Northern Arc Securities Private Limited
Balance Sheet as at March 31, 2024

All amounts are in Rs lakhs unless otherwise stated

Particulars	Note No	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Deferred tax Assets (net)	1	2.59	-
Total Non - Current Assets		2.59	-
Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	2	147.61	100.00
(i) Other Current Assets	3	1.50	-
Total current assets		**149.11**	**100.00**
Total assets		**151.70**	**100.00**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	4	150.00	100.00
(b) Other equity	5	(8.60)	(8.83)
(c) Share application money pending allotment		-	-
Total Equity		**141.40**	**91.17**
Liabilities			
Non-current liabilities		-	-
Current liabilities			
(a) Provisions	6	1.27	-
(b) Other current liabilities	7	9.03	8.83
Total Current Liabilities		**10.30**	**8.83**
Total Equity and Liabilities		**151.70**	**100.00**

The accompanying notes 1 to 16 form an integral part of the financial statements.

For and on behalf of the Board of Directors

Ashish Mehrotra
Director
[DIN : 07277318]

Pardhasaradhi Rallabandi
Director
[DIN : 10054672]

Place : Chennai
Date: 13-05-2024

As per our report of even date attached
For Poonam Ankit & Associates
Chartered Accountants
FRN:0017409s

Poonam Jain M
Partner
M. No. 228039

UDIN: 24228039BKAIYD6254

Place : Chennai
Date: 13-05-2024

Northern Arc Securities Private Limited
Statement of Profit and Loss for the period ended March 31,2024

All amounts are in Rs lakhs unless otherwise stated

Particulars	Note No.	Period ended 31-Mar-24	Period ended 31-Mar-23
Revenue from Operations			-
Other Income			-
Total Income		-	-
Expenses			
Other expenses	8	2.36	8.83
Total expenses		**2.36**	**8.83**
Profit/(loss) before tax		**(2.36)**	**(8.83)**
Tax expense			
(1) Current tax		-	-
(2) Prior Period tax		-	-
(3) Deferred tax		2.59	-
Profit (Loss) for the period from continuing operations		0.23	(8.83)
Profit before tax from discontinued operations		-	-
Tax expense from discontinued operations		-	-
Profit after tax from discontinued operations		-	-
Profit/(loss) for the period		0.23	(8.83)
Other comprehensive income for the period			
Other comprehensive income			
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Re-measurement gains/ (losses) on defined benefit plans		-	-
- Income tax expense relating to above items		-	-
(a) deferred tax relating to the above			-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Profit/(loss) for the year attributable to:			
Owners of the Company		0.23	(8.83)
Non controlling interests			
		0.23	(8.83)
Earnings per equity share (for continuing operation):			
Basic & Diluted (in Rs.)		0.02	(0.88)

The above statement of profit and loss should be read in conjunction with the accompanying notes (1 to 16).

For and on behalf of the Board of Directors

Ashish Mehrotra
Director
[DIN : 07277318]

Pardhasaradhi Rallabandi
Director
[DIN : 10054672]

Place : Chennai
Date: 13-05-2024

As per our report of even date attached
For Poonam Ankit & Associates
Chartered Accountants
FRN:0017409s

POONAM ANKIT & ASSOCIATES
FRN:017409S
CHENNAI
CHARTERED ACCOUNTANTS

Poonam Jain M
Partner
M. No. 228039

UDIN: 24228039BKAIYD6254

Place : Chennai
Date: 13-05-2024

Northern Arc Securities Private Limited

Cash Flow Statement for period ended March 31,2024

All amounts are in Rs lakhs unless otherwise stated

	Particulars		For period ended March 31, 2024	For period ended March 31, 2023
A	**Cash flow from operating activities**			
	Profit before tax		(2.36)	(8.83)
	Adjustment to reconcile restated profit before tax to net cash flows:			
	Finance costs		-	-
	Operating profit/ (loss) before working capital changes		**(2.36)**	**(8.83)**
	Changes in working capital and other changes:			
	(Increase) / Decrease in other current assets		(1.50)	-
	(Increase) / Decrease in other non-current assets		-	-
	(Increase) / Decrease in other bank balances		-	-
	(Increase) / Decrease in Investments		-	-
	(Increase) / Decrease in other financial liabilities		-	-
	Increase / (Decrease) in provisions		-	-
	Increase / (Decrease) in other current liabilities		0.20	-
	(Decrease) / Increase in other non-financial liabilities		-	-
	(Decrease) / Increase in trade payables, other liabilities and provisions		1.27	8.83
	Cash used in operations before adjustments		**(2.39)**	**(0.00)**
	Income tax paid (net)		-	-
	Net cash flow from/ (used in) operating activities	**(A)**	**(2.39)**	**(0.00)**
B	**Cash flows from investing activities**			
	Interest income received		-	-
	Net cash from / (used in) investing activities	**(B)**	-	-
C	**Cash flow from financing activities**			
	Share capital		50.00	100.00
	Net cash flow from/(Used in) financing activities	**(C)**	**50.00**	**100.00**
	Net increase/decrease in cash and cash equivalents	**(A+B+C)**	**47.61**	**100.00**
	Cash and cash equivalents at the beginning of the year/period		100.00	100.00
	Additions on acquisition of specified assets and liabilities		-	-
	Cash and cash equivalents at the end of the year/period		147.61	100.00

	Particulars	Note	As at March 31, 2024	As at March 31, 2023
	Notes to Summary Statement of Cash Flows			
1	**Components of cash and cash equivalents:**	**2**		
	Cash on hand		-	-
	Balances with banks			
	- in current accounts		147.61	100.00
	- in deposit accounts free of lien		-	-
			147.61	**100.00**

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

Summary of significant accounting policies

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

For and on behalf of the Board of Directors

As per our report of even date attached
For Poonam Ankit & Associates
Chartered Accountants
FRN:0017409s

Ashish Mehrotra
Director
[DIN : 07277318]

Pardhasaradhi Rallabandi
Director
[DIN : 10054672]

Poonam Jain M
Partner
M. No. 228039

POONAM ANKIT & ASSOCIATES FRN:017409S CHENNAI CHARTERED ACCOUNTANTS

UDIN: 24228039BKAIYD6254

Place : Chennai
Date: 13-05-2024

Place : Chennai
Date: 13-05-2024

Northern Arc Securities Private Limited

Statement of changes in equity for the period ended March 31, 2024

All amounts are in Rs lakhs unless otherwise stated

A. Equity Share Capital

	Note No.	Amount	Amount
As at 1st April 2023	11	100.00	-
Changes in equity share capital		50.00	100.00
As at March 31,2024		150.00	100.00

B. Other Equity

	Note No.	Reserves & Surplus					
		Securities Premium reserve	General Reserve	Investment Subsidry	Capital Reserve	Retained Earnings	Total other equity
Balance at April 1, 2023		-	-	-	-	(8.83)	(8.83)
Profit/(Loss) for the year		-	-	-	-	0.23	0.23
Other comprehensive income		-	-	-	-	-	-
Balance at March 31, 2024		-	-	-	-	(8.60)	(8.60)

For and on behalf of the Board of Directors

Ashish Mehrotra
Director
[DIN : 07277318]

Pardhasaradhi Rallabandi
Director
[DIN : 10054672]

Place : Chennai
Date: 13-05-2024

As per our report of even date attached
For Poonam Ankit & Associates
Chartered Accountants
FRN:0017409s

POONAM ANKIT & ASSOCIATES
FRN:017409S
CHENNAI
CHARTERED ACCOUNTANTS

Poonam Jain M
Partner
M. No. 228039

UDIN: 24228039BKAIYD6254

Place : Chennai
Date: 13-05-2024

SIGN & DATE

1 **Deferred Tax Asset (Net)**

	As at 31 March 2024	As at 31 March 2023
Deferred Tax Assets on account of:		
on account of Disallowances	0.32	-
on account of Unabsorbed tax losses	2.27	-
	2.59	-

2 **Cash and Cash Equivalents**

	As at 31 March 2024	As at 31 March 2023
Balance in Bank	147.61	100.00
	147.61	100.00

3 **Other Current Assets**

	As at 31 March 2024	As at 31 March 2023
Advance to Suppliers	1.50	-
	1.50	-

4 **Equity Share Capital**

	As at 31 March 2024	As at 31 March 2023
Equity share capital		
(a) Authorised		
1,00,00,000 Equity Shares of Rs 10 each	1,000.00	1,000.00
(b) Issued, subscribed and paid-up Share Capital		
15,00,000 Equity Shares of Rs 10 each fully paid up	150.00	100.00
	150.00	100.00

4.2 **Movement of number of shares and Share Capital:**

(i) Movement of number of shares and Share Capital for the year ending 31st March 2024

Particulars	No of Shares	Rs.in Lakhs
Balance as at 1st April 2023	10.00	100.00
Add: Increase in number of shares during the year	-	
- Fresh issue of shares		
- Rights issue of shares	5.00	50.00
- Employee stock option scheme	-	-
- Bonus issue	-	-
Less: Reduction in number of shares during the year	-	-
- Redemption of shares	-	-
- Forfeiture of shares	-	-
Balance as at 31st March 2024	**15.00**	**150.00**

The company has made a rights issue for 5,00,000 equity shares to the existing shareholders at the face value of Rs.10/- each amounting to Rs.50,00,000 at the Board meeting held on February 12, 2024.

Number of shares held by each shareholder holding more than 5 percent of the issued share capital:

Particulars	As at 31st March 2024	
	% of Issued Share Capital	No. of shares
Northern Arc Capital Limited	100.00%	14,99,999

Northern Arc Securities Private Limited
Notes to the financial statements for the period ended March 31, 2024
All amounts are in Rs lakhs unless otherwise stated

Particulars	As at 31st March 2023	
	% of Issued Share Capital	No. of shares
Northern Arc Capital Limited	100.00%	9,99,999

5 Other equity

	As at 31 March 2024	As at 31 March 2023
Investment Subsidy	-	-
Capital Reserve	-	-
General Reserve	-	-
Share Premium A/c	-	-
Retained Earning## (Note 5.1)	(8.60)	(8.83)
	(8.60)	(8.83)

5.1 Retained earnings

	As at 31 March 2024	As at 31 March 2023
Balance at beginning of year	(8.83)	-
Profit attributable to owners of the Company	0.23	(8.83)
Balance at end of year	(8.60)	(8.83)

6 Provisions

	As at 31 March 2024	As at 31 March 2023
Provision for Services Received	1.27	-
	1.27	-

7 Other Current Liabilties

	As at 31 March 2024	As at 31 March 2023
Duties & Taxes	0.03	-
Due to Related Parties	9.00	8.83
	9.03	8.83

8 <u>Other Expenses</u>

	for period ended 31 March 2024	for period ended 31 March 2023
Rates & Taxes	0.09	8.83
Bank charges	0.01	0.00
Payment to Auditor - Others	0.30	-
Professional Fees	1.97	-
	2.36	**8.83**

POONAM ANKIT & ASSOCIATES
FRN: 017409S
CHENNAI
CHARTERED ACCOUNTANTS

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

		As at March 31, 2024	As at March 31, 2023
9	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	-	-
10	**Contingent liabilities**		
	Claims against the Company not acknowledged as debt	-	-

11 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, 2024	As at March 31, 2023
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	-	-
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.	-	-

12 Related party disclosures

Related party relationships and transactions:

Nature of Relationship	Name of Related Party
(i) Holding Company	Northern Arc Capital Limited
(ii) Subsidiaries	Northern Arc Investment Adviser Northern Arc Investment Managers Northern Arc Foundation
(ii) Director and relative of Key Management Personnel / Director	Ms. Bama Balakrishnan Mr.Pardhasaradhi Rallabandi Mr. Ashish Mehrotra

A. Transactions during the Year :

	As at March 31, 2024	As at March 31, 2023
Northern Arc Capital Limited	-	-
Reimbursement of Expenses	0.17	8.83
Issue of share capital	50.00	-
Northern Arc Investment Managers Private Limited	-	-
Northern Arc Investment Adviser Services Private Limited	-	-
Northern Arc Foundation	-	-
Total	50.17	8.83

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CHENNAI

Northern Arc Securities Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

B. Balances as at year end:

	As at March 31, 2024	As at March 31, 2023
Northern Arc Capital Limited		
Equity share capital	150.00	100.00
Other Current Liabilties - Due to Related Parties	9.00	8.83
Northern Arc Investment Managers Private Limited	-	-
Northern Arc Investment Adviser Services Private Limited	-	-
Northern Arc Foundation	-	-

13 Calculation of EPS	As at March 31, 2024	As at March 31, 2023
Profit/(Loss) attributable to shareholders	0.23	(8.83)
Weighted number of shares outstanding	10.51	10.00
Earnings per share (Basic & diluted)	0.02	(0.88)

14 Payment to Auditor	As at March 31, 2024	As at March 31, 2023
(a) Statutory Audit	0.30	-
(b) For Taxation matters	-	-
(c) For other services	1.15	-
(d) For reimbursement of expenses	-	-
Total	1.45	-

15 Analytical Ratios :

Financial Ratio	Formula	31.03.2024	31.03.2023	change in %	Reason for variation if more than 25%
Current Ratio	Current Assets/Current Liabilities	14.48	11.33	21.79	-
Debt-Equity Ratio	Debt/Shareholder's Fund	NA	NA	-	-
Debt Service Coverage Ratio	EBITDA/(Principal+Interest)	NA	NA	-	-
Return on equity	Net Income/Shareholder's Equity	0.16%	-9.68%	5,992.38	-
Inventory Turnover Ratio	Turnover/Average Inventory	NA	NA	-	-
Trade Receivable Turnover Ratio	Turnover / Average Receivable	NA	NA	-	-
Trade Payable Turnover Ratio	Turnover/Average Payable	NA	NA	-	-
Capital Turnover Ratio	Turnover / Shareholder's Equity	NA	NA	-	-
Net Profit Ratio	Net Profit/Turnover	NA	NA	-	-
Return on capital employed	EBIT/Capital employed	-1.67%	-9.68%	(480.5)	-
Return on Investment	PAT/Investment	0.16%	-9.68%	5,992.38	-

16 **Others**

1. There are no dues payable to Suppliers registered under to Micro, Small and Medium Enterprises Development Act, 2006.

2. There are no transaction with companies which has been struck from registar of companies

1 Reporting entity

Northern Arc Securities Private Limited was incorporated on February 23, 2023, with the aim to undertake the business of facilitating investments and act as advisors to provide financial/ investment adviser to both Indian and Foreign Investors. The company is a wholly owned subsidiary of Northern Arc Capital Limited. The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

2 Basis of preparation

2.1 Statement of compliance

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

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except

Items	Measurement basis
Investments in Mutual funds	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Current and non-current classification

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

2.5 Use of estimates and judgments

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

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

POONAM ANKIT & ASSOCIATES FRN:017409S CHENNAI CHARTERED ACCOUNTANTS

i Business model assessment

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

2.5 Use of estimates and judgements (continued)

ii) Fair value of financial instruments

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

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates

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
d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

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

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

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

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FRN:017409S
CHENNAI

v) Other assumptions and estimation uncertainties

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

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

3 Significant accounting policies

3.1 Revenue Recognition

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

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Fee income
Fees income such as fees related to professional services rendered and arrangement of funds is recognised on point in time or over the period basis, as applicable

Interest income
Interest income is recognised on a time proportionate basis.

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

3.2 Financial instrument - initial recognition

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

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

POONAM ANKIT & ASSOCIATES
FRN 274095
CHENNAI
CHARTERED ACCOUNTANTS

C. Measurement categories of financial assets and liabilities

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

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

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's

Sole Payments of Principal and Interest (SPPI test)

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

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

Accordingly, financial assets are measured as follows

i) Financial assets carried at amortised cost (AC)

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

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

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

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

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

B. Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

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

3.5 Derecognition of financial assets and liabilities

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

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

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

i) Financial Assets

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

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

ii) Financial Liability

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

3.6 Impairment of financial assets

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. 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.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or
- a breach of contract such as a default;
- the restructuring of a loan or advance by the
- it is probable that the borrower will enter
- the disappearance of an active market for a

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The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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

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

3.6 Impairment of financial assets (Continued)

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

3.7 Write-offs

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

3.8 Determination of fair value

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

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

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

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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.

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

3.11 Impairment of non-financial assets

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

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

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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3.13 Leases

Effective April 01, 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

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.

The following policies apply subsequent to the date of initial application, April 01, 2019.
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3.14 Income tax

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

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.

3.14 Income tax (Continued)

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefit ts in the form of availability of set off against future income tax liability.

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

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

3.15 Borrowing cost

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

3.16 Cash and cash equivalents

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

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3.17 Segment reporting- Identification of segments:

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

3.18 Earnings per share

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

3.19 Cash flow statement

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

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