

BSR & Co. LLP

Chartered Accountants

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Review report To the Board of Directors of Northern Arc Capital Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **Northern Arc Capital Limited** ('the Company') for the half year ended 30 September 2019 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors in its meeting held on 30 October 2019. This Statement has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. Our responsibility is to issue a report on these financial results based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

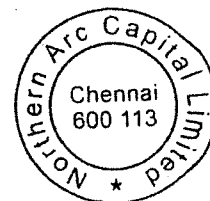


K Raghuram
Partner
Membership No: 211171
UDIN : 19211171AAAADX6557
Place: Chennai
Date: 30 October 2019

Northern Arc Capital Limited
 Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
 CIN: U65910TN1989PLC017021

Statement of Standalone Unaudited Assets and Liabilities as at September 30, 2019
 (All amounts are in lakhs, except share data and as stated)

Particulars	As at	As at
	September 30, 2019	March 31, 2019
	(Unaudited)	(Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	21,546.87	18,285.52
Bank balances other than cash and cash equivalents	8,448.83	5,233.88
Derivative financial instruments	14.69	0.00
Trade receivables	898.97	1,597.24
Loans	264,471.51	278,805.38
Investments	103,224.20	104,926.98
Other financial assets	879.08	988.79
	399,484.15	409,837.79
Non-financial assets		
Current tax assets (net)	2,038.06	1,365.39
Deferred tax assets (net)	534.86	599.67
Property, plant and equipment	53.48	67.59
Intangible fixed assets under development	214.44	342.75
Intangible assets	1,912.48	290.99
Other non- financial assets	281.06	413.20
	5,034.38	3,079.59
TOTAL ASSETS	404,518.53	412,917.38
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instruments	-	10.65
Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	1,244.74	876.53
Debt securities	81,715.33	113,323.12
Borrowings (Other than debt securities)	191,112.81	175,947.47
Subordinated liabilities	0.00	1,213.41
Other financial liabilities	4,610.05	5,252.61
	278,682.93	296,623.79
Non-financial liabilities		
Provisions	1,454.72	1,210.73
Other non-financial liabilities	89.39	362.97
	1,544.11	1,573.70
EQUITY		
Equity share capital	8,421.68	7,836.57
Other equity	115,869.81	106,883.32
	124,291.49	114,719.89
TOTAL LIABILITIES AND EQUITY	404,518.53	412,917.38
See accompanying notes to the financial results		



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Statement of Unaudited Standalone Financial Results for the half year ended September 30, 2019
 (All amounts are in lakhs, except share data and as stated)

Particulars	Half year ended September 30, 2019 (Unaudited)	Half year ended September 30, 2018 (Unaudited)	Year ended March 31, 2019 (Audited)
Revenue from operations			
Interest income	26,554.91	23,487.86	47,533.90
Fees and commission income	2,047.80	2,495.36	4,933.33
Net gain on fair value changes	1,954.99	536.94	3,669.94
Net gain on derecognition of financial instruments under amortised cost category	-	0.74	4.72
Total revenue from operations	30,557.70	26,520.90	56,141.89
Other income	1,063.42	31.92	1,614.42
Total income	31,621.12	26,552.82	57,756.31
Expenses			
Finance costs	15,461.75	14,580.24	30,183.93
Impairment on financial instruments/write-offs	-	(440.10)	1,444.69
Employee benefits expenses	3,514.02	3,042.88	6,758.72
Depreciation and amortisation expenses	286.89	87.68	289.80
Other expenses	5,150.31	2,139.74	4,498.86
Total expenses	24,412.97	19,410.44	43,176.00
Profit before tax	7,208.15	7,142.38	14,580.31
Tax expense			
Current tax	2,190.01	2,551.50	5,046.73
Deferred tax	549.19	(55.67)	598.03
Profit for the period	4,468.95	4,646.55	8,935.55
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit asset/ (liability)	(137.61)	(16.78)	14.07
Income tax relating to items that will not be reclassified to profit or loss	34.64	5.86	(4.92)
Net other comprehensive income not to be reclassified subsequently to profit or loss	(102.97)	(10.92)	9.15
Items that will be reclassified subsequently to profit or loss			
Fair valuation of investment in debt instruments	(0.53)	(2,177.02)	(1,797.59)
Income tax relating to items that will be reclassified to profit or loss	449.74	760.74	628.15
Net other comprehensive income to be reclassified subsequently to profit or loss	449.21	(1,416.28)	(1,169.44)
Other comprehensive income for the year, net of income tax	346.24	(1,427.20)	(1,160.29)
Total comprehensive income, net of income tax	4,815.19	3,219.35	7,775.26
Earnings per equity share			
Basic (in rupees)	5.46	5.93	11.40
Diluted (in rupees)	4.11	4.88	9.84
Face Value per share	10.00	10.00	10.00
	(Not annualised)	(Not annualised)	(Annualised)

See accompanying notes to the financial results

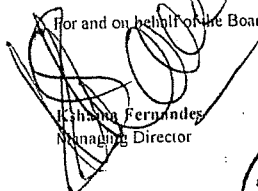


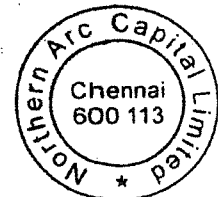
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Notes:

- 1 Northern Arc Capital Limited ("the Company") is a Non Deposit accepting Non-Banking Finance Company registered with the Reserve Bank of India ("the RBI").
- 2 The unaudited standalone financial results for the half year ended September 30, 2019 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on October 30, 2019. The above results have been subjected to limited review by the statutory auditors of the Company. The auditors have issued an unmodified review report.
- 3 The financial results has been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard ('Ind AS') 34 - "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015.
- 4 There are no separate reportable segments in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.
- 5 Reserves include Statutory Reserves as per Section 451C of Reserve Bank of India Act 1934, balance in Securities Premium, Capital Redemption Reserve, Employee Stock Option Plan Reserve and retained earnings.
- 6 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 for the half year ended September 30, 2019 and re-measured its deferred tax assets basis the rate prescribed in the said section. The impact of above mentioned change has been recognised in the statement of profit and loss for the half year ended September 30, 2019.
- 7 Effective April 1, 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 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. On transition, the adoption of the new standard resulted in recognition of Right-of Use asset of Rs. 1,536.34 lakhs and a lease liability of Rs. 1,559.24 lakhs.
- 8 The financial results have been drawn upon the basis of Ind AS that are applicable to the Company as at September 30, 2019. Any application guidance / clarifications / directions issued by the RBI or other regulators are implemented as and when they are issued / applicable.
- 9 Previous period's figures have been regrouped/reclassified wherever necessary, to confirm with the current period presentation.

Place: Chennai
Date: October 30, 2019

For and on behalf of the Board of Directors

Vishnu Fernandes
Managing Director



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Annexure

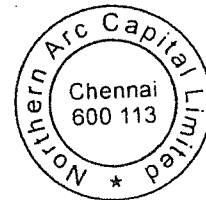
- a) **Credit Rating:**
 The ICRA Limited ("ICRA") have assigned following rating to the company:

Facility	ICRA
(i) Non-Convertible Debentures	ICRA+/Stable, IND A+/ Stable
(ii) Commercial Papers	ICRA1+/ CARE A1+
(iii) Cumulative non-convertible compulsorily redeemable preference shares	ICRA A/Stable
(iv) Long term bank facilities	ICRA+/ Stable
(v) Short term bank facilities	ICRA+/ Stable

- b) **Asset cover available for non-convertible debt securities:**
 Not applicable.
- c) **Debt-equity ratio*:**
 The debt-equity ratio of the company as per the audited financial results as at September 30, 2019 is 2.20
- d) **Previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/repayment of principal of non-convertible preference shares/ non-convertible debt securities and whether the same has been paid or not:**
 All previous dues with respect to debentures were paid on due date (Refer Appendix A).
- e) **Debt service coverage ratio:**
 Not applicable.
- f) **Interest service coverage ratio:**
 Not applicable.
- g) **Capital redemption reserve/ Debenture redemption reserve:**
 Debenture redemption reserve is not required in respect of privately placed debentures in terms of rule 18(7) (b) (ii) of the Companies (Share Capital and Debenture) Rules, 2014.
- j) **Net worth as at September 30, 2019**:**
 Rs. 124,291.49 lakhs
- k) **Net profit after tax as at September 30, 2019:**
 Rs. 4,468.95 lakhs
- l) **Earnings Per share as at September 30, 2019 (not annualised):**
- | | |
|--------------------------|------|
| (i) Basic (in rupees) | 5.46 |
| (ii) Diluted (in rupees) | 4.11 |

* Debt equity ratio is calculated as (Long-term borrowing + Short-term borrowings) / (Net worth** - deferred tax)

** Net Worth is equal to Paid up Equity Share Capital + Reserve.



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Appendix A:
 Statement of Interest and Principal on Non-Convertible Debentures falling due and paid during the half year ended September 30, 2019:

Sl No.	Non-Convertible Debentures Series	Interest redemption date	Principal (in lakhs)	Interest (in lakhs)
1	INE850M07111	29-Apr-19	NA	81.53
		29-May-19	NA	78.90
		28-Jun-19	NA	78.90
		29-Jul-19	NA	81.53
		28-Aug-19	NA	78.90
		27-Sep-19	NA	78.90
2	INE850M07160	11-Jun-19	NA	471.21
3	INE850M07178	20-Jun-19	NA	478.44
4	INE850M07095	24-Jun-19	7,500.00	817.50
5	INE850M07145	3-Apr-19	3,500.00	76.75
6	INE850M07137	2-May-19	7,500.00	69.69
7	INE850M07152	11-Apr-19	NA	41.62
		11-May-19	NA	40.27
		11-Jun-19	NA	41.62
		11-Jul-19	NA	40.27
		11-Aug-19	NA	41.62
		11-Sep-19	NA	41.62
		27-Sep-19	5,000.00	21.48
8	INE850M07129	27-Jun-19	NA	249.03
		27-Sep-19	NA	249.03
9	INE850M07186	17-Sep-19	NA	284.04
10	INE850M07194	27-Sep-19	NA	120.53
11	INE850M08051, INE850M08069, INE850M08077	16-Apr-19	NA	243.12
		16-May-19	NA	235.27
		16-Jun-19	NA	242.05
		16-Jul-19	NA	233.22
		16-Aug-19	NA	240.99
		16-Sep-19	NA	239.93

