairmanship in the committees of other companies.	- Adani Ports & Special Economic Zone Limited - Chairman of Audit Committee - Chairman of Nomination and remuneration committee - Chairman of IT & Data Security Committee - Chairman of Merger & acquisition Committee - Member of Legal, Regulatory & Tax Committee - Member of Corporate Social Responsibility Committee - CG Power and Industrial Solutions Limited: - Chairman of Audit Committee - Chairman of Nomination and remuneration committee - JM Financial Limited:- - Member of Audit Committee - Chairman of Nomination and remuneration committee - Chairman of Risk Management and Environmental Social and Governance committee - HT Media Limited: - Member of Audit Committee - Member of Banking & Finance Committee - Member of Investment Committee - Emcure Pharmaceuticals Limited: - Chairman of Audit Committee - Member of Nomination and remuneration committee - Member of Risk Management committee	- Northern Arc Investment Managers Private Limited - Member of Audit Committee - Member of Valuation Committee - Pragati Finserv Private Limited - Member of Audit Committee - Member of Nomination and Remuneration Committee

Name of Director	Mr. Michael Jude Fernandes	Mr. P S Jayakumar	Mr. Ashish Mehrotra
		6. ICRA Limited: ▶ Member of Audit Committee ▶ Member of Stakeholders Relationship Committee ▶ Member of Ratings Sub-Committee 7. Future Generali India Life Insurance Limited Company: ▶ Chairman of Policyholder protection, Grievance Redressal and Claims Monitoring Committee ▶ Member of Nomination and Remuneration Committee 8. TVS Industrial and Logistics Private Limited: ▶ Chairman of Audit Committee ▶ Member of Impact and	
Remuneration sought to be paid	Entitled to sitting fees for attending meetings of the Board or Committees	Entitled to sitting fees for attending meetings of the Board or Committees and profit related Commission.	Remuneration as disclosed in item no. 9 of the AGM notice.
Shareholding in the Company (including shareholding as a beneficial owner)	Nil	1,41,913 shares (0.09%)	1,42,585 shares (0.09%)
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	None	None	None
Justification for choosing the appointees for appointments as Independent Directors / Manner in which the candidate meets the skills and capabilities required for the role.	Not applicable	Not applicable	Not applicable
(Applicable only to the Independent Director)			

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