

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of Northern Arc Capital Limited (the "Company") Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

**Review Report to
The Board of Directors
Northern Arc Capital Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Northern Arc Capital Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate for the quarter ended June 30, 2024 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Master Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities listed in Annexure 1
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The accompanying Statement includes the unaudited interim financial results and other unaudited financial information, in respect of:
 - 4 subsidiaries, whose unaudited interim financial results include total revenue of Rs 3,381.21 lakhs, total net profit after tax of Rs. 113.78 lakhs, total comprehensive income of Rs. 119.33 lakhs, for the quarter ended June 30, 2024 and the period ended on that date respectively, as considered in the Statement which have been reviewed by their respective independent auditors.
 - 1 associate, whose unaudited interim financial results include Group's share of net loss of Rs. 49.98 lakhs for the quarter ended June 30, 2024 and for the period from April 1, 2024 to June 30, 2024 respectively, as considered in the Statement whose interim financial results, other financial information have been reviewed by their respective independent auditors.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

The independent auditor's reports on unaudited interim financial results and other unaudited financial information of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries and associate is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

7. The comparative financial information for the quarter ended March 31, 2024 and June 30, 2023, as reported in the Statement have been approved by the Board of Directors, but have not been subjected to review by us.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per **Bharath N S**

Partner

Membership No.: 210934

UDIN: 24210934BKFUOS2346

Place: Chennai

Date: September 30, 2024



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 1: List of entities included in the Unaudited Consolidated Financial Results

Subsidiary:

1. Northern Arc Investment Adviser Services Private Limited
2. Northern Arc Investment Managers Private Limited
3. Northern Arc Foundation
4. Pragathi Finserv Private Limited
5. Northern Arc Capital Employee Welfare Trust
6. Northern Arc Securities Private Limited

Associate

1. Finreach Solutions Private Limited

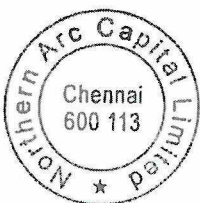


Northern Arc Capital Limited
CIN: U65910TN1989PLC017021
Regd. Office: ITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
Statement of unaudited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter ended June 30, 2024

(All amounts are in Indian rupees in lakhs, unless otherwise stated)

Particulars	Quarter ended			Year ended
	30 June 2024	31 March 2024	30 June 2023	31 March 2024
	Unaudited	Refer Note 4	Refer Note 4	Audited
Revenue from operations				
Interest income	54,912.74	49,853.97	36,449.59	1,71,211.16
Fee and commission income	1,961.16	3,725.76	1,475.76	8,492.77
Net gain on fair value changes	960.30	1,103.29	1,601.49	4,561.95
Net gain on derecognition of financial instruments	-	1,709.87	614.96	4,742.54
Total revenue from operations	57,774.20	56,392.83	40,141.63	1,89,008.42
Other income	467.59	19.65	396.28	1,594.83
Total income	58,242.09	56,412.48	40,537.91	1,90,603.25
Expenses				
Finance costs	20,934.44	20,393.52	16,394.31	72,638.50
Fees and commission expense	7,679.32	9,511.89	2,832.87	22,081.94
Employee benefits expenses	7,041.55	6,742.56	5,365.19	24,160.72
Impairment on financial instruments	5,135.54	2,390.16	1,192.10	12,243.79
Depreciation and amortisation	387.47	465.76	343.62	1,694.42
Other expenses	4,668.79	5,595.07	3,251.13	15,663.06
Total expenses	45,847.11	45,098.96	31,377.22	1,48,482.43
Profit before share of profit/loss of associate and taxes	12,394.98	11,313.52	9,160.69	42,120.82
Share of loss from Associates	(49.98)	68.99	(7.50)	(97.21)
Profit before tax	12,345.00	11,382.51	9,153.19	42,023.61
Tax expense				
Current tax	3,700.11	2,885.27	2,231.00	10,881.12
Adjustment of tax relating to earlier periods	-	44.77	-	46.92
MAT Credit entitlement	-	1.90	-	-
Deferred tax charge (benefit)	(716.53)	(1102.15)	(147.51)	(673.70)
Total tax expense	2,983.58	2,829.79	2,083.49	10,254.34
Profit for the period / year	9,361.42	8,552.72	7,069.70	31,769.27
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on the defined benefit plans	5.08	64.41	30.08	116.50
Income tax relating to items that will not be reclassified to profit or loss	0.57	(16.22)	(7.57)	(29.32)
	5.65	48.19	22.51	87.18
Items that will be reclassified to profit or loss in subsequent periods				
Net gain (loss) on financial instruments through other comprehensive income	(2,067.90)	581.15	1,113.13	1,228.99
Income tax relating to items that will be reclassified to profit or loss	520.49	(146.28)	(291.34)	(309.34)
	(1,547.41)	434.87	821.79	919.65
Net gain (loss) on effective portion of Cash Flow Hedges	214.24	1,362.19	(3,331.96)	1,362.19
Income tax relating to items that will be reclassified to profit or loss	(53.92)	(342.86)	838.63	(342.86)
	160.32	1,019.33	(2,493.31)	1,019.33
Share of other comprehensive income from associates	-	(0.81)	-	(0.81)
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	-	(0.81)	-	(0.81)
Other comprehensive income for the year / period (net of income taxes)	(1,381.44)	1,501.58	(1,649.01)	2,025.35
Total comprehensive income for the year / period (net of income taxes)	7,979.98	10,054.30	5,420.69	33,794.62
Profit for the year attributable to				
Owners of the holding company	9,349.11	8,881.02	6,768.78	30,833.39
Non-controlling Interest	12.31	(328.50)	300.92	935.88
Other comprehensive income for the year, net of income taxes				
Owners of the holding company	(1,382.17)	1,502.33	(1,624.22)	2,017.01
Non-controlling Interest	0.73	(0.75)	(24.79)	8.34
Total comprehensive income for the year, net of income taxes	7,966.94	10,385.35	5,144.56	32,850.40
Owners of the holding company	7,966.94	10,385.35	5,144.56	32,850.40
Non-controlling Interest	13.04	(329.95)	276.15	944.22
Earnings per equity shares, of INR 10 each [Equity shares, par value of Rs.10 each]*				
Basic (in rupees)	10.46	9.66	7.62	34.61
Diluted (in rupees)	9.65	6.70	5.12	23.40
	* Not Annualised	* Not Annualised	* Not Annualised	Annualised

See accompanying notes to the unaudited Consolidated financial results



Northern Arc Capital Limited
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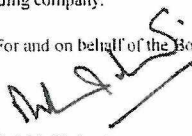
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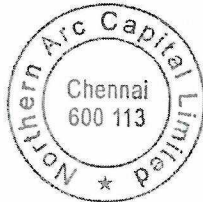
Notes:

- 1 Further to the Initial Public Offering ("IPO") more fully described in Note 5 below, these Unaudited Consolidated Financial Results of Northern Arc Capital Limited (the "Holding Company") has been drawn up for the first time in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("SEBI LODR") for the quarter ended June 30, 2024 ("Unaudited Consolidated Financial Results"), have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on September 30, 2024 and have been subjected to a limited review by the statutory auditors of the Holding Company. Also refer Note 4 below.
- 2 The Unaudited Consolidated Financial Results include the financial results of the Holding Company, its subsidiaries (collectively referred as "Group") and its associate listed in Annexure II.
- 3 The Unaudited Consolidated Financial Results of the Group and associate have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and in terms of Regulation 33 of the SEBI LODR.
- 4 The comparative figures for the quarter ended March 31, 2024 and June 30, 2023 included in these Unaudited Consolidated Financial Results have been neither reviewed nor audited by the statutory auditors of the Holding Company. Management of the Group and associate has taken necessary care and diligence to ensure that the financial results for such periods are fairly stated.
- 5 During the quarter ended June 30, 2024, the Holding Company, pursuant to the approval by the Board of Directors and its shareholders, has made private placement offer and raise funds up to INR 38,200 Lakhs by offering and issuing:
(i) 84,91,048 Series C Compulsorily Convertible Preference Shares having a face value of INR 20 each for a consideration of INR 391 per share and;
(ii) 12,78,772 Series C2 Compulsorily Convertible Preference Shares having a face value of INR 20 each for a consideration of INR 391 per share by way of preferential allotment.
- 6 Subsequent to the quarter ended June 30, 2024, 5,10,93,024 compulsorily convertible preference shares (including 97,69,820 compulsorily convertible preference shares privately placed, as described in note 5 above), issued by the Holding Company were converted into 52,616,624 Equity Shares of INR 10 each.
- 7 Subsequent to the quarter ended June 30, 2024, the Holding Company has completed an Initial Public Offer ("IPO") of 2,95,97,646 equity shares of face value of Rs 10 each at an issue price of Rs 263 per equity share (Rs 239 per equity share reserved for employees), comprising of offer for sale of 1,05,32,320 equity shares by selling shareholders and fresh issue of 1,90,65,326 equity shares. The equity shares of the Holding Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 24th September 2024.
- 8 The submission of the unaudited standalone financial results for the quarter ended June 30, 2024 is approved by the board and submitted to the stock exchange beyond the prescribed timeline as per SEBI LODR. The Holding Company is in the process of filing the necessary request to condone such delay in submission of the unaudited standalone financial results with the regulators - stock exchange and remitting the applicable fee / penalty. Such delay in submission of financial results is not expected to have material impact on the unaudited standalone or consolidated financial results of the Holding Company.
- 9 During the quarter ended June 30, 2024, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 74,500 fully paid-up equity shares of Rs 10 each at an aggregate premium of Rs 113.11 Lakhs.
- 10 The segment reporting in accordance with Ind AS 108 on "Operating Segments" in respect of the consolidated financials results are given in Annexure III.
- 11 All secured listed non-convertible debentures issued by the Holding Company are secured by way of an exclusive first charge on book debts with security to the extent as stated in the respective information memorandums. Further, the Holding Company has maintained asset cover as stated in the respective information memorandums which is sufficient to discharge the principal amount at all times for the non-convertible debt securities issued.
- 12 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2024 is attached as Annexure I to the unaudited standalone financial results of the holding company.

For and on behalf of the Board of Directors


Ashish Mehrotra
Managing Director & CEO

Place: Mumbai
Date: September 30, 2024



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Annexure II : List of entities included in the Consolidated Financial Results

Subsidiaries:

1. Northern Arc Investment Adviser Services Private Limited
2. Northern Arc Investment Managers Private Limited
3. Northern Arc Foundation
4. Pragathi Finserv Private Limited
5. Northern Arc Capital Employee Welfare Trust
6. Northern Arc Securities Private Limited

Associate:

1. Finreach Solutions Private Limited



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Statement of unaudited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter ended June 30, 2024

(All amounts are in Indian Rupees in lakhs, except share data and unless otherwise stated)

Annexure III - Unaudited Consolidated Segment wise Revenue, Results, Segment Assets, Segment Liabilities and Capital Employed

Particulars	Quarter ended			Year ended
	30 June 2024	31 March 2024	30 June 2023	31 March 2024
Segment Revenue				
Financing activity	56,999.66	55,296.27	38,894.29	1,84,048.11
Investment advisory services	-	(16.11)	5.27	-
Investment management services	859.98	937.35	775.23	3,550.48
Portfolio management services	-	(290.04)	570.82	1,628.10
Others	3,317.51	3,854.40	1,914.24	10,675.09
Total	61,177.15	59,781.87	42,159.85	1,99,901.78
Less: Intersegment revenue	(3,402.95)	(3,389.04)	(2,018.22)	(10,893.37)
Total Segment revenue	57,774.20	56,392.83	40,141.63	1,89,008.41
Segment Results (Profit before other income)				
Financing activity	11,391.72	10,165.50	7,886.16	36,515.78
Investment advisory services	(3.01)	(17.64)	(12.50)	(6.30)
Investment management services	(249.11)	(413.40)	32.21	(14.43)
Portfolio management services	-	(248.11)	451.37	1,392.46
Others	787.49	1,807.52	407.17	2,638.48
Total	11,927.09	11,293.87	8,764.41	40,525.99
Add: Other income	467.89	19.65	396.28	1,594.83
Less: Share of loss post tax from associate	(49.98)	68.99	(7.50)	(97.21)
Profit before tax	12,345.00	11,382.51	9,153.19	42,023.61
Segment assets				
Financing activity	11,89,017.49	11,47,464.99	9,21,516.53	11,47,464.99
Investment advisory services	396.54	397.55	381.06	397.55
Investment management services	17,165.22	16,731.92	6,730.37	16,731.92
Portfolio management services	-	-	19,750.41	-
Others	6,536.66	5,996.80	2,690.50	5,996.80
Unallocated	174.63	174.63	2,388.77	174.63
Total	12,13,290.54	11,70,765.89	9,53,457.64	11,70,765.89
Segment Liabilities				
Financing activity	9,31,502.86	9,35,813.53	7,39,776.55	9,35,813.53
Investment advisory services	1.43	5.66	50.69	5.66
Investment management services	1,037.68	1,209.81	664.27	1,209.81
Portfolio management services	-	-	739.62	-
Others	2,376.36	1,695.74	269.37	1,695.74
Total	9,34,918.33	9,38,724.74	7,41,500.50	9,38,724.74
Capital employed (Segment assets - Segment liabilities)				
Financing activity	2,57,514.63	2,11,651.46	1,81,739.98	2,11,651.46
Investment advisory services	395.11	391.89	330.37	391.89
Investment management services	16,127.54	15,522.11	6,066.10	15,522.11
Portfolio management services	-	-	19,010.79	-
Others	4,334.93	4,475.69	4,809.90	4,475.69

