

INDEPENDENT AUDITOR'S REPORT

To the Members of Northern Arc Capital Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of **Northern Arc Capital Limited** (the "Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.



Key audit matters	How our audit addressed the key audit matter
<p><u>Impairment loss allowance for financial instruments (loan and investments) based on expected credit loss model – refer notes 3.6, 3.7, 7, 8, 18, 27 and 36 to the standalone financial statements</u></p>	
<p>Financial instruments, which include Loans and Investments, represents a significant portion of the total assets of the Company. The Company has loans aggregating 6,89,030 lakhs and investments aggregating 1,69,665.29 lakhs as at March 31, 2023.</p> <p>As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments , the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro and macro-economic factors, in estimating the expected credit losses.</p> <p>Additionally, regulatory changes on asset classification due to changes pursuant to RBI Circular dated November 12, 2021 read with RBI Circular February 15, 2022, have been collectively considered by the management in the classification / staging of financial assets including additional provision as part of its Expected Credit Loss provision on loans.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Read and assessed the Company's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. ▶ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis. ▶ Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. ▶ Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. ▶ Performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Company policy. ▶ Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. ▶ Tested assumptions used by the management in determining the overlay for macro-economic and other factors. ▶ Assessed disclosures included in the standalone financial statements in respect of expected credit losses.



Key audit matters	How our audit addressed the key audit matter
<p>Fair valuation of financial assets held at fair value through other comprehensive income (“FVTOCI”) or fair value through profit and loss (“FVTPL”) (collectively “fair value”) – refer notes 3.8, 7, 8, 24 and 35 to the standalone financial statements</p>	
<p>The Company has classified loans aggregating to 1,82,829.41 Lakhs and investments aggregating to Rs. 1,10,274 lakhs as held at fair value through OCI (FVTOCI) and investments aggregating to Rs. 48,895.91 lakhs as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Company is also required to disclose fair value of its financial assets and liabilities held at amortized cost in accordance with Ind AS 107.</p> <p>The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data.</p> <p>Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> ▶ Evaluated and tested the design and operating effectiveness of the Company’s control over the assessment of valuation of investments. ▶ Involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value for sample of investments. ▶ Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation ▶ Validated the source data and the arithmetical accuracy of the calculation of valuation of investments. ▶ Assessed the adequacy of disclosure in the standalone financial statements.
<p>Information Technology (IT) systems and controls</p>	
<p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction, hence we identified IT systems and controls as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:</p> <ul style="list-style-type: none"> ▶ The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”). ▶ Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. ▶ Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. ▶ Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system.



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none">▶ Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone and consolidated financial statements and our auditor's report thereon. The Other Information 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 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 when it becomes available and, in doing so, consider whether such 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 other information, 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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 for the financial year ended



March 31, 2023 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books, except that the back-up of the certain books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on a daily basis, as stated in note 81A to the financial statements;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above; and
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 12 to the standalone financial statements;



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 81 to the standalone financial statements, 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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 81 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("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 that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company; and
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023



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

Re: Northern Arc Capital Limited (the "Company")

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

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (a)(B) The Company has maintained proper records showing full particulars of intangibles assets.
 - (b) All Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in two years which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
 - (d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2023.
 - (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
 - (b) As disclosed in note 15 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the unaudited books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.
- (iii)(a) The company's principle business is to give loans and is a registered Non-Banking Financial Company ("NBFC"), accordingly, reporting under clause (iii)(a) is not applicable.
 - (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
 - (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans to retail customers as well as providing non-retail customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amounts, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered



Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except in respect of 1,86,826 loans with aggregate exposure of principal and interest of Rs 16,233.93 lakhs where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 81B to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- (d) In respect of loans and advances in the nature of loans, the total amount outstanding of loans classified as credit impaired ("Stage 3") is Rs 6,310.92 lakhs in respect of 84,656 loans as at March 31, 2023, as disclosed in note 81B to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- (e) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. However, there are delays in depositing of employee state insurance dues. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, except in case of employees' state insurance which were outstanding, at the year end for a period of more than six months from the date they became payable, as follows:



Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Rs. In Lakhs.

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees' State Insurance Corporation	ESI Payable	0.35 lakhs	January 2022 to October 2022	15 th of the following month	Not Paid	NA
Employees' State Insurance Corporation	ESI Payable	0.17 lakhs	Mar-23	15-Apr-23	17-Apr-23	

- (vii)(b) According to the records of the Company, the dues of goods and services tax, service tax and income-tax have not been deposited on account of any dispute, are as follows:

Rs. In Lakhs

Name of the statute	Nature of the dues	Disputed Amount	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Tax and interest	255.99	AY 2014-15	Income tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	172.54	AY 2017-18	Commissioner of Income tax (Appeals)

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) Monies raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds
- (ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix)(e) 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, associates or joint ventures:
- (ix)(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associates. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.



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- (x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b),(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (xvi)(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the current year. The Company has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.



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- (xix) On the basis of the financial ratios disclosed in Note 80 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 30.2 to the financial statements.
- (xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 30.2 to the financial statements..

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NORTHERN ARC CAPITAL LIMITED

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

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

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 Standalone Financial Statements

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 control 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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023



Northern Arc Capital Limited
Standalone Balance Sheet as at March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	20,401.99	70,421.30
Bank balances other than cash and cash equivalents	5	18,314.20	8,734.44
Derivative financial instruments	12	6,104.84	151.85
Trade receivables	6	1,890.98	1,814.50
Loans	7	6,89,030.00	5,22,265.41
Investments	8	1,69,665.29	1,63,934.08
Other financial assets	9	4,501.98	7,067.38
		9,09,909.28	7,74,388.96
Non-financial assets			
Current tax assets (net)		2,127.90	4,056.59
Deferred tax assets (net)	31	3,442.89	1,360.33
Property, plant and equipment	10.1	219.85	157.86
Right of use asset	10.2	652.85	780.91
Intangible assets under development	10.3	98.87	28.44
Other Intangible assets	10.4	1,336.01	940.10
Goodwill	10.5	2,085.13	-
Other non-financial assets	11	601.63	1,807.59
		10,565.13	9,131.82
Total assets		9,20,474.41	7,83,520.78
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	227.59	643.82
Trade payables	13	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,642.39	5,405.12
Debt securities	14	1,22,431.55	1,34,359.68
Borrowings (other than debt securities)	15	5,77,029.86	4,59,942.62
Subordinated liabilities	16	3,995.07	3,993.47
Other financial liabilities	17	9,780.97	5,598.94
		7,24,107.43	6,09,943.65
Non-financial liabilities			
Provisions	18	2,693.44	2,159.94
Other non-financial liabilities	19	958.45	425.75
		3,651.89	2,585.69
EQUITY			
Equity Share capital	20	8,903.13	8,890.75
Instruments entirely equity in nature	20	8,264.64	8,264.64
Other Equity	21	1,75,547.32	1,53,836.05
		1,92,715.09	1,70,991.44
Total liabilities and equity		9,20,474.41	7,83,520.78

Significant accounting policies

2 and 3

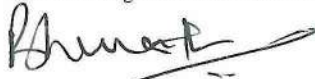
The notes referred to above form an integral part of standalone financial statements

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration no.: 101049W/E300004



per **Bharath NS**

Partner

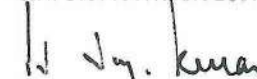
Membership No. 210934



for and on behalf of the board of directors of

Northern Arc Capital Limited

CIN: U65910TN1989PLC017021



P S Jayakumar

Chairman

DIN: 01173236



Atul Tibrewal

Chief Financial Officer

Place : Chennai

Date : May 11, 2023



Ashish Mehrotra

Managing Director

and Chief Executive Officer

DIN: 07277318



R. Srividhya

Company Secretary

Membership No: A22261

Place : Chennai

Date : May 11, 2023

Northern Arc Capital Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest Income	22	1,12,255.24	75,550.32
Fee and Commission income	23	5,628.15	6,411.12
Net gain on fair value changes	24	5,327.33	4,749.96
Net gain on derecognition of financial instruments		2,034.23	-
Total revenue from operations		1,25,244.95	86,711.40
Other income	25	542.53	700.53
Total income		1,25,787.48	87,411.93
Expenses			
Finance costs	26	55,690.71	41,026.93
Fees and commission expense		15,947.57	5,273.22
Impairment on financial instruments	27	3,894.37	3,684.74
Employee benefits expenses	28	10,957.43	8,771.65
Depreciation and amortisation	29	1,026.14	911.82
Other expenses	30	7,966.32	5,034.73
Total expenses		95,482.54	64,703.09
Profit before tax		30,304.94	22,708.84
Tax expense	31		
Current tax		9,487.00	4,718.00
Deferred tax charge (benefit)		(1,717.67)	1,617.91
Total Tax expense		7,769.33	6,335.91
Profit for the year	(A)	22,535.61	16,372.93
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit asset (liability)		120.32	(171.43)
Income tax relating to items that will not be reclassified to profit or loss		(30.28)	43.15
		90.04	(128.28)
Items that will be reclassified subsequently to profit or loss			
Fair valuation of Financial Instruments through other comprehensive income (Net)		(559.17)	(1,376.89)
Income tax relating to items that will be reclassified to profit or loss		140.74	346.56
		(418.43)	(1,030.33)
Net movement on effective portion of Cash Flow Hedges		(1,010.85)	(2,092.39)
Income tax relating to items that will be reclassified to profit or loss		254.44	526.66
		(756.41)	(1,565.73)
Other comprehensive income for the year (net of income taxes)	(B)	(1,084.80)	(2,724.34)
Total comprehensive income for the year (net of income taxes)	(A+B)	21,450.81	13,648.59
Earnings per equity share of INR 10 each	32		
Basic (in rupees)		25.34	18.52
Diluted (in rupees)		17.03	12.43

Significant 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 **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration no.: 101049W/E300004



per **Bharath N S**

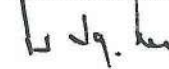
Partner

Membership No. 210934



for and on behalf of the board of directors of
Northern Arc Capital Limited

CIN: U65910TN1989PLC017021



P S Jayakumar

Chairman

DIN: 01173236



Atul Tibrewal

Chief Financial Officer

Place : Chennai

Date : May 11, 2023



Ashish Mehrotra

Managing Director

and Chief Executive Officer

DIN: 07277318



R. Srividhya

Company Secretary

Membership No: A22261

Place : Chennai

Date : May 11, 2023

Northern Arc Capital Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2023
 (All amounts are in Indian Rupees in lakhs unless otherwise stated)

A. Equity Share Capital	
Equity Share capital of INR 10 each Issued, Subscribed and Fully Paid	8,792.15
Balance as at March 31, 2021	98.60
Changes in equity share capital during the year (Refer Note 20)	8,890.75
Balance as at March 31, 2022	12.38
Changes in equity share capital during the year (Refer Note 20)	8,903.13
Balance as at March 31, 2023	
B. Instruments entirely equity in nature	
Balance as at March 31, 2021	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2022	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2023	8,264.64

C. Other Equity

	Other equity						Total
	Reserves and surplus			Other Comprehensive Income (OCI)		Effective portion of cash flow hedge reserve	
Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Securities Premium	Shared Based Payment Reserve	Retained Earnings		Financial Instruments through OCI
13,165.34	2,660.00	3.57	85,510.52	2,042.97	49,164.53	3,237.07	1,53,836.05
-	-	-	168.51	(49.65)	-	-	118.86
-	-	-	-	(434.51)	22,535.61	-	22,535.61
4,507.12	-	-	-	-	(4,507.12)	-	-
-	-	-	-	141.60	-	-	141.60
-	-	-	-	-	90.04	-	90.04
17,672.46	2,660.00	3.57	85,679.03	1,700.41	67,717.57	(418.43)	(1,174.84)
9,890.76	2,660.00	3.57	83,897.44	2,297.81	36,194.47	2,818.64	1,75,547.32
-	-	-	1,613.08	(575.51)	-	-	1,037.57
3,274.58	-	-	-	-	16,372.93	-	16,372.93
-	-	-	-	320.67	(3,274.58)	-	-
-	-	-	-	-	(128.28)	-	320.67
13,165.34	2,660.00	3.57	85,510.52	2,042.97	49,164.53	(1,030.33)	(2,596.06)
						3,237.07	1,53,836.05

2 and 3

for and on behalf of the board of directors of
Northern Arc Capital Limited
 CTIN: U65910TN1989900017021

P S Jayakumar
 P S Jayakumar
 Chairman
 DIN: 011173236

Ashish Mehrotra
 Ashish Mehrotra
 Managing Director
 and Chief Executive Officer
 DIN: 07277318



Bharath N S
 per Bharath N S
 Partner
 Membership No. 210934

Place : Chennai
 Date : May 11, 2023

Atul Tibrewal
 Atul Tibrewal
 Chief Financial Officer

R. Srividhya
 R. Srividhya
 Company Secretary
 Membership No: A22261

Northern Arc Capital Limited
Standalone Statement of Cash Flows for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
A Cash flow from operating activities			
Profit before tax		30,304.94	22,708.84
Adjustments for:			
Depreciation and amortisation		1,026.14	911.82
Write off of intangible assets under development		-	71.36
Mark-to-market (gain) / loss on derivative contracts		-	(406.54)
Interest income on loans, fixed deposits and investments		(1,12,255.24)	(75,550.32)
Unrealised gain on alternative investment funds designated at fair value through profit or loss		1,335.97	(430.20)
Gain on mutual funds investments designated at fair value through profit or loss		(720.30)	(396.98)
Profit on sale of investments		(1,680.78)	(296.24)
Impairment on financial instruments (net)		3,894.37	3,684.74
Employee share based payment expenses		148.75	294.94
Amortisation of discount on commercial papers		1,037.81	1,333.65
Amortisation of ancillary costs relating to borrowings		1,631.80	1,538.75
Finance costs		53,021.10	38,154.53
Profit on sale of property, plant and equipment		(23.87)	-
Interest income on income tax refund		(143.54)	-
Net gain on derecognition of financial instruments		(2,034.23)	-
Lease rental concession received		-	(40.97)
Gain on account of termination of lease		-	(3.10)
Operating profit before working capital changes		(24,457.08)	(8,425.72)
Changes in working capital and other changes:			
(Increase) / Decrease in other financial assets		2,672.60	(6,190.38)
(Increase) in trade receivables		(72.69)	(379.44)
(Increase) in loans		(1,97,744.79)	(1,49,690.25)
(Increase) / Decrease in other non financial assets		1,356.80	(1,634.76)
(Increase) / Decrease in other bank balances		(9,792.93)	(1,602.59)
Increase in trade payables, other liabilities and provisions		9,988.37	5,953.14
Cash used in operations		(2,18,049.72)	(1,61,970.00)
Proceeds from de-recognition of financial assets recognised at amortised cost		38,538.00	-
Interest income received on loans, fixed deposits and investments		1,12,273.53	73,503.28
Finance cost paid		(54,542.00)	(39,209.22)
Income tax paid (net)		(7,414.77)	(5,272.48)
Net cash flow used in operating activities	(A)	(1,29,194.96)	(1,32,948.42)
B Cash flows from investing activities			
Purchase of Property, plant and equipment		(1,162.05)	(877.59)
Proceeds from disposal of right of use assets		-	104.18
Purchase of mutual fund investments		(4,52,960.00)	(1,95,800.00)
Proceeds from sale of investments in mutual fund		4,53,680.30	1,96,196.98
Investment in subsidiary		(494.40)	-
Payment towards acquisition of business		(11,162.91)	-
Payment towards transfer of assembled work force to subsidiary		(279.55)	-
Purchase of investments measured at FVTPL		(5,677.11)	(1,06,676.41)
Purchase of investments measured at FVOCI		(2,18,121.15)	(1,33,783.62)
Purchase of investments measured at amortised cost		(7,258.59)	(22,350.16)
Proceeds from sale of investments measured at FVTPL		17,477.06	1,15,837.56
Proceeds from sale of investments measured at FVOCI		2,08,121.03	88,287.38
Proceeds from sale of investments measured at amortised cost		-	21,357.70
Net cash used in investing activities	(B)	(17,837.37)	(37,703.98)
C Cash flow from financing activities			
Proceeds from issue of debt securities		87,710.00	76,429.72
Repayment of debt securities		(99,890.78)	(1,07,360.47)
Proceeds from borrowings (other than debt securities)		4,13,787.51	3,25,100.00
Repayment of borrowings (other than debt securities)		(3,04,804.91)	(92,880.79)
Payment of lease liabilities		(353.80)	(138.45)
Proceeds from issue of equity share capital including securities premium		131.24	1,136.17
Net cash generated from financing activities	(C)	96,579.26	2,02,286.18
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	(50,453.07)	31,633.78
Cash and cash equivalents at the beginning of the year		70,421.30	38,787.52
Additions on account of acquisition (refer note 79)		433.76	-
Cash and cash equivalents at the end of the year		20,401.99	70,421.30



Northern Arc Capital Limited
 Standalone Statement of Cash Flows for the year ended March 31, 2023
 (All amounts are in Indian Rupees in lakhs unless otherwise stated)

	Note	As at March 31, 2023	As at March 31, 2022
Notes to cash flow statement			
1	4		
Components of cash and cash equivalents:			
Balances with banks		18,398.28	23,093.94
- in current accounts		2,003.71	47,327.36
- in deposit accounts			
		20,401.99	70,421.30
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.			
3a Non cash investing activity			
Particulars		As at	As at
		March 31, 2023	March 31, 2022
Investing Activity			
Acquisition of right of use assets		125.10	350.62
		125.10	350.62

3b For disclosures relating to changes in liabilities arising from financing activities, refer note 32A

Significant 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 S R Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm's Registration no.: 101049W/E300004



per Bharath N S
 Partner
 Membership No. 210934



for and on behalf of the board of directors of
 Northern Arc Capital Limited
 CIN: U65910TN1989PLC017021



P S Jayakumar
 Chairman
 DIN: 01173236



Atul Tibrewal
 Chief Financial Officer

Place : Chennai
 Date : May 11, 2023



Ashish Mehrotra
 Managing Director
 and Chief Executive Officer
 DIN: 07277318



R. Srividhya
 Company Secretary
 Membership No: A22261

Place : Chennai
 Date : May 11, 2023

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Northern Arc Capital Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in lakhs 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 was formerly known as IFMR Capital Finance Limited. The Company has obtained a revised Certificate of Registration from the RBI dated March 8, 2018 for name change.

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 Basis of preparation

2.1 Statement of compliance

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 May 11, 2023

Details of the Company's significant 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, 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 standalone financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. 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.

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.



Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone 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 sole 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.
- 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) 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 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.



vi) 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 Significant accounting policies

3.1 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 the fair value of the consideration received or receivable.

A. 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.

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3.2 Financial instruments - initial recognition

A. 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 Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

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

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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.

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 Treasury Bills 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 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.



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

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2023 and March 31, 2022.

3.5 Derecognition of financial assets and liabilities

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

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new 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 assets other than due to substantial modification

i) Financial Assets

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

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

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.



3.6 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 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.

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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.

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, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7 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.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

3.9 Foreign currency transactions

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

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

3.10 Property, plant and equipment

i. Recognition and measurement

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

3.11 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 loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

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.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

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.

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iv. Stock based compensation

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.

3.13 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 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.

3.14 Leases

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.

3.15 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.

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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 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 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.

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.

3.16 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.

3.17 Cash and cash equivalents

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

3.18 Earnings per share

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

3.19 Cash flow statement

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



3.20 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.

3.20.1 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.

3.21 New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022. These amendments do not have material effect on the Financial Statement of the Company.

3.22 Standard Issued But Not Yet Effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Company is currently assessing the impact of the amendments.



3.23 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 Operation 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.

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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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
4 Cash and cash equivalents		
Measured at amortised cost:		
Balance with banks		
- In current accounts	18,398.28	23,093.94
- In deposit account (Refer note 4A below)	2,003.71	47,327.36
	<u>20,401.99</u>	<u>70,421.30</u>
4A Represents short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.		
4B At 31 March 2023, the Company had available INR 3,500 lacs (31 March 2022: INR 31,100 lacs) of undrawn committed borrowing facilities.		
5 Bank balances other than cash and cash equivalents		
Measured at amortised cost:		
- In deposit accounts with bank with maturity more than 3 months (Refer Note 5.1 below)	11,954.15	6,291.17
- In earmarked accounts		
- In unpaid dividend account	2.69	2.69
- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	6,357.36	2,440.58
	<u>18,314.20</u>	<u>8,734.44</u>
Note:		
5.1 Deposits with bank includes deposits amounting to INR 2,149.56 lakhs (March 31, 2022 : INR 1,124.91 lakhs) representing amount received from customers as cash collateral for the loans provided by the Company.		
6 Trade receivables		
Unsecured Considered good	1,903.28	1,822.39
Trade receivables which have significant increase in credit risk	1.14	1.76
Trade receivables - Credit impaired	-	-
	<u>1,904.42</u>	<u>1,824.15</u>
Less: Impairment loss allowance		
Unsecured, considered good	(13.35)	(9.42)
Trade Receivables with significant increase in credit risk	(0.09)	(0.23)
Trade receivables - Credit impaired	-	-
Total	<u>1,890.98</u>	<u>1,814.50</u>
Trade receivables from related parties	37.00	-

Note:

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



Northern Arc Capital Limited
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6.1 The ageing schedule of Trade receivables is as follows:

Particulars	Current but not due	Outstanding for following periods from due date of payment						Unbilled receivables	Total
		As at March 31, 2023							
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Trade receivables – considered good	-	1,079.70	53.69	8.21	-	-	748.33	1,889.93	
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	1.05	-	-	-	-	1.05	
(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	-	1,079.70	54.74	8.21	-	-	748.33	1,890.98	

ii) As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment						Unbilled receivables	Total
		As at March 31, 2022							
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Trade receivables – considered good	-	1,223.70	-	-	-	-	589.27	1,812.97	
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	1.53	-	-	-	-	-	1.53	
(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	-	1,225.23	-	-	-	-	589.27	1,814.50	

6.2 Analysis of changes in the gross carrying amount of trade receivables and the corresponding ECL allowance in relation to trade receivables

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	As at the beginning of the year	1,822.40	1.75	-	1,824.15	1,452.66	0.79	9.03
New assets originated *	1,903.28	1.14	-	1,904.42	1,822.40	1.75	-	1,824.15
Asset derecognised or repaid	(1,822.40)	(1.75)	-	(1,824.15)	(1,452.66)	(0.79)	(9.03)	(1,462.48)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	1,903.28	1.14	-	1,904.42	1,822.40	1.75	-	1,824.15

Reconciliation of ECL Balance

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	As at the beginning of the year	9.42	0.23	-	9.65	21.53	0.02	5.87
New assets originated	13.35	0.09	-	13.44	9.42	0.23	-	9.65
Asset derecognised or repaid	(9.31)	(0.23)	-	(9.54)	(21.53)	(0.02)	(5.87)	(27.42)
Transfer from stage 1	(0.11)	-	-	(0.11)	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	13.35	0.09	-	13.44	9.42	0.23	-	9.65



Northern Arc Capital Limited
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7 Loans

	As at March 31, 2023			As at March 31, 2022		
	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						
Term loans	4,67,577.77	1,82,829.41	6,50,407.18	3,95,883.46	97,879.98	4,93,763.44
Less : Impairment loss allowance	(7,963.25)	-	(7,963.25)	(5,371.60)	-	(5,371.60)
Total	4,59,614.52	1,82,829.41	6,42,443.93	3,90,511.86	97,879.98	4,88,391.84
Structured cash credit	47,524.98	-	47,524.98	34,273.68	-	34,273.68
Less : Impairment loss allowance	(938.91)	-	(938.91)	(400.11)	-	(400.11)
Total	46,586.07	-	46,586.07	33,873.57	-	33,873.57
Total	5,06,200.59	1,82,829.41	6,89,030.00	4,24,385.43	97,879.98	5,22,265.41
B. Based on Security						
(i) Secured by tangible assets*	3,71,267.64	54,828.28	4,26,095.92	2,94,038.33	77,737.97	3,71,776.30
(ii) Unsecured	1,43,835.11	1,28,001.13	2,71,836.24	1,36,118.81	20,142.01	1,56,260.82
Total Gross Loans	5,15,102.75	1,82,829.41	6,97,932.16	4,30,157.14	97,879.98	5,28,037.12
Less: Impairment loss allowance	(8,902.16)	-	(8,902.16)	(5,771.71)	-	(5,771.71)
Total Net Loans	5,06,200.59	1,82,829.41	6,89,030.00	4,24,385.43	97,879.98	5,22,265.41
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	5,15,102.75	1,82,829.41	6,97,932.16	4,30,157.14	97,879.98	5,28,037.12
Total gross loans	5,15,102.75	1,82,829.41	6,97,932.16	4,30,157.14	97,879.98	5,28,037.12
Less: Impairment loss allowance	(8,902.16)	-	(8,902.16)	(5,771.71)	-	(5,771.71)
Total (I)-Net loans	5,06,200.59	1,82,829.41	6,89,030.00	4,24,385.43	97,879.98	5,22,265.41
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	5,06,200.59	1,82,829.41	6,89,030.00	4,24,385.43	97,879.98	5,22,265.41

* Term loans are secured by way of hypothecation of underlying loan receivables of the originator.

Notes :

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

	As at March 31, 2023	As at March 31, 2022
Total loans to related parties (refer note 42)		
- Term Loan	-	1,225.95
- Structured Credit	169.43	163.93
Total	169.43	1,389.88
Less: Loss allowance on loans to related parties		
- Term Loan	-	(13.68)
- Structured Credit	(2.12)	(1.83)
Total	(2.12)	(15.51)
Net loans to related parties	167.31	1,374.37

Also refer Note 36 on Credit Risk.



Northern Arc Capital Limited
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	As at March 31, 2023				As at March 31, 2022					
	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
8 Investments										
Investment in debentures (quoted)										
Non-convertible redeemable debentures	-	63,225.60	-	-	63,225.60	-	19,852.16	-	-	19,852.16
Market Linked debentures	-	-	26,435.23	-	26,435.23	-	-	16,579.14	-	16,579.14
Investment in debentures (unquoted)										
Non-convertible redeemable debentures	-	31,970.32	45.86	-	31,970.32	-	66,696.05	-	-	66,696.05
Market Linked debentures	-	-	-	-	45.86	-	-	8,580.14	-	8,580.14
Investment in Commercial papers (unquoted)										
Commercial papers	-	1,958.13	-	-	1,958.13	993.69	-	-	-	993.69
Investment in pass-through certificates (unquoted)										
Investment in pass-through certificates	-	13,120.35	-	-	13,120.35	-	14,504.11	-	-	14,504.11
Investment in alternate investment funds (unquoted)										
Alternative investment funds	-	-	11,511.26	-	11,511.26	-	-	23,131.69	-	23,131.69
Investment in other approved securities (unquoted)										
Investment in government securities	7,258.59	-	-	-	7,258.59	-	-	-	-	-
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	-	-	-	100.00	100.00	-	-	-	-	-
Finreach Solutions Private Limited	-	-	-	394.40	394.40	-	-	-	-	-
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
Pragathi Finserv Private Limited	-	-	-	2,253.40	2,253.40	-	-	-	2,253.40	2,253.40
Alternative investment funds										
IFMR Fimparc Long term credit fund	-	-	8,342.95	-	8,342.95	-	-	10,852.28	-	10,852.28
Emerging Corporate Bond Fund	-	-	2,558.99	-	2,558.99	-	-	-	-	-
Other investments (Unquoted)										
Share warrants	-	-	1.62	-	1.62	-	-	1.62	-	1.62
Sub total	7,258.59	1,10,274.40	48,895.91	3,237.60	1,69,666.50	993.69	1,01,052.32	59,144.87	2,743.20	1,63,934.08
Less: Impairment loss allowance for Investments	-	(1.21)	-	-	(1.21)	-	-	-	-	-
Total Investments	7,258.59	1,10,273.19	48,895.91	3,237.60	1,69,665.29	993.69	1,01,052.32	59,144.87	2,743.20	1,63,934.08
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	7,258.59	1,10,273.19	48,895.91	3,237.60	1,69,665.29	993.69	1,01,052.32	59,144.87	2,743.20	1,63,934.08
Total Investments	7,258.59	1,10,273.19	48,895.91	3,237.60	1,69,665.29	993.69	1,01,052.32	59,144.87	2,743.20	1,63,934.08

Also refer Note 36 on Credit Risk.



Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

9 Other financial assets	As at March 31, 2023	As at March 31, 2022
Measured at amortised cost:		
Security deposits	413.63	311.92
Advances to employees	67.73	67.72
Advance to originator partners	1,595.25	6,464.13
Other receivables	502.56	-
Advances to subsidiaries (Refer note 42)	556.38	223.61
Excess Interest spread on derecognition of Loans upon direct assignment	1,392.80	-
Less: Impairment loss allowance	(26.37)	-
	4,501.98	7,067.38

10.1 Property plant and equipment

	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Cost/Deemed Cost							
As at April 1, 2021	0.29	2.52	235.39	140.59	0.19	127.25	506.23
Additions	-	18.24	174.60	9.29	-	18.42	220.55
Disposals/Discarded	-	0.38	8.94	-	-	-	9.32
As at March 31, 2022	0.29	20.38	401.05	149.88	0.19	145.67	717.46
Additions	-	22.78	282.15	18.95	-	28.64	352.52
Acquisition of business (refer note 79)	6.22	8.33	52.36	18.37	-	-	85.28
Disposals/Discarded	-	-	-	10.31	-	-	10.31
As at March 31, 2023	6.51	51.49	735.56	176.89	0.19	174.31	1,144.95
Accumulated depreciation							
As at April 1, 2021	0.25	2.45	205.02	138.44	0.18	55.04	401.38
Depreciation for the year	0.04	3.68	110.36	3.88	0.01	47.07	165.04
On disposals/Discarded	-	0.37	6.45	-	-	-	6.82
As at March 31, 2022	0.29	5.76	308.93	142.32	0.19	102.11	559.60
Depreciation for the year	5.97	25.03	282.91	25.12	-	31.19	370.22
On disposals/Discarded	-	-	-	4.72	-	-	4.72
As at March 31, 2023	6.26	30.79	591.84	162.72	0.19	133.30	925.10
Net carrying value							
As at March 31, 2022	-	14.62	92.13	7.56	-	43.56	157.86
As at March 31, 2023	0.25	20.70	143.73	14.17	-	41.01	219.85

10.2 Right of use asset

The details of right of use asset held by the Company is as follows:

	Office Premises- Buildings	Total
Gross Carrying Value		
As at April 1, 2021	1,568.18	1,568.18
Additions	350.62	350.62
Disposals	135.61	135.61
As at March 31, 2022	1,783.19	1,783.19
Additions	116.73	116.73
Acquisition of business (refer note 79)	8.37	-
Disposals	-	-
As at March 31, 2023	1,908.29	1,899.92
Accumulated depreciation		
As at April 1, 2021	582.74	582.74
Additions	450.97	450.97
Disposals	31.43	31.43
As at March 31, 2022	1,002.28	1,002.28
Additions	253.16	253.16
Disposals	-	-
As at March 31, 2023	1,255.44	1,255.44
Net carrying value		
As at March 31, 2022	780.91	780.91
As at March 31, 2023	652.85	644.48



10.3 Intangible assets under development

	Software	Total
As at April 1, 2021	54.02	54.02
Add: Additions	308.92	308.92
Less: Capitalised during the year	(263.14)	(263.14)
Less: Written off during the year	(71.36)	(71.36)
As at March 31, 2022	28.44	28.44
Add: Additions	839.01	839.01
Less: Capitalised during the year	(768.58)	(768.58)
Less: Written off during the year	-	-
As at March 31, 2023	98.87	98.87

10.3.i Ageing of Intangible assets under development

As at March 31, 2023

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	92.87	6.00	-	-	98.87

As at March 31, 2022

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	28.44	-	-	-	28.44

10.3.ii As at March 31, 2023 and March 31, 2022, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

10.4 Other Intangible assets

	Softwares	Total
Gross carrying value		
As at April 1, 2021	1,757.89	1,757.89
Additions	263.14	263.14
Disposals	-	-
As at March 31, 2022	2,021.03	2,021.03
Additions	768.56	768.56
Acquisition of business (refer note 79)	30.11	30.11
Disposals	-	-
As at March 31, 2023	2,819.70	2,819.70
Accumulated amortisation		
As at April 1, 2021	785.12	785.12
Amortisation for the year	295.81	295.81
On disposals	-	-
As at March 31, 2022	1,080.93	1,080.93
Amortisation for the year	402.76	402.76
On disposals	-	-
As at March 31, 2023	1,483.69	1,483.69
Net carrying value		
As at March 31, 2022	940.10	940.10
As at March 31, 2023	1,336.01	1,336.01

10.5 Goodwill

	Goodwill	Total
Gross carrying value		
As at April 1, 2021	-	-
Additions	-	-
As at March 31, 2022	-	-
Additions – being internally developed on acquisition (refer note 79)	2,321.78	2,321.78
Disposals	(236.65)	(236.65)
As at March 31, 2023	2,085.13	2,085.13
Impairment		
As at April 1, 2021	-	-
Impairment for the year	-	-
As at March 31, 2022	-	-
Impairment for the year	-	-
As at March 31, 2023	-	-
Net carrying value		
As at March 31, 2022	-	-
As at March 31, 2023	2,085.13	2,085.13

The amount of goodwill is not revalued/restated during the financial year.

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	As at March 31, 2023	As at March 31, 2022
11 Other non- financial assets		
Measured at amortised cost:		
Prepaid expenses	385.23	1,654.09
Balances with government authorities	-	32.61
Advances to vendors	216.40	120.89
	601.63	1,807.59

12 Derivative financial instruments

	As at March 31, 2023		As at 31 March 2022	
	Notional Amount	Fair value of liabilities	Notional Amount	Fair value of liabilities
Part-I				
Asset				
(i) Currency derivatives (Refer Note 44) - measured at FVOCI				
- Cross currency swaps	1,00,534.25	5,879.27	36,849.89	110.00
- Forward Contract	-	-	20,200.00	41.85
(ii) Interest rate derivatives (Refer Note 44) - measured at FVPL				
- Overnight Indexed Swaps	39,500.00	225.57	-	-
	1,40,034.25	6,104.84	57,049.89	151.85
Liability				
(i) Currency derivatives (Refer Note 44) - measured at FVOCI				
- Cross currency swaps	5,000.00	149.31	43,851.00	626.49
- Forward Contract	-	-	4,800.00	17.33
(ii) Interest rate derivatives (Refer Note 44) - measured at FVPL				
- Overnight Indexed Swaps	19,825.00	78.28	-	-
	24,825.00	227.59	48,651.00	643.82

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 swaps
- Forward Contract

1,00,534.25	5,879.27	36,849.89	110.00
-	-	20,200.00	41.85

-Fair Value hedging

- Overnight Indexed Swaps

39,500.00	225.57	-	-
1,40,034.25	6,104.84	57,049.89	151.85

Liability

-Cash flow hedging

- Cross currency swaps
- Forward Contract

5,000.00	149.31	43,851.00	626.49
-	-	4,800.00	17.33

-Fair Value hedging

- Overnight Indexed Swaps

19,825.00	78.28	-	-
24,825.00	227.59	48,651.00	643.82

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

-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

10,642.39 5,405.12

10,642.39 5,405.12

Trade payables to:

- Related Parties
- Others

667.56 -

9,974.83 5,405.12

10,642.39 5,405.12



	As at March 31, 2023	As at March 31, 2022
14 Debt securities (Refer Note 14A)		
Measured at amortised cost:		
Secured		
- Redeemable non-convertible debentures	1,17,962.08	1,11,471.27
Unsecured		
- Redeemable non-convertible debentures	23.51	23.51
	23.51	23.51
Others		
- Commercial paper	4,445.96	22,864.90
Total debt securities	1,22,431.55	1,34,359.68
Debt securities in India	1,22,431.55	1,34,359.68
Debt securities outside India	-	-
Total debt securities	1,22,431.55	1,34,359.68

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables. (Refer note 14A)

15 Borrowings (other than debt securities)

Measured at amortised cost:

Secured

Term loans (Refer Note 15A)

- from banks

4,03,533.72

3,07,824.00

- from other financial institutions

1,27,519.69

1,04,774.03

Loans repayable on demand (Refer note 15B)

- Working capital loan from banks

45,976.45

45,918.36

- Cash credit from banks

-

1,426.23

Total borrowings (Other than debt securities)

5,77,029.86

4,59,942.62

Borrowings in India

4,65,507.66

3,76,390.67

Borrowings outside India

1,11,522.20

83,551.95

Total borrowings (Other than debt securities)

5,77,029.86

4,59,942.62

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 2023, the rate of interest across the cash credit and working capital demand loans was in the range of 6.25 % p.a to 10.15% p.a (March 31, 2022 - 6.10% p.a to 11.45% p.a). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Company has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

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.

16 Subordinated liabilities

Measured at amortised cost:

Unsecured

Others (Refer Note 16A)

- from banks

1,498.89

1,497.29

- from other financial institutions

2,496.18

2,496.18

Total Subordinated liabilities

3,995.07

3,993.47

Subordinated liabilities in India

3,995.07

3,993.47

Subordinated liabilities outside India

-

-

Total Subordinated liabilities

3,995.07

3,993.47

The Company has not defaulted in the repayment of dues to its lenders.



	As at March 31, 2023	As at March 31, 2022
17 Other financial liabilities		
Collateral deposits from customers	2,356.59	1,941.87
Lease liabilities (Refer Note 34)	789.67	1,051.52
Employee benefits payable	3,080.13	2,350.66
Remittances payable - derecognised financial instruments*	3,069.21	-
Income received in Advance	175.49	134.00
Other liabilities	307.19	118.20
Unpaid dividend on non convertible preference shares	2.69	2.69
	9,780.97	5,598.94
*Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.		
18 Provisions		
Provision for employee benefits:		
Gratuity (refer note 40)	553.22	697.64
Compensated absences	360.81	332.86
Provision for others:		
Impairment loss allowance for guarantees (Refer Note 18(A))	1,506.77	702.19
Impairment loss allowance for loans commitments (Refer Note 18(B))	272.64	427.25
	2,693.44	2,159.94
19 Other non- financial liabilities		
Statutory dues payable	958.45	425.75
	958.45	425.75

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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
 (All amounts are in Indian Rupees in lakhs unless otherwise stated)

13.1 The ageing schedule of Trade payables is as follows:

i) As at **March 31, 2023**

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		due date of payment					
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-	-	
(ii) Others	-	643.05	74.16	-	9,925.18	10,642.39	
(iii) Disputed dues – MSME	-	-	-	-	-	-	
(iv) Disputed dues – Others	-	-	-	-	-	-	

ii) As at **March 31, 2022**

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		due date of payment					
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-	-	
(ii) Others	-	61.10	-	-	5,344.02	5,405.12	
(iii) Disputed dues – MSME	-	-	-	-	-	-	
(iv) Disputed dues – Others	-	-	-	-	-	-	

Refer Note 39 for details of dues to micro and small enterprises.



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Northern Arc Capital Limited

Notes to the Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Note 14 A : Details regarding terms of issuance of debt securities

Particulars	Terms of Redemption	Security	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Secured, redeemable non-convertible debentures:						
- Nil units (March 31, 2022: 750 units) of 10.2% Redeemable Market linked non-convertible debentures of INR 10,000 each, maturing on April 29, 2022	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.75 years Redemption date: April 29, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.20%	29-Apr-22	-	750.00
- Nil units (March 31, 2022: 12500 units) of 10.00% Redeemable market linked non-convertible debentures of INR 10,000 each, maturing on June 11, 2022	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.25 years Redemption date: June 11, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.00%	11-Jun-22	-	1,250.00
- Nil units (March 31, 2022: 1000 units) of 9.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 11, 2022	Coupon payment frequency: Semi annual Principal repayment frequency: Entire principal repaid on maturity Tenure of security: 3.50 years Redemption date: June 11, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.45%	11-Jun-22	-	10,000.00
- Nil units (March 31, 2022: 150 units) of 9.30% Redeemable market linked non-convertible debentures of INR 10,00,000 each, maturing on September 17, 2022	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 18 Months Redemption date: September 17, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.30%	17-Sep-22	-	1,500.00
- Nil units (March 31, 2022: 1000 units) of 10.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 30, 2022	Coupon payment frequency: semi annual Principal repayment frequency: maturity Tenure of security: 2 years Redemption date: September 30, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.45%	30-Sep-22	-	10,000.00
- Nil units (March 31, 2022: 1500 units) of 9.15% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on May 13, 2022	Coupon payment frequency: semi annual Principal repayment frequency: 4 equal quarterly instalments Tenure of security: 1.5 years Redemption date: September 30, 2022	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.15%	30-Sep-22	-	3,750.00
- Nil units (March 31, 2022: 23200 units) of 9.05% Redeemable market linked non-convertible debentures of INR 10,000 each, maturing on January 21, 2023	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date: January 21, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.05%	21-Jan-23	-	2,320.00
- Nil units (March 31, 2022: 228 units) of 8.80% Redeemable market linked non-convertible debentures of INR 5,00,000 each, maturing on February 23, 2023	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 Years Redemption date: February 23, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	8.80%	23-Feb-23	-	1,140.00
- Nil units (March 31, 2022: 294 units) of 8.90% Redeemable market linked non-convertible debentures of INR 5,00,000 each, maturing on February 24, 2023	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date: February 24, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	8.90%	24-Feb-23	-	1,470.00
- 200 units (March 31, 2022: 348 units) of 8.95% Redeemable non-convertible debentures of INR 1,000,000 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	The Debentures shall be secured by a first ranking and exclusive charge of 1.10% over identified loan receivables and investments which are free from any encumbrances / charge / lien	8.95%	28-Apr-23	2,000.00	3,480.00
- 1800 units (March 31, 2022: 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	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.85%	30-Apr-23	14,400.00	14,400.00
- 2949 units (March 31, 2022: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 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	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.97%	18-Jun-23	25,277.14	29,490.00
- 1,000 units (March 31, 2022: 1000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023	Coupon payment frequency: Semi annual Principal repayment frequency: Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months Tenure of security: 60 months Redemption date: December 20, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.60%	20-Jun-23	2,857.14	5,714.29
- 500 units (March 31, 2022: 500 units) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023	Coupon payment frequency: Annually Principal repayment frequency: On maturity Tenure of security: 36 months Redemption date: June 26, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.25%	26-Jun-23	833.33	5,000.00
- 500 units (March 31, 2022: 500 units) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023	Coupon payment frequency: Quarterly Principal repayment frequency: 12 equal quarterly instalments Tenure of security: 36 months Redemption date: July 13, 2023	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.40%	26-Jun-23	5,000.00	2,500.00
- 10000 units (March 31, 2022: 10000 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on July 27, 2023	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 26 months Redemption date: July 27, 2023	The Debentures shall be secured by way of a first ranking and exclusive charge of 1.05% over identified loan receivables and investments which are free from any encumbrances / charge / lien	8.75%	27-Jul-23	10,000.00	10,000.00
- 3950 units (March 31, 2022: Nil units) of 10.07% Redeemable non-convertible debentures of INR 1,000,000 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	The Debentures shall be secured by a first ranking and exclusive charge of 1.05% over identified loan receivables and investments which are free from any encumbrances / charge / lien	Overnight MIBHOR + Spread 3.51%	21-Sep-23	39,500.00	-
- 750 units (March 31, 2022: 750 units) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024	Coupon payment frequency: Annually Principal repayment frequency: Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months Tenure of security: 48 months Redemption date: March 28, 2024	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.34%	03-Oct-23	3,750.00	5,625.00
- 891 units (March 31, 2022: Nil units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 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	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10% over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	27-Jan-25	8,910.00	-
- 2500 units (March 31, 2022: Nil units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 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	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10% over identified loan receivables and investments which are free from any encumbrances / charge / lien	9.10%	27-Jan-25	2,500.00	-
Unsecured, redeemable non-convertible debentures:						
- 235140 units (March 31, 2022: 235140 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023	Coupon payment frequency: Monthly Principal repayment frequency: On maturity Tenure of security: 4 years Redemption date: September 25, 2023	NA	11.60%	30-Apr-23	23.51	-



Northern Arc Capital Limited

Notes to the Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Note 14 A : Details regarding terms of issuance of debt securities (Continued)

Particulars	Terms of Redemption	Security	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Unsecured, Commercial Paper:						
NIL Units (March 31, 2022 - 600 units) of 6.97% commercial paper of INR 500,000 each, maturing on April 08, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 77 Days, Redemption Date April 8, 2022	NA	6.97%	08-Apr-22	-	3,000.00
NIL units (March 31, 2022 - 700 units) of 6.93% commercial paper of INR 500,000 each, maturing on May 31, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 71 Days, Redemption Date May 31, 2022	NA	6.93%	31-May-22	-	3,500.00
NIL Units (March 31, 2022 - 160 units) of 6.98% commercial paper of INR 500,000 each, maturing on June 07, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date June 7, 2022	NA	6.98%	07-Jun-22	-	800.00
NIL Units (March 31, 2022 - 200 units) of 6.80% commercial paper of INR 500,000 each, maturing on June 09, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 90 Days, Redemption Date June 9, 2022	NA	6.80%	09-Jun-22	-	1,000.00
NIL Units (March 31, 2022 - 500 units) of 6.98% commercial paper of INR 500,000 each, maturing on June 10, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date June 10, 2022	NA	6.98%	10-Jun-22	-	2,500.00
NIL Units (March 31, 2022 - 1,000 units) of 6.98% commercial paper of INR 500,000 each, maturing on June 21, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date June 21, 2022	NA	6.98%	21-Jun-22	-	5,000.00
NIL Units (March 31, 2022 - 500 units) of 7.60% commercial paper of INR 500,000 each, maturing on August 22, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 181 Days, Redemption Date August 22, 2022	NA	7.60%	22-Aug-22	-	2,500.00
NIL Units (March 31, 2022 - 1,000 units) of 7.95% commercial paper of INR 500,000 each, maturing on September 30, 2022	Repayment Terms: Entire amount is repaid on maturity Tenor: 365 Days, Redemption Date September 30, 2022	NA	7.95%	30-Sep-22	-	5,000.00
400 Units (March 31, 2022 - NIL units) of 7.999% commercial paper of INR 500,000 each, maturing on May 5, 2023	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date May 05, 2023	NA	7.99%	05-May-23	2,000.00	-
500 Units (March 31, 2022 - NIL units) of 8.10% commercial paper of INR 500,000 each, maturing on May 31, 2023	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date May 31, 2023	NA	8.10%	31-May-23	1,500.00	-
200 Units (March 31, 2022 - NIL units) of 8.20% commercial paper of INR 500,000 each, maturing on June 28, 2023	Repayment Terms: Entire amount is repaid on maturity Tenor: 91 Days, Redemption Date June 28, 2023	NA	8.20%	28-Jun-23	1,000.00	-

Note: The balances are net of accrued interest and gross of unamortised processing fees.

* Coupon rate are linked to performance of specified indices including market indicators over the period of the debentures.

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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Note 15 A : Details regarding terms of borrowings

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Secured borrowing from banks					
Term Loan - 1	Repayments terms: Repayment on Maturity Tenor of Security : 90 days Redemption date: June 21, 2021	18%	21-Jun-21	-	4,000.00
Term Loan - 2	Repayments terms: Repayment on Maturity Tenor of Security : 3 months Redemption date: June 25, 2021	17%	25-Jun-21	-	2,500.00
Term Loan - 3	Repayments terms: Repayment on Maturity Tenor of Security : 6 months Redemption date: Septemebr 25, 2021	19%	25-Sep-21	-	5,000.00
Term Loan - 4	Repayments terms: Repayment on Maturity Tenor of Security : 1 year Redemption date: December 4, 2021	13%	04-Dec-21	-	5,000.00
Term Loan - 5	Repayments terms: Repayment on Maturity Tenor of Security : 1 year Redemption date: December 28, 2021	18%	28-Dec-21	-	2,500.00
Term Loan - 6	Repayments terms: Repayment on Maturity Tenor of Security : 1 year Redemption date: March 26, 2022	20%	26-Mar-22	-	3,000.00
Term Loan - 7	Repayments terms: 18 Monthly instalments Tenor of Security : 2 Years Redemption date: February 28, 2023	18%	03-Apr-22	-	3,333.33
Term Loan - 8	Repayments terms 35 monthly instalments Tenor of Security : 3.3 Years Redemption date: Jan 5, 2023	24%	05-Apr-22	-	181.82
Term Loan - 9	Repayments terms:12 quarterly instalments Tenor of Security : 3 Years Redemption date: April 5, 2023	22.00%	05-Apr-22	-	2,081.67
Term Loan - 10	Repayments terms 10 Monthly instalments Tenor of Security : 1 Years Redemption date: August 10, 2022	12%	10-Apr-22	-	2,875.00
Term Loan - 11	Repayments terms 30 monthly instalments Tenor of Security : 3 Years Redemption date: May 16,2022	22%	16-Apr-22	-	1,666.67
Term Loan - 12	Repayments terms:12 quarterly instalments Tenor of Security : 2.3 Years Redemption date: March 31, 2023	21%	30-Apr-22	-	2,500.00
Term Loan - 13	Repayments terms:36 monthly instalments Tenor of Security : 3 Years Redemption date: December 31, 2022	18%	30-Apr-22	-	750.00
Term Loan - 14	Repayments terms 36 monthly instalments Tenor of Security : 3 Years Redemption date: December 31, 2022	22%	30-Apr-22	-	750.00
Term Loan - 15	Repayments terms: 11 quarterly instalments Tenor of Security : 2.2 Years Redemption date: September 30, 2022	21%	30-Apr-22	-	2,727.82
Term Loan - 16	Repayments terms: 12 quarterly instalments Tenor of Security : 3 Years Redemption date: December 31, 2022	20%	30-Apr-22	-	500.00
Term Loan - 17	Repayments terms:48 monthly instalments Tenor of Security : 4 Years Redemption date: March 31, 2024	22%	30-Apr-22	-	1,666.67
Term Loan - 18	Repayments terms:48 monthly instalments Tenor of Security : 4 Years Redemption date: March 31, 2024	21%	30-Apr-22	-	1,656.97
Term Loan - 19	Repayments terms 10 quarterly instalments Tenor of Security : 3 Years Redemption date: February 2, 2023	23%	30-Apr-22	-	992.68
Term Loan - 20	Repayments terms:11 quarterly instalments Tenor of Security : 2.2 Years Redemption date: September 30, 2022	21%	30-Apr-22	-	2,727.82
Term Loan - 21	Repayments terms: 24 monthly instalments Tenor of Security : 2 Years Redemption date: February 28, 2023	18%	30-Apr-22	-	687.50



Northern Arc Capital Limited
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Note 15 A : Details regarding terms of borrowings (from banks) (continued)

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Term Loan - 22	Repayments terms: 6 quarterly instalments Tenor of Security : 1.5 Years Redemption date: September 29, 2022	18%	30-Apr-22	-	3,333.33
Term Loan - 23	Repayments terms: 12 Quarterly instalments Tenor of Security : 3.25 Years Redemption date: April 30, 2024	18%	30-Apr-22	-	2,624.00
Term Loan - 24	Repayments terms: 11 Quarterly instalments Tenor of Security : 2.8 Years Redemption date: December 31, 2023	17%	30-Apr-22	-	12,728.00
Term Loan - 25	Repayments terms: 10 quarterly instalments Tenor of Security : 33 months Redemption date: October 9, 2023	18%	30-Apr-22	-	2,100.00
Term Loan - 26	Repayments terms: 36 monthly instalments Tenor of Security : 3 years Redemption date: March 31, 2024	17.00%	30-Apr-22	-	2,666.67
Term Loan - 27	Repayments terms: Repayment on Maturity Tenor of Security : 3 Month Redemption date: May 13, 2022	15.00%	13-May-22	-	1,000.00
Term Loan - 28	Repayments terms: Repayment on Maturity Tenor of Security : 1 Year Redemption date: May 20, 2022	16.00%	20-May-22	-	5,000.00
Term Loan - 29	Repayments terms: Repayment on Maturity Tenor of Security : 180 days Redemption date: May 21, 2021 & June 9, 2021	19%	21-May-22	-	5,000.00
Term Loan - 30	Repayments terms: Repayment on Maturity Tenor of Security : 6 Month Redemption date: May 31, 2022	15%	31-May-22	-	5,000.00
Term Loan - 31	Repayment Terms: 12 monthly instalments Tenor: 12 Months Redemption Date: July 03, 2023	Repo Rate + Spread 3.4%	03-Apr-23	2,222.22	-
Term Loan - 32	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: April 05, 2023	1 Y MCLR + Spread 0.95%	05-Apr-23	387.41	2,624.00
Term Loan - 33	Repayments terms: 16 quarterly instalments Tenor: 48 months Redemption date: March 06, 2027	1 Y MCLR + Spread 0.75%	06-Apr-23	2,500.00	-
Term Loan - 34	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-Apr-23	14,594.65	18,900.00
Term Loan - 35	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: May 10, 2025	Repo Rate + Spread 3.75%	10-Apr-23	8,666.67	-
Term Loan - 36	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: March 11, 2025	1 Y MCLR + Spread 0%	11-Apr-23	6,000.00	7,500.00
Term Loan - 37	Repayments terms: 30 monthly instalments Tenor: 36 months Redemption date: August 13, 2024	1 Y MCLR + Spread 0.5%	13-Apr-23	2,833.33	4,833.33
Term Loan - 38	Repayments terms: 31 monthly instalments Tenor: 37 months Redemption date: March 13, 2026	9.00%	13-Apr-23	5,000.00	-
Term Loan - 39	Repayments terms: 10 quarterly instalments Tenor: 36 months Redemption date: December 23, 2024	1 Y MCLR + Spread 0%	23-Apr-23	2,450.00	3,500.00
Term Loan - 40	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 23, 2026	1 Y MCLR + Spread 0%	23-Apr-23	12,000.00	-
Term Loan - 41	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 24, 2025	1 Y MCLR + Spread 0.25%	24-Apr-23	13,333.33	20,000.00
Term Loan - 42	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 25, 2025	364 days T Bill + Spread 3.99%	25-Apr-23	1,966.67	2,950.00



Note 15 A : Details regarding terms of borrowings (continued)

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Term Loan - 43	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: September 26, 2024	8.60%	26-Apr-23	3,850.00	-
Term Loan - 44	Repayments terms: Repayment on maturity Tenor: 60 days Redemption date: April 27, 2023	7.35%	27-Apr-23	5,000.00	4,000.00
Term Loan - 45	Repayments terms: 15 monthly instalments Tenor: 18 months Redemption date: April 26, 2024	3M T Bill + Spread 2.75%	27-Apr-23	4,333.40	-
Term Loan - 46	Repayments terms: 9 quarterly instalments Tenor: 27 months Redemption date: January 27, 2025	3M T Bill + Spread 2.90%	27-Apr-23	4,444.45	-
Term Loan - 47	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	29-Apr-23	2,933.33	4,000.00
Term Loan - 48	Repayments terms: 60 monthly instalments Tenor: 60 months Redemption date: January 19, 2025	1 Y MCLR + Spread 1.5%	29-Apr-23	6,000.00	10,000.00
Term Loan - 49	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: November 29, 2025	1 Y MCLR + Spread 0.75%	29-Apr-23	1,466.67	2,000.00
Secured borrowing from banks					
Term Loan - 50	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: December 29, 2023	8.00%	29-Apr-23	3,748.01	8,750.00
Term Loan - 51	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 29, 2025	1 Y MCLR + Spread 1.55%	29-Apr-23	3,000.00	4,500.00
Term Loan - 52	Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: September 29, 2024	1 Y MCLR + Spread 0.15%	29-Apr-23	5,454.55	9,090.91
Term Loan - 53	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 29, 2024	6M MCLR + Spread 0.3%	29-Apr-23	2,500.00	5,000.00
Term Loan - 54	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: March 29, 2026	1 Y MCLR + Spread 1.00%	29-Apr-23	7,500.00	-
Term Loan - 55	Repayments terms: 10 quarterly instalments Tenor: 33 months Redemption date: September 30, 2024	1 Y SOFR + Spread 2%	30-Apr-23	9,000.00	15,000.00
Term Loan - 56	Repayments terms: 42 monthly instalments Tenor: 48 months Redemption date: March 23, 2026	1 Y MCLR + Spread 1%	30-Apr-23	2,083.33	2,500.00
Term Loan - 57	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2024	1 Y MCLR + Spread 0.8%	30-Apr-23	10,000.00	20,000.00
Term Loan - 58	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: December 31, 2024	1 Y MCLR + Spread 0.25%	30-Apr-23	5,828.31	9,166.67
Term Loan - 59	Repayments terms: 12 quarterly instalments Tenor: 39 months Redemption date: April 30, 2024	6M MCLR + Spread 0.5%	30-Apr-23	1,446.29	2,624.00
Term Loan - 60	Repayments terms: 33 monthly instalments Tenor: 36 months Redemption date: November 30, 2024	8.00%	30-Apr-23	3,030.30	4,848.48
Term Loan - 61	Repayments terms: Repayment on maturity Tenor: 4 months Redemption date: April 30, 2023	1 Y MCLR + Spread 1.85%	30-Apr-23	2,500.00	-
Term Loan - 62	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	30-Apr-23	5,000.00	8,333.33
Term Loan - 63	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: August 31, 2024	1 Y MCLR + Spread 0.65%	30-Apr-23	2,500.00	4,166.67



Note 15 A : Details regarding terms of borrowings (from banks) (continued)

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Term Loan - 64	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: September 28, 2024	1 Y MCLR + Spread 0.65%	30-Apr-23	2,500.00	4,166.67
Term Loan - 65	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: March 31, 2026	1 Y MCLR + Spread 1.15%	30-Apr-23	4,000.00	5,000.00
Term Loan - 66	Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025	1 Y MCLR + Spread 1.15%	30-Apr-23	3,666.67	5,000.00
Term Loan - 67	Repayments terms: 15 quarterly instalments Tenor: 36 months Redemption date: December 15, 2025	1 Y MCLR + Spread 1.15%	30-Apr-23	3,666.67	5,000.00
Term Loan - 68	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: March 31, 2024	1 Y MCLR + Spread 2.55%	30-Apr-23	416.67	1,666.67
Secured borrowing from banks					
Term Loan - 69	Repayments terms: 48 monthly instalments Tenor: 48 months Redemption date: March 31, 2024	1 Y MCLR + Spread 2.25%	30-Apr-23	406.97	1,656.97
Term Loan - 70	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024	1 Y T Bill + Spread 3.34%	30-Apr-23	3,500.00	5,833.33
Term Loan - 71	Repayments terms: 24 monthly instalments Tenor: 33 months Redemption date: October 21, 2024	1 Y MCLR + Spread 0.6%	30-Apr-23	1,748.94	2,500.00
Term Loan - 72	Repayments terms: 10 quarterly instalments Tenor: 33 months Redemption date: October 09, 2023	1 Y MCLR + Spread 0.05%	30-Apr-23	880.36	2,100.00
Term Loan - 73	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: March 31, 2024	8.60%	30-Apr-23	1,333.33	2,666.67
Term Loan - 74	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2024	1 Y MCLR + Spread 1%	30-Apr-23	1,250.00	2,083.33
Term Loan - 75	Repayments terms: 11 quarterly instalments Tenor: 33 Years Redemption date: December 31, 2023	6M MCLR + Spread 2.25%	30-Apr-23	5,456.00	12,728.00
Term Loan - 76	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: March 28, 2024	1 Y MCLR + Spread 0.65%	30-Apr-23	363.65	727.29
Term Loan - 77	Repayments terms: 8 quarterly instalments Tenor: 27 months Redemption date: December 28, 2023	3M MCLR + Spread 3.9%	30-Apr-23	3,750.00	8,750.00
Term Loan - 78	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 31, 2024	1 Y MCLR + Spread 0.3%	30-Apr-23	1,750.00	2,750.00
Term Loan - 79	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 31, 2025	1 Y MCLR + Spread 0.8%	30-Apr-23	2,647.73	4,000.00
Term Loan - 80	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: July 31, 2023	External BMLR + Spread 5%	30-Apr-23	250.00	1,000.00
Term Loan - 81	Repayments terms: 11 quarterly instalments Tenor: 36 months Redemption date: March 28, 2025	1 Y MCLR + Spread 1%	30-Apr-23	7,194.77	10,000.00
Term Loan - 82	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 30, 2024	364 days T Bill + Spread 5.2%	30-Apr-23	916.67	1,650.00
Term Loan - 83	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: May 31, 2024	External BMLR + Spread 4.2%	30-Apr-23	1,750.00	-
Term Loan - 84	Repayments terms: 15 quarterly instalments Tenor: 48 months Redemption date: May 30, 2026	1 Y MCLR + Spread 1.15%	30-Apr-23	12,000.00	-



Northern Arc Capital Limited
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Term Loan - 85	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-23	9,450.00	-
Term Loan - 86	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: June 30, 2025	1 Y MCLR + Spread 0.2%	30-Apr-23	3,600.00	-
Term Loan - 87	Repayments terms: 15 monthly instalments Tenor: 18 months Redemption date: February 29, 2024	1M MCLR + Spread 0.38%	30-Apr-23	1,100.00	-
Term Loan - 88	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: September 30, 2025	Repo Rate + Spread 4.45%	30-Apr-23	6,250.00	-
Term Loan - 89	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 10, 2025	7.40%	30-Apr-23	4,185.44	-
Term Loan - 90	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: October 31, 2025	7.40%	30-Apr-23	4,324.32	-
Term Loan - 91	Repayments terms: 36 monthly instalments Tenor: 36 months Redemption date: November 30, 2025	1 Y MCLR + Spread 0.8%	30-Apr-23	17,765.86	-



Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Note 15 A : Details regarding terms of borrowings (from banks) (continued)

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Secured borrowing from banks					
Term Loan - 92	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 16, 2025	1 Y MCLR + Spread 1.1%	30-Apr-23	9,166.67	-
Term Loan - 93	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 16, 2025	1 Y MCLR + Spread 1.4%	30-Apr-23	9,166.50	-
Term Loan - 94	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-23	4,387.50	-
Term Loan - 95	Repayments terms: 14 quarterly instalments Tenor: 48 months Redemption date: December 28, 2026	6M MCLR + Spread 0.55%	30-Apr-23	5,000.00	-
Term Loan - 96	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 29, 2027	1 Y MCLR + Spread 0.1%	30-Apr-23	9,750.00	-
Term Loan - 97	Repayments terms: 24 monthly instalments Tenor: 27 months Redemption date: March 31, 2025	1 year MCLR + Spread 0.1%	30-Apr-23	5,000.00	-
Term Loan - 98	Repayments terms: 20 quarterly instalments Tenor: 60 months Redemption date: December 16, 2027	1 Y MCLR + Spread 0.1%	30-Apr-23	17,550.00	-
Term Loan - 99	Repayment Terms: 37 monthly instalments Tenor: 37 months Redemption Date: March 15, 2025	Repo Rate + Spread 2.30%	30-Apr-23	7,500.00	-
Term Loan - 100	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 16, 2025	1 Y MCLR + Spread 1.5%	30-Apr-23	9,166.50	-
Term Loan - 101	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 16, 2025	1 Y MCLR + Spread 1.3%	30-Apr-23	4,583.33	-
Term Loan - 102	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 31, 2026	6M T bill + Spread 0%	30-Apr-23	4,000.00	-
Term Loan - 103	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 14, 2025	1 Y MCLR + Spread 1.5%	30-Apr-23	4,583.00	-
Term Loan - 104	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2025	6M MCLR + Spread 0.6%	30-Apr-23	9,000.00	-
Term Loan - 105	Repayments terms: 24 monthly instalments Tenor: 24 months Redemption date: March 31, 2025	3M MCLR + Spread 0%	30-Apr-23	5,000.00	-
Term Loan - 106	Repayments terms: 45 monthly instalments Tenor: 48 months Redemption date: March 30, 2027	1 Y MCLR + Spread 1.15%	30-Apr-23	15,000.00	-
Term Loan - 107	Repayments terms: 14 monthly instalments Tenor: 48 months Redemption date: October 01, 2025	EBLR + Spread 1.26%	01-May-23	7,857.14	10,000.00
Term Loan - 108	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	01-May-23	3,750.00	5,000.00
Term Loan - 109	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: March 29, 2025	Repo Rate + Spread 4.35%	01-May-23	4,062.50	5,000.00
Term Loan - 110	Repayments terms: 15 quarterly instalments Tenor: 42 months Redemption date: June 30, 2025	1 Y MCLR + Spread 1.15%	01-May-23	3,742.76	5,000.00
Term Loan - 111	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: September 29, 2025	Repo Rate + Spread 3.25%	01-May-23	6,875.00	-
Term Loan - 112	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: December 29, 2025	Repo Rate + Spread 3.25%	01-May-23	5,000.00	-
Term Loan - 113	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: January 31, 2026	Repo Rate + Spread 3.25%	01-May-23	2,500.00	-
Term Loan - 114	Repayments terms: Repayment on maturity Tenor: 38 days Redemption date: May 05, 2023	Overnight MCLR + Spread 0.25%	05-May-23	5,000.00	-



Note 15 A : Details regarding terms of borrowings (from banks) (continued)

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Term Loan - 115	Repayments terms: Repayment on maturity Tenor: 39 days Redemption date: May 05, 2023	8.80%	05-May-23	5,000.00	5,000.00
Term Loan - 116	Repayments terms: Repayment on maturity Tenor: 51 Days Redemption date: May 06, 2023	1 Y MCLR + Spread 0.15%	06-May-23	2,500.00	-
Term Loan - 117	Repayments terms: Repayment on maturity Tenor: 6 months Redemption date: May 17, 2023	1 M MCLR + Spread 0%	17-May-23	5,100.67	5,000.00
Term Loan - 118	Repayments terms: Repayment on maturity Tenor: 3 months Redemption date: June 18, 2023	3 M MCLR + Spread 0.20%	18-Jun-23	8,000.00	5,000.00
Term Loan - 119	Repayments terms: Repayment on maturity Tenor: 12 months Redemption date: June 25, 2023	8.70%	25-Jun-23	2,500.00	-

Secured borrowing from other financial institutions

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Term Loan from others - 1	Repayment Terms: 36 Monthly instalments Tenor: 3 Years Redemption Date: Decemebr 17, 2021	12.00%	17-Apr-22	-	202.63
Term Loan from others - 2	Repayment Terms: Repayment in 36 monthly instalments Tenor: 3 Years Redemption Date: Sep 22, 2022	12.25%	22-Apr-22	-	998.84
Term Loan from others - 3	Repayment Terms: Repayment in 24 equal monthly instalments Tenor: 2 Years Redemption Date: September 22, 2022	9.35%	22-Apr-22	-	1,335.89
Term Loan from others - 4	Repayment Terms: Repayment in 11 equal quarterly instalments Tenor: 2.8 Years Redemption Date: June 30, 2022	11.75%	30-Apr-22	-	495.42
Term Loan from others - 5	Repayment Terms: Repayment in 12 equal quarterly instalments Tenor: 3 Years Redemption Date: July 1, 2022	11.75%	01-May-22	-	416.67
Term Loan from others - 6	Repayment Terms: Repayment in 12 equal quarterly instalments Tenor: 3 Years Redemption Date: March 1, 2023	11.40%	01-May-22	-	833.33
Term Loan from others - 7	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: September 21, 2023	HDFC 1Y MCLR + Spread 1.95%	05-Apr-23	666.65	2,200.00
Term Loan from others - 8	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: September 28, 2024	3M MCLR + Spread 0.55%	05-Apr-23	5,937.50	-
Term Loan from others - 9	Repayment Terms: 12 equal quaterly instalments Tenor: 36 months Redemption Date: October 01, 2024	LTRR + Spread 9.05%	10-Apr-23	1,000.00	-
Term Loan from others - 10	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: July 30, 2024	HDFC 1Y MCLR + Spread 1.6%	29-Apr-23	2,222.22	4,800.00
Term Loan from others - 11	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: March 04, 2026	9.78%	29-Apr-23	7,303.00	5,200.00
Term Loan from others - 12	Repayment Terms: 36 monthly instalments Tenor: 36 months Redemption Date: March 30, 2024	9.25%	30-Apr-23	1,457.90	2,787.47
Term Loan from others - 13	Repayment Terms: 24 monthly instalments Tenor: 24 months Redemption Date: October 01, 2023	8.40%	01-May-23	1,500.00	4,500.00
Term Loan from others - 14	Repayment Terms: 12 quarterly instalments Tenor: 36 months Redemption Date: June 01, 2024	9.10%	01-May-23	1,041.67	1,875.00
Term Loan from others - 15	Repayment Terms: 12 quarterly instalments Tenor: 36 months Redemption Date: June 01, 2023	11.40%	01-May-23	166.67	833.33
Term Loan from others - 16	Repayments terms: 12 quarterly instalments Tenor: 36 months Redemption date: June 01, 2025	9.15%	01-May-23	2,250.00	-



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 (All amounts are in Indian Rupees in lakhs unless otherwise stated)

Term Loan from others - 17	Repayment Terms: 6 half yearly instalments Tenor: 60 months Redemption Date: November 17, 2025	9.35%	15-May-23	18,447.50	18,447.50
Term Loan from others - 18	Repayment Terms: 6 half yearly instalments Tenor: 56 months Redemption Date: November 15, 2025	9.50%	15-May-23	18,108.75	18,108.75
Term Loan from others - 19	Repayments terms: 6 half yearly instalments Tenor: 60 months Redemption date: December 15, 2026	Overnight MIBOR + Spread 4.97%	15-Jun-23	19,825.00	-
Term Loan from others - 20	Repayment Terms: 7 half yearly instalments Tenor: 60 months Redemption Date: September 15, 2026	7.50%	15-Sep-23	36,850.00	36,850.00



Note 16 A : Details regarding terms of Subordinated liabilities

Particulars	Terms of Redemption	Interest rate	Earliest installment date	Gross Balance as at March 31, 2023	Gross Balance as at March 31, 2022
Sub debt from others	Repayment Terms: Entire principal to be repaid on redemption date Tenor: 66 Months Redemption Date: June 27, 2023	10.25%	27-06-2023	2,496.18	2,496.18
Sub debt from Bank	Repayments terms: Entire principal to be repaid on redemption date Tenor of Security: 66 Months Redemption date: June 28, 2023	10.25%	28-06-2023	1,498.89	1,497.29

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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

18A Impairment loss allowance for guarantees

i Credit quality of exposure

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	15,668.20	720.00	-	16,388.20	22,613.99	1,131.47	-	23,745.46
Individually impaired	-	-	-	-	-	-	-	-
Total	15,668.20	720.00	-	16,388.20	22,613.99	1,131.47	-	23,745.46

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 March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	22,613.99	1,131.47	-	23,745.46	26,235.56	739.12	167.06	27,141.74
New exposures	3,937.96	-	-	3,937.96	5,942.08	-	-	5,942.08
Asset derecognised or repaid	(10,883.75)	(411.47)	-	(11,295.22)	(8,816.01)	(355.29)	(167.06)	(9,338.36)
Transfer from stage 1	-	-	-	-	(747.64)	747.64	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	15,668.20	720.00	-	16,388.20	22,613.99	1,131.47	-	23,745.46

iii Reconciliation of ECL balance

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	643.72	58.47	-	702.19	636.32	14.79	108.59	759.70
New exposures	74.08	-	-	74.08	73.20	-	-	73.20
Asset derecognised or repaid	(359.03)	(7.79)	-	(366.82)	(15.01)	(7.11)	(108.59)	(130.71)
Transfer from stage 1	-	-	-	-	(50.79)	50.79	-	-
Transfer from stage 2	-	1,097.32	-	1,097.32	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	358.77	1,148.00	-	1,506.77	643.72	58.47	-	702.19

18B Impairment loss allowance for loan commitments

i Credit quality of exposure

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	12,733.82	500.00	-	13,233.82	29,004.00	-	-	29,004.00
Total	12,733.82	500.00	-	13,233.82	29,004.00	-	-	29,004.00

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 March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	29,004.00	-	-	29,004.00	19,889.00	-	-	19,889.00
New exposures	13,233.82	-	-	13,233.82	29,004.00	-	-	29,004.00
Assets converted to funded exposure	(29,004.00)	-	-	(29,004.00)	(19,889.00)	-	-	(19,889.00)
Transfer from stage 1	(500.00)	500.00	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	12,733.82	500.00	-	13,233.82	29,004.00	-	-	29,004.00

iii Reconciliation of ECL balance

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	427.25	-	-	427.25	433.64	-	-	433.64
New exposures	251.76	-	-	251.76	427.25	-	-	427.25
Assets converted to funded exposure	(409.77)	-	-	(409.77)	(433.64)	-	-	(433.64)
Transfer from stage 1	(6.81)	10.22	-	3.41	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	262.42	10.22	-	272.64	427.25	-	-	427.25



	As at March 31, 2023	As at March 31, 2022
20 Share capital		
Authorised		
137,000,000 (March 31, 2022: 137,000,000) equity shares of INR 10 each	13,700.00	13,700.00
60,100,000 (March 31, 2022: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	12,020.00	12,020.00
19,800,000 (March 31, 2022: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	1,980.00	1,980.00
	27,700.00	27,700.00
Issued, subscribed and paid up		
Equity shares		
89,031,293 (March 31, 2022: 88,907,543) equity shares of INR 10 each	8,903.13	8,890.75
	8,903.13	8,890.75
Instruments entirely equity share in nature:		
0.0001% Compulsorily convertible preference shares		
41,323,204 (March 31, 2022 : 41,323,204) preference share of INR 20 each	8,264.64	8,264.64
	8,264.64	8,264.64

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	8,89,07,543	8,890.75	8,79,21,550	8,792.15
Add: Equity Shares issued during the year - ESOP	1,23,750	12.38	9,85,993	98.60
At the end of the year	8,90,31,293	8,903.13	8,89,07,543	8,890.75
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: Preference Shares issued during the year	-	-	-	-
At the end of the year	4,13,23,204	8,264.64	4,13,23,204	8,264.64

b) Equity shares reserved for issue under options

During the year, the Company has issued 123,750 (March 31, 2022 : 985,993) equity shares which were allotted to employees who exercised their options under ESOP scheme.

Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

c) 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.

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c) Rights, preferences and restrictions attached to each class of shares (continued)

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:

- a. 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
b. 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.

- d) There are no bonus shares, non-cash issues in the last 5 years

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Leapfrog Financial Inclusion India (II) Limited	2,99,52,665	33.64%	2,99,52,665	34.07%
Augusta Investments Pte II Ltd	2,26,30,995	25.42%	2,03,28,820	23.12%
Dvara Trust	99,29,257	11.15%	1,28,78,682	14.65%
Accion Africa Asia Investment Company	76,99,529	8.65%	76,99,529	8.76%
Sumitomo Mitsui Banking Corporation	70,04,364	7.87%	70,04,364	7.97%
	7,72,16,810	86.73%	7,78,64,060	88.57%
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	1,16,30,889	28.15%	1,16,30,889	28.15%
IIFL Special Opportunities Fund – Series 4	66,09,362	15.99%	66,09,362	15.99%
IIFL Special Opportunities Fund – Series 5	54,23,128	13.12%	54,23,128	13.12%
IIFL Special Opportunities Fund – Series 2	43,71,781	10.58%	43,71,781	10.58%
IIFL Special Opportunities Fund	41,61,142	10.07%	41,61,142	10.07%
IIFL Special Opportunities Fund – Series 7	36,93,947	8.94%	36,93,947	8.94%
Augusta Investments II Pte. Ltd.	32,56,115	7.88%	32,56,115	7.88%
	3,91,46,364	94.73%	3,91,46,364	94.73%

- f) There are no shares held by promoters as at March 31, 2023 and March 31, 2022.

The determination /identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the company which has been solely relied upon by the auditors.

21 Other equity

a) Securities premium

	As at March 31, 2023	As at March 31, 2022
At the commencement of the year	85,510.52	83,897.44
Add: Premium on equity shares issued during the year upon exercise of ESOP	168.51	1,613.08
At the end of the year	85,679.03	85,510.52

b) Statutory reserve

At the commencement of the year	13,165.34	9,890.76
Add : Transfer from retained earnings	4,507.12	3,274.58
At the end of the year	17,672.46	13,165.34

c) Shared Based Payment Reserve

At the commencement of the year	2,042.97	2,297.81
Add: Employee compensation expense during the year	141.61	320.67
Less: Transfer to Retained earnings	(434.51)	-
Less: Transfer to securities premium on allotment of equity shares	(49.65)	(575.51)
At the end of the year	1,700.42	2,042.97

d) Retained earnings

At the commencement of the year	49,164.53	36,194.47
Add: Profit for the year	22,535.61	16,372.93
Add: Re-measurement of defined benefit plan	90.04	(128.28)
Add: Transfer from Shared Based Payment reserve	434.51	-
Less: Transfer to statutory reserve	(4,507.12)	(3,274.58)
At the end of the year	67,717.57	49,164.53



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	As at March 31, 2023	As at March 31, 2022
e) Capital reserve		
At the commencement of the year	3.57	3.57
At the end of the year	<u>3.57</u>	<u>3.57</u>
f) Capital redemption reserve		
At the commencement of the year	2,660.00	2,660.00
Add: Additions for the year	-	-
At the end of the year	<u>2,660.00</u>	<u>2,660.00</u>
g) Other comprehensive income - Financial Instruments through OCI		
At the commencement of the year	3,237.07	4,267.40
Add : Fair valuation of financial instruments (refer note (vii) (a) below)	(418.43)	(1,030.33)
At the end of the year	<u>2,818.64</u>	<u>3,237.07</u>
h) Other comprehensive income - Cash Flow Hedge Reserve		
At the commencement of the year	(1,947.95)	(382.22)
Less : Cash flow hedge reserve (refer note (vii) (b) below)	(756.42)	(1,565.73)
At the end of the year	<u>(2,704.37)</u>	<u>(1,947.95)</u>
Total (a+b+c+d+e+f+g+h)	<u><u>1,75,547.32</u></u>	<u><u>1,53,836.06</u></u>

Nature and purpose of reserve

- (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. Refer Note 41 for the details about each of the schemes.
- (iii) **Statutory reserve**
Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.
- (iv) **Retained earnings**
Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserves are free reserves which can be utilised for any purpose as may be required.
- (v) **Capital reserve**
Pursuant to Scheme of arrangement entered in the year ended 31 March 2017, the Company 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 Company has elected to recognise changes in the fair value of loans and investments in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI. Amounts recognised as fair value is reclassified to the statement of profit and loss when the financial instrument affects profit or loss (e.g. interest receipts).
- b) 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).



22 Interest income

	Year ended March 31, 2023			Year ended March 31, 2022		
	On financial assets measured at		Total	On financial assets measured at		Total
	FVOCI	Amortised cost		FVOCI	Amortised cost	
Interest on loans	12,512.75	83,071.75	95,584.50	9,445.55	54,474.21	63,919.76
Interest from investments:						
- Pass through certificates	1,554.95	-	1,554.95	1,504.75	-	1,504.75
- Commercial paper	-	202.35	202.35	-	90.39	90.39
- Non-convertible debentures	13,044.23	-	13,044.23	8,980.05	-	8,980.05
Interest on deposits with banks	-	1,869.21	1,869.21	-	1,055.37	1,055.37
	27,111.93	85,143.31	1,12,255.24	19,930.35	55,619.97	75,550.32

23 Fee and commission income

	Year ended	Year ended
	March 31, 2023	March 31, 2022
Revenue from contract with customers:		
Income from guarantee facility	417.20	544.57
Income from other financial services		
- Professional fee	5,004.71	5,628.28
- Arranger fee for guarantee facility	206.24	238.27
	5,628.15	6,411.12
Timing of revenue recognition:		
- That are recognised over a certain period of time	417.20	-
- That are recognised at a point of time	5,210.95	6,411.12
Geographical Market		
- In India	5,628.15	6,411.12
- Outside India	-	-
Contract balances		
- Trade receivables (net of ECL)	1,890.98	1,814.50

24 Net gain on fair value changes

	Year ended	Year ended
	March 31, 2023	March 31, 2022
Net gain on financial instruments at fair value through profit or loss		
On alternative investment funds	3,109.17	2,975.88
On market linked debentures	(182.92)	1,080.86
On mutual fund investments	720.30	396.98
Profit on sale of investments in non-convertible debentures and pass-through certificates	1,680.78	296.24
	5,327.33	4,749.96
Fair value changes:		
-Realised	6,663.30	4,319.76
-Unrealised	(1,335.97)	430.20
	5,327.33	4,749.96

25 Other income

Other non-operating income	277.49	594.09
Recovery from bad debts	97.63	-
Profit on sale of property, plant and equipment	23.87	-
Interest income from income tax refund	143.54	106.44
	542.53	700.53

26 Finance costs

	Year ended	Year ended
	March 31, 2023	March 31, 2022
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits	94.61	31.36
Interest on borrowings		
- Term loans from banks and others	41,241.66	23,551.48
- Cash credits and overdraft	12.21	47.15
- Securitised portfolio	-	-
Interest on debt securities	11,580.67	14,417.88
Interest on lease liability	91.95	106.66
Amortisation of discount on commercial papers	1,037.81	1,333.65
Other borrowing costs	1,631.80	1,538.75
	55,690.71	41,026.93

27 Impairment on financial instruments

Particulars	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2023	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2022
Write off on financial instruments						
Loans	-	85.58	85.58	-	3,378.03	3,378.03
Investments	-	-	-	7,500.00	-	7,500.00
Less: Recovery	-	(266.70)	(266.70)	-	(189.37)	(189.37)
Impairment loss allowance on financial instruments						
Loans	809.46	3,157.43	3,966.89	(522.22)	(1,669.74)	(2,191.96)
Investments	(546.38)	1.21	(545.17)	(4,904.39)	-	(4,904.39)
Others	-	653.77	653.77	-	92.43	92.43
	263.08	3,631.29	3,894.37	2,073.39	1,611.35	3,684.74



	Year ended March 31, 2023	Year ended March 31, 2022
28 Employee benefits		
Salaries, wages and bonus	9,709.76	7,749.44
Contribution to provident fund	473.26	348.08
Employee Stock Option Expense (refer note 41)	148.75	294.94
Gratuity Expenses (refer note 40)	176.44	114.33
Staff welfare expenses	449.22	264.86
	10,957.43	8,771.65
29 Depreciation and amortisation		
Depreciation of property, plant and equipment (refer note 10.1)	370.22	165.04
Depreciation on right of use asset (refer note 10.2)	253.16	450.97
Amortisation of intangible assets (refer note 10.4)	402.76	295.81
	1,026.14	911.82
30 Other expenses		
Rent	702.72	415.56
Rates and taxes	6.67	4.70
Travelling and conveyance	553.08	327.49
Legal and professional charges	4,172.22	2,948.56
Auditors' remuneration (refer note 30.1 below)	138.56	129.08
Directors' sitting fees	50.14	58.32
Repairs and maintenance	881.98	531.08
Communication expenses	211.88	113.72
Printing and stationery	40.72	18.86
Subscription charges	252.43	64.56
Advertisement and business promotion	535.40	128.96
Corporate social responsibility expenditure (refer note 30.2 below)	282.27	230.37
Bank charges	101.60	45.32
Miscellaneous expenses	36.65	18.15
	7,966.32	5,034.73
30.1 Payments to auditor (excluding goods and services tax) (Refer note below)		
Statutory audit including limited reviews and certificates	128.00	124.30
Tax audit	1.50	1.50
Reimbursement of expenses	9.06	3.28
	138.56	129.08

Note: 1. Payment to auditors towards statutory audit including limited review above includes INR. 33.80 lakhs paid to predecessor auditors during financial year 2021-22.

	Year ended March 31, 2023	Year ended March 31, 2022
30.2 Corporate social responsibility ("CSR") expenditure		
(a) Gross amount required to be spent by the Company during the year	282.27	230.37
(b) Amount approved by the Board to be spent during the year	350.52	223.40
(c) Amount spent during the year ended:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In Cash	350.52	239.16
- Other than Cash	-	-
(d) Details related to spent / unspent obligations:		
Contribution to Public Trust	-	-
Contribution to Charitable Trust	350.52	239.16
Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
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) In case of S. 135(5) (Other than ongoing project):		
Opening balance	53.36	44.57
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	(282.27)	(230.37)
Amount spent during the year	350.52	239.16
Closing Balance	121.61	53.36

	Year ended March 31, 2023	Year ended March 31, 2022
30.3 Particulars		
a) Expenditure in foreign currency		
Processing fee on borrowings	573.78	205.83
Legal and professional expense	357.06	78.43
Total	930.84	284.26
b) There are no remittances in foreign currency		
c) There are no dividend paid in foreign currency		

30.4 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



31 Income tax

A. The components of income tax expense for the years ended 31 March 2023 and 2022 are:

Profit or loss section		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
i) current income tax charge	9,487.00	4,718.00
ii) Adjustments in respect of current income tax of previous year	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	(1,717.67)	1,617.91
Income tax expense reported in the statement of profit and loss	7,769.33	6,335.91
OCI section		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax on		
Remeasurements of the defined benefit asset/ (liability)	(30.28)	43.15
Fair valuation of Financial Instruments through OCI (Net)	140.74	346.56
Net movement on Effective portion of Cash Flow Hedges	254.44	526.66
Deferred tax charged to OCI	364.89	916.38

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 2023 and 2022 is as follows:-

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax	30,304.94	22,708.84
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	7,627.75	5,715.82
Tax effect of:-		
<i>Permanent differences</i>		
Disallowance related to CSR Expenditure	282.27	620.09
Tax expenses recognised in the statement of profit and loss (pertaining to current year)	7,910.02	6,335.91
Effective tax rate	26.10%	27.90%

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 2023.

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 March 31, 2022	Statement of profit and loss	Other comprehensive income	As at March 31, 2023
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	25.63	(25.46)	-	0.17
Impact of fair value on financial assets measured at FVTPL	(774.89)	299.35	-	(475.54)
Impact of fair value on financial assets measured at FVOCI	(153.76)	-	395.17	241.41
Impairment on financial assets	1,739.40	1,032.73	-	2,772.13
Provision for employee benefits	259.36	0.98	(30.28)	230.06
Unamortised component of processing fee	264.59	760.61	-	1,025.20
EIS Receivable	-	(350.54)	-	(350.54)
Total	1,360.33	1,717.67	364.89	3,442.89
Particulars	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	As at March 31, 2022
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property plant and equipment	(17.62)	43.25	-	25.63
Impact of fair value on financial assets measured at FVTPL	(666.62)	(108.27)	-	(774.89)
Impact of fair value on financial assets measured at FVOCI	343.05	-	(496.81)	(153.76)
Impairment on financial assets	1,925.97	(1,556.53)	1,369.96	1,739.40
Provision for employee benefits	177.38	81.98	-	259.36
Unamortised component of processing fee	307.63	(43.04)	-	264.59
Premium accrued on preference shares	-	-	-	-
Others	(7.91)	7.91	-	-
Total	2,061.88	(1,574.70)	873.15	1,360.33

32. Earnings per share ('EPS')

	Year ended March 31, 2023	Year ended March 31, 2022
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	22,535.61	16,372.93
Net profit attributable to equity shareholders for calculation of diluted EPS	22,535.61	16,372.93
Shares		
Equity shares at the beginning of the year	8,89,07,543	8,79,21,550
Equity shares issued during the year	1,23,750	9,85,993
Total number of equity shares outstanding at the end of the year	8,90,31,293	8,89,07,543
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	8,89,68,868	8,83,86,489
Options granted	20,58,026	20,26,659
Compulsory convertible preference shares	4,13,23,204	4,13,23,204
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	13,23,50,098	13,17,36,352
Face value per share	10.00	10.00
Earning per share		
Basic	25.34	18.52
Diluted	17.03	12.43



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. Derivatives have been classified to mature and/ or be repaid within 12 months, regardless of the actual contractual maturities of the products. 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 March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	20,401.99	-	20,401.99	70,421.30	-	70,421.30
Bank balances other than cash and cash equivalents	7,476.40	10,837.80	18,314.20	7,309.29	1,425.15	8,734.44
Derivative financial instruments	-	6,104.84	6,104.84	41.85	110.00	151.85
Trade receivables	1,890.98	-	1,890.98	1,814.50	-	1,814.50
Loans	5,01,115.80	1,87,914.20	6,89,030.00	3,35,483.67	1,86,781.74	5,22,265.41
Investments	57,912.41	1,11,752.88	1,69,665.29	62,814.85	1,01,119.23	1,63,934.08
Other financial assets	3,895.85	606.13	4,501.98	6,755.46	311.92	7,067.38
Current tax assets (net)	-	2,127.90	2,127.90	-	4,056.59	4,056.59
Deferred tax assets (net)	-	3,442.89	3,442.89	-	1,360.33	1,360.33
Property, plant and equipment	-	219.85	219.85	-	157.86	157.86
Intangible assets under development	-	98.87	98.87	-	28.44	28.44
Intangible assets	-	1,336.01	1,336.01	-	940.10	940.10
Right of use asset	-	652.85	652.85	-	780.91	780.91
Goodwill	-	2,085.13	2,085.13	-	-	-
Other non- financial assets	601.63	-	601.63	1,706.76	100.83	1,807.59
Total Assets	5,93,295.06	3,27,179.35	9,20,474.41	4,86,347.68	2,97,173.10	7,83,520.78
Liabilities						
Derivative financial instruments	-	227.59	227.59	17.33	626.49	643.82
Trade payables	-	-	-	-	-	-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	10,642.39	-	10,642.39	5,405.12	-	5,405.12
Debt securities	50,498.48	71,933.07	1,22,431.55	73,261.88	61,097.80	1,34,359.68
Borrowings (Other than debt securities)	2,61,728.02	3,15,301.84	5,77,029.86	2,14,005.71	2,45,936.91	4,59,942.62
Subordinated debt	3,995.07	-	3,995.07	410.00	3,583.47	3,993.47
Other financial liabilities	8,313.48	1,467.49	9,780.97	4,916.47	682.47	5,598.94
Provisions	1,998.68	694.76	2,693.44	1,322.69	837.25	2,159.94
Other non-financial liabilities	958.45	-	958.45	425.75	-	425.75
Total Liabilities	3,38,134.57	3,89,624.75	7,27,759.32	2,99,764.95	3,12,764.39	6,12,529.34
Total equity			1,92,715.09			1,70,991.44

33A Change in Liabilities arising from financing activities

Particulars	As at April 1, 2022	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2023
Debt Securities	1,34,359.68	(12,180.78)	-	252.65	-	1,22,431.55
Borrowings (other than debt securities)	4,59,942.62	1,08,982.60	7,415.38	689.26	-	5,77,029.86
Sub-ordinated Liabilities	3,993.47	-	-	1.60	-	3,995.07
Lease Liabilities	1,051.52	(353.80)	-	(33.15)	125.10	789.67

Particulars	As at April 1, 2021	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2022
Debt Securities	1,63,956.78	(30,930.75)	-	1,333.65	-	1,34,359.68
Borrowings (other than debt securities)	2,25,258.30	2,32,219.21	2,929.09	(463.98)	-	4,59,942.62
Sub-ordinated Liabilities	3,988.79	-	-	4.68	-	3,993.47
Lease Liabilities	1,127.38	(138.45)	-	(288.03)	350.62	1,051.52

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.



34 Leases

The Company has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

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	Year ended
	March 31, 2023	March 31, 2022
Opening Balance	780.91	985.44
Add:		
Additions during the year	116.73	350.62
Addition on account of acquisition of business (refer note 79)	8.37	-
Less:		
Depreciation	253.16	450.97
Derecognition on termination of lease	-	104.18
Closing balance	652.85	780.91

(ii) Movement in lease liabilities

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
Opening Balance	1,051.52	1,127.38
Additions during the year	125.10	350.62
Interest on lease liabilities	91.95	106.66
Rent payment	(478.90)	(387.98)
Derecognition on termination of lease	-	(145.16)
Closing balance	789.67	1,051.52

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
a) Depreciation charge for right-of-use assets	253.16	450.97
b) Interest expense (included in finance cost)	91.95	106.66
c) Expense relating to short-term leases	702.72	415.56
d) Gain recognised on derecognition of leases	-	40.97
e) Rent concession related to COVID-19	-	3.10

(iv) Cash Flows

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
The total cash outflow of leases	353.80	138.45

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
Not later than one year	420.81	458.18
Later than one year and not later than five years	333.38	730.67
Later than five years	35.01	38.54

Lease liabilities are recognised at weighted average incremental borrowing rate of 9.70%.



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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

- The fair value of Loans are primarily variable rate instruments. Accordingly, the fair value has been assumed to be equal to the carrying amount..
 - The fair value of debt securities, borrowings and subordinated liabilities are primarily variable rate instruments. Accordingly, the fair value has been assumed to be equal to the carrying amount.
 - The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
 - 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.
 - The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.
- v) There has been no transfer in between level I and level II.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2023 were as follows:

Particulars	Carrying amount		Fair value			Total
	FVTPL	FVOCI	Level 1	Level 2	Level 3	
Financial assets:						
Loans	-	1,82,829.41	-	-	1,82,829.41	1,82,829.41
Investments						
- Pass-through certificates	-	13,120.35	-	-	13,120.35	13,120.35
- Non convertible debentures	-	95,195.92	-	-	95,195.92	95,195.92
- Commercial papers	-	1,958.13	-	-	1,958.13	1,958.13
- Investment in Government securities	-	-	-	-	-	-
- Market Linked Debentures	26,481.09	-	-	-	26,481.09	26,481.09
- Alternative Investment Funds	22,413.20	-	-	-	22,413.20	22,413.20
- Share warrants	1.62	-	-	-	1.62	1.62
Derivative financial instruments	225.57	5,879.27	-	-	6,104.84	6,104.84
Financial liabilities:						
Derivative financial instruments	78.28	149.31	-	-	227.59	227.59

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

Particulars	Carrying amount		Fair value			Total
	FVTPL	FVOCI	Level 1	Level 2	Level 3	
Financial assets:						
Loans	-	97,879.98	-	-	97,879.98	97,879.98
Investments						
- Pass-through certificates	-	14,504.11	-	-	14,504.11	14,504.11
- Non convertible debentures	-	86,548.21	-	-	86,548.21	86,548.21
- Market Linked Debentures	25,159.28	-	-	-	25,159.28	25,159.28
- Alternative Investment Funds	33,983.97	-	-	-	33,983.97	33,983.97
- Share warrants	1.62	-	-	-	1.62	1.62
Derivative financial instruments	-	151.85	-	-	151.85	151.85
Financial liabilities:						
Derivative financial instruments	-	643.82	-	-	643.82	643.82

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Financial assets measured at FVOCI		
Balance at the beginning of the year	3,237.07	4,267.40
Total gains measured through OCI for additions made during the year	(418.43)	(1,030.33)
Balance at the end of the year	2,818.64	3,237.07
Financial assets measured at FVTPL		
Balance at the beginning of the year	33,985.59	30,064.05
Total gains measured through PL for additions made during the year	(11,570.77)	3,921.54
Balance at the end of the year	22,414.82	33,985.59

Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	1,828.29	(1,828.29)	978.80	(978.80)
Investments				
- Pass through securities	131.20	(131.20)	145.04	(145.04)
- Non convertible debentures	951.96	(951.96)	865.48	(865.48)
- Market Linked debentures	264.81	(264.81)	251.59	(251.59)
- Alternative Investment Funds	224.13	(224.13)	339.84	(339.84)
- Share warrants	0.02	(0.02)	0.02	(0.02)
Derivative financial instruments	61.05	(61.05)	1.52	(1.52)
Financial liabilities:				
Derivative financial instruments	(2.28)	2.28	(6.44)	6.44



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The carrying value and fair value of other financial instruments by categories as of March 31, 2023 were as follows:

Particulars	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	20,401.99	-	-	20,401.99	20,401.99
Bank balances other than cash and cash equivalents	18,314.20	-	-	18,314.20	18,314.20
Trade receivables	1,890.98	-	-	1,890.98	1,890.98
Loans	5,15,102.75	-	-	5,15,211.25	5,15,211.25
Investments	10,496.19	-	-	10,496.19	10,496.19
Other financial assets	4,501.98	-	-	4,501.98	4,501.98
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	10,642.39	-	-	10,642.39	10,642.39
Debt securities	1,22,431.55	-	-	1,22,431.55	1,22,431.55
Borrowings (Other than debt securities)	5,77,029.86	-	-	5,77,029.86	5,77,029.86
Subordinated debt	3,995.07	-	-	3,995.07	3,995.07
Other financial liabilities	9,780.97	-	-	9,780.97	9,780.97

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

Particulars	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	70,421.30	-	-	70,421.30	70,421.30
Bank balances other than cash and cash equivalents	8,734.44	-	-	8,734.44	8,734.44
Trade receivables	1,814.50	-	-	1,814.50	1,814.50
Loans	4,30,157.14	-	-	4,31,000.25	4,31,000.25
Investments	2,743.20	-	-	2,743.20	2,743.20
Other financial assets	7,067.38	-	-	7,067.38	7,067.38
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	5,405.12	-	-	5,405.12	5,405.12
Debt securities	1,34,359.68	-	-	1,34,359.68	1,34,359.68
Borrowings (Other than debt securities)	4,59,942.62	-	-	4,59,942.62	4,59,942.62
Subordinated debt	3,993.47	-	-	3,993.47	3,993.47
Other financial liabilities	5,598.94	-	-	5,598.94	5,598.94

B Capital management

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

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

The Company's gearing ratio is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Debt securities	1,22,431.55	1,34,359.68
Borrowings (other than debt securities)	5,77,029.86	4,59,942.62
Subordinated liabilities	3,995.07	3,993.47
Less: cash and cash equivalents	(20,401.99)	(70,421.30)
Adjusted net debt	6,83,054.49	5,27,874.47
Total equity	1,92,715.09	1,70,991.44
Gearing ratio	3.54	3.09

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 47.



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.

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.

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	As at
	March 31, 2023	March 31, 2022
Term loans and Structured cash credit	6,97,932.16	5,28,037.12
Less : Impairment loss allowance	(8,902.16)	(5,771.71)
	6,89,030.00	5,22,265.41

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.

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

Also refer note 80

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 the portfolio into following groups:

- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures



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:

- Marginal Probability of default ("MPD")
- Loss given default ("LGD")
- Exposure at default ("EAD")
- 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. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of PD, Pluto Tash Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last four years historical data.

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.

36 Financial risk management objectives and policies (continued)

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	Provisions	As at	
		March 31, 2023	March 31, 2022
Stage 1	12 month provision	5,176.46	3,323.31
Stage 2	Life time provision	519.40	441.23
Stage 3	Life time provision	3,206.30	2,007.17
Amount of expected credit loss provided for		8,902.16	5,771.71

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	
	March 31, 2023	March 31, 2022
ECL allowance - opening balance	5,771.71	7,250.70
Addition during the year	3,071.85	3,568.78
Reversal during the year	144.18	(1,669.74)
Write offs during the year	(85.58)	(3,378.03)
Closing provision of ECL	8,902.16	5,771.71

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Credit quality of exposure

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	6,85,957.59	5,272.09	-	6,91,229.68	5,16,600.02	8,184.54	-	5,24,784.56
Sub-standard	-	-	6,702.48	6,702.48	-	-	3,252.56	3,252.56
Total	6,85,957.59	5,272.09	6,702.48	6,97,932.16	5,16,600.02	8,184.54	3,252.56	5,28,037.12

Changes in gross carrying amount

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	5,16,600.02	8,184.54	3,252.56	5,28,037.12	3,53,150.13	26,717.73	3,895.75	3,83,763.61
New assets originated *	5,20,824.38	3,698.15	2,588.00	5,27,110.53	3,03,077.84	1,209.36	252.92	3,04,540.12
Asset derecognised or repaid	(3,41,635.62)	(6,378.03)	(552.10)	(3,48,565.75)	(1,34,963.70)	(21,547.72)	(377.16)	(1,56,888.58)
Transfer from stage 1	(11,251.26)	1,295.39	2,610.73	(7,345.14)	(4,664.25)	3,827.29	836.96	-
Transfer from stage 2	1,417.49	(1,529.43)	390.51	278.57	-	(812.40)	812.40	-
Transfer from stage 3	2.58	1.47	(1,501.64)	(1,497.59)	-	-	-	-
Write offs	-	-	(85.58)	(85.58)	-	(1,209.72)	(2,168.31)	(3,378.03)
As at the end of the year	6,85,957.59	5,272.09	6,702.48	6,97,932.16	5,16,600.02	8,184.54	3,252.56	5,28,037.12

* New assets originated are those assets which have originated during the year.



Reconciliation of ECL Balance

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	3,323.31	441.23	2,007.17	5,771.71	4,085.53	962.74	2,202.43	7,250.70
New assets originated	3,550.34	249.77	108.33	3,908.44	2,428.27	24.89	-	2,453.16
Asset derecognised or repaid	(608.49)	(104.06)	20.14	(692.41)	(2,960.09)	557.06	1,848.91	(554.12)
Transfer from stage 1	(1,113.23)	27.81	1,085.42	-	(235.37)	126.60	108.77	-
Transfer from stage 2	24.53	(95.35)	70.82	-	4.97	(20.34)	15.37	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	(85.58)	(85.58)	-	(1,209.72)	(2,168.31)	(3,378.03)
As at the end of the year	5,176.46	519.40	3,206.30	8,902.16	3,323.31	441.23	2,007.17	5,771.71

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 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 March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	1,69,666.50	-	-	1,69,666.50	1,63,203.35	481.66	-	1,63,685.01
Sub-standard	-	-	-	-	-	-	249.07	249.07
Total	1,69,666.50	-	-	1,69,666.50	1,63,203.35	481.66	249.07	1,63,934.08

Changes in gross carrying amount

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	1,63,203.35	481.66	249.07	1,63,934.08	1,21,750.34	649.04	7,787.63	1,30,187.01
New assets originated *	1,22,121.12	-	-	1,22,121.12	1,15,018.59	141.67	-	1,15,160.26
Asset derecognised or repaid	(1,15,657.97)	(481.66)	(249.07)	(1,16,388.70)	(73,565.58)	(309.05)	(38.56)	(73,913.19)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	(7,500.00)	(7,500.00)
As at the end of the year	1,69,666.50	-	-	1,69,666.50	1,63,203.35	481.66	249.07	1,63,934.08

C. Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks

(ii) Liquidity risk

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

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

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

(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:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Fixed rate instruments		
Financial assets	2,92,583.52	1,41,282.90
Financial liabilities	2,21,838.48	3,33,162.77
	<u>5,14,422.00</u>	<u>4,74,445.67</u>
Variable rate instruments		
Financial assets	4,16,761.70	4,37,041.62
Financial liabilities	4,81,618.00	2,65,133.00
	<u>8,98,379.70</u>	<u>7,02,174.62</u>



Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Bank Deposits	203.15	(203.15)	560.59	(560.59)
Loans	3,964.46	(3,964.46)	3,809.83	(3,809.83)
Borrowings	(4,816.18)	4,816.18	(2,651.33)	2,651.33

(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. Also refer note 44.

(v) Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty as of March 31, 2023 was INR 20,782.08 Lakhs (As at March 31, 2022: INR 21,140.23 Lakhs).

(iv) 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:

- a. For corporate and small business lending, charges over trade receivables and
- b. 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.



Northern Arc Capital Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

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 March 31. 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 March 31, 2023					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	18,398.28	2,003.71	-	-	-	20,401.99
Bank balances other than cash and cash equivalents	2.69	545.64	6,867.39	10,898.48	-	18,314.20
Derivative financial instruments	-	-	-	6,104.84	-	6,104.84
Trade receivables	-	1,890.98	-	-	-	1,890.98
Loans	-	2,14,777.58	3,56,780.10	2,25,343.04	14,097.81	8,10,998.53
Investments	-	15,585.72	51,076.29	1,15,096.98	5,890.80	1,87,649.79
Other financial assets	-	2,762.78	14.77	252.58	105.51	3,135.64
Total undiscounted financial assets*	18,400.97	2,37,566.41	4,14,738.55	3,57,695.92	20,094.12	10,48,495.97
Financial Liabilities						
Derivative financial instruments	-	-	-	227.59	-	227.59
Trade payables	-	-	-	-	-	-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	-	10,642.39	-	-	-	10,642.39
Debt securities	-	17,582.58	39,828.75	85,668.28	-	1,43,079.61
Borrowings (Other than debt securities)	-	1,02,358.43	1,93,251.19	3,38,957.70	-	6,34,567.32
Subordinated Debt	-	4,000.00	-	-	-	4,000.00
Other financial liabilities	507.88	7,253.76	1,395.14	493.38	35.01	9,685.17
Total undiscounted financial liabilities*	507.88	1,41,837.16	2,34,475.08	4,25,346.95	35.01	8,02,202.08
Net undiscounted financial assets/(liabilities) *	17,893.09	95,729.25	1,80,263.47	(67,651.03)	20,059.11	2,46,293.89

* Excludes gross settled derivatives not held for trading

Particulars	As at March 31, 2022					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	23,093.94	47,327.36	-	-	-	70,421.30
Bank balances other than cash and cash equivalents	2.69	2,440.58	4,866.03	1,425.14	-	8,734.44
Derivative financial instruments	-	-	41.85	110.00	-	151.85
Trade receivables	-	1,814.50	-	-	-	1,814.50
Loans	-	1,42,464.35	2,65,043.64	1,82,763.03	153.19	5,90,424.21
Investments	-	21,414.64	44,283.39	78,232.77	5,529.21	1,49,460.01
Other financial assets	285.09	6,464.13	6.24	250.41	82.18	7,088.05
Total undiscounted financial assets*	23,381.72	2,21,925.56	3,14,241.15	2,62,781.35	5,764.58	8,28,094.36
Financial Liabilities						
Derivative financial instruments	-	-	17.33	626.49	-	643.82
Trade payables	-	-	-	-	-	-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	-	5,405.12	-	-	-	5,405.12
Debt securities	-	36,679.04	42,088.93	72,240.96	-	1,51,008.93
Borrowings (Other than debt securities)	1,427.86	77,000.05	1,63,033.38	2,71,686.93	-	5,13,148.22
Subordinated Debt	-	102.22	307.78	4,099.97	-	4,509.97
Other financial liabilities	1,944.56	2,457.48	348.29	751.46	1,212.70	6,714.49
Total undiscounted financial liabilities*	3,372.42	1,21,643.91	2,05,795.71	3,49,405.81	1,212.70	6,81,430.55
Net undiscounted financial assets/(liabilities) *	20,009.30	1,00,281.65	1,08,445.44	(86,624.46)	4,551.88	1,46,663.81

* Excludes gross settled derivatives not held for trading



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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

36 Financial risk management objectives and policies (continued)

- (vii) Price risk
The company does not have exposure to security price risk.

	As at March 31, 2023	As at March 31, 2022
37 Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	28,300.00	800.00
Undrawn committed sanctions to borrowers	13,733.83	40,569.55
38 Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Income tax related matters	428.53	428.53
Financial Guarantees outstanding	16,388.20	23,716.43

- i. Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 18A.
ii. Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed in above note.

Matters wherein management is confident of succeeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims in different stages of process

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 March 31, 2023	As at March 31, 2022
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.	-	-



40 Retirement Benefit Plan

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 year aggregated to INR 473.26 lakhs (March 31, 2022: INR 348.08 lakhs).

Defined benefit plans

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

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

A. Change in present value of obligations

	As at March 31, 2023	As at March 31, 2022
Present value of obligations at the beginning of the year	697.64	450.68
Current service cost	128.60	91.34
Interest cost	38.46	26.67
Benefits paid	(154.65)	(42.48)
Actuarial (gain) / loss recognised in the other comprehensive income		
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	(98.72)	44.14
-Experience adjustment	(58.11)	127.29
Present value of obligations at the end of the year	553.22	697.64

B. Change in plan assets

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/ (loss)	-	-
Employer contributions	154.65	42.48
Benefits paid	(154.65)	(42.48)
Fair value of plan assets at the end of the year	-	-

C. Actual Return on plan assets

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

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

Change in projected benefit obligation		
Present value of obligations at the end of the year	553.22	697.64
Fair value of plan assets	-	-
Net liability recognised in balance sheet	553.22	697.64

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

Current	122.83	122.72
Non-current	430.39	574.92
	553.22	697.64

	As at March 31, 2023	As at March 31, 2022
--	-------------------------	-------------------------

E. Expense recognised in statement of profit and loss

Current service cost	128.60	91.34
Interest on obligation	38.46	26.67
Transfer of employee cost to subsidiary (on account of transfer of employee)	9.38	-
Total included in statement of profit and loss and other comprehensive income	176.44	118.01

F. Remeasurements recognized in other comprehensive income

Actuarial (gain) loss on defined benefit obligation	(156.83)	171.43
Transfer of employee cost to subsidiary (on account of transfer of employee)	36.51	-
Total	(120.32)	171.43



40 Employee benefits (continued)

	As at March 31, 2023	As at March 31, 2022
F. Assumptions at balance sheet date		
Discount rate	7.14%	6.20%
Salary escalation	8.00%	10.00%
Attrition rate	23.00%	20.00%

Notes:

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

G. Sensitivity analysis

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	532.78	575.29	666.47	731.81
Future salary growth (1% movement)	577.40	530.41	733.28	664.45
Attrition rate (1% movement)	549.48	557.07	689.89	705.92

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2023	As at March 31, 2022
	Average duration of defined benefit obligation (in years)	4.60
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	107.46	104.11
Year 2	103.46	111.36
Year 3	81.70	96.31
Year 4	81.32	87.62
Year 5	80.32	117.64
Next 5 years	201.82	256.53
Exected benefit payments for the next annual reporting year	107.46	104.11

41 Share Based Payments

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on October 7, 2016 and by the members in the Extra Ordinary General Meeting held on October 7, 2016.

41.1 Northern Arc Capital Employee Stock Option Plan 2016 – (“Scheme 1”) formerly IFMR Capital Employee Stock Option Plan 2016 – (“Scheme 1”)

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on March 01, 2017 and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion

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

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued in ten tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2016 – “Scheme- III” (“Scheme 3”)

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries. The options were issued in three tranches. The exercise price ranging between INR 181 to INR 275. The options are vested over a period of 3 years in 30:30:40 proportion



41.2 Options outstanding under Scheme 1, Scheme 2 and Scheme 3

Particulars	As at March 31, 2023			As at March 31, 2022		
	Scheme 1 Various	Scheme 2 Various	Scheme 3 Various	Scheme 1 Various	Scheme 2 Various	Scheme 3 Various
Plan						
Grant date						
Number of options	8,000	23,78,000	8,99,984	23,000	32,26,950	12,19,363
Exercise price in INR	10	110 to 275	181 to 275	10	110 to 275	181 to 275
Vesting period	1 to 4 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	113.65	31.85 to 121.09	65.57 to 92.33	113.65	31.85 to 121.09	65.57 to 92.33
Weighted average exercise price in INR	10.00	163.21	203.79	10.00	161.37	207.15
Weighted average remaining contractual life (in years)	-	0.74	0.27	-	1.63	1.02
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 March 31, 2023		Year ended March 31, 2022	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	173.08	44,69,313	131.43	50,34,654
Add: Granted during the year	-	-	250.69	13,47,500
Less: Forfeited during the year	176.13	10,47,179	197.35	9,26,848
Less: Exercised during the year and allotted	112.20	1,23,750	114.56	9,85,993
Less: Exercised during the year but not allotted	181.13	12,400	-	-
Outstanding as at end of year	173.95	32,85,984	173.08	44,69,313
Vested and exercisable as at end of year	158.67	30,26,466	143.53	22,19,587
Amount expensed of in Statement of Profit and Loss (in Rs. Lakhs)		148.75		294.94

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:

	As at March 31, 2023	As at March 31, 2022
Dividend yield	NA	0.00%
Historical Volatility Estimate	NA	22.05%
Risk free interest rate	NA	7.24%
Expected life of the option (in years)	NA	4.00

42 Related party disclosures

Related party relationships and transactions:

Nature of Relationship	Name of Related Party
(i) Subsidiaries	Northern Arc Investment Adviser Services Private Limited Northern Arc Investment Managers Private Limited Northern Arc Foundation IFMR Fim pact Long term credit fund Pragathi Finserv Private Limited Northern Arc Capital Employee Welfare Trust Northern Arc Securities Private Limited (incorporated w.e.f February 23, 2023)
(ii) Associate	Finreach Solutions Private Limited Northern Arc Emerging Corporates Bond Trust (incorporated w.e.f April 4, 2022)
(ii) Key Managerial Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director & CEO (Director w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022) Ms. Kshama Fernandes, Chief Executive Officer and Managing Director (upto March 31, 2022) Ms. Bama Balakrishnan Executive Director (w.e.f February 14, 2022) Mr. Atul Tibrewal, Chief Financial Officer (w.e.f May 18, 2021) Mrs. Srividhya, Company Secretary Mr. P S Jayakumar, Independent Director
(iii) Director and relative of Key Management Personnel / Director	Mr. Ashutosh Pednekar Mr. Michael Jude Fernandes Mr. Samir Shah (upto December 28, 2022) Mr. P S Jayakumar Mr. Arunkumar Thiagarajan Ms. Kshama Fernandes Mr. Amit Mehta (upto May 2, 2022) Ms. Anuradha Rao Mr. Vijay Nallan Chakravarthi Mr. T.S. Anantharaman (w.e.f. February 9, 2023)

A. Transactions during the Year :

	Year ended March 31, 2023	Year ended March 31, 2022
Northern Arc Investment Managers Private Limited		
Fee Income	260.97	129.27
Reimbursement of income	204.72	152.75
Interest income	89.06	213.77
Loans given	2,745.37	7,573.48
Loans repaid	3,931.69	8,322.00
Transfer of fixed asset	-	10.53
Reimbursement of expenses on account of transfer of employee	45.91	-
Northern Arc Investment Adviser Services Private Limited		
Reimbursement of expenses	32.91	-
ESOP transferred	-	0.60
Pragati Finserv Private Limited		
Interest income	-	16.38
Loans given	-	305.00
Loans repaid	-	305.00
Investment in Equity Shares	-	2,253.40
Transfer of assembled work force	236.63	-
Servicer fee	4,532.27	-
Reimbursement of income	44.97	13.69
Northern Arc Foundation		
Contribution to CSR	350.52	165.33
IFMR Fimpack Long Term Credit Fund		
Reimbursement of expenses	336.47	0.06
Transfer of surplus	1,050.81	1,175.73
Northern Arc Emerging Corporates Bond Trust		
Investments in Alternate Investment Funds	2,500.00	-
Transfer of surplus	70.60	-
Reimbursement of expenses	3.52	-
Finreach Solutions Private Limited		
Investments	394.40	-
Guarantee Management Service Fee	11.21	-
Fee Income	37.00	-
Ms. Kshama Fernandes		
Remuneration and other benefits *	-	240.09
Commission	70.85	-
Sitting fees	8.72	-
Share based payment	2.85	18.75
Equity share capital	-	24.72
Share premium	-	336.25
Ms. Bama Balakrishnan		
Remuneration and other benefits *	251.32	24.66
Share based payment	2.48	14.00
Equity share capital	-	7.30
Share premium	-	91.42
Mr. P S Jayakumar		
Commission	84.47	32.70
Sitting Fees	11.45	15.50
Mrs. Srividhya		
Remuneration and other benefits *	52.44	41.39
Share based payments	2.02	2.56
Mr. Atul Tibrewal		
Remuneration and other benefits *	173.27	146.70
Share based payments	39.40	55.23
Mr. Ashutosh Pednekar		
Sitting Fees	8.72	13.00
Ms. Anuradha Rao		
Sitting Fees	13.08	17.50
Mr. Arunkumar Thiagarajan		
Sitting Fees	8.18	-
Mr. Ashish Melrotra		
Remuneration and other benefits *	400.00	28.97
Share based payments	88.20	98.11

* Amount attributable to post employment benefits 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.



42 Related party disclosures (continued)

B. Balances as at year end:

	As at March 31, 2023	As at March 31, 2022
Northern Arc Investment Adviser Services Private Limited		
Equity share capital	127.80	127.80
ESOP Receivable	24.96	25.00
Advances	11.94	31.00
Trade payable	32.91	-
Northern Arc Investment Managers Private Limited		
Equity share capital	361.00	361.00
ESOP Receivable	167.82	159.13
Loans	169.43	1,389.88
Advances	324.61	13.66
Trade payable	220.14	-
Payable on account of transfer of employee	45.91	-
Northern Arc Foundation		
Equity share capital	1.00	1.00
Advances	20.87	-
Pragathi Finserv Private Limited		
Equity share capital	2,253.40	2,253.40
Other advances	588.87	-
Service fee payable	667.56	-
Finreach Solutions Private Limited		
Investments	394.40	-
Trade Receivables	37.00	-
Trade Payables	11.21	-
Northern Arc Securities Private Limited		
Equity share capital	100.00	-
Advances	8.83	-
IFMR Fim pact Long Term Credit Fund		
Investments in Alternate Investment Funds	8,342.95	10,852
Other receivables	200.45	0.09
IFMR Fim pact Long Term Credit Fund		
Investments in Alternate Investment Funds	2,558.99	-
Ms. Kshama Fernandes		
Provision for share based payment	217.67	214.82
Ms. Bama Balakrishnan		
Amount payable		
Employee stock option (in units)	-	-
Ms. Bama Balakrishnan		
Provision for share based payment	154.85	187.72
Mr. Ashish Mehrotra		
Provision for share based payment	186.31	98.11
Mrs. Srividhya		
Provision for share based payment	20.28	18.26
Mr. Atul Tibrewal		
Provision for share based payment	94.63	55.23

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	March 31, 2023		March 31, 2022	
	Purchases	Redemption *	Purchases	Redemption *
IFMR Fim pact Long Term Multi Asset Fund	-	5,491.53	-	-
IFMR Fim pact Long Term Credit Fund	-	2,186.40	-	-
IFMR Finance for Freedom Fund III	-	-	-	288.51
IFMR Fim pact Medium Term Opportunities Fund	-	1,968.35	-	3,610.76
IFMR Fim pact Income Builder Fund Fund	-	1,829.58	-	-
Northern Arc Money Market Alpha Trust Fund	11,58,966.51	75,66,483.70	7,085.05	5,000.00
Northern Arc India Impact Fund	2,763.78	-	3,800.00	-
Northern Arc Income Builder (Series II) Fund	84.20	84.20	5,422.13	2,758.13
Northern Arc Emerging corporates Bond Fund	2,500.00	-	-	-

* represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	Year ended March 31, 2023	Year ended March 31, 2022
IFMR Fim pact Long Term Multi Asset Fund	94.25	574.67
IFMR Fim pact Long Term Credit Fund	1,050.81	1,330.51
IFMR Fim pact Medium Term Opportunities Fund	378.02	532.88
IFMR Fim pact Income Builder Fund Fund	339.49	605.42
Northern Arc Money Market Alpha Trust Fund	87.09	515.37
Northern Arc India Impact Fund	1,059.19	56.62
Northern Arc Income Builder (Series II) Fund	471.63	22.64
Northern Arc Emerging corporates Bond Fund	70.59	-

Outstanding balances (Investment) at carrying value

Fund	As at March 31, 2023		As at March 31, 2022	
	Units	Carrying value	Units	Carrying value
IFMR Fim pact Long Term Multi Asset Fund	-	34.38	5,491.53	4,590.51
IFMR Fim pact Long Term Credit Fund	7,769.17	8,342.95	9,955.56	10,852.14
IFMR Fim pact Medium Term Opportunities Fund	-	-	1,968.35	2,228.09
IFMR Fim pact Income Builder Fund Fund	-	-	1,829.63	2,280.29
Northern Arc Money Market Alpha Trust Fund	1,06,894.37	109.07	65,14,411.56	6,693.51
Northern Arc India Impact Fund	6,317.09	7,246.96	3,553.32	3,892.84
Northern Arc Income Builder (Series II) Fund	2,681.36	4,120.85	2,681.36	3,446.59
Northern Arc Emerging corporates Bond Fund	2,500.00	2,558.99	-	-



44 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2023							
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
Cash flow hedge		Assets	Liabilities				
Cross currency swaps	1,05,534.25	5,879.27	149.31	November 15, 2025 to December 15, 2026	6,246.45	(6,246.45)	Borrowings (other than debt securities)
Overnight Indexed swap	59,325.00	225.57	78.28	December 15, 2026 to September 21, 2027	147.29	(147.29)	- Debt securities - Borrowings (other than debt securities)

As at March 31, 2022							
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
Cash flow hedge		Assets	Liabilities				
Cross currency swaps	80,709.00	110.00	626.49	November 15, 2025 to September 15, 2026	382.02	(382.02)	Borrowings (other than debt securities)
Forward contract	25,000.00	41.85	17.33	July 18, 2022 to August 23, 2022	24.52	(24.52)	Borrowings (other than debt securities)

b) Disclosure of effects of hedge accounting on financial performance:

As at March 31, 2023				
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	6,246.45	-	-	NA
Overnight Indexed swap	147.29	-	-	NA

As at March 31, 2022				
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	382.02	-	-	NA
Forward contract	24.52	-	-	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.

46 Balance sheet disclosure as required under Master Direction - Non-banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

The disclosures in note from 46A to 78 are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), 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 March 31, 2023 and March 31, 2022.

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	Year ended
	March 31, 2023	March 31, 2022
Tier I Capital	1,81,902.83	1,62,630.79
Tier II Capital	5,620.28	5,182.95
Total Capital	1,87,523.12	1,67,813.74
Total Risk Assets	9,02,860.91	7,36,418.31
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	20.15%	22.08%
Tier II Capital as a percentage of Total Risk Assets (%)	0.62%	0.71%
Total Capital (%)	20.77%	22.79%
Amount of subordinated debt raised as Tier-II capital	-	800.00
Amount raised by issue of Perpetual Debt Instruments	-	-

48 Investments

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Value of investment		
Gross value of investments		
- In India	1,69,666.50	1,63,934.08
- Outside India	-	-
Provision for Depreciation		
- In India	1.21	-
- Outside India	-	-
Net value investments		
- In India	1,69,665.29	1,63,934.08
- Outside India	-	-
Movement of provisions held towards investments		
Opening balance	-	4,875.00
Add: Provisions made during the year	1.21	-
Less: Write off/ write back/ reversal of provision during the year	-	(4,875.00)
Closing balance	1.21	-



49 Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

S No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	The notional principal of swap agreements / forward cover / Overnight Indexed swap	1,64,859.25	1,05,709.00
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))	5,729.96	(491.97)

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

- i) 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.
- 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 March 31, 2023		As at March 31, 2022	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)	1,05,534.25	59,325.00	1,05,709.00	-
	- For hedging				
ii)	Marked to Market Positions	5,879.27	225.57	151.85	-
	(a) Asset [+] Estimated gain				
	(b) Liability [-] Estimated loss	(149.31)	(78.28)	(643.82)	
iii)	Credit exposure	1,05,534.25	59,325.00	1,05,709.00	-
iv)	Unhedged exposures	-	-	-	-

* Cross currency swap, Forward Contracts and Overnight Indexed Swap



50 Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities:

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
Liabilities											
Borrowings from banks and others	5,329.11 (10,484.68)	1,465.72 (1,324.67)	26,164.95 (10,102.32)	32,452.44 (29,784.97)	34,537.09 (19,311.56)	64,735.17 (76,658.29)	1,01,038.61 (66,074.14)	2,71,947.52 (2,09,294.46)	43,354.32 (40,198.92)	-	5,81,024.93 (4,63,234.01)
Market Borrowings	-	416.67 (3,416.67)	3,662.81 (750.00)	3,465.69 (7,250.00)	11,621.70 (21,978.57)	18,340.18 (19,416.67)	12,991.43 (16,759.76)	56,861.43 (50,115.42)	15,071.65 (12,025.71)	-	1,22,431.56 (1,35,403.01)
Assets											
Advances	36,221.02 (21,427.76)	4,983.66 (164.94)	21,106.44 (32,527.00)	64,235.64 (39,535.46)	62,117.34 (36,395.25)	1,25,817.44 (97,399.68)	1,80,054.53 (1,38,469.00)	1,86,285.09 (1,59,214.26)	7,913.40 (4,009.66)	305.44 (145.72)	6,89,030.00 (5,29,288.73)
Investments	3,265.98 (431.10)	321.43	3,202.49 (4,172.08)	3,291.44 (13,900.59)	5,937.47 (9,258.55)	16,530.93 (15,095.92)	26,488.32 (25,957.57)	80,350.41 (49,083.77)	27,252.76 (15,734.69)	3,024.06 (26,256.10)	1,69,665.29 (1,59,890.37)

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	-	-	-	-	-	-	-	-
Outsiders	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Type of fraud:								
Cash Mishandling	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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Northern Arc Capital Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts are in Indian Rupees in lakhs 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)	25	6,09,690.06	83.78%

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)	2,33,258.92	32.05%

Name of Instrument/project	Amount (in Lakhs)	% of Total Liabilities
(iv) Funding Concentration based on significant instrument/product		
Term Loan from Banks	4,51,009.06	61.97%
Term Loan from Others	18,493.68	2.54%
ECBs	1,11,522.19	15.32%
Commercial Paper	4,445.96	0.61%
Debentures	1,17,985.59	16.21%

Name of Instrument/project	Percentage
(v) Stock Ratios	
Commercial papers as a % of total public funds	0.62%
Commercial papers as a % of total liabilities	0.61%
Commercial papers as a % of total asset	0.48%
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	2.80%
Other short term liabilities as a % of total liabilities	2.74%
Other short term liabilities as a % of total asset	2.17%

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53 Exposure to Real estate sector

Particulars	As at March 31, 2023	As at March 31, 2022
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)	10,047.49	96.00
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)	1,670.11	-
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	11,717.60	96.00

54 Exposure to capital market

Particulars	As at March 31, 2023	As at March 31, 2022
(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	-	-
(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 ;	2,332.64	2,641.88
(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	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	22,304.13	-
(iii) Category III	109.07	-
Total	24,745.84	2,641.88

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55 Details of non- performing financial assets purchases / sold

Details of loans transferred/ acquired during the year ended March 31, 2023 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	833.41	38,537.99	12,070.44	-
Weighted average maturity (in years)	3.00	1.97	1.99	-
Weighted average holding period (in years)	1.36	0.71	0.62	-
Retention of beneficial economic interest by originator	-	5,540.18	1,341.16	-
Tangible security coverage	-	-	-	-
Rating-wise distribution of related loans	-	-	-	-

56 Details of financing of Parent Company products

Not applicable as the company does not have a Parent Company.

57 Details of Single Borrower Limits (SBL)/ Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2023 and March 31, 2022.

58 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.

59 Registration/ licence/ authorisation obtained from other financial sector regulators :

Registration / Licence	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)

60 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the financial year 2022-23. (FY 2021-22 - Nil)

61 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	
		March 31, 2023	March 31, 2022
Bank facilities	ICRA	A1+	A+
Non-convertible debentures - long term	ICRA	AA-	A+
Non-convertible debentures - long term	IND	A+	A+
Subordinated debt	ICRA	AA-	A+
Bank facilities	IND	A+	A+
Market linked debentures	ICRA	PP-MLD AA-	PP-MLD A+
Market linked debentures	IND	PP-MLD A+	PP-MLD A+
Commercial paper	CARE	A1+	A1+
Commercial paper	ICRA	A1+	A1+

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62 Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)

	As at March 31, 2023	As at March 31, 2022
Loss allowance on financial assets (Impairment on financial instruments) (net off recoveries)	3,894.37	3,684.74
Provision made towards current income taxes	9,487.00	4,718.00

63 Draw down from reserves
The Company has not made any drawdown from existing reserves.

64 Concentration of advances

	As at March 31, 2023	As at March 31, 2022
Total advances to twenty largest borrowers	1,74,643.45	1,57,848.74
Percentage of advances to twenty largest borrowers to total advances	25.02%	29.71%

65 Concentration of exposures

	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers	2,31,289.13	2,66,384.13
Percentage of exposures to twenty largest borrowers to total exposure	25.76%	34.12%

66 Concentration of NPA Contracts*

	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	1,782.71	942.20

* represents stage 3 contracts (net of write offs).

67 Sector-wise NPAs (Percentage of NPA's to total advances in that sector)

Sector	As at March 31, 2023			As at March 31, 2022		
	Total exposure	Gross NPA	Percentage of Gross NPAs to total exposure in that sector	Total 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	4,49,143.80	1,778.83	0.40%	2,14,422.74	471.73	0.22%
Services:						
Auto loans	4,763.63	413.16	8.67%	1,106.12	827.68	74.83%
Affordable Housing Finance	12,399.56	40.00	0.32%	-	-	0.00%
Unsecured personal loans	2,39,153.87	4,478.56	1.87%	86,884.72	377.35	0.43%
Other loans	370.87	0.00	0.00%	41,185.81	1,198.51	2.91%

The above Sector-wise NPA and advances are based on the data available with the Company which has been relied upon by the auditors. NPA contracts represents the Stage 3 contracts (net of write offs).

68 Movement of Non-Performing Assets (NPA's)

	As at March 31, 2023	As at March 31, 2022
(a) Net NPAs to net advances (%) (Net of provision for NPAs)	0.41%	0.18%
(b) Movement of gross NPAs		
Opening balance	3,501.63	11,727.78
Additions during the year	3,286.43	-
Reductions during the year	-	(8,226.15)
Written off during the year	(85.58)	-
Closing balance	<u>6,702.48</u>	<u>3,501.63</u>
(c) Movement of net NPAs		
Opening balance	1,245.39	4,482.58
Additions during the year	2,250.78	-
Reductions during the year	-	(3,237.19)
Closing balance	<u>3,496.17</u>	<u>1,245.39</u>
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
Opening balance	2,256.24	7,245.20
Additions during the year	1,035.65	-
Reductions during the year	-	(4,988.96)
Written off during the year	(85.58)	-
Closing balance	<u>3,206.31</u>	<u>2,256.24</u>

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.

During the year ended March 31, 2023, as a result of business combination (refer note 79) the Company has acquired loan portfolio having a outstanding balance of Rs. 29,287.08 Lakhs (acquired at fair value of Rs. 23,218.25 Lakhs) out of which Rs. 5,163.39 Lakhs as at March 31, 2023 were valued at Nil balance. Thereby, such assets are not considered in the note mentioned above.



68A Movement of provisions held towards off-balance sheet exposure

	As at March 31, 2023	As at March 31, 2022
Opening balance	1,129.44	1,019.24
Add: Provisions made during the year	649.97	110.20
Less: Write off/ write back/ reversal of provision during the year	-	-
Closing balance	1,779.41	1,129.44

Note : The above disclosure also includes the loss allowance towards undrawn loans.

69 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas asset owned by the Company hence this disclosure is not applicable.

70 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.

71 Complaints

	As at March 31, 2023	As at March 31, 2022
--	-------------------------	-------------------------

For the year ended 31 March 2023

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	-	83	-65%	-	-
2. Loans and Advances- Dues and Charges	-	59	51%	-	-
3. Application related	-	3	100%	-	-
4. Closure & NOC related	-	3	200%	-	-
5. Staff Interaction / Collection related	-	2	-33%	-	-
6. Others	-	8	300%	-	-
Total	-	158.00	-44%	-	-

For the year ended 31 March 2022

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. Foreclosure related	0	235	6.82%	-	-
2. Staff Interaction / Collection related	0	39	-32.76%	-	-
3. Loans and Advances- Dues and Charges	0	0	-100.00%	-	-
4. Closure & NOC related	0	1	0.00%	-	-
5. Moratorium related	0	3	100.00%	-	-
6. Others	0	2	100.00%	-	-
Total	-	280.00	-0.71%	-	-

72 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
Loans and advances in the nature of loans to subsidiaries	169.43	1,389.88
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	-	-

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73 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.

74 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 March 31, 2023**

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	8,43,384.67	6,287.52	8,37,097.15	3,373.54	2,913.98
	Stage 2	5,273.24	506.84	4,766.40	21.09	485.75
Subtotal for Standard		8,48,657.91	6,794.36	8,41,863.55	3,394.63	3,399.73
Non Performing Assets (NPA)						
Substandard	Stage 3	6,099.08	2,743.86	3,355.22	607.39	2,136.47
Doubtful - upto 1 year	Stage 3	335.53	200.70	134.83	258.47	(57.77)
1 - 3 years	Stage 3	267.87	256.49	11.38	80.36	176.13
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,702.48	3,201.05	3,501.43	946.22	2,254.83
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	28,902.03	621.20	28,280.83	-	621.20
	Stage 2	1,220.00	1,158.22	61.78	-	1,158.22
	Stage 3	-	-	-	-	-
Subtotal		30,122.03	1,779.42	28,342.61	-	1,779.42
Total	Stage 1	8,72,286.70	6,908.72	8,65,377.98	3,373.54	3,535.18
	Stage 2	6,493.24	1,665.06	4,828.18	21.09	1,643.97
	Stage 3	6,702.48	3,201.05	3,501.43	946.22	2,254.83
		8,85,482.42	11,774.83	8,73,707.59	4,340.85	7,433.98

As at March 31, 2022

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	6,72,170.91	4,534.31	6,67,636.60	2,688.68	1,845.63
	Stage 2	8,667.95	481.08	8,186.87	34.67	446.41
Subtotal for Standard		6,80,838.86	5,015.39	6,75,823.47	2,723.35	2,292.04
Non Performing Assets (NPA)						
Substandard	Stage 3	3,252.56	2,007.17	1,245.39	325.26	1,681.91
Doubtful - upto 1 year	Stage 3	249.07	249.07	0.00	49.81	199.26
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		3,501.63	2,256.24	1,245.39	375.07	1,881.17
Total	Stage 1	6,72,170.91	4,534.31	6,67,636.60	2,688.68	1,845.63
	Stage 2	8,667.95	481.08	8,186.87	34.67	446.41
	Stage 3	3,501.63	2,256.24	1,245.39	375.07	1,881.17
		6,84,340.49	7,271.63	6,77,068.86	3,098.42	4,173.21

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 March 31, 2023 and accordingly, no amount is required to be transferred to impairment reserve.



75 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016):

S.No.	Particulars	As at March 31, 2023		As at March 31, 2022	
		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)	1,17,962.08	-	1,11,471.27	-
	- Unsecured (net of unamortised borrowing cost) (other than falling within the meaning of public deposits)	23.51	-	23.51	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans (net of unamortised borrowing cost)	5,35,048.48	-	4,16,591.50	-
	(d) Inter-Corporate Loans and Borrowings	-	-	-	-
	(e) Commercial Paper	4,445.96	-	22,864.90	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans (net of unamortised borrowing cost) (Represents Working Capital Demand Loans and Cash Credit from Banks)	45,976.45	-	47,344.59	-
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 March 31, 2023	As at March 31, 2022
Assets side:			
3	Break-up of Loans and Advances * including Bills Receivables [other than those included in (4) below]:		
	(a) Secured	4,26,095.92	3,71,776.30
	(b) Unsecured (Excludes loss allowance and includes unamortised fee)	2,71,836.24	1,56,260.82
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	-	-
	(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	-	-



75 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (continued)

Particulars	As at March 31,			
	2023	2022		
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	29,147.35	41,015.28		
iii. Units of Mutual Funds	-	-		
iv. Government Securities	7,258.59	-		
v. Others				
a) commercial paper	-	-		
II. Unquoted:				
i. Shares				
a) Equity	-	-		
b) Preference	-	-		
ii. Debentures and Bonds	10,428.34	-		
iii. Units of Mutual Funds	-	-		
iv. Government Securities	-	-		
v. Others				
a) pass through certificates	7,532.69	5,009.64		
b) units of alternative investment fund	-	15,796.24		
c) commercial paper	1,958.13	993.69		
Long Term Investments:				
I. Quoted:				
i. Shares				
a) Equity	-	-		
b) Preference	-	-		
ii. Debentures and Bonds	82,101.32	70,692.21		
iii. Units of Mutual Funds	-	-		
iv. Government Securities	-	-		
v. Others (please specify)	-	-		
II. Unquoted:				
i. Shares				
a) Equity	3,237.60	2,743.20		
b) Preference	-	-		
ii. Debentures and Bonds	-	-		
iii. Units of Mutual Funds	-	-		
iv. Government Securities	-	-		
v. Others				
a) pass through certificates	5,587.66	9,494.47		
b) units of alternative investment fund	22,413.20	18,187.73		
c) share warrants	1.62	1.62		
6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:				
Category	As at March 31, 2023		As at March 31, 2022	
	(Net of provision for NPA)		(Net of provision for NPA)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	169.43	-	1,389.88
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties				
	4,24,805.92	2,70,949.64	3,70,486.31	1,54,153.77
	4,24,805.92	2,71,119.07	3,70,486.31	1,55,543.65



75 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (continued)

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 March 31, 2023	Book Value as on March 31, 2023 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2022	Book Value as on March 31, 2022 (Net of provisions)
1. Related Parties				
(a) Subsidiaries	13,745.14	13,745.14	13,595.48	13,595.48
(b) Companies in the same Group	394.40	394.40	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,55,526.96	1,55,526.96	1,50,338.60	1,50,338.60
	1,69,666.50	1,69,666.50	1,63,934.08	1,63,934.08

8 Other Disclosures - Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

8.1 Other Information (Also refer note 80)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets	-	6,702.48	-	3,501.63
(ii) Net Non-Performing Assets	-	3,496.17	-	1,245.39
(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.

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76 Pursuant to the RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 as a part of the resolution framework for COVID 19 related stress, eligible loans have been granted resolution in form of restructuring and the disclosure is as follows:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
	(A)	(B)	(C)	(D)	(E)
Personal Loans	3.50	0.47	-	2.88	0.15
Corporate persons	185.44	112.52	-	69.57	4.34
Of which, MSMEs	185.44	112.52	-	69.57	4.34
Others	-	-	-	-	-
Total	188.94	112.99	-	72.45	4.49

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

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77 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 2023, the average HQLA of (Rs. 35976.83 lakhs) comprised of Rs. 3,763.74 lakh in cash, Rs. 5,083.33 lakhs in G Sec Investments and Rs. 27,129.76 lakhs in fixed deposit.

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 March 31, 2023, the company has fully hedged interest and principal outflows on the foreign currency ECBs. Hence, derivative exposures are considered NIL.

Currency mismatch in LCR:

There is NIL mismatch to be reported in LCR as on 31 March 2023 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

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77 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.

Detailed LCR template is presented below according to the format given in RBI circular mentioned above under Appendix I.

Particulars	Quarter ended June 30, 2022		Quarter ended September 30, 2022		Quarter ended December 31, 2022		Quarter ended March 31, 2023	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets								
1 ** Total High Quality Liquid Assets (HQLA)	38,638.74	38,638.74	49,077.20	49,077.20	32,050.03	32,050.03	35,976.83	35,976.83
Cash Outflows								
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3 Unsecured wholesale funding	4,625.67	5,319.52	8,391.34	9,650.05	3,452.92	3,970.86	984.08	1,131.69
4 Secured wholesale funding	32,344.65	37,196.35	33,265.80	38,255.67	38,103.25	43,818.73	30,369.69	34,925.14
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 contractual funding obligations	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	7,659.87	8,808.85	4,465.07	5,134.82	2,712.88	3,119.81	2,241.96	2,578.25
8 Total Cash Outflows	44,630.19	51,324.72	46,122.20	53,040.54	44,269.05	50,909.40	33,595.72	38,635.08
Cash Inflows								
9 Secured lending	86,951.20	65,213.40	87,229.08	65,421.81	79,289.15	59,466.86	83,068.18	62,301.14
10 Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11 Other cash inflows	35,544.27	26,658.21	52,154.68	39,116.01	32,518.13	24,388.60	50,261.94	37,696.46
12 Total Cash Inflows	1,22,495.47	91,871.61	1,39,383.76	1,04,537.82	1,11,807.28	83,855.46	1,33,330.13	99,997.60
13 Total HQLA	NA	38,638.74	NA	49,077.20	NA	32,050.03	NA	35,976.83
14 Total Net Cash Outflows	NA	12,831.18	NA	13,260.13	NA	12,727.35	NA	9,658.77
15 Liquidity Coverage Ratio (%)	NA	301.13%	NA	370.11%	NA	251.82%	NA	372.48%
	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value

Notes:

- 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.
- 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.
- Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
- The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.
- 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 330% as of March 31, 2023 as against the LCR of XXX% mandated by RBI.

78 Other RBI disclosures

- The Company does not have off-balance sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2023
- The Company has incurred commission of INR 84.48 Lakhs and sitting fee of INR 50.15 lakhs during the year ended March 31, 2023 (March 31, 2022: commission - INR 32.70 lakhs; sitting fee - INR 46 lakhs)
- Details of all material transactions with related parties are disclosed in Note 42.
- There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.
- There are no prior period items that have impact on the current year's profit and loss.
- Intra Group exposure:

Particulars	As at	
	March 31, 2023	March 31, 2022
Total amount of intra-group exposures	169.43	1,389.88
Total amount of top 20 intra-group exposures	169.43	1,389.88
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.02%	0.26%



79 Business Combination [Acquisitions during the year ended March 31, 2023]

A) Acquisition of S.M.I.L.E Microfinance Limited limited

- i) On April 12, 2022 (Acquisition Date), the Company had taken over identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a unlisted company based in India, for a consideration of ₹ 11,162.91 lakhs. It is a microfinance company serving the underprivileged in tier II Cities. The decision by the Company to acquire controlling interest in S.M.I.L.E was driven by the long-term business objectives of the Company and is in line with Company's intent to broaden its products and business portfolio with a view to reduce its dependence on existing revenue streams.
- ii) The Company has elected to measure the non-controlling interests at the proportionate share of the acquiree's net assets.

B) Assets and Liabilities assumed: The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Amount (In Lakhs)
Assets:	
<i>Financial assets</i>	
Cash and cash equivalents	433.76
Bank balances other than cash and cash equivalents	161.94
Loans	23,218.25
Loans given to staff	11.01
Other financial assets	107.01
<i>Non-financial assets</i>	
Property, plant and equipment	85.28
Right of use	8.37
Other intangible assets	30.11
Other non-financial assets	150.84
Total Assets (A)	24,206.57
Liabilities:	
<i>Financial liabilities:</i>	
Borrowings	14,722.22
Trade payables	28.80
Lease liabilities	9.12
Other financial liabilities	14.50
<i>Non-financial liabilities</i>	
Provisions (including employee benefits)	494.97
Other non financial liabilities	95.83
Total Liabilities (B)	15,365.44
Net assets taken over (C=A-B)	8,841.13
Purchase consideration (F)	11,162.91
Goodwill on acquisition (F-E)	2,321.78

Other Matters

- i) The fair value of the Loans amounts to INR 23,218.25 lakhs. The gross amount of loans is INR 29,287.93 Lakhs. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.
The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:
•An assumed discount rate of 23.88%
•There is no terminal value since the entire loan is estimated to end before three years.
- ii) The entire purchase consideration was paid through cash. There is no contingent consideration to be paid as per the definite agreements and transactions has to be recognised separately from acquisition of assets and assumption of liabilities.
- iii) The goodwill of INR 2,321.78lacs 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). None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, the business contribution on revenue and Profit/ (Loss) before tax from continuing operations of the Company is as follows:

Particulars	Amount (In Lakhs)
Revenue	9,910.98
Profit/ (Loss) before tax from continuing operations	5,182.73

- iv) Transaction costs of ₹ 22.57 Lakhs have been expensed and are included in other expenses.
- v) The deferred tax liability mainly comprises the tax effect of the fair value of tangible and intangible assets due to the acquisitions.
- vi) If the combination had taken place at the beginning of the year ended 31st March 2023, the contribution to Company's revenue from operations and profit before tax would have been as follows

Particulars	Amount (In Lakhs)
Revenue	9,910.98
Profit / (Loss) before tax from continuing Operation	5,182.73

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80 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	As at	Reason for variance
		March 31, 2023	March 31, 2022	
Debt-equity ratio	1.1	3.65	3.49	
Total debts to total assets	1.2	0.76	0.76	
Net worth	1.3	1,92,715.09	1,70,991.44	
Capital redemption reserve (Amount in lakhs)		2,660.00	2,660.00	
Gross Non-Performing Assets (GNPA) Ratio	1.4	0.76%	0.51%	The increase is in line with the increase in the retail portfolio of the company during the year
Net Non-Performing Assets (NNPA) Ratio	1.5	0.36%	0.18%	
Capital adequacy ratio (CRAR)	1.6	20.77%	22.79%	
Asset cover over listed non-convertible debentures	1.7	1.14	1.09	
Net profit margin (%)	1.8	17.05%	15.61%	

1.1 Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity

1.2 Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets

1.3 Net Worth is equal to Equity share capital + Other equity

1.4 GNPA Ratio is Gross Stage 3 (loans+investments) / Gross loans and investments

1.5 NNPA Ratio is (Gross Stage 3 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.

81 Other Statutory Information

A Proper books of account as required by law have been kept by the company. Back-up of the books of account and other books and papers maintained in electronic mode on servers physically located in India, except in case of books of accounts maintained in electronic mode with respect to certain application maintained by third parties. In respect of such application, the backups are taken on a periodic basis and maintained outside India. Subsequent to the year end, the Company is taking steps to ensure backups for such applications maintained by third party are taken on a daily basis in a server physically located in India

B Stage wise Overdue (DPD) based Loan disclosure

Particulars	As at March 31, 2023				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	9,85,324	6,78,814.11	2,507.41	443.32	6,81,764.84
Accounts with Overdues	1,86,826	7,615.40	2,750.93	5,867.60	16,233.93
Total	11,72,150	6,86,429.51	5,258.34	6,310.92	6,97,998.77

Particulars	As at March 31, 2022				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	1,60,842	3,80,550.82	749.48	9.38	3,81,309.68
Accounts with Overdues	56,911	54,967.42	78,956.93	5,295.62	1,39,219.97
Total	2,17,753	4,35,518.24	79,706.41	5,305.00	5,20,529.65

C (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) 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:

a. 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

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries



Northern Arc Capital Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023


(All amounts are in Indian Rupees in lakhs unless otherwise stated)

(vi) The Company 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 Company shall:

- a. 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
- b. 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)

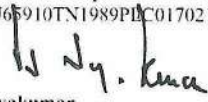
As per our report of even date attached
for **S R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration no.: 101049W/E300004



per **Bharath N S**
Partner
Membership No. 210934

Place : Chennai
Date : May 11, 2023



for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021


P S Jayakumar
Chairman
DIN: 01173236


Atul Tibrewal
Chief Financial Officer

Place : Chennai
Date : May 11, 2023


Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318


R. Srividhya
Company Secretary
Membership No: A22261

INDEPENDENT AUDITOR'S REPORT

To the Members of Northern Arc Capital Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of **Northern Arc Capital Limited** (the "Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.



Key audit matters	How our audit addressed the key audit matter
<p><u>Impairment loss allowance for financial instruments (loan and investments) based on expected credit loss model – refer notes 3.6, 3.7, 7, 8, 18, 27 and 36 to the standalone financial statements</u></p>	
<p>Financial instruments, which include Loans and Investments, represents a significant portion of the total assets of the Company. The Company has loans aggregating 6,89,030 lakhs and investments aggregating 1,69,665.29 lakhs as at March 31, 2023.</p> <p>As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments , the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro and macro-economic factors, in estimating the expected credit losses.</p> <p>Additionally, regulatory changes on asset classification due to changes pursuant to RBI Circular dated November 12, 2021 read with RBI Circular February 15, 2022, have been collectively considered by the management in the classification / staging of financial assets including additional provision as part of its Expected Credit Loss provision on loans.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Read and assessed the Company's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. ▶ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis. ▶ Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. ▶ Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. ▶ Performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Company policy. ▶ Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. ▶ Tested assumptions used by the management in determining the overlay for macro-economic and other factors. ▶ Assessed disclosures included in the standalone financial statements in respect of expected credit losses.



Key audit matters	How our audit addressed the key audit matter
<p>Fair valuation of financial assets held at fair value through other comprehensive income (“FVTOCI”) or fair value through profit and loss (“FVTPL”) (collectively “fair value”) – refer notes 3.8, 7, 8, 24 and 35 to the standalone financial statements</p>	
<p>The Company has classified loans aggregating to 1,82,829.41 Lakhs and investments aggregating to Rs. 1,10,274 lakhs as held at fair value through OCI (FVTOCI) and investments aggregating to Rs. 48,895.91 lakhs as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Company is also required to disclose fair value of its financial assets and liabilities held at amortized cost in accordance with Ind AS 107.</p> <p>The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data.</p> <p>Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> ▶ Evaluated and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments. ▶ Involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value for sample of investments. ▶ Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation ▶ Validated the source data and the arithmetical accuracy of the calculation of valuation of investments. ▶ Assessed the adequacy of disclosure in the standalone financial statements.
<p>Information Technology (IT) systems and controls</p>	
<p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction, hence we identified IT systems and controls as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:</p> <ul style="list-style-type: none"> ▶ The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”). ▶ Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. ▶ Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. ▶ Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system.



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none">▶ Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone and consolidated financial statements and our auditor's report thereon. The Other Information 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 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 when it becomes available and, in doing so, consider whether such 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 other information, 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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 for the financial year ended



March 31, 2023 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books, except that the back-up of the certain books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on a daily basis, as stated in note 81A to the financial statements;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above; and
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 12 to the standalone financial statements;



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 81 to the standalone financial statements, 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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 81 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("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 that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company; and
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023



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

Re: Northern Arc Capital Limited (the "Company")

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

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (a)(B) The Company has maintained proper records showing full particulars of intangibles assets.
 - (b) All Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in two years which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
 - (d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2023.
 - (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
 - (b) As disclosed in note 15 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the unaudited books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.
- (iii)(a) The company's principle business is to give loans and is a registered Non-Banking Financial Company ("NBFC"), accordingly, reporting under clause (iii)(a) is not applicable.
 - (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
 - (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans to retail customers as well as providing non-retail customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amounts, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered



Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except in respect of 1,86,826 loans with aggregate exposure of principal and interest of Rs 16,233.93 lakhs where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 81B to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- (d) In respect of loans and advances in the nature of loans, the total amount outstanding of loans classified as credit impaired ("Stage 3") is Rs 6,310.92 lakhs in respect of 84,656 loans as at March 31, 2023, as disclosed in note 81B to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- (e) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. However, there are delays in depositing of employee state insurance dues. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, except in case of employees' state insurance which were outstanding, at the year end for a period of more than six months from the date they became payable, as follows:



Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Rs. In Lakhs.

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees' State Insurance Corporation	ESI Payable	0.35 lakhs	January 2022 to October 2022	15 th of the following month	Not Paid	NA
Employees' State Insurance Corporation	ESI Payable	0.17 lakhs	Mar-23	15-Apr-23	17-Apr-23	

- (vii)(b) According to the records of the Company, the dues of goods and services tax, service tax and income-tax have not been deposited on account of any dispute, are as follows:

Rs. In Lakhs

Name of the statute	Nature of the dues	Disputed Amount	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Tax and interest	255.99	AY 2014-15	Income tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	172.54	AY 2017-18	Commissioner of Income tax (Appeals)

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) Monies raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds
- (ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix)(e) 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, associates or joint ventures:
- (ix)(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associates. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.



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- (x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b),(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (xvi)(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the current year. The Company has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.



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- (xix) On the basis of the financial ratios disclosed in Note 80 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 30.2 to the financial statements.
- (xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 30.2 to the financial statements..

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NORTHERN ARC CAPITAL LIMITED

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

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

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and



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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 Standalone Financial Statements

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 control 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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 23210934BGYJLZ8718

Place of Signature: Chennai

Date: May 11, 2023

