B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floor,
No.1, Harrington Road, Chetpet,
Chennai - 600 031, India.

Telephone : +91 44 4608 3100
Fax : +91 44 4608 3199

Independent Auditors' Report

To the Members of Northern Arc Investment Managers Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Arc Investment Managers Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's board report, but does not include the financial statements and our auditors' report thereon. The board report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

When we read the board report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other matter

The financial information on the date of transition pursuant to adoption of Ind AS by the Company, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2014 (as amended) audited by the predecessor auditor whose report for the year ended March 31, 2017 dated May 8, 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.

   (A) 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.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The Company has been exempted from the requirement of its auditor's reporting on whether the Company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls (clause (i) of Section 143(3)); and

   g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations as at March 31, 2019 which would impact its financial position as at March 31, 2019.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2019.

(B) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company being a private company, the provisions of section 197 to the Act is not applicable.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772
Place : Chennai
Date : May 21, 2019

Annexure A to the Independent Auditors' Report
To the members of Northern Arc Investment Managers Private Limited
(referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a service company primarily engaged in portfolio management services, accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loan, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any loan, investments, guarantees and security which requires compliance under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of Section 73 to 76 of the Act, any other provisions of the Act and relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

Northern Arc Investment Managers Private Limited
Balance Sheet as at March 31, 2019
(All amounts are in Indian Rupees in lakhs)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Non-current assets				
Property, plant and equipment	5	0.28	4.82	1.42
Financial assets				
Investments	6	3,558.49	3,381.40	2,976.16
Other financial assets	7	-	1.50	1.50
Current tax assets (net)	8	118.34	64.42	13.83
Total non-current assets		**3,677.11**	**3,452.14**	**2,992.91**
Current assets				
Financial assets				
Investments	6	486.10	187.67	125.23
Trade receivables	9	2.32	-	216.11
Cash and cash equivalents	10	72.95	23.09	7.23
Other financial assets	7	8.42	60.79	39.24
Other current assets	11	229.87	118.48	1.72
Total current assets		**799.66**	**390.03**	**389.53**
Total assets		**4,476.77**	**3,842.17**	**3,382.44**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	361.00	361.00	361.00
Other equity	13	1,651.76	1,076.19	473.15
Total equity		**2,012.76**	**1,437.19**	**834.15**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	14	1,140.00	1,891.62	2,218.86
Provisions	15	9.42	17.51	4.54
Deferred tax liabilities (net)	25	77.82	73.51	74.97
Total non-current liabilities		**1,227.24**	**1,982.64**	**2,298.37**
Current liabilities				
Financial liabilities				
Borrowings	14	0.01	102.04	86.91
Trade payables				
total outstanding dues of micro enterprises and small enterprises		-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	16	165.98	167.65	114.77
Other financial liabilities	17	1,035.42	105.44	40.11
Other current liabilities	18	25.72	38.76	-
Provisions	15	2.21	1.02	0.70
Current tax liabilities (net)		7.43	7.43	7.43
Total current liabilities		**1,236.77**	**422.34**	**249.92**
Total equity and liabilities		**4,476.77**	**3,842.17**	**3,382.44**

Significant accounting policies 2 and 3

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772

Place : Chennai
Date : 21 May 2019

For Northern Arc Investment Managers Pvt. Ltd.

CEO

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

Kshama Fernandes
Director
DIN:02539429

Chaitanya Pande
Director
DIN:06934810

Kalyanasundaram C
Chief Financial Officer
Place : Mumbai
Date : 21 May 2019

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

Nrithya Murali Ganam
Company Secretary
Membership No. 38778

Northern Arc Investment Managers Private Limited
Statement of Profit and Loss for the Year ended March 31, 2019
(All amounts are in Indian Rupees in lakhs)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE			
Revenue from operations	19	1,931.95	1,522.01
Other income	20	-	15.26
Total income		**1,931.95**	**1,537.27**
EXPENSES			
Employee benefit expenses	21	448.46	278.34
Finance costs	22	202.87	211.83
Depreciation	23	4.73	5.16
Other expenses	24	503.59	184.07
Total expenses		**1,159.65**	**679.40**
Profit before tax		**772.30**	**857.87**
Tax expense			
Current tax	25	271.96	250.58
Deferred tax charge	25	0.08	0.20
		272.04	**250.78**
Profit for the year		**500.26**	**607.09**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit asset/ (liability)		14.54	(5.71)
Income tax relating to items that will not be reclassified to profit or loss		(4.23)	1.66
Net other comprehensive income not to be reclassified subsequently to profit or loss		**10.31**	**(4.05)**
Other comprehensive income for the year		**10.31**	**(4.05)**
Total comprehensive income		**510.57**	**603.04**
Earnings per equity share (Face Value - INR 100/ Share)	34		
Basic (in rupees)		138.58	168.17
Diluted (in rupees)		138.58	168.17

Significant accounting policies 2 and 3

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772

Place : Chennai
Date : 21 May 2019

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

Kshama Fernandes
Director
DIN:02539429

Chaitanya Pande
Director
DIN:06934810

For Northern Arc Investment Managers Pvt. Ltd.

CEO

Kalyanasundaram C
Chief Financial Officer
Place : Mumbai
Date : 21 May 2019

Nrithya Murali Ganam
Company Secretary
Membership No. 38778

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113

Northern Arc Investment Managers Private Limited
Statement of changes in equity for the year ended March 31, 2019
(All amounts are in Indian Rupees in lakhs)

A. Equity Share Capital

Equity Share capital of INR 100 each Issued, subscribed and fully paid	
Balance as at April 1, 2017	**361.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**361.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**361.00**

B. Other Equity

	Reserves and surplus		Other Comprehensive Income (OCI)	Total other equity attributable to equity holders of the Company
	Employee stock option reserve	Retained earnings	Remeasurements of defined benefit liability/ assets	
Balance as at April 1, 2017	-	**473.15**	-	**473.15**
Change in equity for the year ended March 31, 2018				-
Profit for the year	-	607.09	-	607.09
Employee compensation expense during the year	-	-	-	-
Remeasurement of net defined benefit liability	-	-	(4.05)	(4.05)
Reclassification of remeasurement of net defined benefit liability	-	(4.05)	4.05	-
Balance as at March 31, 2018	-	**1,076.19**	-	**1,076.19**
Change in equity for the year ended March 31, 2019				
Profit for the year	-	500.26	-	500.26
Employee compensation expense during the year	65.00	-	-	65.00
Remeasurement of net defined benefit liability	-	-	10.31	10.31
Reclassification of remeasurement of net defined benefit liability	-	10.31	(10.31)	-
Balance as at March 31, 2019	**65.00**	**1,586.76**	-	**1,651.76**

Significant accounting policies (refer note 2 and 3)
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772
Place : Chennai
Date : 21 May 2019

For Northern Arc Investment Managers Pvt. Ltd.

CEO

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

Kshama Fernandes
Director
DIN:02539429

Chaitanya Pande
Director
DIN:06934810

Kalyanasundaram C
Chief Financial Officer
Place : Mumbai
Date : 21 May 2019

Nrithya Murali Ganam
Company Secretary
Membership No. 38778

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113

Northern Arc Investment Managers Private Limited
Cash Flow Statement for the year ended 31 March 2019
(All amounts are in Indian Rupees in lakhs)

	Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
A	**Cash flow from operating activities**			
	Profit after tax		500.26	607.09
	Adjustments for:			
	Depreciation		4.73	5.16
	Tax expense (including deferred tax)		272.04	250.78
	Provision for gratuity		7.08	3.32
	Provision for compensated absences		0.56	4.25
	Employee stock compensation plan		65.00	-
	Interest expense on term loan		145.11	154.07
	Premium on redeemable preference shares		57.76	57.76
	Operating profit before Working Capital Changes		**1,052.54**	**1,082.43**
	Changes in working capital:			
	(Increase)/ decrease in trade receivables		(2.32)	216.11
	Decrease/ (increase) in other financial assets		53.87	(21.55)
	(Increase) in other non-financial assets		(111.39)	(116.76)
	(Increase) in Investments		(475.52)	(467.68)
	(Decrease)/ increase in borrowings		(44.27)	72.89
	(Decrease)/ increase in trade payables		(1.67)	52.88
	Increase in Other financial liabilities		(52.16)	24.89
	(Decrease)/ increase in Other non-financial liabilities		(13.04)	38.76
	Cash generated from operations		**406.04**	**881.97**
	Income taxes paid (Net)		(325.88)	(301.16)
	Net Cash flow generated from operating activities	(A)	**80.16**	**580.81**
B	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		(0.19)	(8.56)
	Net cash (used in) investing activities	(B)	**(0.19)**	**(8.56)**
C	**Cash flow from financing activities**			
	Proceeds from long term borrowings		450.00	390.00
	Repayment of long term borrowings		(335.00)	(775.00)
	Interest paid		(145.11)	(171.39)
	Net cash (used in) financing activities	(C)	**(30.11)**	**(556.39)**
	Net increase in cash and cash equivalents	(A+B+C)	**49.86**	**15.86**
	Cash and cash equivalents at the beginning of the year		23.09	7.23
	Cash and cash equivalents at the end of the year		**72.95**	**23.09**

Notes to cash flow statement

		Note	As at March 31, 2019	As at March 31, 2018
1	**Components of cash and cash equivalents:**	10		
	Balances with banks			
	- in current accounts		72.95	23.09
			72.95	**23.09**

	As at March 31, 2018	Cash Flows	Non Cash Changes	As at March 31, 2019
Borrowings	1,891.62	115.00	(866.62)	1,140.00
Other financial liabilities	-	-	924.38	924.38

Significant accounting policies 2 and 3

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772

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

Kshama Fernandes
Director
DIN:02539429

Chaitanya Pande
Director
DIN:06934810

For Northern Arc Investment Managers Pvt. Ltd.
Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113
CEO

Kalyanasundaram C
Chief Financial Officer
Place : Mumbai
Date : 21 May 2019

Nrithya Murali Ganam
Company Secretary
Membership No. 38778

Place : Chennai
Date : 21 May 2019

1 Reporting entity

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

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.

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) Rules 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly these financial statements have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS prescribed under Section 133 of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 4.

These financial statements were authorised for issue by the Company's Board of Directors on May 21, 2019.

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Current and non current classification

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

2.5 Use of estimates and judgments

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

Information about judgments, 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:

Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113

i) Business model assessment

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

ii) Fair value of financial instruments

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

iii) Impairment of financial asset

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

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

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

iv) Provisions and other contingent liabilities

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

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

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

v) Other assumptions and estimation uncertainities

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

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

Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113

3 Significant accounting policies

3.1 Revenue Recognition

Fee income

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

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

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

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

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

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

Income from investment in alternative investment fund

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

Dividend income

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

Interest income

Interest income is recognised on a time proportionate basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

i) Amortised cost
ii) FVOCI
iii) FVTPL

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

Sole Payments of Principal and Interest (SPPI test)

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

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

Accordingly, financial assets are measured as follows

i) Financial assets carried at amortised cost (AC)

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

ii) Financial assets at fair value through other comprehensive

A financial asset is measured at FVTOCI 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 FVTOCI.

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. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2019 and 31 March 2018.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

3.5 Derecognition of financial assets and liabilities

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

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

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

i) Financial Assets

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

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

ii) Financial Liability

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

3.6 Impairment of financial assets

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 issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms
- it is probable that the borrower will enter bankruptcy or other
- the disappearance of an active market for a security because of

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 losses.

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.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

3.6 Impairment of financial assets (continued)

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.7 Write-offs

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

3.8 Determination of fair value

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

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

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

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

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

B S R & Co. LLP * Chartered Accountants *

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113 *

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. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (Refer note 4.1 and 5)

iii. 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.

iv. Depreciation

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

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

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

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

Northern Arc Investment Managers P... Chennai 600 113

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.

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

3.12 Employee benefits (continued)

iii. Short-term employee benefits

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

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

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

iv. 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.

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.

3.13 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

3.14 Income tax (continued)

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.

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

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

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

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

3.15 Borrowing cost

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

3.16 Cash and cash equivalents

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

3.17 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it 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.

B S R & Co. LLP * Chartered Accountants * Chennai

Northern Arc Investment Managers * Chennai 600 113

3.20 Standard Issued But Not Yet Effective

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019

Ind AS 116 - Leases

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, prospectively, using the modified prospective method with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in the statement of profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

4 Explanation of transition to Ind AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended March 31, 2019 including the comparative information for the year ended March 31, 2018 and the opening Ind AS balance sheet on the date of transition i.e. April 1, 2017.

In preparing its Ind AS balance sheet as at April 1, 2017 and in presenting the comparative information for the year ended March 31, 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions
In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

4.1 Optional exemptions availed

(i) Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
– fair value;
– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, *Intangible Assets*, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).
(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities, if any.

4.2 Mandatory exceptions

(i) Accounting Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:
- Fair valuation of financial instruments carried at FVTPL
- Impairment of financial assets based on the expected credit loss model
- Determination of discount value for financial instruments carried at amortised cost

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

4 Explanation of transition to Ind AS (Continued)

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) Impairment of financial assets

The Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 60 days past due.

3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of its financial assets.

4.3 Reconciliation of equity

	As at date of transition April 1, 2017			As at March 31, 2018		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets						
Non-current assets						
Property, plant and equipment	1.42	-	1.42	4.82	-	4.82
Financial assets						
Investments	2,697.49	278.67	2,976.16	3,087.50	293.90	3,381.40
Other financial assets	1.50	-	1.50	1.50	-	1.50
Income tax assets (net)	13.83	-	13.83	64.42	-	64.42
Deferred tax assets (net)	1.81	(1.81)	-	5.81	(5.81)	-
Total non-current assets	**2,716.05**	**276.86**	**2,992.91**	**3,164.05**	**288.09**	**3,452.14**
Current assets						
Financial assets						
Investments	125.23	-	125.23	187.67	-	187.67
Trade receivables	216.11	-	216.11	-	-	-
Cash and cash equivalents	7.23	-	7.23	23.09	-	23.09
Other financial assets	39.24	-	39.24	60.79	-	60.79
Other current assets	1.72	-	1.72	118.48	-	118.48
Total current assets	**389.53**	-	**389.53**	**390.03**	-	**390.03**
Total assets	**3,105.58**	**276.86**	**3,382.44**	**3,554.08**	**288.09**	**3,842.17**

Chennai
600 113
Northern Arc Investment Managers Pvt. Ltd.

(All amounts are in Indian Rupees in lakhs)

4 Explanation of transition to Ind AS (Continued)

	As at date of transition April 1, 2017			As at March 31, 2018		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES						
Equity						
Equity share capital	1,083.00	(722.00)	361.00	1,083.00	(722.00)	361.00
Other equity	271.26	201.89	473.15	861.61	214.58	1,076.19
Total equity	**1,354.26**	**(520.11)**	**834.15**	**1,944.61**	**(507.42)**	**1,437.19**
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	1,496.86	722.00	2,218.86	1,169.62	722.00	1,891.62
Provisions	4.54	-	4.54	17.51	-	17.51
Deferred tax liabilities (net)	-	74.97	74.97	-	73.51	73.51
Total non-current liabilities	**1,501.40**	**796.97**	**2,298.37**	**1,187.13**	**795.51**	**1,982.64**
Current liabilities						
Financial liabilities						
Borrowings	86.91	-	86.91	102.04	-	102.04
Trade payables	114.77	-	114.77	167.65	-	167.65
Other financial liabilities	40.11	-	40.11	105.44	-	105.44
Other current liabilities	-	-	-	38.76	-	38.76
Provisions	0.70	-	0.70	1.02	-	1.02
Current tax liabilities (net)	7.43	-	7.43	7.43	-	7.43
Total current liabilities	**249.92**	**-**	**249.92**	**422.34**	**-**	**422.34**
Total equity and liabilities	**3,105.58**	**276.86**	**3,382.44**	**3,554.08**	**288.09**	**3,842.17**

* previous year figures were regrouped, wherever necessary to conform to current year presentation.

	April 1, 2017	March 31, 2018
Total equity (shareholder's funds) as per previous GAAP	1,354.26	1,944.61
Fair valuation Gain on Alternate Investment Fund (AIF investment)	278.67	293.90
Recognition of redeemable preference shares as financial liability (refer note 4.5 (ii))	(722.00)	(722.00)
Tax effects on above adjustments	(76.78)	(79.32)
Total equity (shareholder's funds) as per Ind AS	**834.15**	**1,437.19**

B S R & Co. LLP * Chartered Accountants *

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

4 Explanation of transition to Ind AS (Continued)

4.4 Reconciliation of total comprehensive income for the year ended March 31, 2018

	Year ended March 31, 2018		
	Previous GAAP*	**Adjustment on transition to Ind AS**	**Ind AS**
REVENUE			
Revenue from operations	1,522.01	-	1,522.01
Other income	-	15.26	15.26
Total income	**1,522.01**	**15.26**	**1,537.27**
EXPENSES			
Employee benefits	284.05	(5.71)	278.34
Finance costs	154.07	57.76	211.83
Depreciation	5.16	-	5.16
Other expenses	184.07	-	184.07
Total expenses	**627.35**	**52.05**	**679.40**
Profit before income tax	**894.66**	**(36.79)**	**857.87**
Current tax	250.58	-	250.58
Deferred tax	(4.00)	4.20	0.20
Income tax expense	**246.58**	**4.20**	**250.78**
Profit for the year	**648.08**	**(40.99)**	**607.09**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss, net of tax	-	(4.05)	(4.05)
Total comprehensive income	**648.08**	**(45.04)**	**603.04**

* previous year figures were regrouped, wherever necessary to conform to current year presentation.

Particulars		**Year ended March 31, 2018**
Profit as per previous GAAP		**648.08**
Adjustments resulting in increase / (decrease) in profit after tax as reported under previous GAAP:		
Fair value adjustment on investments	(i)	15.26
Premium on redeemable preference shares	(ii)	(57.76)
Remeasurement of post-employment benefit obligations	(iii)	5.71
Tax effects on above adjustments	(iv)	(4.20)
Net Profit after tax for the year under Ind AS		**607.09**
Other comprehensive income		
Remeasurement loss on defined benefit plan, net of taxes		(4.05)
Total Comprehensive Income for the year under Ind AS		**603.04**

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

4 Explanation of transition to Ind AS (Continued)

(i) Fair valuation of investments

In accordance with Ind AS, investment in alternative investment funds have been fair valued. The Company has designated investment in alternative investment funds as fair valued through profit or loss, as permitted by Ind AS 109. Under the previous GAAP, such investments were carried at cost.

The impact arising from the change is summarized as follows:

	Year ended March 31, 2018
Statement of profit and loss	
Other income:- Financial assets at FVTPL - net change in fair value	15.26

	As at April 1, 2017	As at March 31, 2018
Balance sheet		
Investments- FVTPL	278.67	293.90
Adjustment to retained earnings	**278.67**	**293.90**

(ii) Premium on redeemable preference shares issued to holding company

Under IGAAP, the classification of financial statements was based on their legal form rather than economic substance. On transition to Ind AS, 8% redeemable preference shares issued to the holding Company has been reclassified from equity to financial liability as per the requirements of Ind AS 32. Accordingly, the related premium has been recognised as finance cost under Ind AS.

The impact arising from the change is summarized as follows:

	Year ended March 31, 2018
Statement of profit and loss	
Premium expenditure on redeemable preference shares issued	57.76
Adjustment before income tax	**57.76**

	As at April 1, 2017	As at March 31, 2018
Balance sheet		
Other financial liabilities- redeemable preference shares	86.86	144.62
Adjustment to retained earnings	**86.86**	**144.62**

(iii) Remeasurement of post-employment benefit obligations

Under the previous GAAP, actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability was forming part of the profit and loss for the year. However under Ind-AS 19, such actuarial gains and losses are recognised in other comprehensive income. However, there is no impact on the total comprehensive income and total equity as at April 1, 2017 and March 31, 2018.

The impact arising from the change is summarized as follows:

	Year ended March 31, 2018
Statement of profit and loss	
Employee benefits expenses	(5.71)

	As at March 31, 2018
Other comprehensive income	
Remeasurement of defined benefit liability/ (assets)	5.71
Adjustment before income tax	-

B S R & Co. LLP

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

4 Explanation of transition to Ind AS (Continued)

(iv) Deferred tax

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings, OCI or profit and loss respectively.

5 Property, plant and equipment

	Computer and accessories	Office equipments	Total
Cost or deemed cost			
Balance as at April 1, 2017 (Deemed cost)	**0.62**	**0.80**	**1.42**
Additions	8.56	-	**8.56**
Disposals	-	-	-
Balance as at March 31, 2018	**9.18**	**0.80**	**9.98**
Additions	0.19	-	**0.19**
Disposals	-	-	-
Balance as at March 31, 2019	**9.37**	**0.80**	**10.17**
Accumulated depreciation			
Depreciation for the year	4.44	0.72	5.16
On disposals	-	-	-
Balance as at March 31, 2018	**4.44**	**0.72**	**5.16**
Depreciation for the year	4.66	0.07	**4.73**
On disposals	-	-	-
Balance as at March 31, 2019	**9.10**	**0.79**	**9.89**
Net block			
As at April 1, 2017	**0.62**	**0.80**	**1.42**
As at March 31, 2018	**4.74**	**0.08**	**4.82**
As at March 31, 2019	**0.27**	**0.01**	**0.28**

B S R & Co. LLP Chennai

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

6 Investments

	Non-Current			Current portion of non-current investments		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Measured at fair value through profit and loss						
IFMR Fimpact Investment Fund 497.50 (March 31, 2018: 497.50; April 1 2017 : 497.50) units of INR 100,000 each	539.10	557.91	581.46	45.49	46.78	41.65
IFMR Fimpact Long Term Mulati Asset Class Fund 936.63 (March 31, 2018: 936.63; April 1 2017: 936.63) units of INR 100,000 each	1,029.63	1,046.67	1,069.96	67.21	68.38	62.73
IFMR Fimpact Medium Term Microfinance Fund 250.00 (March 31, 2018: 250.00; April 1 2017: 250.00) units of INR 100,000 each	-	261.13	266.64	276.47	19.85	17.02
IFMR Fimpact Long Term Credit Fund 500.00 (March 31, 2018: 500.00; April 1 2017: 500.00) units of INR 100,000 each	539.72	548.97	558.10	31.61	26.58	3.83
IFMR Fimpact Medium Term Opportunities Fund 500.00 (March 31, 2018: 500.00; April 1 2017: 500.00) units of INR 100,000 each	534.72	546.33	500.00	32.22	22.68	-
IFMR Fimpact Income Builder Fund 493.80 (March 31, 2018: 387.40; April 1 2017: Nil) units of INR 100,000 each	569.15	420.39	-	33.10	3.40	-
Northern Arc Money Market Alpha Fund 342,744.46 (March 31, 2018: Nil; April 1 2017: Nil) units of INR 100 each	346.17	-	-	-	-	-
Total	**3,558.49**	**3,381.40**	**2,976.16**	**486.10**	**187.67**	**125.23**
Aggregate amount of quoted investments	-	-	-	-	-	-
Aggregate amount of unquoted investments	3,558.49	3,381.40	2,976.16	486.10	187.67	125.23
Aggregate amount of impairment value of investments	-	-	-	-	-	-

B S R & Co. LLP * Chartered Accountants *

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
7	**Other financial assets**			
	Unsecured, considered good			
	Advances to employees	-	-	7.50
	Other receivables	6.92	60.79	31.74
	Security deposits	1.50	1.50	1.50
		8.42	**62.29**	**40.74**
	Non-Current	-	1.50	1.50
	Current	8.42	60.79	39.24
		8.42	**62.29**	**40.74**
8	**Current tax assets (net)**			
	Advance Income tax(net of provision for tax)	118.34	64.42	13.83
		118.34	**64.42**	**13.83**
9	**Trade receivables**			
	Unsecured, considered good			
	Trade receivables	2.32	-	216.11
	Less: allowance for bad and doubtful debts	-	-	-
		2.32	-	**216.11**
	Non-Current	-	-	-
	Current	2.32	-	216.11
	Of the above, trade receivables from related parties are as below:			
	Total trade receivables from related parties	2.32	-	216.11
	Less: allowance for bad and doubtful debts	-	-	-
	Net trade receivables	**2.32**	-	**216.11**
10	**Cash and cash equivalents**			
	Balance with banks			
	- in current accounts	72.95	23.09	7.23
		72.95	**23.09**	**7.23**
11	**Other Current Assets**			
	Prepaid expenses	229.87	118.48	0.25
	Balances with government authorities	-	-	1.47
		229.87	**118.48**	**1.72**

B S R & Co. LLP Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
12 Share capital			
Authorised			
500,000 (March 31, 2018: 500,000; April 1, 2017: 500,000) equity shares of INR 100/- each with voting rights	500.00	500.00	500.00
1,500,000 (March 31, 2018: 1,500,000; April 1, 2017: 1,500,000) Redeemable preference Shares of INR 100 each *	1,500.00	1,500.00	1,500.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and paid up			
361,000 (March 31, 2018: 361,000; April 1, 2017: 361,000) Equity shares of INR 100/- each with voting rights	361.00	361.00	361.00
	361.00	**361.00**	**361.00**

* 722,000 (March 31, 2018: 722,000 April 1, 2017: 722,000) 8% redeemable preference shares of INR 100 each have been classified as a financial liability. (Refer note 14)

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

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares						
At the commencement of the year	361,000	361.00	361,000	361.00	361,000	361.00
Add: Shares issued during the year	-	-	-	-	-	-
At the end of the year	**361,000**	**361.00**	**361,000**	**361.00**	**361,000**	**361.00**
Redeemable preference shares						
At the commencement of the year	722,000	722.00	722,000	722.00	722,000	722.00
Add: Shares issued during the year	-	-	-	-	-	-
At the end of the year	**722,000**	**722.00**	**722,000**	**722.00**	**722,000**	**722.00**

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

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

ii) Redeemable preference shares:
Preference shares are redeemable at premium of 8% p.a. at the end of 4 years from the date of allotment.
The preference shareholder is entitled to vote only on resolution placed before the Company which directly affects the rights attached to such preference shares as set out in Section 47 of the Companies Act, 2013.

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

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Equity shares:						
Northern Arc Capital Limited including its nominee share holders	361,000	100%	361,000	100%	361,000	100%
Redeemable preference shares						
Northern Arc Capital Limited	722,000	100%	722,000	100%	722,000	100%

B S R & Co. LLP Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

12 Share capital (continued)

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

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of shares	**% held**	**No. of shares**	**% held**	**No. of shares**	**% held**
Equity shares:						
Northern Arc Capital Limited including its nominee share holders	361,000	100%	361,000	100%	361,000	100%
Redeemable preference shares						
Northern Arc Capital Limited	722,000	100%	722,000	100%	722,000	100%

13 Other equity

	As at March 31, 2019	As at March 31, 2018
a) Retained earnings		
At the commencement of the year	1,076.19	473.15
Add: Profit for the year	500.26	607.09
Add: Transfer from other comprehensive income	10.31	(4.05)
At the end of the year	**1,586.76**	**1,076.19**
b) Employee stock options outstanding account		
At the commencement of the year	-	-
Add: Employee compensation expense during the year	65.00	-
At the end of the year	**65.00**	-

The Company has established various equity-settled share based payment plans for certain categories of employees of the Company. Refer note 30 for further details of these plans.

	As at March 31, 2019	As at March 31, 2018
c) Other comprehensive income		
At the commencement of the year	-	-
Remeasurements of defined benefit asset/ (liability) (refer note (iii) below)	10.31	(4.05)
Less: Transfer to Retained earnings	(10.31)	4.05
Closing balance	-	-
Total (a+b+c)	**1,651.76**	**1,076.19**

Nature and purpose of reserve

(i) Retained earnings
Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

(ii) Employee stock option outstanding
The Company has established various equity settled share based payment plans for certain categories of employees of the Company.

(iii) Other comprehensive income
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
14	**Borrowings**			
	Measured at amortised cost:			
	Non-current, Unsecured			
	Term Loans			
	- from others	1,140.00	1,025.00	1,410.00
	Redeemable preference shares	924.38	866.62	808.86
	Less: Current portion of redeemable preference shares included under 'other financial liabilities'	(924.38)	-	-
		1,140.00	**1,891.62**	**2,218.86**
	Current, Unsecured			
	- Structured Cash credit from Others	0.01	102.04	86.91
		0.01	**102.04**	**86.91**

14.1 Details regarding terms of borrowings (from related party)-Unsecured

Particulars	Terms of Redemption	Interest rate	Outstanding as at March 31, 2019
Term Loan-1	Tenor: 5 years	13.50%	300.00
Term Loan-2	Tenor: 4 years	12.50%	500.00
Term Loan-3	Tenor: 3 years	13.00%	340.00
Redeemable preference shares	Tenor: 4 years	8.00%	924.38

14.2 Term loans: Interest Rate is fixed and payable on quarterly basis. The principal is repayable only at the end of the tenure of the loan.

14.3 The Company has cumulative, redeemable, non-convertible preference shares. These preference shares have been classified as a liability. For rights, preferences and restrictions attached to preference shares, refer note 12.

14.4 During the year the Company has not defaulted in the repayment of dues including interest to its lenders.

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

Northern Arc Investment Managers Private Limited
Notes to the Financial Statements for the Year ended March 31, 2019
(All amounts are in Indian Rupees in lakhs)

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
15	**Provisions**			
	Non-Current			
	Provision for employee benefits:			
	- Gratuity	4.50	11.51	2.93
	- Compensated absences	4.92	6.00	1.61
		9.42	**17.51**	**4.54**
	Current			
	Provision for employee benefits:			
	- Gratuity	0.01	0.46	-
	- Compensated absences	2.20	0.56	0.70
		2.21	**1.02**	**0.70**
16	**Trade payables**			
	- Dues to micro enterprises and small enterprises (Refer note 35)	-	-	-
	- Dues to creditors other than micro enterprises and small enterprises	165.98	167.65	114.77
		165.98	**167.65**	**114.77**
17	**Other financial liabilities**			
	Redeemable preference shares	924.38	-	-
	Employee benefits payable	111.04	105.44	22.79
	Interest accrued but not due on borrowings			
	- Term loans from others	-	-	17.32
		1,035.42	**105.44**	**40.11**
	Non-Current	-	-	-
	Current	1,035.42	105.44	40.11
		1,035.42	**105.44**	**40.11**
18	**Other Current liabilities**			
	Statutory dues payable	25.72	38.76	-
		25.72	**38.76**	-

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

B S R & Co. LLP Chartered Accountants

(All amounts are in Indian Rupees in lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
19	**Revenue from operations**		
	Fee income (Refer Note 33)	1,437.42	1,061.07
	Income from investment in alternative investment fund	463.16	425.44
	Others	31.37	35.50
		1,931.95	**1,522.01**
20	**Other income**		
	Net gain on financial instruments at fair value through profit or loss		
	-Alternate investment funds	-	15.26
		-	**15.26**
	Fair value changes:		
	-Realised	-	-
	-Unrealised	-	15.26
		-	**15.26**
21	**Employee benefits expense**		
	Salaries, wages and bonus	355.05	265.07
	Contribution to provident and other funds (Refer note 29)	12.90	10.50
	Share based payments to employees	65.00	-
	Staff welfare expenses	15.51	2.77
		448.46	**278.34**
22	**Finance cost**		
	Interest expenses on		
	- Term loan	130.15	146.40
	- Cash credits	14.96	7.67
	Premium on redeemable Preference shares	57.76	57.76
		202.87	**211.83**
23	**Depreciation**		
	Depreciation of property, plant and equipment (refer note 5)	4.73	5.16
		4.73	**5.16**

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113

(All amounts are in Indian Rupees in lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
24	**Other expenses**		
	Legal and professional charges	166.77	56.42
	Distribution fee expense	188.57	21.27
	Traveling and conveyance	54.44	35.72
	Net Loss on fair value changes	19.32	-
	Director sitting fee	10.10	6.75
	Communication expenses	2.06	1.98
	Membership fees	6.00	9.50
	Rent	29.06	32.99
	Corporate social responsibility	10.05	4.06
	Repairs and maintenance	1.91	2.05
	Rates and taxes	0.96	0.52
	Publication charges	1.91	0.89
	Subscription charges	7.96	6.03
	Conference and meeting	0.45	2.12
	Auditors' remuneration (Refer note 24.1 below)	3.77	3.61
	Bank Charges	0.16	0.10
	Miscellaneous expenses	0.10	0.06
	Total	**503.59**	**184.07**
	Fair value changes:		
	-Realised	-	-
	-Unrealised	19.32	-
		19.32	-
24.1	**Payments to auditor (excluding service tax / goods and services tax)**		
	Statutory audit	3.00	3.00
	Tax audit	0.50	0.50
	Reimbursement of expenses	0.27	0.11
		3.77	**3.61**
24.2	**Corporate social responsibility ("CSR") expenditure**		
	(a) Amount required to be spent by the Company during the year	10.05	4.06
	(b) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	10.05	4.06

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

25 Income tax

A The components of income tax expense for the years ended 31 March 2019 and 2018 are:

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	271.96	250.58
Deferred tax charge	0.08	0.20
Tax expense (i)+(ii)	**272.04**	**250.78**

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 2019 and 2018 is, as follows:-

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	772.30	857.87
Applicable tax rate	29.12%	27.55%
Computed expected tax expense	**224.89**	**236.36**
Permanent differences	46.00	14.42
Change in tax rate	1.15	-
Tax expenses recognised in the statement of profit and loss	**272.04**	**250.78**
Effective tax rate	35.22%	29.23%

C Deferred tax

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

	As at 31 March 2018	Statement of profit and loss	Other comprehensive income	As at 31 March 2019
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property, plant and equipment	0.42	0.91	-	1.33
Provision for employee benefits	7.05	(2.01)	(4.23)	0.81
Impact of fair value of assets	(80.98)	1.02	-	(79.96)
Total	**(73.51)**	**(0.08)**	**(4.23)**	**(77.82)**

	As at 1 April 2017	Statement of profit and loss	Other comprehensive income	As at 31 March 2018
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Property, plant and equipment	0.08	0.34	-	0.42
Provision for employee benefits	1.73	3.66	1.66	7.05
Impact of fair value of assets	(76.78)	(4.20)	-	(80.98)
Total	**(74.97)**	**(0.20)**	**1.66**	**(73.51)**

B S R & Co. LLP Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

26 Financial instruments

A Fair value measurement

Valuation principles

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

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2019 were as follows:

		Carrying amount	Fair value			
Particulars	**Note**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments						
- Alternate Investment Funds	6	4,044.59	-	-	4,044.59	4,044.59

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2018 were as follows:

		Carrying amount	Fair value			
Particulars	**Note**	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments						
- Alternate Investment Funds	6	3,569.07	-	-	3,569.07	3,569.07

Financial assets measured at FVTPL

Reconciliation of level 3 fair value measurement is as follows

Fair value adjustment	(19.32)	15.26

Sensitivity analysis - Increase/ decrease of 100 basis points

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Investments				
- Alternate Investment Funds	32.38	32.38	27.33	27.33

The carrying value and fair value of other financial instruments by categories as of March 31, 2019 were as follows:

	Carrying value				
Particulars	**Amortised cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value:					
Trade receivables	2.32	-	-	-	-
Cash and cash equivalents	72.95	-	-	-	-
Other financial assets	8.42	-	-	-	-
Financial liabilities not measured at fair value:					
Borrowings	1,140.01	-	-	-	-
Trade payables	165.98	-	-	-	-
Other financial liabilities	1,035.42	-	-	-	-

The carrying value and fair value of other financial instruments by categories as of March 31, 2018 were as follows:

	Carrying value				
Particulars	**Amortised cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value:					
Cash and cash equivalents	23.09	-	-	-	-
Other financial assets	62.29	-	-	-	-
Financial liabilities not measured at fair value:					
Borrowings	1,993.66	-	-	-	-
Trade payables	167.65	-	-	-	-
Other financial liabilities	105.44	-	-	-	-

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

26 Financial instruments (continued)

The carrying value and fair value of other financial instruments by categories as of April 1, 2017 were as follows:

Particulars	Carrying value Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Trade receivables	216.11	-	-	-	-
Cash and cash equivalents	7.23	-	-	-	-
Other financial assets	9.92	-	-	-	-
Financial liabilities not measured at fair value:					
Borrowings	2,305.77	-	-	-	-
Trade payables	114.77	-	-	-	-
Other financial liabilities	40.11	-	-	-	-

B ***Measurement of fair values***

Valuation methodologies of financial instruments not measured at fair value

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

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

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

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

C Capital management

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

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

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total liabilities	2,464.01	2,404.98	2,548.29
Less: cash and cash equivalents	(72.95)	(23.09)	(7.23)
Adjusted net debt	**2,391.06**	**2,381.89**	**2,541.06**
Total equity	2,012.76	1,437.19	834.15
Adjusted net debt to equity ratio	**1.19**	**1.66**	**3.05**

27 Financial risk management objectives and policies

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

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

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

(i) Credit risk

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

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

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

27 Financial risk management objectives and policies(Continued)

A. Receivables

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

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

Particulars	Carrying Amount		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Management fee receivable	2.32	-	216.11
Less : Impairment loss allowance	-	-	-
	2.32	-	216.11

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

Staging:

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

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

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

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

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

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

-Trade receivables- Management fee receivable

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

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

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

For computation of probability of default ("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 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.

Chennai
600 113

(All amounts are in Indian Rupees in lakhs)

27 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 (15%), downside (15%) and base (70%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

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

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

The formula for the computation is as below:
% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)
% LGD = 1 – recovery rate

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

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

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

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

	Provisions	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
Stage 1	12 month provision	-	-	-
Stage 2	Life time provision	-	-	-
Stage 3	Life time provision	-	-	-
Amount of expected credit loss provided for		-	-	-

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

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
ECL allowance - opening balance	-	-
Addition during the year	-	-
Reversal during the year	-	-
Write offs during the year	-	-
Closing provision of ECL	-	-

B S R & Co. LLP * Chartered Accountants *

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

27 Financial risk management objectives and policies(Continued)

B. *Investments*

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

C. *Cash and cash equivalents*

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

(ii) Liquidity risk

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

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

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

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

Particulars	Upto 1 year	Over 1 year to 3 year	Over 3 year to 5 year	Over 5 year
As at 31 March 2019				
Borrowings	924.39	1,140.00	-	-
As at 31 March 2018				
Borrowings	102.04	-	1,891.62	-
As at 1 April 2017				
Borrowings	86.91	-	2,218.86	-

(iii) Market risk

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

Interest rate risk

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

Foreign currency risk
The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

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

The Company doesn't have any contingent liabilities and capital commitments.

29 Employee Benefits

29.1 Defined Contribution Plan

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised INR 12.90 lakhs (Previous Year: 10.50 lakhs) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

29.2 Defined Benefit Plans

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

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

	March 31, 2019	March 31, 2018
A. Change in present value of		
Present value of obligations at the beginning of the year	11.97	2.93
Current service cost	6.18	1.18
Interest cost	0.91	0.20
Past service cost	-	1.95
Benefits settled	-	-
Actuarial (gain)/ loss	(14.55)	5.71
Present value of obligations at the end of the year	**4.51**	**11.97**
B. Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/ (loss)	-	-
Employer contributions	-	-
Benefits settled	-	-
Fair value of plan assets at the end of the year	-	-
C. Actual Return on plan assets		
Expected return on plan assets	-	-
Actuarial gain/ (loss) on plan assets	-	-
Actual return on plan assets	-	-
D. Reconciliation of present value of the obligation and the fair value of the plan assets		
Change in projected benefit obligation		
Present value of obligations at the end of the year	4.51	11.97
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**4.51**	**11.97**

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

Current	0.01	0.46
Non-current	4.50	11.51
	4.51	**11.97**

Chennai 600 113 Northern Arc Investment Managers Pvt. Ltd.

(All amounts are in Indian Rupees in lakhs)

29 Employee benefits (continued)

	Year ended March 31, 2019	Year ended March 31, 2018
E. Expense recognised in statement of profit and loss and other comprehensive income		
Current service cost	6.18	1.18
Interest on obligation	0.91	0.20
Past service cost	-	1.95
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	(14.55)	5.71
Total included in 'employee benefits'	(7.46)	9.04

	March 31, 2019	March 31, 2018
F. Assumptions at balance sheet date		
Discount rate	6.82%	7.60%
Salary escalation	12.00%	12.00%
Mortality rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	30.00%	10.00%

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 31 March 2019		Year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	4.27	4.78	10.67	13.52
Future salary growth (1% movement)	4.78	4.26	13.49	10.66

H. Five year Information*

	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Present Value of obligations	4.51	11.97	2.93	1.84
Fair value of plan assets	-	-	-	-
(Surplus)/ deficit in the plan	-	-	-	-
Experience adjustments arising on plan liabilities - (gain)/ loss	(14.55)	5.71	0.20	(1.84)
Experience adjustments arising on plan assets - (gain)/ loss	-	-	-	-

* Details of experience adjustments are given to the extent available.

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

30 Employee stock option plan (ESOP)

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

Northern Arc Capital Employee Stock Option Plan 2016 – ("Scheme 2") formerly IFMR Capital Employee Stock Option Plan 2016 – ("Plan" or "ESOP") ("Scheme 2")
The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees.
The options were issued in four batches. The first and second batch will be exercised at INR 110, third and fourth batch will be exercised at INR 121. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Plan 2018 – ("Plan" or "ESOP") ("Scheme 3")
The Northern Arc Capital Employee Stock Option Plan 2018 is applicable to all employees.
The options were issued in two batches. The first and second batch will be exercised at INR 181. The options are vested over a period of 3 years in 30:30:40 proportion

Options outstanding under Scheme 2 and Scheme 3

	As at March 31, 2019		As at March 31, 2018	
Plan	Scheme 2	Scheme 3	Scheme 2	Scheme 3
Grant date	Various	Various	Various	Various
Number of options	155,000	44,910	195,000	NA
Exercise price in INR	110 to 121	181	110 to 121	NA
Vesting period	1 to 5 years	1 to 3 years	1 to 5 years	NA
Option Price	38.25-39.28	73.55	38.25-39.28	NA
Vesting condition	Time and performance based vesting			

Reconciliation of outstanding options
The details of options granted under the above schemes are as follows.

Particulars	**Number of options**	
	As at March 31, 2019	**As at March 31, 2018**
Outstanding at beginning of year	195,000	-
Forfeited during the year	48,307	-
Exercised during the year	8,000	-
Granted during the year	61,217	195,000
Outstanding as at end of year	**199,910**	**195,000**
Vested and exercisable as at end of year	73,842	39,000

B S R & Co. LLP * Chartered Accountants *

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

31 Segment reporting

Operating segments

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

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

32 Operating leases

The Company has cancellable operating lease agreements for office space, the term of which is for a period of one year. For the year ended March 31, 2019, an amount of INR 29.06 lakhs (March 31, 2018: INR 32.99 lakhs was recorded as expenses towards lease rentals in the statement of profit and loss.

33 Related party disclosures

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

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

Significant influence in the Holding Company:
Dvara Trust

Ultimate Holding Company :
IFMR Holdings Private Limited (upto february 26, 2019)

Holding Company :
Northern Arc Capital Limited

Fellow Subsidiaries :
Northern Arc Investment Adviser Services Private Limited

Managed funds:
IFMR FImpact Investment Fund
IFMR FImpact Long Term Multi Asset Class Fund
IFMR FImpact Medium Term Microfinance Fund
IFMR FImpact Long Term Credit Fund
IFMR FImpact Medium Term Opportunities Fund
IFMR FImpact Income Builder Fund
Northern Arc Money Market Alpha Fund

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

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

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

33 Related party disclosures (continued)

A Transaction with related parties during the year:

Related Party	**Transaction**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Dvara Trust	Infrastructure Cost	6.00	7.67
	Reimbursement of expenses	0.80	0.98
Northern Arc Capital Limited	Interest expense	14.96	154.03
	Fee expense	163.10	-
	Reimbursement of income	30.34	-
	Purchase of Fixed Assets	0.19	0.02
	Loans taken	450.00	590.00
	Loans repaid	335.00	775.00
IFMR FImpact Investment Fund	Management Fees	84.57	84.57
	Gain on investment	92.93	94.01
	Running Cost	3.71	4.24
IFMR FImpact Long Term Multi Asset Class Fund	Management Fees	579.74	579.74
	Gain on investment	145.92	146.94
	Running Cost	7.92	8.77
IFMR FImpact Medium Term Microfinance Fund	Management Fees	98.88	98.88
	Gain on investment	38.92	38.30
	Running Cost	1.86	2.29
IFMR FImpact Long Term Credit Fund	Management Fees	233.01	164.87
	Gain on investment	78.65	74.82
	Running Cost	4.11	3.50
IFMR FImpact Medium Term Opportunities Fund	Management Fees	277.57	121.93
	Gain on investment	72.82	67.96
	Running Cost	30.86	36.01
IFMR Fimpact Income Builder Fund	Upfront Setup charges	-	32.98
	Investment in Class A units	110.00	390.00
	Management Fees	161.68	11.08
	Gain on investment	29.70	3.40
	Running Cost	7.91	33.23
Northern Arc Money Market Alpha Fund	Investment in Class B units	342.74	-
	Management Fees	1.96	-
	Gain on investment	4.22	-
Chaitanya Pande	Professional Fee	18.00	-
Ravi Vukkadala	Remuneration	75.00	53.14

Northern Arc Investment Managers Pvt. Ltd. * Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

33 Related party disclosures (continued)

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

Related Party	Transaction	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Dvara Trust	Advances payable	0.74	1.94	1.52
Northern Arc Capital Limited	Equity share capital	361.00	361.00	361.00
	Preference share capital	924.38	866.62	808.86
	Advances payable	147.50	37.32	99.18
	Borrowings	1,140.01	1,127.04	1,496.91
	Interest accrued not due on borrowings	-	-	17.32
IFMR FImpact Investment fund	Investment in class A Units	497.50	497.50	497.50
	Reimbursement of expense receivable	0.18	3.13	23.98
	Management Fee Receivable	-	-	-
IFMR FImpact Long Term Multi Asset Class Fund	Investment in class A Units	950.00	950.00	950.00
	Management Fee Receivable	-	-	160.98
	Reimbursement of expense receivable	0.38	6.60	-
IFMR FImpact Medium Term Microfinance Fund	Investment in class A Units	250.00	250.00	250.00
	Management Fee Receivable	-	-	24.97
	Reimbursement of expense receivable	0.19	1.39	-
IFMR FImpact Long Term Credit Fund	Investment in class A Units	500.00	500.00	500.00
	Management Fee Receivable	-	-	4.87
	Reimbursement of expense receivable	0.09	4.31	32.59
IFMR FImpact Medium Term Opportunities Fund	Investment in class A Units	500.00	500.00	500.00
	Management Fee Receivable	-	-	0.18
	Reimbursement of expense receivable	0.14	6.11	-
IFMR FImpact Income Builder Fund	Investment in class A Units	500.00	390.00	500.00
	Management Fee Receivable	-	-	0.18
	Reimbursement of expense receivable	0.07	39.25	-
Northern Arc Money Market Alpha Fund	Investment in class B Units	342.74	-	-
	Management Fee Receivable	2.32	-	-
	Reimbursement of expense receivable	5.87	-	-

C The Company has been appointed as the investment manager

a) by the Trustee of IFMR Finance for Freedom Social Venture Fund ("the Fund"), SBI CAP Trustee Company Limited, for which the Company receives management fee of 1% per annum on the capital committed by the Class B and Class C unit holders of the Fund and disclosed as 'Fee income' under Note 19.

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

c) by the Trustee of IFMR Finance for Freedom Fund II ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

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

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

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

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

(All amounts are in Indian Rupees in lakhs)

33 Related party disclosures (continued)

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

34 Earnings per share – Basic and Diluted:

Particulars	Year ended March, 31 2019	Year ended March 31, 2018
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	500.26	607.09
Net profit attributable to equity shareholders for calculation of diluted EPS	500.26	607.09
Shares		
Equity shares at the beginning of the period	361,000	361,000
Shares issued during the period	-	-
Total number of equity shares outstanding at the end of the period	361,000	361,000
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	361,000	361,000
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	361,000	361,000
Face value per share	100.00	100.00
Earning per share		
Basic (in rupees)	138.58	168.17
Diluted (in rupees)	138.58	168.17

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

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2019 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
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	-	-	-

S R & Co. LLP Chartered Accountants

Northern Arc Investment Managers Pvt. Ltd. Chennai 600 113

36 Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration No:101248W/W-100022

Naveen Raj R
Partner
Membership No. 217772

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

Kshama Fernandes
Director
DIN:02539429

Chaitanya Pande
Director
DIN:06934810

For Northern Arc Investment Managers Pvt. Ltd.

CEO

Kalyanasundaram C
Chief Financial Officer
Place : Mumbai
Date : 21 May 2019

Nrithya Murali Ganam
Company Secretary
Membership No. 38778

Place : Chennai
Date : 21 May 2019

Northern Arc Investment Managers Pvt. Ltd.
Chennai
600 113