

B S R & Co. LLP

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

We have reviewed the accompanying Statement of unaudited standalone financial results of **Northern Arc Capital Limited** ('the Company') for the half year ended 30 September 2018 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Attention is drawn to the fact that the figures for the corresponding half year ended 30 September 2017 including the reconciliation of Total comprehensive income under India Accounting Standards ('Ind AS') of the corresponding half year with net profit reported under the previous Generally Accepted Accounting Principles ('GAAP') as reported in these financial results have been approved by the Company's Board of Directors but have not been subjected to review.

This Statement is the responsibility of the Company's management and has been approved by the Board of Directors in its meeting held on 20 November 2018. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations and SEBI circular dated 10 August 2016 in this regard including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Manoj Kumar Vijai
Partner

Membership Number: 046882

Place: Madrid

Date: 20 November 2018

Northern Arc Capital Limited

Regd. Office: ITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

CIN: U65910TN1989PLC017021

Statement of Standalone Unaudited Assets and Liabilities as at 30 September 2018

(All amounts are in lakhs, except share data and as stated)

Particulars	As at 30 September 2018 (Unaudited)
ASSETS	
Non-current assets	
Property, plant and equipment	46.14
Intangible assets	306.76
Intangible assets under development	202.61
Financial assets	
Investments	69,748.37
Long term receivables under financing activities	126,818.24
Bank balances other than cash and cash equivalents	205.10
Other financial assets	130.72
Deferred tax assets (net)	1,868.14
Income tax assets	760.15
	200,086.23
Current assets	
Financial assets	
Investments	17,295.89
Short term receivables under financing activities	159,038.54
Trade receivables	2,610.54
Cash and cash equivalents	5,311.81
Bank balances other than cash and cash equivalents	1,910.80
Other financial assets	761.39
Other current assets	401.76
	187,330.73
TOTAL ASSETS	387,416.96
EQUITY AND LIABILITIES	
Equity share capital	7,836.57
Other equity	61,073.82
	68,910.39
Non-current liabilities	
Financial liabilities	
Borrowings	120,171.12
Other financial liabilities	1,282.67
Provisions	405.22
	121,859.01
Current liabilities	
Financial liabilities	
Borrowings	71,711.76
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	977.91
Other financial liabilities	123,314.41
Provisions	426.11
Other current liabilities	217.37
	196,647.56
TOTAL EQUITY AND LIABILITIES	387,416.96
See accompanying notes to the financial results	



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Statement of Unaudited Standalone Financial Results for the half year ended 30 September 2018

(All amounts are in lakhs, except share data and as stated)

Particulars	Half year ended 30 September 2018 (Unaudited)	Half year ended 30 September 2017 (Refer note 4)
Income		
Revenue from operations	26,565.29	22,069.28
Other income	216.96	152.36
Total income	26,782.25	22,221.64
Expenses		
Finance costs	14,809.67	11,310.00
Employee benefits expense	3,042.88	1,999.25
Depreciation and amortisation expense	87.68	63.30
Provisions and write offs	(440.10)	2,625.27
Other expenses	2,139.74	1,306.91
Total expenses	19,639.87	17,304.73
Profit before tax	7,142.38	4,916.91
Tax expenses	2,495.83	1,718.17
Profit for the period	4,646.55	3,198.74
Other comprehensive income		
Fair valuation adjustment of financial assets through Other Comprehensive Income, net of taxes	(1,416.28)	(909.30)
Remeasurement loss on defined benefit plan, net of taxes	(10.92)	(20.13)
Other comprehensive income for the period, net of tax	(1,427.20)	(929.43)
Total comprehensive income for the period	3,219.35	2,269.31
Earnings per equity share (not annualised), in rupees		
a. Basic	5.93	4.08
b. Diluted	4.88	3.59
Face value per share	10.00	10.00
See accompanying notes to the financial results		



Notes:

- Northern Arc Capital Limited ("the Company") is a Non Deposit accepting Non-Banking Finance Company registered with the Reserve Bank of India ("the RBI").
- The unaudited standalone financial results for the half year ended 30 September 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 20 November 2018. The above results have been subjected to limited review by the statutory auditors of the Company. The auditors have issued an unmodified review report.
- These financial results 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 results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS prescribed under Section 133 of Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India.

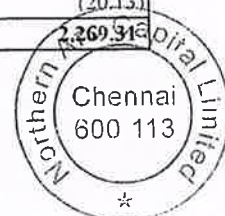
The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with Rule 7 of Companies (Accounts) Rule 2014 (as amended), guidelines issued by the RBI and other generally accepted accounting principles in India (Collectively referred to as the "previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserves as on 1 April 2017 and the corresponding adjustments pertaining to comparative previous period / half year as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

There is a possibility that these financial results for the current and previous periods may require adjustments due to changes in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101 which may arise upon finalisation of the financial statements as at and for the year ending 31 March 2019 prepared under Ind AS.

These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at 30 September 2018 based on the press release issued by Ministry of Corporate Affairs ("MCA") on 18 January 2016. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

- In compliance with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015, limited review of financial results for the half year ended 30 September 2018 has been carried out by the Statutory Auditors of the Company. As permitted under Circular No CIR/MD/DFI/69/2016 dated 10 August 2016 issued by SEBI, the Company has opted to avail exemption for submission of Ind AS compliant financial results and statement of assets and liabilities for the previous year ended 31 March 2018. Further, the financial results under Ind AS for the half year ended 30 September 2017 including the reconciliation of net profit as stated in note 6 have not been subjected to review or audit. However, the management has exercised the necessary due diligence to ensure that the financial results for the half year ended 30 September 2017 including the reconciliation of net profit as stated in note 6 provide a true and fair view of the Company's affairs.
- There is no separate reportable segment in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.
- The reconciliation of net profit for the half year ended 30 September 2017, as previously reported under previous GAAP and as restated under Ind AS are summarised as below:

Particulars	Half year ended
	30 September 2017 (Refer note 4)
Net Profit after tax for the period under previous GAAP	2,175.92
Adjustments resulting in increase / (decrease) in profit after tax as reported under previous GAAP:	
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate method	(270.43)
Impact on application of Expected Credit Loss method for impairment allowance on financial assets	781.23
Fair value adjustment on investments	656.70
Income adjustment on account of derecognition of loans (net)	277.88
Other adjustments	221.25
Tax impact on above adjustments	(643.81)
Net Profit after tax for the period under Ind AS	3,198.74
Other comprehensive income	
Fair valuation adjustment of financial assets through Other Comprehensive Income, net of taxes	(909.30)
Remeasurement loss on defined benefit plan, net of taxes	(20.13)
Total Comprehensive Income for the period under Ind AS	2,269.31



Northern Arc Capital Limited

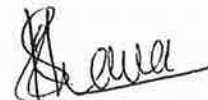
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Notes:

- 7 Reserves include Statutory Reserves as per Section 45IC of Reserve Bank of India Act 1934, balance in Securities Premium, Employee Stock Option Plan Reserve and retained earnings.
- 8 During the previous year ended 31 March 2018, the Company vide its board meeting dated 18 December 2017 had approved the Scheme of Arrangement (Demerger) & Amalgamation between the Company, IFMR Holdings Private Limited, Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013. The appointed date under the aforesaid Scheme is 31 March 2017. The Company has filed the Scheme documents with the Hon'ble National Company Law Tribunal (NCLT) on 30 July 2018. Pending approval by NCLT, no adjustment has been considered in the above financial results.
- 9 Previous period's figures have been regrouped / reclassified wherever necessary, to conform with the current period presentation.

For and on behalf of the Board of Directors



Khama Fernandes
Managing Director

Place: Chennai

Date: 20 November 2018



Annexure

a) **Credit Rating:**

The ICRA Limited ("ICRA") have assigned following rating to the company:

Facility	ICRA
(i) Non-Convertible Debentures	ICRA+
(ii) Commercial Papers	ICRA1+
(iii) Long term bank facilities	ICRA+
(iv) Short term bank facilities	ICRA+

b) **Asset cover available for non-convertible debt securities:**

Not applicable.

c) **Debt-equity ratio*:**

The debt-equity ratio of the company as per the reviewed financial results as at 30 September 2018 is 4.67

d) **Previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/repayment of principal of non-convertible preference shares/ non-convertible debt securities and whether the same has been paid or not:**

All previous dues with respect to debentures were paid on due date (Refer Appendix A).

The company has issued non-convertible redeemable preference shares during the period ended 30 September 2018. However, no amounts were due as on 30 September 2018.

e) **Next due date for the payment of interest/ dividend of non-convertible preference shares/principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount.**

Particulars	Date	Principal in lakhs	Dividend in lakhs
Non convertible preference shares 1	26-Sep-19	1,000.00	90.00
Non convertible preference shares 2	28-Sep-19	160.00	14.40

f) **Debt service coverage ratio:**

Not applicable.

g) **Interest service coverage ratio:**

Not applicable.

h) **Outstanding redeemable preference shares (quantity and value):**

11,600,000 shares at Rs. 10 per share

i) **Capital redemption reserve/ Debenture redemption reserve:**

Debenture redemption reserve is not required in respect of privately placed debentures in terms of rule 18(7) (b) (ii) of the Companies (Share Capital and Debenture) Rules, 2014.

j) **Net worth as at 30 September 2018**:**

Rs. 67,042.25 lakhs

k) **Net profit after tax as at 30 September 2018:**

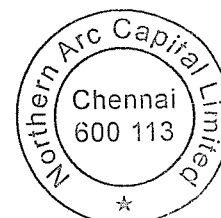
Rs. 3,219.35 lakhs

l) **Earnings Per share as at 30 September 2018 (not annualised):**

(i) Basic	5.93
(ii) Diluted	4.88

* Debt-equity ratio is (Long-term borrowings + short term borrowings + Current maturities of long term borrowings)/ Net worth**

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



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Appendix A:

Statement of Interest and Principle on Non-Convertible Debentures falling due and paid during the half year ended 30 September 2018:

Sl No.	Non-Convertible Debentures Series	Interest redemption date	Principal redemption date	Amount in lakhs
1	INE850M07111	30-Apr-18	NA	78.90
		31-May-18	NA	81.53
		30-Jun-18	NA	78.90
		31-Jul-18	NA	81.53
		31-Aug-18	NA	81.53
		30-Sep-18	NA	78.90
2	INE850M07152	NA	NA	-
3	INE850M07145	03-Jul-18	NA	86.21
4	INE850M07095	24-Jun-18	NA	817.50
5	INE850M07137	28-Jun-18	NA	183.18
		28-Sep-18	NA	183.18
6	INE850M07129	27-Jun-18	NA	249.03
		27-Sep-18	NA	249.03
7	INE850M08028	02-Apr-18	NA	221.59
8	INE850M08036	02-May-18	NA	214.44
9	INE850M08044	02-Jun-18	NA	221.59
		02-Jul-18	NA	214.44
		02-Aug-18	NA	221.59
		02-Sep-18	NA	221.59
##	INE850M08051	16-Aug-18	NA	215.51
##	INE850M08069	16-Sep-18	NA	215.51
##	INE850M08077			
##	INE850M08010	18-Sep-18	18-Sep-18	171.93

