NORTHERN ARC

September 29, 2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Dear Sir/Madam,

Sub: Intimation of Annual General Meeting of the Company for the financial year ended 31st March 2022.

We wish to inform you that the 14th Annual General Meeting of the Company ('AGM') of the Company (to be held at shorter notice) will be held at the Registered office of the Company on Friday, September 30, 2022 at 04:30 PM IST in compliance with the circulars issued by the Ministry of Corporate Affairs ('MCA'), Government of India and Securities and Exchange Board of India ('SEBI') and all other applicable laws.

Kindly note that Annual Report of the Company and Notice of the AGM laying down the manner of attending the AGM and casting votes by shareholders have been enclosed.

Request you to kindly take above intimation on record.

Thanking you.
for **Northern Arc Capital Limited**

Northern Arc Capital Limited
Chennai
600 113

Company Secretary

Northern Arc Capital Limited (Formerly known as IFMR Capital Finance Limited)
10th Floor, Phase-I, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600 113, India
+91 44 6668 7000 | contact@northernarc.com | northernarc.com
CIN.: U65910TN1989PLC017021

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the members of Northern Arc Capital Limited (the "Company") will be held on **Friday, the 30th day of September 2022 at 4.30 PM** at the registered office of the Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113 to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited standalone and consolidated financial statements of the company for the financial year ended March 31, 2022, and the Reports of the Board of Directors and Auditors thereon.**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

   "**RESOLVED THAT** the audited financial statements (including audited consolidated financial statements) of the Company for the financial year ended March 31, 2022, and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered, approved and adopted."

2. **To appoint director in place of Mr. Samir Shah who retires by rotation and being eligible offers himself for reappointment.**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Samir Shah, who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

3. **To appoint director in place of Mr. Vijay Chakravarthi who retires by rotation and being eligible offers himself for reappointment.**

   To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vijay Chakravarthi, who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. **To re-appoint S.R. Batliboi & Associates, LLP, Chartered Accountants as statutory auditors of the Company and to fix their remuneration.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, S.R. Batliboi & Associates, LLP, Chartered Accountants, having registration No. 101049W/E-300004 be and are hereby re-appointed as the Statutory Auditors of the Company for term of two consecutive years, who shall hold office from the conclusion of this 14th Annual General Meeting till the conclusion of the 16th Annual General Meeting to be held for the financial year ending on March 31, 2024, on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company, based on the recommendation of audit committee."

SPECIAL BUSINESS:

5. **To approve the limit of managerial remuneration payable to non-executive directors in excess of 1% of the net profits of the Company and in excess of 50% of the remuneration paid to all Non-Executive Directors:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, (the 'Act') read with Schedule V of the Act and the Rules made thereunder, including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company, be and is hereby accorded for payment of remuneration to non-executive directors of the Company in excess of prescribed limit of 1% of the net profits of the Company computed in accordance with Section 198 of the Act, in any financial year(s) during their remaining tenures as directors of the Company;"

"**RESOLVED FURTHER THAT** pursuant to regulation 17 (6) (ca) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the Company be and is hereby accorded for payment of remuneration to Non-Executive Directors (including Independent Directors) of the company in excess of fifty percentage of remuneration payable to all non-executive directors of the company during the financial year 2022-23."

"**RESOLVED FURTHER THAT** the total managerial remuneration payable to the all the director(s) of the Company taken together in any financial year shall not exceed the limit of 11% of net profit of the Company as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof."

"**RESOLVED FURTHER THAT** any Director or the Key Managerial Personnel of the Company be and is hereby authorized to do all such acts, deeds, matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To approve the making of investments by the Company, in the ordinary course of business:**

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for investing the funds of the company so that the investments made, does not exceed INR 2,200 cr. at any one time, notwithstanding that the aggregate of the said investments, may exceed the limits prescribed under the said section."

"FURTHER RESOLVED that the Board of Directors of the Company or any of the Committees constituted by the Board be and are hereby severally authorised to determine the (a) persons/bodies corporate to whom the loans can be granted and (b) terms and conditions (including the rate of interest which shall not be less than the prevailing yield on the government securities closest to the tenor of the loan), tenor, margin required, security to be provided, etc., relating to such loans."

7. **To consider and approve reappointment of Ms. Anuradha Rao (DIN: 07597195) as an Independent Director for a period of three years.**

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to provisions of Section 149 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members of the Company be and is hereby accorded for the reappointment of Ms. Anuradha Rao, Independent Director not liable to retire by rotation, for a second term of 3 (three) consecutive years effective from the expiry of current term on October 30, 2022, i.e. from October 31, 2022 till October 30, 2025.

"**RESOLVED FURTHER THAT** the Board of Directors/Committee thereof be and are hereby severally authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to the above resolution."

On behalf of the Board,
For Northern Arc Capital Limited

RAMASAMY SRIVIDHYA Digitally signed by RAMASAMY SRIVIDHYA Date: 2022.09.21 21:20:49 +05'30'

R. Srividhya
Company Secretary
Membership No. A22261

Place: Chennai
Date: 21st Sept 2022

NOTES:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.*

   A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. Attendance slips and proxy form are annexed hereto

3. *Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such representative to attend and vote on their behalf at the meeting.*

4. *All the relevant documents referred in this Notice shall remain open for inspection by the Members of the Company at the Registered Office from 10:00 AM to 4:00 PM on all working days (except Saturday) upto the date of this Annual General Meeting.*

5. *The relevant Explanatory Statement pursuant to Section 102 of the Companies Act 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.*

Route map to the venue of Annual General Meeting

Northern Arc Capital Limited
10th Floor, Phase-I, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600 113, India
+91 44 6668 7000 | contact@northernarc.com | northernarc.com
CIN.: U65910TN1989PLC017021

ANNEXURE TO NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item 5: Payment of remuneration in excess of 1% of the net profits of the Company for non-executive directors of the Company and in excess of 50% of the remuneration payable to all Non-Executive Directors of the Company:

Based on the recommendation of Nomination and Remuneration Committee and the Board, the members had approved the payment of remuneration to non-executive directors of the Company. Further, the members had authorised the Board to alter and vary the terms and conditions including remuneration and incremental thereof, from time to time to such directors, but such remuneration payable shall be within the limits specified in the Section 197 and other applicable provisions of the Companies Act, 2013 ('the Act').

As per Section 197 and other applicable provisions of the act, where a company has more than one Managing Director or Whole-time Director, the remuneration payable to non-executive directors during a financial year shall not exceed 1% of the net profits of the Company and the remuneration payable to all directors put together shall not exceed 11% of the net profits of the Company. Further, except with the approval of shareholders in general meeting by way of special resolution, remuneration to directors cannot be paid in excess of aforementioned limits.

The shareholders have at their meetings held on 26th March 2022 and 27th June 2022, approved the payment of remuneration in the form of commission to Dr. Kshama Fernandes (Non-Executive Director) and Mr. PS Jayakumar (Independent Director).

Approval of the shareholders is also sought under Regulation 17(6)(ca) which requires the approval of shareholders by special resolution be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

The details of remuneration to Non-Executive Directors payable for FY 2022-23 is as follows:

Name of Director	Remuneration payable
Dr. Kshama Fernandes	INR 65 lakhs per annum in the form of commission as a % of net profits of the Company. This was approved by the shareholders on 26.03.2022
Mr. P S Jayakumar	INR 70 lakhs per annum in the form of commission as at % of net profits of the Company. This was approved by the shareholders on 27.06.2022
Dr. Kshama Fernandes	INR 1.50 crores as a one-time bonus in the form

	of commission as a % of net profits. This was approved by the shareholders on 27.06.2022

The non-executive directors of your company devote considerable time in laying down the policies and directions for the management of the company. The company derives substantial benefit through their expertise and wise counsel. The dynamic corporate laws and regulations demand an increased involvement and participation on the part of the Directors in Board and Board constituted Committee meetings.

In view of the above-mentioned contributions of non-executive directors, in order to enabling appropriate revision of remuneration to non-executive directors, the company would require an enabling resolution to be passed by its shareholders, in the event of such remuneration exceeding the prescribed thresholds under the Companies Act and Listing Regulations quoted *supra*.

The Board of Directors recommends the resolution set out in Item No. 5 of the notice for approval of the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in this resolution except the non-executive directors, to the extent of remuneration payable to them.

Item 6: Approval for making investments of the funds of the Company in the ordinary course of business:

The Company has been making investments in the ordinary course of business in securities of corporates. Section 186 provides that the aggregate of investments made in any body corporate shall not exceed 60% of the paid up capital, free reserves and securities premium account or 100% of the free reserves and securities premium account of the Company, whichever is higher, except with the approval of the shareholders by Special Resolution. Hence, your company can make investments only with the prior approval of the shareholders by Special Resolution. Accordingly, a draft resolution approving an investment limit up to INR 2,200 crores is submitted for the consideration and approval of the shareholders.

The Register of inter-corporate investments containing the details required to be mentioned therein is open for inspection during the office hours on any working day at the Registered Office of the Company.

The Board of Directors recommends the resolution set out in Item No. 6 of the notice for approval of the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in this resolution.

Item 7: To consider and approve reappointment of Ms. Anuradha Rao (DIN: 07597195) as an independent Director for a period of three years.

Ms. Anuradha Rao was appointed as an Independent Director of the Company at the Extraordinary General Meeting held on December 04, 2019, for a period of three years (from October 31, 2019, to October 30, 2022) and she is eligible for reappointment for the second term. Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors at their respective meetings held on July 28, 2022, recommended the reappointment of Ms. Anuradha Rao, for a term of second term three years i.e., from October 31, 2022, till October 30, 2025, subject to the approval of the Members.

In accordance with Section 149 of the Companies Act, 2013, the re-appointment of independent director needs to be approved by shareholders by way of special resolution and in terms of regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment or re-appointment of an independent director of a listed entity shall be subject to approval of shareholders of the Company.

The profile of Ms. Anuradha Rao is annexed with the Notice.

Ms. Anuradha Rao has also given a declaration that she meets the criteria for independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and relevant regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Ms. Rao does not hold any shares in the Company.

Given her experience, the Board considers it desirable and in the interest of the Company to continue Ms. Anuradha Rao on the Board of the Company and accordingly the Board recommends the re-appointment of Ms. Anuradha Rao as an Independent Director for a second term of three years, as proposed in the Resolution no. 7 for approval by the Members as a Special Resolution.

Except Ms. Anuradha Rao, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in this resolution.

The Board of Directors recommends the resolution set out in Item No. 7 of the notice for approval of the members.

Details of Directors seeking reappointment at the Annual General Meeting
[*Pursuant to para 1.2.5 of Secretarial Standard on General Meetings*]

Name of the Director	SAMIR SHAH	VIJAY CHAKRAVARTHI	ANURADHA RAO
DIN	00912693	08020248	07597195
Date of Birth & Age	18/10/1968 53 Years	10/09/1975 46 Years	28/09/1959 63 Years
Date of appointment on Board	19/01/2018	19/01/2018	31/10/2019
Qualification	Mechanical Engineer, MBA in Finance and Advanced Management Program (AMP) from Wharton.	Vijay has an MBA from the Kellogg School of Management, Northwestern University, MS from The Ohio State University and Bachelor of Engineering from University of Madras.	Bachelor's degree in science from Osmania University and master of science degree in physics from the University of Hyderabad
Experience and Expertise	Samir Shah was earlier the managing director and chief executive officer of the National Commodity & Derivatives Exchange Limited and previously the chief business officer of the Dubai Gold & Commodities Exchange. He has over 20 years of experience and has also previously served as the global head business planning and operations at Thomson Reuters	Vijay Chakravarthi is a Managing Director in the India team for Affirma Capital and is based in Mumbai. Vijay has over 20 years of relevant experience, including 14 years of India private equity experience. Prior to Affirma Capital, Vijay was with Standard Chartered Private Equity since 2012 and has a strong track record of investing and generating exits at attractive returns. At Affirma and SCPE, Vijay has been involved with several of the fund's key investments including Northern Arc, Belstar Microfinance, Tek Travels, Varun Beverages, Fortis Healthcare, Cafe Coffee Day and Devadarshini. Prior to SCPE, Vijay worked in private equity, strategy consulting and operations management across various locations in India and the United	Ms. Anuradha Rao has about 36 years of experience in banking and finance and has worked at the State Bank of India, where she contributed significantly towards the bank's progress and growth. She also served as the managing director and chief executive officer of SBI Funds Management Private Limited.

	Asia Pte. Ltd.	States. Vijay's roles have included Vice President at Bain Capital where he concluded and managed multiple private equity investments of over USD 650 million, Project Leader at The Boston Consulting Group focused on private equity and M&A, and Six Sigma Black Belt and Operations Leader at General Electric Company.	
Number of Meetings of the Board attended during the year	Attended eight board meetings held during the financial year ended on March 31, 2022.	Attended seven board meetings held during the financial year ended on March 31, 2022.	Attended seven Board meetings held during the financial year ended on March 31, 2022
List of Directorship / Membership / Chairmanship of Committees of other Board	DVARA SMART GOLD PRIVATE LIMITED DVARA MONEY PRIVATE LIMITED DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED DVARA RESEARCH FOUNDATION DVARA E-REGISTRY PRIVATE LIMITED DVARA SOLUTIONS PRIVATE LIMITED NORTHERN ARC FOUNDATION DVARA E-DAIRY SOLUTIONS PRIVATE LIMITED DVARA HOLDINGS FINREACH SOLUTIONS PRIVATE LIMITED Saija Finance Private Limited	Affirma Capital Investment Adviser India Private Limited Pragati Finserv Private Limited Belstar Microfinance Limited Committee Membership: Two Committees in Northern Arc Capital	National Stock Exchange of India Limited

	Dvara Health Finance Private Limited Unnayan Bharat Finance Corporation Private Limited Committee Membership: Two Committees in Northern Arc Capital Limited.		
Shareholding in the Company	NIL	NIL	NIL
Relationship with other directors, manager and other Key Managerial Personnel of the Company	NA	NA	NA

On behalf of the Board,
For Northern Arc Capital Limited
RAMASAMY SRIVIDHYA
Digitally signed by RAMASAMY SRIVIDHYA
Date: 2022.09.21 21:21:23 +05'30'
R. Srividhya
Company Secretary
Membership No. A22261

ANNUAL REPORT 2021-2022

Financing the future

Technology. Data. Outperformance.

Vision

To be a trusted platform that enables the flow of finance from capital providers to users in a reliable and responsible manner.

Mission

Catering to the diverse credit requirements of under-served households and businesses by providing efficient and reliable access to debt finance.

Values

Resolute: We are unwavering in our commitments and stand by them.

Empathetic: We understand the needs of our stakeholders and are aligned with them.

Ethical: We adhere to a shared code of ethics and high standards of professional conduct.

Innovative: We push the frontiers of finance through knowledge and innovation.

Responsive: We are nimble and quick to adapt, learning and evolving as we go.

Message from the Chair

Embracing positivity

Following the hardships posed by the pandemic, India recorded sustainable economic growth in FY22 as against the previous two fiscal years. Though the Delta variant of COVID19, that struck India at the beginning of FY22 was more severe from a health perspective – it fortunately resulted in limited economic disruption compared to the nationwide lockdowns in FY21. Taking this into account we began the year with '*cautious optimism'* in line with our vision of *being a trusted platform that enables the flow of finance from capital providers to capital users in a reliable and responsible mann*er.

As the year progressed, the economy at large faced a fresh set of challenges in the nature of geo-political unrest, tightening of liquidity, increase in interest rates and their impact on credit spreads, rising inflation. Through these obstacles, Northern Arc demonstrated steady grit and financial strength. We continuously engaged with all our stakeholders and demonstrated our commitment by way of timely, growth-oriented support and solutions to mitigate concerns posed by the pandemic, and at large. This year was true test of resilience for us and for most businesses we support; we at Northern Arc, through our best-in-class services have yet again emerged as a partner of choice - in debt financing and as a valuable ally in-growth, for our stakeholders at large.

Channelising capital

It is critical for an economy, the financial services sector, and for customers - that an uninterrupted flow of liquidity is maintained through the system. We have successfully channelized ~ INR 1 trillion of capital for our origination partners through our ecosystem since inception with ~INR 20,000 crore of debt for our partner institutions and retail borrowers during the year, despite a humble first quarter. A deep understanding of businesses and sectors at the grassroot level combined with robust credit and risk underwriting have enabled us to diversify across sectors, geographies, borrower segments and products, midst testing times.

Digitalisation

We, at Northern Arc consider digitalisation of paramount importance. Over the years we have invested significantly in developing agile, state of the art technology platforms and applications to meet the ever-evolving requirements of our investor and originator partners.

Our technology system, Nimbus, pioneered the disruption of the market ecosystem and enabled us to scale up business operations, enhance functional efficiencies and leverage data analytics. It has been the backbone of our growth story as a leading debt platform.

In May 2022, we successfully entered a strategic partnership with Indian Bank to co-lend to retail borrowers using our *'n-Pos platform'* – a critical infrastructure for the industry that will solve key integration issues and catalyse co-lending partnerships.

AltiFI.ai, our new retail platform, allows individual investors to directly invest in debt instruments across the credit spectrum including enhanced access to higher yielding instruments curated by Northern Arc through our proprietary diligence process. AltiFi has gained traction and confidence of its users in a short span owing to its easy-to-access user interface and its specialised product offering, catering to a diverse investor base.

Rural finance

It is our endeavour to target the next billion by offering small ticket loans through a digital platform. Our acquisition of the business of SMILE microfinance marks our first formal foray in rural financing. We believe that SMILE's strong grassroots footprint and long-standing customer relationships will serve as an ideal base for us to ramp up our rural offering. This acquisition will help us achieve meaningful scale to build a high-quality business that focuses on customer centricity and best in-class processes.

MSME and Education finance

Like rural financing, we aspire to hold a material market share of the MSME finance sector. To take this forward, we propose to develop a multi-functional digitised supply chain finance function and a retail MSME lending segment. We are also committed to enabling access to reliable finance for students to help them pursue their education, enhance their skills, realise their potential and increase their employability.

Way forward

The Board appreciates the effort of the management and thanks each of its employees for their contribution in building a sturdy foundation for the future during strenuous times. We take great pleasure in welcoming Mr. Ashish Mehrotra as the company's Managing Director and Chief Executive Officer. We humbly thank Dr. Kshama Fernandes for her continued and dedicated services.

<u>CEO's Message</u>

FY22 was a crucial year for India's economy and for debt markets across the globe. While the pandemic posed great difficulty to individuals and corporates at large, it acted as a catalyst for organisations to reinvent their business to address both the challenges and the opportunities created by the crisis. COVID-19 was therefore a true test of resilience and agility for every business. While most economies continued to reel from the repercussion of the pandemic, as a global comparative, the Indian economy fared a cut above most other Asian economies. We witnessed a real GDP growth of 8.7% this year as against a contraction in GDP of 6.6% in FY21. RBI's decision of maintaining the policy rates throughout FY22 ensured adequate liquidity cushion during the year to meet credit requirements across sectors.

Risk management is core to our business and over the years we have developed, fine-tuned and implemented a customized risk management system. Our risk management systems are customized for each sector that we operate in and are specific to each business segment. This enables us to effectively build a diversified portfolio and manage general risks and specific risks that are unique. We have also invested in implementing a comprehensive Enterprise Risk Management system in line with the regulatory requirements. Our risk management processes also incorporate a framework for managing ESG risk, a key priority for organisations worldwide today. Building and retaining a team with expertise in sectors that we operate in, a strong and independent risk governance structure, well-documented risk management practices and effective implementation of such practices and models leveraging a deep data set on credit performance over more than a decade, are the cornerstones of our risk management framework. This has helped us in effectively building a high quality credit portfolio. This is further validated by the stellar financial performance of Northern Arc as summarised below, in spite of the macro-economic headwinds faced by the nation, We recorded business volumes of INR 19,871 crore in FY22 (up by 52% from INR 13,054 crore in FY21).

- Our assets under management including our investments in NAIM (our subsidiary), stood at INR 6,975 Crore (up by 36 % from 5,123 Crores in FY21).
- Our PAT increased over two-fold to INR 182 crore (77 crore in FY21) due to improved yields and reduced credit costs. This resulted in an improved return on equity of 10.4% and a return on assets of 2.7% for FY22
- Healthy liquidity marked by high cash balances and unutilised bank limits to cushion our business from unforeseen setbacks. and also enabling us to timely participate in opportunistic areas of deployment.
- Our gross borrowing grew to INR 5,983 crore in FY22, from INR 3,932 crore in FY21, while Cost of Funds reduced to 9.0% from 10.7%

Nimbus, our proprietary technology system, and curated debt marketplace, has been the backbone of our growth with over 400+ investors and 350+ originator partners helping improve our operational efficiencies and effectively scale our operations across various business segments. The beauty of the platform is its agility to be adopted by any partner enabling Nimbus to be a one stop solution to our partners across their entire value chain. Nimbus is equipped to facilitate the entire spectrum of operations , beginning from client on-boarding and credit decisioning to documentation and execution and data-driven risk monitoring

Our retail partnership business has emerged as a front runner to help us build granularity of our loan book. We ended the year with an AUM of upwards of INR 1,000 crore across 34 marquee partnerships with more than 5 million loans disbursed throughout the year. This has been complemented by our customizable technology-based solution enabling us to rightly price risk across diverse client segments of our partners. We are also developing and deploying our proprietary score cards for sectors such as Microfinance and consumer finance, enabling data driven underwriting at a customer level.

With great pleasure, and as a part of our natural evolution into a direct-to-consumer player - I am pleased to announce that we are expanding our retail offering across four identified sub-segments as follows:

- rural financing
- supply chain financing
- MSME financing and
- educational financing

Each of the above business will be led by strong and seasoned leadership team who would be instrumental in laying a strong foundation for these businesses to grow and flourish.

In addition to the above, we have successfully completed the acquisition of the MFI business of S.M.I.L.E (effective 12th April 2022) aggregating to INR 200 Crores. Over 700 employees of S.M.I.L.E have joined the Northern Arc family as a part of this endeavour. We aim to quickly build and scale up the rural finance business, by harnessing the competencies of both institutions. Northern Arc has been a leader in enabling debt capital for MFIs and is recognized as a thought leader in the space, with in-depth sector expertise and a decade of data. S.M.I.L.E.'s grassroots penetration and long standing relationships with over two hundred thousand customers, will provide a strong base to launch Pragati, our rural finance platform. We have applied for a new MFI license under our subsidiary company – Pragati Finserv.

In the mid market corporate business segment, where we work with exciting new age companies, we witnessed strong demand for our offerings. We have been able to scale up the business significantly, to an AUM of INR 578 crore. We have also witnessed good traction in syndicating the issuances of these companies with their diversified investor base.

Our fund management business, NAIM (Northern Arc Investment Mangers Private Limited) recorded a stellar growth of 100% with assets under management of to nearly INR 3,000 crore as of March 31st , 2022 with cumulative investor commitments of INR 4,700 crore across all its funds. In addition to this, Two new funds were launched during FY22 and NAIM received a Portfolio Management (PMS) license from SEBI, which will help us deepen and diversify our offerings to HNIs covering investors with lower capital commitments complementary to the AIF platform.

Our new-age wealth management digital platform ***'Altifi.ai,'*** is targeted at retail investors to participate in high-quality, high-return products which were previously available only to institutional investors. Investors can digitally access the system with ease to pick and choose e securities available for sale on the platform and have access to fixed income products that meet a range of investment needs. The platform has seen volumes of INR 122 crore across 1,300 registered users during the fiscal year.

Going forward

Given the nature of the business and the macro-environment, the company is extremely focused on all aspects of risk management including credit and fraud risk, liquidity risk, operational risk, interest rate and other market risks, to ensure stable and sustainable growth of the company.

The second wave of COVID-19 affected the lives and jobs of millions of Indians at the start of FY22. Through this phase, the Northern Arc team worked relentlessly to ensure the health and safety of its employees and their families. We are pleased to continue on our promised trajectory regardless of multiple Black Swan events such as the global financial crisis, demonetisation, COVID-19 pandemic and the sensitive geo-political situation across Europe that we have witnessed during the last decade We have repeatedly demonstrated remarkable resiliency and adaptability to come out stronger than ever before reinforcing the trust of our investors and partners in our fundamentals. We are excited to enter the next fiscal with renewed energy with the hope that that the pandemic is finally behind us.

As we look ahead to the future, we go back to a key pillar of our strategy – customer centricity. We have built a culture of identifying areas of improvement and continue to push our boundaries. We have laid the foundation of a reliable technology architecture to serve various customer segments with speed, safety and precision. We endeavour to build a future-ready enterprise, offering convenient and cost-effective solutions to customers and automate a large part of the prevailing business processes. Our organizational structure, our investments in new capabilities and our data and digital initiatives have all been strategically structured to propel our next phase of our growth.. By building scale and by systematically expanding our transformation capabilities, we are positioned favourably to continue to play a larger part of the ecosystem we have nourished over the last decade. I thank each one of you who has been a part of the Northern Arc family. I am confident that we will grow stronger together as we welcome triumphant days ahead.

Business Update

Northern Arc is a platform in the financial services sector set up primarily with the mission of catering to the diverse credit requirements of under-served households and businesses by providing efficient and reliable access to debt finance. Our diversified platform taps into a large network of financial institution partners, technology platforms and other entities that act as business correspondents to originate financial exposure as well as small businesses and individuals. While we lend to such originator partners which are in the nature of financial institutions for the purpose of on-lending by them, we also engage with certain originator partners who enable us to lend directly to retail borrowers. We also have an equally large network of investors across different investor classes who use our platform to access opportunities to invest in under-served sectors in India.

Since 2009, when we entered the financial inclusion space, we have enabled financing for originator partners who have impacted over 60 million lives across India, of which more than 42 million were women.

Since the inception of our platform, we have cumulatively raised over Rs. 1150 billion in funds for our clients, executed over 900 structured finance transactions, obtained over Rs. 28 billion in investor commitments across nine high performing funds and gathered over 22 million data points on customer repayment behaviour.

Our Offerings

Financing – from our balance sheet, we (i) lend to and guarantee the borrowings of originator partners for retail on-lending by them, and invest in and/or credit enhance the portfolios sold down by them; (ii) lend to under-served households and businesses through our retail business; and (iii) lend to mid-market companies operating in preferred sectors. As part of our financing offering, we have also launched a dedicated rural finance business through our subsidiary, Pragati. We will also be extending our retail financing initiatives with the launch of Supply Chain Finance, end-use driven consumer finance, and secured MSME loans.

Syndication and structuring – we work with our Investor Partners to structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our originator partners and mid-market companies. We also demonstrate skin-in-the-game in our syndication and structuring offerings, which provides comfort to our Investor Partners and which differentiates us from other debt arrangers in the market which do not assume skin-in-the-game.

Fund management – based on contributions received from Investor Partners, our subsidiary, Northern Arc Investment Managers Private Limited ("NAIM"), manages debt funds that invest in mid-market companies and our originator partners. As part of our skin-in-the-game approach, we make capital contributions to our funds, including contribution as sponsor of the funds.

Financing

Institutional Lending:

As a diversified financial services platform, we cater to the diversified credit requirements for NBFCs (including NBFC-MFIs & HFCs) and fintech platforms reaching the underserved borrowers. NBFCs continue to form a sizeable portion of the systemic credit owing to their innovative offerings with considerably lesser lead time and last mile reach which helps them cater to the large credit demand in the market. Despite the headwinds over last years, NBFCs continue to remain resilient, as can be envisaged with the strong growth pattern exhibited over the same years.

As of March 31, 2022 our Originator partners reported a cumulative AUM of ~INR 3.32 trillion. Our partners had borrowers spread across 666 districts, in 36 states and UTs in India. Our exposure to these Partners has risen to INR 5,449 crore.

We enable financing to underserved customers through our Originator Partners in multiple ways depending on their specific needs – including lending to and investing in debt securities issued by the partners for their on-lending activities. The products include Loans, NCDs, MLDs, CPs, securitization and assignment of receivables (sale of assets). In addition to these, we also provide partial guarantees for borrowings of our Originator Partners and third-party credit enhancements for securitization of receivables with other lenders. Through the expansion of our Markets franchise, we continue to deepen access to reliable and efficient debt capital, onshore and offshore for our Originator Partners.

Further, given our expertise in structured finance and understanding of credit requirements of our Originator Partners and Lenders, we have regularly come up with newer structures to enable financing for our partners. Over the last few years, we have closed single and pooled loans, Bonds including credit enhanced structures and Persistent Securitization structures, in addition to our oft-concluded MOSEC and single originator securitization transactions. During the course of the current fiscal, we were also successful in concluding variations of securitization transactions, leading to cost optimization for the Originator Partner. This works to cement our value addition with the Originator

Partners making us the first port of call for their funding requirement. These innovative structures and our principal approach give additional comfort to investors, to work with us as preferred partners and co-investors.

Markets:

While the economy continued to reel from the aftereffects of the COVID19 pandemic, **FY22 witnessed a turning point for the Indian Debt Capital Market.** Contrary to investors and institutions becoming wary and adopting the hold-and-observe strategy in FY21, we witnessed investor appetite returning across a wide gamut of debt products and across a broad spectrum of companies, despite the challenging low-interest-rate environment.

FY22 also saw an expansion of the investor base that was active. The total count of unique investor partners that participated in transactions structured by Northern Arc stood at **109 in FY22** (as compared to 76 in FY21). Of the 109 investor partners, 72 engaged with us on **primary** issuances, 31 on **secondary sell downs** and 6 by way of **both** primary and secondary issuances. Placements were well diversified across Banks, NBFCs, international funds, DFIs, wealth platforms and capital markets investors.

In addition to successfully onboarding new investors, we achieved horizontal diversification across our existing investor universe by curating products suitable to the market environment and investor preference - such as transitioning from vanilla NCD's to **credit enhanced, market linked debentures**, from secured ECBs to **semi-secured/unsecured ECBs**. We continued to engage holistically with investors supporting their efforts to monitor their investment portfolio and sharing insights at a both field and data level on the underlying portfolios, as the broader economy and our clients recovered from the impact of successive waves of the Covid-19 pandemic.

Wider adoption of technology may be seen as one of the key learnings from the pandemic. To keep up with the active transformation in technology, we encouraged our investor partners to engage with us through **our proprietary debt platform 'Nimbus'.** The Nimbus ecosystem allows investor partners to perform end-to-end seamless evaluation of potential opportunities, supports disbursement and in-depth post disbursement monitoring. As of Mar 22, a number of our investor partners have been onboarded on Nimbus and dedicatedly utilize the platform and its functionalities for their investments and portfolio monitoring.

Another unique development in FY22 for us has been our **ability to scale up secondary domestic debt capital market placements**, specifically across **wealth managers, domestic funds, family offices and HNIs.** Sell downs, midst a downward yield curve environment in FY22 garnered investor traction, as high-quality opportunities were made available of investors at relatively attractive rates. We have identified significant potential in this investor class and look forward to dedicatedly scaling this practice, in conjunction with our investment in Altifi.ai.

The pandemic brought renewed focus on **ESG,** as we recognized better, the importance of environment, sustainability, and healthcare to stable and inclusive growth and risk management. We expect this focus to strengthen across both domestic and global debt markets. We could expect a surge of sustainable debt issuance and investments; with investors earmarking an increased allocation towards more thematic ESG mandates in the coming years and this is a significant tailwind for our own focus on enabling access to finance for these end uses.

In FY22, the **we strengthened our position as a preferred partner of choice for investors through continuous engagement and by providing them with best-in-class services**. Our ability to constantly innovate and introduce structured products that meet investor and originator preference, has always helped us be a preferred arranger of choice for our stakeholders. Speaking of a few landmark deals and structures for the year:

- We supported our clients in raising financing from domestic DFIs under special liquidity and refinance schemes
- We facilitated a one-of-a-kind global partnership with a Dutch bank to provide transaction support on global securitization deals
- We structured the 1st unsecured ECB for a leading microfinance company;
- We led India's largest securitization transaction in the education finance space

We would like to thank our investors for demonstrating confidence in our sectors, our clients and in us, in challenging times and for partnering to tap promising credit opportunities in India's emerging sectors and to enable access to credit for the underserved.

To conclude, while the full-fledged resurgence of COVID19 may be unexpected, the top risks factors that we continue to monitor closely, which could affect markets in FY23 include - geo-political unrest, macro instability, tightening of liquidity, increase in interest rates and their impact on credit spreads across originators, rising inflation, and volatile hedge costs. Despite these headwinds, we remain confident and committed to work alongside our partners – innovate, ideate, and to continue to build an efficient and a reliable platform to serve our partners in the years to come.

AltiFi:

Over the past decade, Northern Arc has been a pioneer in helping institutional investors invest in the debt securities of financial institutions and emerging corporates. While there were a few individuals who invested in transactions structured and executed by Northern Arc, these were largely HNIs and sophisticated investors, who had the luxury of working with wealth advisors.

In the last few years, we have witnessed a trend of increasing financial literacy, largely spurred by the revolution in the digital content space. Affluent, mass affluent and retail investors are becoming aware of asset classes apart from equity and Fixed Deposits. They are also realizing the importance of holistic financial planning required to achieve goals over different time frames, and the role played by the fixed income asset class as part of that overall portfolio.

To address this demand, and to tap into the immense untapped opportunity here, we established the AltiFi (https://altifi.ai/) platform. It provides investors a seamless and completely online journey, that helps them invest in bonds and Commercial Papers in a few clicks. To ensure quality, the platform offers only securities that have been diligenced and onboarded by Northern Arc. We take disclosures and investor protection very seriously – As part of the customer journey, there is repeated emphasis on highlighting the risks relating to the products on the platform.

AltiFi has received widespread adoption in the immediate few months since its launch. It has over 1,000 registered users and has seen over INR 90 crore of transaction volume so far. Going forward, we will add new products to help investors further diversify their investments and achieve complete financial planning.

Mid-Market Corporate Lending:

The Mid-Market Corporate Lending vertical was started five years back with a mission to enable finance to underbanked corporates and to expand our coverage beyond financial institutions. This is across sectors such as Education, Food & Agri, Healthcare, B2B, FMCG, Logistics and Clean Energy. Many of these underlying sectors are aligned with target areas of investment under the UN SDGs and focus for impact investment. We have backed high growth businesses with strong promoters, sound corporate governance and strong process controls. This has been ably supported by our robust underwriting framework, and risk monitoring practices. Our underwriting approach has been cashflow based wherein we have been able to tailor our debt offering through innovative products such that debt repayments can match the cashflows from the business. Our offerings include financing working capital, capital expenditure, acquisition financing & other growth related investments that our partners are looking to invest in.

In FY 22, we expanded our client coverage with the addition of 40 new clients. We enabled financing to the tune of INR 800 crores; growing 2x y-o-y. The year also saw a 2x growth in our placement business with participation from diverse capital market players across products including CP, NCD, Term Loans and WC.

Rural Finance Business (Pragati):

Pragati FinServ Pvt Ltd. was incorporated in Fiscal Year 2021 with the aim of offering small ticket loans through an efficient, agile, and scalable digital platform to under-served rural and semi-urban areas of the country. It is promoted by Northern Arc Capital under the leadership of Mr. Jagadish Babu Ramadugu, an industry veteran. Pragati has been incorporated to meet the diverse customers' needs of the low-income households of rural and semi-urban areas. Pragati FinServ aims to become a one stop provider for its borrowers covering small ticket personal and business loans, two-wheeler loans, MSME loans, home improvement loans, commercial vehicle loans etc. Pragati aspires to have a national footprint and deliver its product nationally and be a dominant player in its area of operation.

Currently, the loan products of Northern Arc are being delivered by Pragati through a Business Correspondence arrangement. The team at Pragati has spent a tremendous amount of time and energy in the field in understanding the customers segments it wants to serve, their needs and aspirations.

As Pragati is targeting low-income households in rural and semi urban areas, most of its target customers are living in the digital shadow. These customers either do not have access to digital tools to access the financial services or they lack digital literacy to use these channels to access credit. Pragati is adopting a phygital or assisted digital mode to deliver credit to its target customers. Pragati has built a digital workflow application and integrated this with all the latest lending suites such as KYC authentication, Credit Bureau verification, account integration, payment and collection services, credit underwriting using data analytics, geo analytics, rule engine and credit engine etc. Pragati has also adopted the latest technology for its non-lending applications such as HRMIS, Audit, Accounting etc. The technology would enable Pragati to provide best in class Customer services, right-sized loans and quick turnaround time and these three would be the key focus for its product delivery.

Pragati recognizes its employees as a most important resource and it's imperative that the company provides formal and informal training to the employees at all levels of operations & management. This will help the employees to achieve the desired level of productivity and also enhance the overall human capital. For the Fiscal year under consideration, Pragati has 45 employees on roll, further recruitment & training would continue as the company expands. Pragati aims to become an employer of choice and aims to enter the "Great place to work" club

Pragati has devised a business plan to serve the customers in 10 states, the selected geography would establish Pragati as a national player. Pragati has started its branch expansion in Karnataka and soon spread out to other targeted geographies. Pragati has selected a right mix of developed and relatively underdeveloped (From the perspective of financial market development) states to balance its aspirations of improving the financial inclusion and at the same time, this is also a risk prudent strategy.

Pragati has tested its lending methodology along with Northern Arc & Smile and disbursed INR 25.78 Cr of JLG loans across 4 states from 45 branches with very good portfolio quality. The results from this limited pilot are very encouraging and the company is ready to scale up.

Pragati has also applied to become an NBFC-MFI and the application process is in progress.

Retail lending business

We serve our retail borrowers through a tech and data analytics-based lending platform. Backed by a strong understanding of retail lending processes and the performance of retail loans, we commenced this business in FY16. We were one of the first NBFCs to implement such a model then. We serve our MSME and individual customers directly and through partnerships, offering multiple products like secured loans, unsecured loans, personal loans, BNPL etc.

We have been able to achieve seamless technology integrations with our retail lending partners, and in some cases, this integration spans across major business processes like sourcing, underwriting, disbursements, collections and customer servicing. The digital integration ensures a seamless flow of customer data at the time of customer onboarding, which is processed using automated credit decisioning for small ticket size loans and is supported by a team of credit managers for larger ticket sizes.

We have so far disbursed over 8 million loans through the platform. The underwriting of these loans is heavily supported by our analytical models which are increasingly built using machine learning techniques. These underwriting models are recalibrated periodically by incorporating more variables and features as we disburse more loans and collect more data.

In FY22, we deepened our grassroots presence by setting up specialized verticals across Supply Chain Finance, end user driven consumer finance and Loans Against Property.

Supply Chain Finance

The Supply Chain Finance vertical was conceptualized and is being built to democratize credit and tap into INR 1TN+ financing opportunities for MSMEs. We are building a best-in-class digital platform and Client Portal (for real-time access to stakeholders) through one of the large global IT players in the BFSI domain. We shall leverage our proprietary Loan Origination System (LOS) "Nimbus" for seamless onboarding of Corporates (Anchors) and the linked ecosystem (Dealers / Suppliers). Further, payments and settlements are being automated through an API-driven integration with one of the house banks.

During the year, the relevant contracts with various technology partners were signed up and the development work progressed as planned. In terms of people, we onboarded an experienced team during the year including the Business Head and a team in Operations, Credit, Product, etc.

We intend to build the SCF business by financing the entire ecosystem (Tier 1 / Tier 2) of Mid & Large Corporates (Anchors). We believe the opportunity is immense in the last mile / long tail of well-oiled corporate ecosystems. Our proposition would include Dealer & Vendor Financing, Sales & Purchase Bill Discounting (largely to MSME borrowers) to begin with. Self-liquidating, short-term trade credit backed by a strong commercial linkage between buyers & suppliers would assist in concurrent credit monitoring. With portfolio seasoning, we shall introduce more products to complement the trade finance limits and become a meaningful lending partner to the MSMEs.

We shall go live in FY23 and the ultimate end state of the client life cycle (Onboarding > Underwriting > Documentation > Transaction Processing > Monitoring) would be automated/digital to the extent possible; backed by robust underwriting including credit score cards. We shall focus on sectors including but not limited to IT/ITES, B2B & B2C e-commerce, Chemicals, Pharmaceuticals, Consumer Durables, apparel and logistics.

End-use driven consumer finance

India has seen an exceptional growth in the field of Education. There are more than 25 crore students currently in K 12 segment. This number is poised to increase in the coming days with the country's demographic dividends coming in to play. Education sector offers a holistic platform for financial services companies to step in and offer their resources. There is a tremendous requirement for capital from the institutions. The parents are looking at ways the fund the ever increasing fees to ensure quality education for their children.

We see an opportunity to be a critical part of the education finance sector. As a first calibrated product, Northern Arc Capital has launched Education Loan to lend directly to schools, coaching organizations, online training programs, and skill development establishments.

We will provide a holistic approach to offer education loan for people who wish to pursue their education and for parents who would like to pay the amount over the year instead of paying one time at the institution which isn't feasible for all.

We're not just a student lender – our goal is to set students up for academic, professional, and financial successes. With our seamless, easily accessible, and customer friendly services, we assist in providing children the best education they deserve. For extending our reach, we have teamed with prominent institutions in contiguous geo-regions of operation.

The Education Loan products would be offered in a digital format which would be seamless for the Parent/Student and efficient. The digital support in terms of tracking the business and communicating with the Education partners would also be enabled. The Journey of participating and contributing in the education space has just begun in Northern Arc Capital. We envisage a tremendous growth and value addition from this segment.

Loans Against Property

Indian MSME segment is large, central to our economy and is also an enormous credit opportunity. The segment is very attractive considering the size of unmet credit demand and given that it is poised for an expected double digit credit growth rate.

Northern Arc Capital has started MSME loans , as a first calibrated product, to lend directly to the small businesses and proprietorships.

Norther Arc MSME Loans, secured by residence, office, or factory of the MSME borrower, will have average tenor of 7-10 years. Almost entire MSME loan book, focussed upon business needs for small enterprises, will come under the Priority Sector Lending category.

Northern Arc has a decade long business/ credit experience, and our MSME programs, will leverage our existing robust credit talent and network. We have also partnered with strategic players in contiguous geo-regions of operation, to increase our reach.

The MSME products are offered through a Phygital (Physical + Digital) model: distribution based on a few strategically located owned business locations, taking support of a capable digital infrastructure (under development). The physical process of security creation is to be aptly supported by a paperless approval workflow, intelligent credit scoring and analytics based upon the prospect's offline and online behaviour patterns. Our digital assisted process flow, with stage-wise updates to customer, will also help shore up customer stickiness during the onboarding process.

Syndication and Structuring

Structuring New Products

Our Company has over time pioneered the introduction of multiple innovative products such as the first securitization of microfinance loans, the first pooled multi-originator securitization transactions (“MOSEC®”), and persistent securitization (“PERSEC®”). Embedded in our product designing capability is an understanding of the diverse credit requirements of our retail borrowers, Originator Partners, and mid-market companies, the sectors that they operate in, as also the risk and return expectations of our Investor Partners. Our knowledge in product designing and customization is further strengthened by Nimbus, which makes use of technology and our Company’s large data lake to offer curated opportunities to both Originator Partners and Investor Partners.

For our Originator Partners, we offer a wide variety of debt and credit-enhanced debt products aimed at access to efficient cost of funds. These include term and working capital loans, Principal Protected Market-Linked Debentures (“PP-MLD”), commercial paper, External Commercial Borrowings (“ECBs”), sub-debt products, guarantee-backed lending, SPiCE loans and SPiCE BOND® (together, “SPiCE”), pooled loan and bond issuance programmes that are suited to their specific lifecycles, credit ratings, and their requirements on size, tenor, pricing, etc. We also offer portfolio financing products such as rated securitization and direct assignment that help our clients avail liquidity through the sale of assets. Our Company has enabled small and medium Originator Partners to access securitization markets where large NBFCs are active participants.

Further, we selectively assume skin-in-the-game in some of these products to enhance their credit rating and enable our Originator Partners and other businesses to raise debt from investors. The skin-in-the-game could be in the form of guarantees for a stated amount, co-investment, and credit enhancement in the form of investment in subordinate tranches of an instrument or unfunded second-loss credit enhancement.

The overall securitization and direct assignment volumes in the market stood at Rs. 1.25 trillion for Fiscal 2022, of which our Company has enabled the funding of Rs. 43billion through securitization and direct assignment. Further, the overall market volumes for securitization and direct assignment in microfinance, MSME finance and Two-wheeler finance being the sectors where most of our Originator Partners operate, we contributed 10%, 20% and 19% respectively of the total market volumes that were enabled for Fiscal 2022. Our Company has also ventured into securitization of relatively newer asset classes such as gold loans, trade receivables, cash loans, education loans, consumer durables and end-use driven consumer loans to cater to the funding needs of its existing and new Originator Partners.

Fund Management Business

FY22 was the best year to date for NAIM as we doubled our assets under management to INR 2,918 crore. NAIM closed FY22 with cumulative investor commitments of INR 3,187 crore across all its funds and brought on board 414 new investors during the year, comprising corporates, family offices and HNIs. A total of INR 6,392 crore was deployed across sectors during the year, while the cumulative distributions made to investors stood at INR 851 crore, as of the end of the year.

Fundraising and deployment were mildly impacted during Q1FY22 due to the Covid wave. Despite the lockdown situation and containment zones in multiple parts of the country, all our active funds maintained excellent portfolio quality and delivered consistent cashflow pay-outs to investors throughout the year with no instances of any shortfall or delay. As the COVID cases started to subside and investor confidence got revived, fundraising picked up and the green-shoe option was exercised for both Northern Arc Income Builder Fund Series-II (INR 200cr + INR 150cr) and Northern Arc India Impact Fund (INR 350cr + INR 350 cr). The Northern Arc Impact Fund was our first fund offering with a Mauritius feeder access for offshore investors, and we clocked USD 26mn in FY22 and expect another USD 8.5mn in Q1FY23.

Northern Arc Money Market Alpha Fund has become our flagship fund as it continued to be a competent alternative for investors to park their short-term funds (3-6 months) with a target return of ~9%. The fund achieved a peak AUM of INR 1,225 crore in March 2022. The fund has received investments of INR 1,700 crore from 367 investors and has successfully redeemed investor capital of around INR 1,096 crore during the year under review.

NAIM launched a new platform – Portfolio Management Services in FY22 to broad base the product offerings for its investors. Northern Arc Income Builder - Series A has launched as the first Discretionary PMS portfolio of Listed Principal Protected MLDs with a target size of INR 250 crore. This provides an investor with not only a curated set of investments with the benefit of significant diversification, easy exit options and superior risk-adjusted returns but also allows investors to leverage Northern Arc's specialized asset management, deep insight on portfolio companies and high-touch monitoring.

NAIM's digitisation journey picked up steam in FY22 with vendor solutions piloted and successful parallel implementation underway. While net asset value computation via the system is live, calculation of net asset values, investor portal access on NAV, statement of accounts, fund factsheet information etc. is in parallel run mode with rollout starting April 2022. Digital and single-step investor onboarding for both AIF and PMS products has gone live reducing operational friction for new investors.

IFMR FImpact Medium Term Opportunities Fund ("Fund 5") received a one-notch upgrade in FY22 to AA (SO) from AA- (SO), showcasing the confidence CRISIL has in NAIM's fund management and underwriting capabilities.

NAIM was featured in the ImpactAssets50 list consecutively for the second year in FY22, an annual showcase featuring fifty fund managers from across the world, who led their respective fields in creating a positive social impact while generating financial returns for investors. This makes us the only Debt fund from India to receive this honour. Along with this, NAIM added another feather to its hat by securing first place in the category 'Most Consistent Top Performing Private Debt Fund Manager' by Preqin. All these recognitions from international forums, along with the earlier awards conferred on NAIM for excellence and innovation in the fund management domain, are a testimony of the extensive underwriting expertise, innovative approach towards investment management and thought leadership that NAIM brings about in its target sectors. The recognitions reinforce the belief that NAIM is a unique debt AIF platform delivering superior risk-adjusted returns to investors while creating a positive social impact.

Treasury

FY22 has been a watershed year for Treasury at Northern Arc Capital. The year started on a cautious note with the 2nd wave of the Covid-19 pandemic at its peak. Despite the uncertain and challenging times, Northern Arc Capital raised INR 4,658 crore in FY22 from 47 different lenders. This is the highest ever debt capital raise in a single financial year since the company's inception. The debt raise demonstrates our robust and time-tested relationships with our lenders and investors and our focussed efforts in constantly expanding and diversifying our lender base.

The company, over the years, has taken active measures to broaden and diversify its funding profile. During FY22, the company added 15 new lenders. The year was marked by funds raise from marquee lenders such as Japan International Cooperation Agency (JICA), SIDBI, SMBC Bank, HDFC Bank and a host of public and private sector institutions. We raised USD 50 million from JICA during the year, thereby becoming the first mid-size NBFC to receive funding from the agency. The fundraising demonstrates our capabilities in raising funds from offshore markets and our efforts in building a dedicated offshore liability franchise over the last three years. We will continue to build on our relationships in this segment and focus on raising long-term funds from global development financial institutions.

As of March 31, 2022, we had 56 lenders and investors, with 58% of the total borrowings from the banking system, 30% from DFIs & offshore impact funds. The Balance of 12% were from the Capital markets investors such as mutual funds, private wealth etc and other lenders and investors. Our diversified base of lenders and investors provides us with a strong base for increased funding.

During the year, the company also raised liquidity by undertaking a periodic sell-down of assets held on the balance sheet (bonds, securitisation investments and investment in AIF units). Such sell downs, while generating liquidity, also help to improve price discovery, build visibility for our assets in the market and manage liquidity and capital efficiently.

During FY22 the company raised funding through market-linked debentures placed with private wealth investors. In addition, the company has increasingly tapped into capital markets space by issuing commercial paper thereby lowering the overall cost of borrowing. We also reduced the cost of our working capital debt by about 150 to 200 bps during the year and availed FCNR facilities vis-à-vis term debt, thereby lowering the cost of corresponding debt by 170 bps. We have also utilised the prevailing lower interest rate scenario during FY22 to lock in long-term funds at lower rates. Consequently, our cost of funds reduced significantly to 9% for FY22 vis-à-vis 10.7% for FY21. The incremental cost of borrowings has also come down to 8.2% for the year.

In addition to lender diversification, we continue to seek cost-effective debt funding from a variety of sources and instruments.

Our credit rating continues to be a key enabler for our diversified and cost-efficient funding profile. Since 2015, our Company's commercial paper program has been assigned the highest possible rating of A1+. Our non-convertible debentures and long-term bank facilities have been rated A+.

Further, our market-linked debentures, and subordinated debt program currently have a rating of A+. During the year, ICRA revised the outlook on our ratings from 'Negative' to 'Stable' citing comfortable collection efficiency and expected improvement in asset quality and earnings profile.

All the aforementioned factors resulted in the company maintaining healthy on-balance sheet liquidity throughout the year. Further, prudent liquidity management ensured that the company has positive cumulative mismatches in all the ALM maturity buckets as stipulated by RBI for the next five-year period.

Liquidity And Interest Rate Risk Management

Our Company has an asset liability management policy in place which requires us to monitor and manage interest rate and liquidity risks proactively from time to time. Liquidity risk relates to the risk of loss in the event sufficient liquid assets will be unavailable or will be available only at excessive cost, to meet the cash flow requirements of obligations when they are due. In this context, the company has a suitable liquidity risk management framework in place, the purpose of which is to ensure the availability of adequate liquidity to meet upcoming repayment commitments as well as liquidity for ongoing business requirements. Further, the company's Asset Liability Committee (ALCO), which comes under the purview of the Finance Committee, regularly monitors the liquidity position and ensures that liquidity is managed in accordance with the ALCO policy, approved by the board.

The company also undertakes measures to actively manage the interest rate risk on our balance sheet. Interest rate risk is the risk of loss resulting from movements in interest rates and their impact on future profitability and cash flows. Northern Arc follows duration gap analysis to measure and control the interest rate risk with the duration gap being the difference between the duration of assets and the duration of liabilities. The company has a defined internal threshold for equity duration (impact on return on equity due to movement in interest rates) and monitors it on an ongoing basis. Given the floating rate nature of a sizeable portion of our assets linked to an internal benchmark i.e., Floating Benchmark Linked Rate, we expect the same to provide a buffer against any adverse interest rate movements in the future.

We have in place strong internal processes and controls on all treasury-related activities. We continue to comply with all regulatory guidelines including guidelines on tolerance limits on ALM mismatches, and liquidity coverage ratio amongst others. During the year, our LCR requirement has gone up from 30 per cent to 50 per cent. Accordingly, we maintained the requisite quantum of High-Quality Liquid Assets (HQLA).

Technology

As we move towards the forefront of the digital era, 'Nimbus' our proprietary technology system which was built in-house has an intention to execute all our investments via our technology sub-systems like NPOS, AltiFi, Originator & Investor Portal. Our continued focus on the effective use of technology is aimed at further improving the customer experience and streamlining processes leading to cost efficiencies and productivity. Our focus is to leverage greater user experience and seamless user journey for the end customers with the use of AI & machine learning techniques to enhance our data analytics capabilities, and enable Investor Partners to choose granular transaction-level terms to customise syndication and structuring transactions as per their requirements, deploying Nimbus for new products and new offerings including for our proposed offering in relation to MSME supply chain financing. N-POS, an extension of Nimbus, is designed to support retail co-lending transactions with originator partners, including underwriting capabilities, as a platform service to financial institutions. It provides a straight-through processing (STP) approach for retail lending partnerships in multiple sectors. Overall, NACL's technology systems are expected to provide value-added services to both investors and partners, which can support fee-based income going forward.

Nimbus has capabilities to integrate seamlessly with our Originator Partners, Investor Partners, lending partners and borrowers, enable transaction execution with efficiency, deliver a superior customer experience and offer business and risk insights in a context-sensitive manner, among others. Most of our clients and investors make use of Nimbus, the drastic increase in the number of transactions on the platform can provide larger datasets as inputs for our analytics algorithms which can further improve the quality of opportunities and insights that we can offer.

Set out below are some of the benefits offered by Nimbus to our Originator Partners through N-POS platform.

Nimbus Partner Origination System	N-POS is the Cloud based platform enhanced with highly scalable and advanced in-house technology for running one of the country's largest Partnership based lending programs, catering to multiple products and sectors, with this we are onboarding the partners in less than 10 working days with the standardized APIs, and our systems are currently processing more than 1.5 million loans a month end to end and disbursing the loan to the borrower in less than 45 seconds and serving the borrowers 24*7. N-POS supports loan origination, underwriting, digitally authenticating the KYC data, AML check, disbursement, and collection apportion in real-time with our lending partners, the solution is serving multiple products including Personal loans, B2C BNPL, B2B BNPL, Business loans, Microfinance loans, and Vehicle loans originated by the new age fintech players and as well as traditional players by configuring the systems which are suitable for them.

	We achieved the above by integrating with multiple intermediaries for KYC validation, credit bureau reports, banks, and payment gateways for disbursement and collection tracking.
Retail Investment Platform-AltiFi	• provides curated opportunities for investments • provides a digital platform for the execution of a wide range of investments such as issuance of NCDs, MLDs • provides a mobile application for both Android and iOS

In Fiscal 2022, on the Nimbus system, we onboarded 36 Originator Partners and 36 mid-market companies and conducted risk monitoring on 261 Originator Partners. Further, we conducted transactions involving a value of 90% of the aggregate value of financing and syndication and structuring transactions in Fiscal 2022 on Nimbus. We have so far disbursed over 8 million loans through the n-POS platform, amounting to a total value of over INR 5,000 crore.

We have hosted our data centre on cloud and created a virtual IT infrastructure to host new applications. Our IT infrastructure is built on a robust architecture consisting of a primary data centre and a disaster recovery centre that links all our offices. We use a combination of customized, off-the-shelf, and tailored software developed in-house.

BOARD'S REPORT

Dear Shareholders,

Your directors have pleasure in presenting this annual report along with the audited financial statements of the Company for the year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

(Rs in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended	Year ended	Year ended	Year ended
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Total income	87,411.93	64,604.25	91,654.47	68,528.45
Finance costs	41,026.93	32,296.76	41,067.24	32,296.76
Net interest income	46,385.00	32,307.49	50,587.23	36,231.69
Operating expenses	19,079.60	10,397.76	21,140.05	12,017.29
Depreciation	911.82	673.83	957.44	674.10
Pre-provision profit	26,393.58	21,235.90	28,489.74	23,540.30
Impairment and write-offs	3,684.74	13,602.68	3,650.85	13,540.96
Profit before tax	22,708.84	7,633.22	24,838.89	9,999.34
Tax expense	6,335.91	2,028.23	6,645.12	2,340.10
Profit for the period	16,372.93	5,604.99	18,193.77	7,659.24
Other comprehensive income/(loss)	-2,724.34	622.07	-3,346.98	320.15
Total comprehensive income	13,648.59	6,227.06	14,846.79	7,979.39
Total comprehensive income to Owners	13,648.59	6,227.06	14,170.00	7,211.70
Opening balance of retained earnings	36,194.46	31,701.21	37,462.26	31,795.65
Transfer to reserves	-3,274.58	-1,121.00	-3,274.58	-1,121.00

Appropriations and other adjustments	-128.28	9.26	-96.75	36.17
Closing balance of retained earnings	49,164.53	36,194.46	51,340.90	37,462.26

During the year ended March 31, 2022, on a consolidated basis, your company generated total income of INR 916.54 crores, a growth of 33.74 % over the earlier year. Net Interest Income was INR 505.87 crores, representing year-on-year increase of 40%, which resulted in a profit before tax of INR 248.39 crores, 148 % higher than the previous year.

DIVIDEND

Due to the need for deploying the funds back into the business for the growth of your Company, your directors have not proposed any dividend on equity shares for the year under review.

TRANSFER TO RESERVES

During financial year 2021-22, your Company has transferred an amount of INR 32.75 Crores to reserves in accordance with the requirements of s. 45-IC (1) of the Reserve Bank of India Act, 1934.

CREDIT RATING

The Credit ratings of the company as on March 31, 2022, are summarised below:

Instrument	Rating Agency	Rated Amount (INR crore)	Rating and rating action
Long-term Fund-based Limits	ICRA	2500	ICRA A+/Stable
Non-Convertible Debentures	ICRA	1175	ICRA A+/Stable
	India Ratings	800	IND A+/Stable
Market linked debentures	ICRA	20	PP-MLD[ICRA]A+(Negative)
	India Ratings	300	IND PP-MLD A+emr / Stable
Subordinated Debt	ICRA	40	ICRA A+/Stable
Commercial Paper	ICRA	300	ICRA A1+
	CARE	500	CARE A1+

CAPITAL ADEQUACY

The company's capital adequacy ratio as of March 31, 2022, was 22.79% as against 28.89% as at March 31, 2021. The minimum capital adequacy ratio prescribed by Reserve Bank of India is 15%.

SHARE CAPITAL

During the financial year, your company had issued 9,85,993 equity shares under the Employees Stock Option Schemes of the Company.

Consequent to the aforesaid allotments of equity shares, the total paid up capital of the Company as on March 31, 2022, was INR 171,55,39,510 comprising of 8,89,07,543 equity shares of INR 10 each and 4,13,23,204 compulsorily convertible preference shares of INR 20 each.

The shareholding pattern of the Company as of March 31, 2022, on a fully diluted basis was as follows:

Name of shareholder	No. of shares	% of holding
Leapfrog Financial Inclusion India (II) Limited	29952665	23.00%
Augusta Investments Pte II Ltd.	23584935	18.11%
Eight Roads Investments Mauritius (II) Limited	13610748	10.45%
Dvara Trust	12878682	9.89%
Accion Africa Asia Investment Company	7699529	5.91%
Sumitomo Mitsui Banking Cooperation	7004364	5.38%
IIFL Special Opportunities Fund	6721940	5.16%
IIFL Special Opportunities Fund – Series 2	4986680	3.83%
IIFL Special Opportunities Fund – Series 3	2193541	1.68%
IIFL Special Opportunities Fund – Series 4	7538980	5.79%
IIFL Special Opportunities Fund – Series 5	6185901	4.75%
IIFL Special Opportunities Fund – Series 6	253781	0.19%
IIFL Special Opportunities Fund – Series 7	6125875	4.70%
Kshama Fernandes	1	0.00%
Bama Balakrishnan	1	0.00%
C Kalyanasundaram	1	0.00%

Northern Arc Employee Welfare Trust	1493123	1.15%
Total	**130230747**	**100.00%**

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The composition of the Board of Directors of the Company is in accordance with the provisions of section 149 of the Companies Act, 2013 with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review Mr. Rajesh Kumar Dugar (DIN: 00040516) resigned from the Board with effect from June 03, 2021 and thereby ceased to be a member of the committees of which he was a part of. The Board places on record its appreciation of the valuable services rendered by Mr. Rajesh Kumar Dugar during his tenure with the Company.

Mr. Ashish Mehrotra (DIN: 07277318) was appointed as Executive Director with effect from February 14, 2022, till March 31, 2022, and as Managing Director and Chief Executive Officer of the Company with effect from April 01, 2022, for a period of five consecutive years. Further, Ms. Bama Balakrishnan (DIN: 06531188) was appointed as Executive Director of the Company with effect from February 14, 2022, for a period of five years and Dr. Kshama Fernandes (DIN: 02539429), Managing Director and Chief Executive Officer of the Company was redesignated as Non-Executive Vice Chairperson of the Board of Directors with effect from April 01, 2022.

Further Mr. Arun Kumar was appointed as an Independent Director effective 14th February 2022 on the recommendation of the Nomination and Remuneration Committee.

The Board noted the evaluation carried out by the Nomination and Remuneration Committee (NRC) of Mr. Ashish Mehrotra and Ms. Bama Balakrishnan on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Mr. Ashish Mehrotra and Ms. Bama Balakrishnan in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013, RBI Guidelines and the Listing Regulations, as applicable.

The Board noted the evaluation carried out by the Nomination and Remuneration Committee (NRC) of Mr. N T Arun Kumar on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Mr. N T Arun Kumar in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013, RBI Guidelines and the Listing Regulations, as applicable. In accordance with Section 149(7) of the Act, 2013, Mr. Arun Kumar has declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and the Board confirms that Mr. N T Arun Kumar is independent of the management.

The shareholders had at their extraordinary general meeting held on 26th March 2022 approved the following changes to the composition of the Board of Directors:

a) Appointment of Mr. Ashish Mehrotra (DIN: 07277318) as a Whole-Time Director designated as Executive Director of the Company with effect from February 14, 2022, to March 31, 2022; and as Managing Director and Chief Executive Officer of the Company with effect from April 01, 2022, for a period of five years.

b) Appointment of Mr. N T Arun Kumar (DIN: 02407722) as an Independent Director of the Company with effect from February 14, 2022, for a period of three consecutive years; and

c) Appointment of Ms. Bama Balakrishnan (DIN: 06531188), Chief Operating Officer as whole-time director designated as Executive Director of the Company for a period of five years with effect from February 14, 2022.

d) Re-designation of Dr. Kshama Fernandes (DIN: 02539429), Managing Director and Chief Executive Officer of the Company as a non-executive director and vice chairperson of the Board to be designated as Non-Executive Vice Chairperson with effect from April 01, 2022.

Key Managerial Personnel

Dr. Kshama Fernandes, Managing Director and Chief Executive Officer, Ms. Bama Balakrishnan, Chief Operating Officer, Mr. Atul Tibrewal, Chief Financial Officer and Ms. R Srividhya, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. Atul Tibrewal was appointed as Chief Financial Officer of the Company with effect from May 18, 2021.

Subsequent to the appointment of Mr. Ashish Mehrotra as the Executive Director, Mr. Ashish Mehrotra would also be considered as a Key Managerial Personnel of the Company pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with effect from 14th February 2022.

Declaration of independence under Section 149(6) of the Companies Act, 2013

In accordance with Section 149(7) of the Act, 2013, all Independent Directors have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and the Board confirms that they are independent of the management.

The detailed terms of appointment of Independent Directors are disclosed on the Company's website in the following link www.northernarc.com. All the Independent Directors have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained Independent Director registration certificate. Woman Director:

In compliance with Section 149 of the Act, 2013 read with the Companies (Appointment and Qualifi cation of Directors) Rules, 2014, Ms. Anuradha Rao, is the Independent Woman Director of the Company. The other women directors on the Board are Dr. Kshama Fernandes and Ms. Bama Balakrishnan.

Pecuniary Transactions with non-executive directors

Details of remuneration to non-executive directors are provided under the head "Remuneration to Other Directors" in Form MGT-7 available on the website of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. MACRO OVERVIEW

A. Economic Outlook

The world has shown remarkable resilience in the face of two consecutive waves of COVID-19 in FY22. The lockdowns imposed by governments across the world were quite significant. Specifically, during the Delta variant but was limited during the third wave. While economic activities were on an upswing, supply side constraints disrupted financial markets and businesses. Central banks implemented an array of measures to ensure credit was available to businesses and individuals.

The Indian economy grew significantly in FY22, surpassing pre-pandemic levels of output. As per CSO (Central Statistical Organisation), India's GDP grew by 8.7 percent compared to a contraction of 6.6 percent in FY21. Growth was primarily supported by private consumption recovery, that picked up pace and rose above pre-pandemic levels. Uptick in investment cycle (supported by Government capital expenditure and some revival in private capital expenditure) and strong export growth remained key drivers. In addition, both the Central Government and the RBI announced a host of measures to contain the impact of the second wave on domestic economic activity. The Government focused on providing relief and credit flow to small businesses, health, tourism sectors and other service sectors that were affected by the pandemic. On the monetary policy side, the RBI kept its stance accommodative and policy rates unchanged at 4.0 per cent in FY22 (as at Mar-22) and announced measures to provide liquidity support.

In the Union Budget for FY23, the Government increased its allocation on capital expenditure by 24.5 per cent to INR 7.5 lakh crore. In addition, it announced measures in the Union Budget for FY 23 such as extension of the credit guarantee scheme by a year and an increase in guaranteed amount earmarked for specific sectors. However, economic outlook for FY23 remains uncertain, primarily due to geopolitical conflicts, inflation concerns (both domestically and globally), a weakening rupee, interest rate cycles and supply-side constraints. Counter balanced, in part by a rise in exports and a push through Government capital expenditure. However, global macros weigh in, and could lead to lower global growth which could have a bearing on India's export. IMF expects the world economy to grow at a slower pace of 3.6 per cent in 2022 from 6.1 per cent in 2021.

India's GDP growth is expected to rise by 7.3 per cent in FY23, making it the fastest growing large economy in the world. External stability related indicators (short-term debt, Forex reserves, FDI flows) show that India is better positioned than the '13 taper tantrum episode. Domestically, to rein in elevated inflation, the RBI raised rate by 40 bps in an off-cycle meeting on 4-May-22 and delivered another rate hike of 50 bps in the June-22 policy, taking the repo rate to 4.9%. The central bank justified its rate action as a step to control the second-round impact of inflationary pressures and an effort to anchor inflation expectations. The RBI raised its inflation forecast by 100 bps to 6.7% for FY23.

The International Monetary Fund (IMF) warns that it could again cut the global economic growth forecast as impact of Russia's invasion of Ukraine, pandemic-related shutdowns in China, and rising inflation have made the cost-of-living crisis worse for millions. IMF said that the global economic outlook has darkened significantly and the outlook for this year and next will be downgraded in July when the IMF releases its World Economic Outlook Update.

B. <u>Sector outlook</u>

NBFCs have gained systemic importance in the Indian financial services industry with a growing share in credit. NBFCs' credit intensity measured by the credit/GDP ratio reached a high of 13.7% in 2021. NBFCs operate in a wide variety of asset classes ranging from granular retail loans (e.g., personal loans, vehicle loans, small business loans, gold loans, microfinance loans, etc.) to large-ticket wholesale loans (e.g., lending to corporates, infrastructure, real estate, and structured credit).

NBFCs have carved a niche for themselves in the Indian financial sector through their differentiated business models and credit appraisal methods, targeting the relatively un-banked borrower segments with niche domain expertise. They provide last mile credit delivery and have been significantly using technology to achieve better operational efficiency and risk management. Heavily impacted by the first wave of the pandemic in 2020, the NBFC sector faced headwinds again when the second wave struck the country in Mar-21. Disbursements were severely impacted with the first two months being impacted by lockdowns.

Heavily impacted by the first wave of the pandemic in 2020, the NBFC sector faced headwinds again when the second wave struck the country in March 2021. Disbursements were severely impacted with the first two months being impacted by lockdowns. Monthly collection efficiency deteriorated significantly. This led to a sharp increase in asset restructuring in the first half of the year. With the passing of the second wave, collection efficiency improved progressively during the year and reached pre-COVID levels, reflecting a return to normalcy. Collections saw a modest decline by about 3% following the third wave of infections in Jan-22, but recovery was prompt given the lower severity of the COVID variant and limited restrictions on movement during this period.

The outlook for NBFCs is expected to remain stable owing to a better operating environment and favourable regulatory measures. Sufficient capital buffers across participants, and sizeable on-balance sheet provisioning with adequate liquidity would help counter any adversity in the medium term. As per India Ratings, the annual loan growth for NBFCs is likely to be around 14% in FY23.

The sector is probable to observe normalcy in disbursements alongside increased demand for products, like MFI, SME, HL and VF, while PL and UBL that witnessed high demand during the pandemic, could see some moderation in growth.

C. Regulatory outlook

During the year, aimed at tightening the regulatory loop on NBFCs, RBI introduced scale-based regulation to align the overall framework of all NBFCs, ensuring that all NBFCs are well funded and effectively managed. New clarifications were provided by the RBI on the IRACP norms in the last quarter of FY22 eventually led to a movement towards daily recognition of NPAs and added a layer of restriction on upgrades of NPA accounts. In end-September the Reserve Bank issued Master Circulars on 'Transfer of Loan Exposure' and 'Securitisation of Standard Assets' to bring in transparency in the process and to improve liquidity in the system, besides corporate governance.

II. NORTHERN ARC CAPITAL

A. Business overview

- Total income increased from INR 645 Crores (FY21) to INR 854 Crores (FY22), an increase of 34%, primarily led by higher average loan book, and improving fee realisation (higher by 56% Y-o-Y)
- Assets under management grew >35% year-on-year from INR 5,221 Crores (Mar-21) to INR 7,098 Crores (Mar-22) –

INR Crores	FY21	FY22	Growth	Inst. Added	Inst. Count

Financial Institution business	3,906	5,083	30%	40	267
Partnership based lending*	549	1,062	96%	7	35
Mid-corporate lending	440	578	30%	43	110
NACL investment in NAIM	326	375	15%	n.a.	n.a.
Grand total	**5,221**	**7,098**	**36%**	**90**	**412**

- Overall business volumes grew >50% year-on-year from INR 13,054 Crores (FY21) to INR 19,871 Crores (FY22), primarily backed by >120% increase in balance sheet volume from INR 4,093 Crores (FY21) to INR 9,283 Crores (FY22)
- We disbursed around 5.1 million loans in FY22, which was over a 100% growth over FY21
- Improvement in cost of funds also contributed significantly to higher profits with cost of funds reducing from 10.7% in FY21 to 9.0% in FY22, marginal cost of funds being lower by ~80 bps from FY21 to 8.2% in FY22.
- Strong profitability indicators with profit after tax increasing >150% year-on-year from INR 77 Crores (FY21) to INR 182 Crores (FY22) at consolidated level
- Strong Capital Adequacy at 23%, D:E ratio of 3.4x and maintained Liquidity buffer equivalent to 3 months requirement
- Maintained overlays of upwards of INR 79 Crores (post write-off) resulting in a healthy Provision Coverage Ratio (PCR) of 64% for Gross Stage -3
- Our employee base stood at ~300 employees as on Mar-22

B. <u>Credit Rating</u>

Our credit rating was reaffirmed at ICRA A+, however outlook was revised to Stable from Negative in FY22

C. **<u>Strategic Overview</u>**

Earlier this year, we also laid out our three-part strategic plan:

- Grow and strengthen our existing businesses
- Diversify our products and services; and
- Operate more efficiently, to produce higher, more consistent returns.

Key to our success has been a renewed focus on clients. Through our client centric initiatives, we are unlocking the power of our franchise by providing more comprehensive and integrated service while also using our network of clients to support our growth. Unlocking the power of our franchise for our clients is not only driving growth in our core businesses, but also allowing new initiatives to scale and in the years ahead, we will continue to drive returns for our shareholders.

For example, >40 financial institution and mid-market partners, work with our asset management business - Northern Arc's Investment Manager. While >30 financial institution partners, work with our direct origination business (co-lending business). Our progress confirms one of our core beliefs: sufficiently harness the power of our decade long relationships with our client partners to build a high quality, scalable, and profitable franchise.

D. Opportunity and Threat analysis

Opportunities

- Industry leadership with dominant position
- Serving the under-served retail markets
- Revival in rural consumption
- New pivots of growth: co-lending, direct retail lending, and wealth distribution
- Strong brand pedigree and successful track record
- Building a strong distribution network
- Digitalisation and data driven decision making

Threats

- Regulatory challenges and credit availability
- Impact on demand in the backdrop of sustained inflation
- Fast changing interest rate environment
- Steep competition from banks and fintech's alike
- Product commoditisation
- Retention of talent

E. New initiatives

- We rapidly continue to build our digital infrastructure under the aegis of the Nimbus platform. During the year, the functionalities available to internal users as well as our investor partners have been further expanded. In what we believe is a first in the industry, your company has successfully adopted Nimbus to cover the full spectrum of internal functions ranging from client on-boarding, approval of credit exposure limits, credit decisioning, data-driven risk monitoring and analytics, to documentation (including e-stamping and digital signatures of documentation). This has helped our Company cultivate three advantages: scalability, precision, and efficiency in terms of turnaround time. Nimbus is a key pillar of the Company's strategy and a source of competitive strength and differentiation.
- We also launched AltiFi by Northern Arc™ ("AltiFi"), a digital platform that enables us to sell down dematerialized securities held by Northern Arc Capital. All categories of eligible buyers can digitally access the system to explore instruments available for sale on the platform. An integrated third-party gateway enables seamless payment for securities purchased on AltiFi and delivery of instruments is affected through the depositories.

- We also made significant progress on our direct retail businesses during the year. We disbursed our first loan SME loan from Madurai branch in Tamil Nadu. Overtime we intend to grow our direct retail assets under management through technology enabled and data led solutions across Rural finance (via Pragati), Supply Chain finance and end-use driven finance.
- We also appointed Ashish Mehrotra as our Managing Director and Chief Executive Officer, effective 1-Apr-22. Ashish has over 25 years of experience across Retail and Commercial Banking, Wealth Management, and Insurance. He will also serve as the Non-Executive Chairman of Pragati Finserv, the microfinance subsidiary of our group, and will be a board member of Northern Arc Investment Managers.
- We also appointed Mr. Jagadish Ramadugu was appointed as the Managing Director and CEO of Pragati Finserv Private Limited, the subsidiary of the company. We believe that Jagadish's experience and expertise in the microfinance and retail businesses would be immensely beneficial and add value to the Northern Arc business.

F. <u>Subsidiaries</u>

Your Company has four (4) subsidiary companies, i.e., Northern Arc Investment Managers Private Limited; Pragati Finserv Private Limited, Northern Arc Foundation (a company incorporated under section 8 of the Act) and Northern Arc Investment Adviser Services Private Limited. The details of subsidiaries are as follows:

i. Northern Arc Investment Managers Private Limited (NAIM)

FY22 has been the best year till date for NAIM as we doubled our assets under management to INR 2,918 crore. NAIM closed FY22 with cumulative investor commitments of INR 4,699 crore across all its funds, vs. INR 2,840 crore as of end-FY21, registering a 65% growth. NAIM brought on board 248 new investors during the year, comprising corporates, family offices and HNIs. A total of INR 6,641 crore was deployed across sectors during the year, a 4x growth from FY21, while the cumulative distributions made to investors stood at INR 851 crore, as at the end of the year.

Fund raising and deployment was mildly hit during the second wave of the pandemic in the first quarter of FY22. Despite the lockdown situation and containment zones in multiple parts of the country, all our active funds maintained excellent portfolio quality and delivered consistent cashflow pay-outs to investors throughout the year with no instances of any shortfall or delay. As the COVID cases started to subside, investor confidence got revived, and this led us to successfully exercising the green-shoe option for both Northern Arc Income Builder Fund Series-II (INR 200 crore + INR 150 crore) and Northern Arc India Impact Fund (INR 350 crore + INR 350 crore).

Northern Arc Money Market Alpha Fund has become our flagship fund as it continued to be a competent alternative for investors to park their short-term funds (3-6 months) with a target return of 9-10%. The fund achieved a peak AUM of INR 1225 crore in March 2022. The fund has received investments of INR 1,700 crore from 367 investors and has successfully redeemed investor capital of around INR 1096 crore during the year under review.

NAIM started a new Portfolio Management Services platform in FY22 for its investors. Northern Arc Income Builder - Series A was launched as the first Discretionary PMS portfolio of Listed Principal Protected MLDs with a target size of INR 250 crore. This provides an investor with not only a curated set of investments with the benefit of significant diversification, easy exit options and superior risk adjusted returns but also allows investors to leverage on Northern Arc’s specialized asset management, deep insight on portfolio companies and high touch monitoring.

NAIM continued to focus on its three investor segments – domestic institutional, domestic private wealth and offshore investors – by offering innovative products across various tenors and addressing diverse investment objectives. On the operations front, Edelweiss Custodial Services Ltd has been appointed as the custodian for Northern Arc India Impact fund and migration of fund accounting for the same has been successfully completed as well. The process for changing of custodian for Northern Arc Money Market Alpha Fund from Kotak Mahindra Bank to Yes Bank has been initiated and its fund accounting migration is also in process with Edelweiss Custodial Services Ltd. Both are expected to be completed by Q1FY23. Client onboarding process for retail investors with 1 Silver Bullet Platforms Pvt Ltd has been initiated and is currently in UAT phase.

IFMR Impact Medium Term Opportunities Fund (“Fund 5”) received a one-notch upgrade in FY22 to **AA+ (SO)** from AA- (SO), showcasing the confidence CRISIL has on NAIM’s fund management and underwriting capabilities.

NAIM got included in the ImpactAssets50 list consecutively for the second year in FY22, an annual showcase featuring fifty fund managers from across the world, who led their respective fields in creating positive social impact, while generating financial returns for investors. This makes us the only Debt fund from India to receive this honour. Along with this, NAIM added another feather to its hat by securing the first place in the category 'Most Consistent Top Performing Private Debt Fund Manager' by Preqin. All these recognitions from international forums, along with the earlier awards conferred on NAIM for excellence and innovation in the fund management domain, are a testimony of the extensive underwriting expertise, innovative approach towards investment management and thought leadership in that NAIM brings about in its target sectors. The recognitions reinforce the belief that NAIM is a unique debt AIF platform delivering superior risk-adjusted returns to investors while creating positive social impact.

ii. **Pragati Finserv Private Limited**

Pragati, was incorporated in FY21 with the aim of offering small ticket loans through a digital platform to under-served rural and semi-urban areas of the country. Pragati will offer micro loans through group-based and individual models of lending. We propose to build a lending model for Pragati that will apply data to assess the creditworthiness and ability of a borrower to service loans. Pragati is developing a mobility-based technology stack with API which will be fully deployed on the cloud. In addition to real-time portfolio monitoring and credit modelling, we will make use of our data repositories and analytics capability to build predictive models on borrower behaviour and geo risk management. During the year, Northern Arc Capital announced its acquisition of the Microfinance portfolio of S.M.I.L.E Microfinance via a slump sale agreement.

iii. **Northern Arc Foundation:**

At Northern Arc, our goal is to contribute to the well-being of the communities and society we cater to and on which we depend. At the same time, we also aim to align our company's social and environmental activities with its business purpose and values. This we believe will enhance our reputation and contribute to business results. Through our CSR programs, we are aiming to fulfill our true potential, and expect to spend across various community development programs across the sectors, communities, and geographies, where we create an impact. Northern Arc Foundation ("Foundation") acts as the CSR arm for Northern Arc Capital and focuses on skill building, employment development and education and considering the recent events around the Covid-19 pandemic, we have lent support to these initiatives to alleviate any stress in the healthcare or education sector.

Throughout the Covid-19 pandemic, we did not slow down or discontinue any of our CSR initiatives. Instead, we enhanced our approach to need-based support, and fulfilled starving needs of healthcare and medical institutions primarily, and continued to support our existing partners who worked through challenging conditions to meet demands of food supply, education and livelihood creation amidst lockdowns and hospitalisations. We believe we have not only created a strong CSR impact during FY 2021-22 in our own small way, but also laid the foundation for a deeper long-term focused strategy for our social impact program.

Your company supported the following initiatives during Financial Year 2021-22:

a) Provided oxygen concentrators, PPE kits and Covid supplies for three government hospitals in Chennai
b) Provided need-based support for food supplies, healthcare and livelihood support and education through Akshay Patra Foundation, Dr. Ashwini Charitable Hospital, SOS Children's India and Hand in Hand Foundation.
c) Continued support to our education initiatives through the Doorstep School and Swadha Foundation

d) Our assistance to the government schools continued unaffected through the pandemic and we proudly built the "Northern Arc Block" with two classrooms, in one of the primary schools that was in a dilapidated condition.

iv. Northern Arc Investment Adviser Services Private Limited (NAIA)

NAIA was established to provide high quality advice and products in asset classes that impact the financially excluded. During FY22, the Company continued to offer transaction advisory services given the limited growth opportunities resulting from the dislocations from the COVID-19 pandemic.

FIXED DEPOSITS

The Company being non-deposit taking Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC), has not accepted any deposits during the year under review. Further, the Company had also passed a resolution to the effect that the company has neither accepted public deposit nor would accept any public deposit during the year under review, as per the requirements of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Our mission is to create sustainable impact with a returns-focused approach. We have focused on building a consistently profitable business with a strong focus on environment, social and governance ("**ESG**") considerations. While Social and Governance dimensions have been a strong area of focus since inception, we have also been committed to contribute to climate action.

By way of our areas of operation and focus business sectors, we have endeavoured to work with businesses that display strong social and governance models while ensuring environmental sustainability. This has helped us adhere to several ESG parameters and further our contribution to the Sustainable Development Goals ("SDGs"). Our underwriting guidelines incorporate a responsible financing framework across governance, customers, employees and environment. We have also specifically committed to abide by Leapfrog's Responsible Investor Code including to minimize adverse impact on the environment and communities that we serve and our employees.

While the ESG principles are ingrained in our everyday actions, to further strengthen our vision and focus on ESG, we are committed to instituting certain formal structures and practices and taking more concrete actions over the coming 3 years. These include:

- Constitution of a separate ESG committee of the Board which will formulate an organization wide 3- year strategy and roadmap with priorities, targets and planned activities While we have identified our material ESG issues based on the Sustainability Accounting Standards Board (SASB) and other international frameworks which have been central to our current sustainability initiatives, we intend to undertake a comprehensive materiality assessment through external stakeholder engagement and understand their expectations and accordingly to revisit our initiatives with stretch goals and targets.

- We expect to publishing our ESG and impact report for the financial year 2021-22.

- We intend to institute a structured approach to measuring and tracking emissions intensity per employee (Scope 1 and Scope 2) and undertake planned initiatives for reduction in our carbon footprint and waste generation.

- Renewed focus on climate risks associated with lending practices and growth of green financing products and services

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the year or the previous year. Total foreign exchange outgo during the year under review was INR 379.40 Lakhs (previous year: INR 63.08 Lakhs) under the heads listed below:

(in INR Lakhs)

Head of Expense	March 31, 2022	March 31, 2021
Subscription	0.00	0.56
Consultancy charges	368.91	133.28
Advertisement and publishing	4.64	4.51
Loan processing fees	457.96	241.05
Total	**831.51**	**379.40**

MEETING OF INDEPENDENT DIRECTORS

In terms of Para VII of the Code for Independent Directors, your Company conducted a meeting of its independent directors on March 7, 2022, without the presence of non-independent directors and members of the management. The Directors, inter alia, discussed the following:

a) review the performance of non-independent directors and the Board as a whole.
b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
c) assess the quality, quantity, and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

STATUTORY AUDITORS AND AUDITORS REPORT

The shareholders of the Company had appointed M/s. B S R & Co LLP, Chartered Accountants as the statutory auditors of the Company at the annual general meeting held on July 04, 2018, for a period of five years, ie from financial year 2018-19 and upto financial year 2022-23. B S R & Co LLP, have tendered their resignation as statutory auditors of the company due to regulatory change on maximum tenure of statutory auditors, brought about by Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by Reserve Bank of India, resulting in a casual vacancy in the office of statutory auditors of the Company as per Section 139(8) of the Companies Act, 2013.

Accordingly, the shareholders at the extraordinary general meeting held on January 05, 2022 had appointed S.R. Batliboi & Associates LLP, Chartered Accountants, having ICAI Firm Registration No: 101049W/E300004 as the statutory auditors of the Company based on recommendation of audit committee, board of directors and after obtaining a confirmation on eligibility under Section 141 of the Act and the above-mentioned RBI Regulations, from S.R. Baliboi & Associates LLP for being appointed as Statutory Auditors of the Company to fill the casual vacancy. Since the appointment of S.R. Baliboi & Associates LLP was to fill the casual vacancy, the appointment was made for one financial year, i.e. for the financial year ended on March 31, 2022.

There has been no qualification, reservation or adverse remark given by the Statutory Auditors in their Report for the year under review.

REPORTING OF FRAUDS BY THE AUDITORS TO THE COMPANY

During the year, the Auditors have not reported any instance of fraud to the Audit Committee and Board as per Section 143 (12) of the Companies Act, 2013.

COMPLIANCE

Your Company is registered with Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934. Further, your Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations and it does not carry on any other those specifically permitted by RBI for NBFCs.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFC Companies are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

Details of investments under Section 186 of the Act, 2013 for the financial year 2021-22 are provided in the financial statements.

POLICY ON APPOINTMENT AND REMUNERATION POLICY OF DIRECTORS AND KEY MANAGERIAL PERSONNEL OF THE COMPANY

The policy on directors' appointment is based on the evaluation of fit and proper criteria for directors by the Nomination and Remuneration Committee prior to appointment of directors.

The Company's policy on directors' appointment and remuneration along with Terms of Reference and other matters provided in Section 178(3) of the Act is available on website of the Company and the weblink for the same is https://www.northernarc.com/governance.

BOARD MEETINGS

During financial year 2021-22, eight meetings of the Board of Directors were held on the following dates:

May 06, 2021, July 07, 2021, July 10, 2021, July 30, 2021, October 01, 2021, November 09, 2021, 18, December 2021, February 14, 2022.

COMMITTEES OF BOARD OF DIRECTORS

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act, 2013 and the Corporate Governance Directions issued by the Reserve Bank of India from time to time.

Audit Committee

Pursuant to provisions of Section 177(8) of the Companies Act, 2013, the composition of Audit Committee of the Company as on March 31, 2022, was as follows:

Name	Category
Mr. Ashutosh Pednekar	Independent Director, Chairman of the Committee
Mr. P S Jayakumar	Independent Director
Ms. Anuradha Rao	Independent Director
Mr. Vijay Nallan Chakravarthi	Nominee Director

Audit Committee was last reconstituted by the Board of Directors on July 07, 2021.

The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and interalia performs the following functions:

• The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

• Review and monitor the auditor's independence and performance and effectiveness of audit process;

• Examination of the fi nancial statement and the auditor's report thereon;

• Approval or any subsequent modifi cation of transactions of the Company with related parties;

• Scrutiny of inter-corporate loans and investments;

• Valuation of undertakings of assets of the Company, wherever it is necessary;

• Evaluation of internal fi nancial controls and risk management systems;

• Monitoring the end use of funds raised through public offers and related matters.

• Monitoring, reviewing, recommending and approving all related party transactions including granting omnibus approval for all related party transactions and any material modifications to the related party transactions.

Nomination and Remuneration Committee

The Composition of Nomination and Remuneration Committee of the Company as on March 31, 2022, was as follows:

Name	Category
Ms. Anuradha Rao	Independent Director, Chairperson of the Committee
Mr. P S Jayakumar	Independent Director
Mr. Samir Shah	Nominee Director
Mr. Michael Jude Fernandes	Nominee Director

The Nomination and Remuneration Committee was last reconstituted by the Board of Directors on July 07, 2021.

The Terms of Reference for the Nomination and Remuneration Committee are below:

a) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;

b) formulation of criteria for evaluation of the performance of independent directors and the Board;

c) devising a policy on diversity of the Board;

d) identifying persons, who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;

e) determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

f) recommend remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Company;

g) recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;

h) recommend to the Board, all remuneration, in whatever form, payable to senior management;

i) performing such functions as are required to be performed by the compensation committee under the SEBI SBEB Regulations;

j) engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;

k) ensuring 'fit and proper' status of proposed and existing directors in terms of the Master Directions;

l) analysing, monitoring and reviewing various human resource and compensation matters;

m) reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

n) performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Master Directions, Companies Act, each as amended or other applicable law.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under section 134(5) of the Companies Act, 2013, reporting the compliance with the Accounting Standards is attached and forms a part of the Board's Report.

The Directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2022 and the Balance Sheet and Cash Flow Statement as at that date ("financial statements") and confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
d) the directors have prepared the annual accounts on a going concern basis;
e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD EVALUATION

The evaluation of all the Directors, the Board as a whole and each of the Committees of the Board was conducted based on the following criteria as recommended by the Nomination & Remuneration Committee adopted by the Board.

Evaluation criteria for independent directors and non-executive directors:

1. Understanding of the business of the company and contribution towards its strategic direction.
2. Attendance and participation in Board Meetings, whether in person, telephone or via video conferencing
3. Providing timely and effective inputs on minutes and other materials circulated to the Board

4. Inter-personal relations with the rest of the Board and management
5. Adherence to ethical standards and disclosure of non-independence, where it exists

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." Internal Complaints Committee (ICC) has been set up to redress complaints, as and when received, regarding sexual harassment and all employees are covered under this Policy.

The Policy has been hosted on the Company's website: https://www.northernarc.com

There were no referrals received by the Committee, during the financial year 2021-22.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3) (a) and Section 92(3) of the Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in in prescribed form is available on the Company's website in the link as provided below:

ttps://www.northernarc.com.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. M Damodaran & Associates LLP, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for FY 2021-22. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as ***Annexure 1***.

There are no qualifications, reservations or adverse remarks or disclaimers made by M Damodaran & Associates LLP, Company Secretaries in their Secretarial Audit Report on the secretarial and other related records of the Company for the financial year 202122.

The Board of Directors in their meeting held on 10th May 2022, has appointed M Damodaran & Associates LLP, Company Secretaries as Secretarial Auditors of the Company for the FY 2022-23.

EMPLOYEE STOCK OPTION SCHEME

Your company introduced the Employee Stock Option Plan, providing grants to employees of your Company and its subsidiaries. The details of the Employee Stock Option Plan as required to be provided under Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are annexed to this Report as ***Annexure 2*** and forms an integral part of the Report.

INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and date of this report. We also hereby confirm that there has been no change in the nature of business of the Company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status operations of your Company in future.

RELATED PARTY TRANSACTIONS

The Company has adopted a policy on related party transactions for the purpose of identification, monitoring and approving of such transactions. The Related party policy is available on website of the Company and the weblink for the same is https://www.northernarc.com/governance.

During the year, your Company has not entered into any transactions with Related Parties which are not in the ordinary course of its business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Companies Act, 2013.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per IND-AS have been provided in Notes to the financial statement

COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES, OR ASSOCIATES OF THE COMPANY DURING THE YEAR.

No companies became or ceased to be subsidiaries, joint ventures, or associates of the company during the year.

RISK MANAGEMENT POLICY

In the opinion of the Board, the Company has, since inception developed and implemented Risk Management policies and procedures that are sufficient to combat risks that may threaten the existence of the Company. The company, being a systemically important company registered with the Reserve Bank of India has a proactive approach to reporting, measuring, evaluating and resolving all material risks associated with its business.

Risk assessment reports are periodically placed before the Risk Management Committee and the Asset Liability Management Committee for reviewing and monitoring these risks at periodic intervals.

Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in ***Annexure 3*** of this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by Northern Arc Foundation, the CSR implementation agency for the company, for the financial year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company's comprehensive and effective internal control system ensures smooth business operations, meticulously recording all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse. The Board is accountable for evaluating and approving the effectiveness of the internal controls, including fi nancial, operational and compliance controls. The internal control system is subject to continuous improvement, with system effectiveness assessed regularly.

The Company is strengthening the controls by leveraging technology and centralising processes, enhancing monitoring and maintaining effective tax and treasury strategies.

The completeness and adequacy of internal financial controls of the Company was evaluated by an independent audit agency and report of the same has been shared with the Statutory Auditors of the Company. The same has also been presented to the Audit Committee, based on which the Board has certified that the internal financial controls are adequate and are operating effectively.

INTERNAL AUDIT:

The company has an internal audit function commensurate with its size and nature of operations. The Reserve Bank of India vide Ref.No.DoS.CO.PPG./SEC.05/11.01.005/2020-21 dated February 3, 2021 notified the Risk Based Internal Audit (RBIA) framework for NBFCs. The company has, accordingly, adopted an internal audit policy and the RBIA assessment framework.

REQUIREMENTS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Disclosure to be made under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Ratio of remuneration of each director to the median employee's remuneration for the financial year:

Sr. No.	Name of Directors (Executive Director)	Director's Remuneration (in INR)	ESOP Units	Employees' Median Remuneration (in INR)	Ratio
1.	Dr. Kshama Fernandes, Managing Director and CEO	2,42,39,347	8,11,037	10,23,548	1:23
2.	Mr. Ashish Mehrotra	1,50,00,000	7,00,000	10,23,548	1:15

	Executive Director				
3.	Bama Balakrishnan Executive Director	1,83,50,106	6,29,394	10,23,548	1:18

Percentage increase in remuneration of each director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary in the Financial Year vis-à-vis last financial year:

Name of director/ Key Managerial Personnel	% increase in remuneration vis-à-vis last financial year
Dr. Kshama Fernandes, Managing Director and CEO	0
Ms. Bama Balakrishnan, Executive Director	8%
Mr. Ashish Mehrotra, Executive Director	25%
Mr. Atul Tibrewal	9%
Ms. R. Srividhya, Company Secretary	8%

- Percentage increase in the median remuneration of employees in the financial year: 9 %
- Number of permanent employees on the rolls of the company: 278 (as of 31st March 2022)
- Average percentage increase in the salaries of employees other than the KMP in FY 2021-22: 9%* and percentage increase in key managerial remuneration: 10%
- Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms that remuneration of directors and employees of the company is in accordance with the remuneration policy of the company.
  **the average increase in salaries of employees based on performance appraisal during the last year.*

PARTICULARS OF EMPLOYEES UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is in a separate **Annexure 6** forming part of this report. A copy of the Board's Report is being sent to all the members excluding Annexure 6. The said Annexure is available for inspection by the members at the Registered Office of the Company during business hours on working days. Any member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

Adequate vigil mechanism for directors and employees to report genuine concerns is in place and the same have been disclosed on the website of the company, www.northernarc.com. No references under the whistle blower policy were received during the Financial Year 2021-22. The same has also been affirmed by the Audit Committee of the Board on a quarterly basis.

SECRETARIAL STANDARDS

The company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India, as amended from time to time.

ACKNOWLEDGEMENT

The Directors wish to thank the Reserve Bank of India and other statutory authorities for their continued support and guidance. The Directors also place on record their sincere thanks for the support and co-operation extended by the bankers and shareholders of the Company.

The Directors also thank the employees of the Company for their contribution toward the performance of the Company during the financial year.

On behalf of the Board

For Northern Arc Capital Limited

P S Jayakumar	**Ashish Mehrotra**
Independent Chairman	**Managing Director & CEO**
DIN: 01173236	**DIN: 07277318**

Date:

Place:

ANNEXURE 1

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

NORTHERN ARC CAPITAL LIMITED

(CIN: U65910TN1989PLC017021)

No. 1, Kanagam Village,

10th Floor, IITM Research Park,

Taramani, Chennai – 600113.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, Chennai have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. NORTHERN ARC CAPITAL LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. NORTHERN ARC CAPITAL LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31.03.2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. NORTHERN ARC CAPITAL LIMITED** ("the Company") for the financial year ended on **31.03.2022** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (to the extent applicable):

(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(f) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(g) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(h) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(vi) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the Systemically Important non-deposit taking Non-Banking Financial Company.

I have also examined compliance with the applicable Regulations and standards of the following:

i. Listing Agreements entered into by the Company with the BSE Limited (BSE) & National Stock Exchange of India Limited (NSE) as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observations:

NIL

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the act.

Adequate notice is given to all directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice with the consent of all the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has;

a) issued Redeemable Non-Convertible Debentures on various dates on private placement basis.

b) redeemed the Redeemable Non-Convertible Debentures on various dates.

c) passed a Special Resolution under section 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 25th May, 2021 for issue of secured/unsecured non-convertible debentures in one or more tranches up to a maximum amount not exceeding Rs. 5,000 Cr. (Rupees Five Thousand Crore) during a period of one year.

d) passed a Special Resolution under section 180(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on 29th November, 2021 to increase the Borrowing limit of the Company up to Rs. 12,000 Cr (Rupees Twelve Thousand Crore Only).

e) passed a Special Resolution under section 180(1)(a) of the Companies Act, 2013 at the Annual General Meeting held on 29th November, 2021 to create security on the assets of the Company up to Rs. 12,000 Cr (Rupees Twelve Thousand Crore Only).

f) passed a Special Resolution at the Extra-ordinary General Meeting held on 25th May, 2021 to approve the revocation of the Northern Arc Capital Limited Employees Stock Option 2020 – Scheme IV.

g) passed a Special Resolutions at the Extra-ordinary General Meetings held on 25th May, 2021 & 08th October, 2021 to approve the amendments and adoption of the Northern Arc Employee Stock Option Plan 2016, Northern Arc Employee Stock Option Scheme I, 2016, Northern Arc Employee Stock Option Scheme II, 2016 & Northern Arc Employee Stock Option Scheme III, 2018.

h) passed a Special Resolution at the Extra-ordinary General Meeting held on 12th July, 2021 to approve of the Initial Public Offer and the Issuance of Equity Shares in the Initial Public Offer.

i) passed a Special Resolution under section 5 & 14 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 12th July, 2021 to adopt a new set of alteration of Articles of Association of the Company for compliance with the listing requirements of the Stock Exchanges.

j) passed a Special Resolution under section 61 and 64 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 08th October, 2021 to amend the Memorandum of Association of the Company for increasing the authorised share capital of the Company from Rs. 265,00,00,000 (Rupees Two Hundred and Sixty Five Crores Only) to Rs. 277,00,00,000 (Rupees Two Hundred and Seventy Seven Crores Only).

k) passed an Ordinary Resolution under section 139(8) and 142 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 05th January, 2022 to fill the casual vacancy in the office of Company's statutory auditor caused by the resignation of the existing statutory auditors, B S R & Co. LLP (ICAI Firm Registration No: 101248W/W-100022) by appointing S.R. Batliboi & Associates LLP (ICAI Firm Registration No: 101049W/E300004) as the statutory auditors of the Company for financial year 2021-22.

l) passed an Special Resolution under section 149 and 152 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 26th March, 2022 for appointment of Mr. Arunkumar Nerur Thiagarajan (DIN: 02407722) to act as Independent Director of the

Company for a period of 3 consecutive years from 14th February, 2022 to 13th February, 2025.

m) passed an Ordinary Resolution under section 196, 197 and 203 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 26th March, 2022 for appointment of Mr. Ashish Mehrotra, (DIN: 07277318) as a Whole-Time Director of the Company for a period effective from 14th February, 2022 to 31st March, 2022.

n) passed an Ordinary Resolution under section 196, 197 and 203 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 26th March, 2022 for appointment of Ms. Bama Balakrishnan (DIN: 06531188) as a Whole-Time Director of the Company for a period of five consecutive years from 14th February, 2022 to 13th February, 2027.

o) passed a Special Resolution under section 196, 197 and 203 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 26th March, 2022 for appointment of Mr. Ashish Mehrotra, (DIN: 07277318) as Managing Director and Chief Executive Officer of the Company for a period of five consecutive years from 01st April, 2022, to 31st March, 2027.

p) passed an Ordinary Resolution under section 196, 197 and 203 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 26th March, 2022 for re-designation of Dr. Kshama Fernandes, Managing Director & Chief Executive Officer as the Non-Executive, Non-Independent, Vice Chairperson of the Company and payment of profit related commission w.e.f. 01st April, 2022.

q) Passed a Board resolution and shareholders' resolution dated 7th July 2021 and 12th July 2021 for approving the Initial Public Offer (IPO) and the Issuance of equity shares in the IPO. Further, the Board passed a resolution dated 10th July 2021 approving the filing of the Draft Red Herring Prospectus (DRHP) to undertake an initial public offer (the "Offer") of its equity shares of face value of Rs.10 each (the "Equity Shares"), which comprises a fresh issue of Equity Shares by the Company (the "Fresh Issue") and an offer for sale of Equity Shares by certain shareholders of the Company aggregating up to ₹ 3,000 million and an offer for sale of 36,520,585 equity shares by certain existing shareholders of the Company. Approval of SEBI for the IPO was received vide final observations letter dated September 3, 2021. In-principle approval of NSE and BSE were received by the company vide letters dated August 3, 2021 and August 5, 2021.

For **M DAMODARAN & ASSOCIATES LLP**

Place: Chennai

Date:

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 1374/2021

ICSI UDIN:

'Annexure 1'

To

The Members,

NORTHERN ARC CAPITAL LIMITED,

(CIN: U65910TN1989PLC017021)

No. 1, Kanagam Village,

10th Floor, IITM Research Park,

Taramani, Chennai – 600113.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **M DAMODARAN & ASSOCIATES LLP**

Place: Chennai

Date:

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 1374/2021

ICSI UDIN:

Annexure 2

Disclosure relating to Employees Stock Option Scheme in accordance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

		Scheme 1*	***Scheme 2****	***Scheme 3****
(a)	Options granted	341371	4414500	1307982
(b)	Options vested	23000	1499450	728532
(c)	Options exercised	318371	732550	88619
(d)	The total number of shares arising as a result of exercise of option	-	-	-
(e)	Options lapsed	324000	2992000	625459
(f)	The exercise price	10	110-121-181-188-210-275	181-188-275
(g)	Variation of terms of options	-	-	-
(h)	Money realized by exercise of options	23000	3681950	1219363
(i)	Total number of options in force	341371	4414500	1307982
(j)	Employee wise details of options granted to:	23000	1499450	728532
	(i) key managerial personnel;	296371 No's	1550000 No's	450988 No's
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	None	None	None
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	None	None	None

***Note:** Scheme 1, Scheme 2 and Scheme 3 mentioned above refers to Northern Arc Employees Stock Option Plan - Scheme I**,** IFMR Capital Employees Stock Option Plan - Scheme II; and Northern Arc Capital Limited Employees Stock Option Scheme 2018 respectively.

Annexure 3

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

The company's CSR policy is in line with the mission of ensuring access to financial services to every individual and enterprise. Following the pandemic, there were areas that were impacted in an unprecedented manner, some of the impact may be irreversible in terms of social and economic impact. During the FY 2021-22, the company contributed towards education, the sector that was impacted most through the pandemic, as many under-privileged and marginalised children and older students lost their access to education in ways that will never be the same for them:

a) Conducting of Employment Linked Skilling Program and BFSI Skilling Program for the benefit of public at large.
b) Doorstep school project for the benefit of underprivileged children
c) Project for providing higher education facilities for deserving economically disadvantaged children through Swadha Foundation
d) Creating an impact across eight government schools in and around Chennai

The complete CSR policy of the Company can be accessed on the company's website at www.northernarc.com.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ashutosh Pednekar	Independent Director	1	1
2	Mr. Michael Fernandes	Nominee Director	1	1
3	Dr. Kshama Fernandes	Managing Director & CEO	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.northernarc.com/governance.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Not Applicable.

6. **Average net profit of the company as per section 135(5):** INR 1,15,18,51,333
7. **(a) Two percent of average net profit of the company as per section 135(5):** INR 2,30,37,027

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year, if any: NIL

   (d) Total CSR obligation for the financial year (7a+7b-7c): INR 2,30,37,027

8. **(a) CSR amount spent or unspent for the financial year:** NIL

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2,30,37,027	NIL	--	--	--	--

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project Duration	Amount Allocated For the Project (Rs)	Amount Spent in the current financial year (in Rs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	Dist.						Name	CSR Regn number.
--	--	--	--	--	--	--	--	--	--	--	--	--

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

S No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	Dist			Name	CSR registration number.
1	Supply of liquid oxygen concentrators, PPE kits and other covid related supplies	Covid related support (promotion of healthcare)	Yes	Tamil Nadu	Chennai	1.35 crores		Northern Arc Foundation	--
2	Ashwini Public Charitable Trust, Eravanjeri	Covid related support (promotion of healthcare)	Yes	Tamil Nadu	Nagapattinam	0.10 crores		Northern Arc Foundation	--
3	SOS Children's Village India	Setting up care for women and orphans	Yes			0.09 crores		Northern Arc Foundation	--
4	Hand in Hand Foundation	Education of under privileged children	Yes	Tamil Nadu	KancHipuram	0.11 crores		Northern Arc Foundation	--
5	Akshay Patra Foundation	Eradication of hunger and poverty	Yes	Maharashtra	Mumbai	0.37 crores		Northern Arc Foundation	--
6	Punyatma Prabhakar Sharma Seva Mandal	Education of tribal deaf and mute girls	Yes	Maharashtra	Thane & Palghar	0.22 crores		Northern Arc Foundation	--
7	Other overheads, expenses, attributable to CSR					0.11 crores		Northern Arc Foundation	--

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e):

(g) Excess amount for set off, if any: Not Applicable

SI No.	Particulars	Amount (in Rs)
(i)	Two percent of average net profit of the company as per section 135(5)	--
(ii)	Total amount spent for the Financial Year	--
(iii)	Excess amount spent for the financial year [(ii)-(i)]	--

(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	--
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	--

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1	2018-19	1,16,31,443	--	NA	NA	NA	NA
2	2019-20	40,00,000	40,00,000	NA	NA	NA	NA
3	2020-21	NIL	NIL	NA	NA	NA	NA
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	--	--	--	--	--	--	--	--
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): Nil
(b) Amount of CSR spent for creation or acquisition of capital asset: Nil
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Nil
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Ashish Mehrotra	**Ashutosh Pednekar**
Managing Director & Chief Executive Officer	**Chairman of CSR Committee**
DIN: 02539429	**DIN: 00026049**

Place: Chennai

Date:

SECRETARIAL COMPLIANCE REPORT OF NORTHERN ARC CAPITAL LIMITED FOR THE YEAR ENDED 31.03.2022

(Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019)

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, Chennai have examined:

a) all the documents and records made available to me and explanation provided by **NORTHERN ARC CAPITAL LIMITED** ("the listed entity"),

b) the filings/ submissions made by the listed entity to the stock exchanges,

c) website of the listed entity,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the Financial Year ended **31.03.2022 ("Review Period")** in respect of compliance with the provisions of:

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations amended from time to time, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’);

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - *Not Applicable to the Company during the Review Period.*

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – *Not Applicable to the Company during the Review Period.*

e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – *Not Applicable to the Company during the Review Period*.

f) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - *Not Applicable to the Company during the Review Period.*

g) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – *Not Applicable to the Company during the Review Period.*

i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

j) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 – *Applicable to the extent to debt listed companies during the Review Period.*

k) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

l) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

m) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - - *Not Applicable to the Company during the Review Period.*

n) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - *Not Applicable to the Company during the Review Period.*

and circulars/ guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period:

a) The Listed entity has complied with the provisions of the above Regulations and Circulars/ guidelines issued thereunder from time to time to the extent applicable except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
NIL			

The company has suitably included the conditions as mentioned in Para 6(A) and Para 6 (B) of the SEBI Circular CIR/CFD/CMD1/114/2019, dated October 18, 2019 in terms of appointment of statutory auditor of the Company.

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.

c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges - (*including under the Standard Operating Procedures issued by SEBI through various circulars)* under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

d) The Company has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity

NA				

For **M Damodaran & Associates LLP**

Place: Chennai

Date:

M. DAMODARAN

Managing Partner

Membership No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 1374/2021

ICSI UDIN:

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Northern Arc Capital Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Northern Arc Capital Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the "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, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Key audit matters	How our audit addressed the key audit matter
Impairment loss allowance for financial instruments (loan and investments) based on expected credit loss model – refer notes 3.6, 3.7, 7, 8, 18, 27 and 36 to the standalone financial statements	
Financial instruments, which include Loans and Investments, represents a significant portion of the total assets of the Company. The Company has loans aggregating to Rs. 5,22,265.41 Lakhs and Investments aggregating to Rs. 1,63,934.08 Lakhs as at March 31, 2022. Indian Accounting Standard (Ind AS) 109 *Financial Instruments* requires the Company to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Company's loans. In the process, a significant degree of judgement and estimates have been applied by the management for: • Staging of financial instruments (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Estimation of PD, LGD and EAD for non-retail loan portfolio and investments based on historical default experience and individual assessment, wherever necessary, of the borrower specific cash-flows, security and other relevant factors; • Estimation of losses for financial instruments with no/ minimal historical defaults; • Determining macro-economic and other factors impacting credit quality of financial instruments Additionally, having regard to the moratoriums extended as part of restructuring packages	Our audit procedures included the following: ► We read and assessed the Company's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements, including changes in framework pursuant to Reserve Bank of India guidelines issued on March 13, 2020. ► For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis. ► Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation ► We performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Company policy. ► Assessed the criteria for staging of financial instruments based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. ► We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional credit loss provisions having regard to macro economic environment, management overlay provision arising from the effects of the restructuring as per packages announced by

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Key audit matters	How our audit addressed the key audit matter
announced by the Reserve Bank of India and other regulatory changes in asset classification, the Company has considered additional provision as part of its ECL. Due to the significance of the amounts involved, judgments involved in classification of financial instruments, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.	the Reserve Bank of India, and evaluated the same. ▶ We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. ▶ Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. ▶ Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.
Fair valuation of financial assets held at fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL") (collectively "fair value") – refer notes 3.8, 7, 8, 24 and 35 to the standalone financial statements	
The Company has classified Investments amounting to Rs. 1,01,052.32 lakhs as held at fair value through OCI (FVTOCI) and Rs. 59,144.87 lakhs as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Company is also required to disclose fair value of its financial assets and liabilities held at amortized cost in accordance with Ind AS 107. The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data. Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter..	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: ▶ We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments. ▶ We involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value for sample of investments. ▶ Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation ▶ We tested the source data and the arithmetical accuracy of the calculation of valuation of investments. ▶ Assessed the adequacy of disclosure in the financial statements.
Information Technology systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction,	Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

Key audit matters	How our audit addressed the key audit matter
hence we identified IT systems and controls as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	► The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). ► Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. ► Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. ► Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. ► Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in

S.R. Batliboi & Associates LLP Chartered Accountants Chennai

India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place 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 standalone financial statements,

S.R. Batliboi & Associates LLP * Chartered Accountants * Chennai

including the disclosures, and whether the standalone 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, including any significant deficiencies in internal control 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these standalone financial statements as comparatives, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 6, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 12 to the standalone financial statements;

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

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 82 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 82 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AISNCH8694
Place of Signature: Chennai
Date: May 10, 2022

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Northern Arc Capital Limited (the "Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as explained to us, no material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in Note 15 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. 5 Crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii)(a) The company's principle business is to give loans and is a registered Non-Banking Financial Company ("NBFC"), accordingly, reporting under clause (iii)(a) is not applicable.

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

(c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans to retail customers as well as providing loan to originators, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amounts, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in Note 36 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 36 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(e) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 of the Companies Act, 2013 are applicable and provisions of section 186 of the Companies Act, 2013 are not applicable to the Company and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. However, there is delay up to 3 months in depositing of employee state insurance dues. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

(vii)(b) According to the records of the Company, the dues of goods and services tax, service tax and income-tax have not been deposited on account of any dispute, are as follows:

Rs. In Lacs.

Name of the statute	Nature of the dues	Disputed Amount	Amount Deposited/ refund adjusted	Period to which the amount relates	Forum where the dispute is pending
Income -Tax Act, 1961	Tax and interest	255.99		AY 2014-15	Income tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	172.54		AY 2017-18	Commissioner of Income tax (Appeals)

*net of tax paid under protest/ refund adjusted

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix)(c) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand.

(ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix)(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures:

(ix)(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x)(b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

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(xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b),(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(xvi)(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current or immediately preceeding financial year.

(xviii) The previous statutory auditors of the Company have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

(xix) On the basis of the financial ratios disclosed in Note 80 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 30.2 to the standalone financial statements.

(xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 30.2 to the financial statements.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AISNCH8694
Place of signature: Chennai
Date: May 10, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NORTHERN ARC CAPITAL LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to standalone financial statements of Northern Arc Capital Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AISNCH8694
Place of Signature: Chennai
Date: May 10, 2022

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

Northern Arc Capital Limited
Standalone Balance Sheet as at March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	70,421.30	38,787.52
Bank balances other than cash and cash equivalents	5	8,734.44	6,840.67
Derivative financial instruments	12	151.85	-
Trade receivables	6	1,814.50	1,435.06
Loans	7	5,22,265.41	3,76,512.91
Investments	8	1,63,934.08	1,25,312.01
Other financial assets	9	7,067.38	851.27
		7,74,388.96	**5,49,739.44**
Non-financial assets			
Current tax assets (net)		4,056.59	3,502.11
Deferred tax assets (net)	31	1,360.33	2,061.88
Property, plant and equipment	10.1	157.86	104.85
Right of use asset	10.2	780.91	985.44
Intangible assets under development	10.3	28.44	54.02
Other Intangible assets	10.4	940.10	972.77
Other non-financial assets	11	1,807.59	172.83
		9,131.82	**7,853.90**
Total assets		**7,83,520.78**	**5,57,593.34**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	643.82	898.51
Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,405.12	1,648.35
Debt securities	14	1,34,359.68	1,63,956.78
Borrowings (other than debt securities)	15	4,59,942.62	2,25,258.30
Subordinated liabilities	16	3,993.47	3,988.79
Other financial liabilities	17	5,598.94	3,648.97
		6,09,943.65	**3,99,399.70**
Non-financial liabilities			
Provisions	18	2,159.94	1,898.15
Other non-financial liabilities	19	425.75	409.47
		2,585.69	**2,307.62**
EQUITY			
Equity Share capital	20	8,890.75	8,792.15
Instruments entirely equity in nature	20	8,264.64	8,264.64
Other Equity	21	1,53,836.05	1,38,829.23
		1,70,991.44	**1,55,886.02**
Total liabilities and equity		**7,83,520.78**	**5,57,593.34**
Significant accounting policies	2 and 3		

The notes referred to above form an integral part of standalone financial statements
As per our report of even date attached

for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no.: 101049W/E300004

S R Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership No. 210934

Place : Chennai
Date : May 10, 2022

for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P S Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
Interest Income	22	75,550.32	54,762.69
Fee and Commission income	23	6,411.12	5,228.91
Net gain on fair value changes	24	4,749.96	4,321.02
Total revenue from operations		**86,711.40**	**64,312.62**
Other income	25	700.53	291.63
Total income		**87,411.93**	**64,604.25**
Expenses			
Finance costs	26	41,026.93	32,296.76
Fees and commission expense		5,273.22	2,244.62
Impairment on financial instruments	27	3,684.74	13,602.68
Employee benefits expenses	28	8,771.65	5,679.95
Depreciation and amortisation	29	911.82	673.84
Other expenses	30	5,034.73	2,473.18
Total expenses		**64,703.09**	**56,971.03**
Profit before tax		**22,708.84**	**7,633.22**
Tax expense	31		
Current tax		4,718.00	3,939.00
Deferred tax (net)		1,617.91	(1,910.77)
Total Tax expense		**6,335.91**	**2,028.23**
Profit for the year	(A)	**16,372.93**	**5,604.99**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit asset/ (liability)		(171.43)	12.38
Income tax relating to items that will not be reclassified to profit or loss		43.15	(3.12)
		(128.28)	**9.26**
Items that will be reclassified subsequently to profit or loss			
Fair valuation of Financial Instruments through other comprehensive income (Net)		(1,376.89)	1,329.72
Income tax relating to items that will be reclassified to profit or loss		346.56	(334.69)
		(1,030.33)	**995.03**
Net movement on effective portion of Cash Flow Hedges		(2,092.39)	(510.78)
Income tax relating to items that will be reclassified to profit or loss		526.66	128.56
		(1,565.73)	**(382.22)**
Other comprehensive income for the year (net of income taxes)	**(B)**	**(2,724.34)**	**622.07**
Total comprehensive income for the year (net of income taxes)	**(A+B)**	**13,648.59**	**6,227.06**
Earnings per equity share of INR 10 each	32		
Basic (in rupees)		18.52	6.40
Diluted (in rupees)		12.43	4.48

Significant accounting policies — 2 and 3

The notes referred to above form an integral part of standalone financial statements
As per our report of even date attached

for S R Batliboi & Associates LLP
Chartered Accountants
Firm's Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Chennai

Place: Chennai
Date: May 10, 2022

for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P S Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited
Standalone Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

		Note	Year ended March 31, 2022	Year ended March 31, 2021
A	**Cash flow from operating activities**			
	Profit before tax		22,708.84	7,633.22
	Adjustments for:			
	Depreciation and amortisation		911.82	673.84
	Write off of intangible assets under development		71.36	-
	Mark-to-market (gain) / loss on derivative contracts		(406.54)	898.51
	Interest income on loans, fixed deposits and investments		(75,550.32)	(54,762.69)
	Unrealised gain on alternative investment funds designated at fair value through profit or loss		(430.20)	(546.08)
	Gain on mutual funds investments designated at fair value through profit or loss		(396.98)	(347.02)
	Profit on sale of investments		(296.24)	(107.09)
	Impairment on financial instruments (net)		3,684.74	13,602.68
	Employee share based payment expenses		294.94	245.71
	Amortisation of discount on commercial papers		1,333.65	187.69
	Amortisation of ancillary costs relating to borrowings		1,538.75	1,509.38
	Finance costs		38,154.53	30,599.69
	Lease rental concession received		(40.97)	(35.20)
	Gain on account of termination of lease		(3.10)	(3.45)
	Operating profit before working capital changes		**(8,425.72)**	**(450.81)**
	Changes in working capital and other changes:			
	(Increase) / Decrease in other financial assets		(6,190.38)	239.46
	(Increase) in trade receivables		(379.44)	(569.25)
	(Increase) in loans		(1,49,690.25)	(92,694.78)
	(Increase) / Decrease in other non financial assets		(1,634.76)	71.28
	(Increase) / Decrease in other bank balances		(1,602.59)	1,202.32
	Increase in trade payables, other liabilities and provisions		5,953.14	295.84
	Cash used in operations		**(1,61,970.00)**	**(91,905.94)**
	Interest income received on loans, fixed deposits and investments		73,503.28	53,037.44
	Finance cost paid		(39,209.22)	(30,000.36)
	Income tax paid (net)		(5,272.48)	(3,778.93)
	Net cash flow generated used in operating activities	**(A)**	**(1,32,948.42)**	**(72,647.79)**
B	**Cash flows from investing activities**			
	Purchase of Property, plant and equipment		(877.59)	(380.74)
	Proceeds from disposal of right of use assets		104.18	-
	Purchase of mutual fund investments		(1,95,800.00)	(59,602.21)
	Proceeds from sale of investments in Mutual fund		1,96,196.98	59,949.23
	Purchase of investments measured at FVTPL		(1,06,676.41)	(18,607.45)
	Purchase of investments measured at FVOCI		(1,33,783.62)	(29,495.78)
	Purchase of investments measured at Amortised cost		(22,350.16)	-
	Proceeds from sale of investments measured at FVTPL		1,15,837.56	2,633.34
	Proceeds from sale of investments measured at FVOCI		88,287.38	26,086.92
	Proceeds from sale of investments measured at Amortised cost		21,357.70	-
	Net cash generated used ininvesting activities	**(B)**	**(37,703.98)**	**(19,416.69)**
C	**Cash flow from financing activities**			
	Proceeds from issue of debt securities		76,429.72	1,47,608.19
	Repayment of debt securities		(1,07,360.47)	(69,859.80)
	Proceeds from borrowings (other than debt securities)		3,25,100.00	1,18,656.54
	Repayment of borrowings (other than debt securities)		(92,880.79)	(97,904.50)
	Payment of lease liabilities		(138.45)	(347.61)
	Proceeds from issue of equity share capital including securities premium		1,136.17	214.06
	Net cash generated from financing activities	**(C)**	**2,02,286.18**	**98,366.88**
	Net increase in cash and cash equivalents	**(A+B+C)**	**31,633.78**	**6,302.40**
	Cash and cash equivalents at the beginning of the year		38,787.52	32,485.12
	Cash and cash equivalents at the end of the year		**70,421.30**	**38,787.52**

S.R. Batliboi & Associates LLP * Chennai * Chartered Accountants

Northern Arc Capital Limited
Standalone Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

		Note	As at March 31, 2022	As at March 31, 2021
	Notes to cash flow statement			
1	**Components of cash and cash equivalents:**	4		
	Balances with banks			
	- in current accounts		23,093.94	32,152.83
	- in deposit accounts		47,327.36	6,634.69
			70,421.30	**38,787.52**

2 The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013.

3a **Non cash investing activity**

Particulars	As at March 31, 2022	As at March 31, 2021
Investing Activity		
Acquisition of right of use assets	350.62	-
	350.62	-

3b For disclosures relating to changes in liabilities arising from financing activities, refer note 32A

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

for S R Batliboi & Associates LLP
Chartered Accountants
Firm's Registration no.: 101049W/E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date : May 10, 2022

for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P S Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited

Standalone Statement of Changes in Equity for the year ended March 31, 2022

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

A. Equity Share Capital

Equity Share capital of INR 10 each Issued, Subscribed and Fully Paid

Balance as at March 31, 2020	8,747.79
Changes in equity share capital during the year (Refer Note 20)	44.36
Balance as at March 31, 2021	8,792.15
Changes in equity share capital during the year (Refer Note 20)	98.60
Balance as at March 31, 2022	8,890.75

B. Instruments entirely equity in nature

Balance as at March 31, 2020	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2021	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2022	8,264.64

C. Other Equity

	Other equity								
	Reserves and surplus						Other Comprehensive Income (OCI)		
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Securities Premium	Shared Based Payment Reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve	Total
Balance as at April 1, 2021	9,890.76	2,660.00	3.57	83,897.44	2,297.81	36,194.47	4,267.40	(382.22)	1,38,829.23
Change in equity for the year ended March 31, 2022									
Premium received on shares issued during the year	-	-	-	1,613.08	(575.51)	-	-	-	1,037.57
Profit for the year	-	-	-	-	-	16,372.93	-	-	16,372.93
Transfer to statutory reserve	3,274.58	-	-	-	-	(3,274.58)	-	-	-
Employee stock compensation expense	-	-	-	-	320.67	-	-	-	320.67
Remeasurement of net defined benefit liability	-	-	-	-	-	(128.28)	-	-	(128.28)
Fair valuation of financial instruments (net)	-	-	-	-	-	-	(1,030.33)	(1,565.73)	(2,596.06)
Balance as at March 31, 2022	13,165.34	2,660.00	3.57	85,510.52	2,042.97	49,164.53	3,237.07	(1,947.95)	1,53,836.05
Balance as at April 1, 2020	8,769.77	2,660.00	3.57	83,340.83	2,521.70	31,701.21	3,272.37	-	1,32,269.45
Change in equity for the year ended March 31, 2021									
Shares issued during the year	-	-	-	556.61	(386.91)	-	-	-	169.70
Profit for the year	-	-	-	-	-	5,604.99	-	-	5,604.99
Transfer to statutory reserve	1,120.99	-	-	-	-	(1,120.99)	-	-	-
Employee stock compensation expense	-	-	-	-	163.02	-	-	-	163.02
Remeasurement of net defined benefit liability	-	-	-	-	-	9.26	-	-	9.26
Fair valuation of financial instruments (net)	-	-	-	-	-	-	995.03	(382.22)	612.81
Balance as at March 31, 2021	9,890.76	2,660.00	3.57	83,897.44	2,297.81	36,194.47	4,267.40	(382.22)	1,38,829.23

Significant accounting policies 2 and 3

The notes form an integral part of standalone financial statements.

As per our report of even date attached

for S R Batliboi & Associates LLP
Chartered Accountants
Firm's Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place : Chennai
Date : May 10, 2022

for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P S Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No. A22261

Place : Mumbai
Date : May 10, 2022

1 Corporate Information

Northern Arc Capital Limited ("the Company"), was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). 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 Capital Finance Limited. The Company has obtained a revised Certificate of Registration from the RBI dated March 8, 2018 for name change.

The Company is principally engaged in lending to provide liquidity and develop access to debt-capital markets for institutions.

These standalone financial statements were authorised for issue by the Company's Board of Directors on May 10, 2022.

2 Basis of preparation

2.1 Basis of preparation of standalone financial statements

These standalone financial statements of the Company, comprising of standalone Balance Sheet of the Company as at March 31, 2022, standalone statement of profit and loss (including other comprehensive income) for the year ended March 31, 2022, the standalone statement of cash flows and standalone statement of changes in equity for the year ended March 31, 2022 and the significant accounting policies and other explanatory information (collectively referred as "Standalone Financial Statements"), have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

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

2.2 Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non Banking Finance Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows. The Company presents its balance sheet in order of liquidity.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:
•The normal course of business
•The event of default
•The event of insolvency or bankruptcy of the company and / or its counterparties.
Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Functional and presentation currency

These standalone 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 lakhs (two decimals), unless otherwise indicated.

2.4 Use of estimates and judgements

The preparation of the standalone 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 standalone financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ('COVID-19'):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans and fair value of investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports, related information and economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

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

i) Business model test

Classification and measurement of financial assets depends on the results of business model test 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) Effective Interest Rate ('EIR') method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial assets

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.

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory inspections in the ordinary course of the Company's business.

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 standalone financial statements are prudent and reasonable.

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vi) Other assumptions and estimation uncertainities

Information about critical judgements 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;

d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.

3 Significant accounting policies

3.1 Revenue from contract with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

A. Recognition of interest income on loans

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.

ii. Fees and commission income

Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.

iii. Dividend income

Dividend income (including from FVOCI investments) 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

iv. Other income

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

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3.2 Financial instruments - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other 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) Fair value through other comprehensive income ('FVOCI')

iii) Fair value through profit and loss ('FVTPL')

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Sole Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets 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 a 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. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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

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

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

A financial asset which is not classified in any of the above categories is measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

The Company records investments in Alternative investment funds (AIF), mutual funds and Treasury Bills at FVTPL.

iv) Investment in equity instruments

The Company measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

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B. Financial liability

i) Initial recognition and measurement

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the Effective Interest Rate Method.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments

3.4 Reclassification of financial assets and liabilities

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

3.5 Derecognition of financial assets and liabilities

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

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, 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 financial assets are classified as Stage 1 for ECL measurement purposes.
If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

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.

Chennai

3.6 Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Based on the above, the Company categorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When financial assets are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 financial assets includes those financial assets where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the financial asset has been reclassified from stage 3.

Stage 3:

Financial assets considered credit impaired are the financial assets which are past due for more than 90 days. The Company records an allowance for life time ECL.

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B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, , whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.

Stage 3:

For financial assets considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;
b. a breach of contract such as a default or past due event;
c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial
d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
e. the disappearance of an active market for a security because of financial difficulties; or
f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

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A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of accounting.

Loan commitments

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

C. Financial Assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.
The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7 Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

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 as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

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. Subsequent expenditure

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

iii. Depreciation

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

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

Asset category	Estimated Useful life
Plant and machinery	15 years
Furniture and fittings	10 years
Office equipments	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.
Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.11 Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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iii. Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

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

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

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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.

3.13 Provisions

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.

3.14 Leases

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

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

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

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

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

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

3.15 Taxes

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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.

iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.16 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 Rate Method.

3.17 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.

3.18 Segment reporting- Identification of segments:

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

3.19 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.

3.20 Cash flow statement

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

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3.21 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.22 Standard Issued But Not Yet Effective

Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 on March 23, 2022, which contains various amendments to Ind AS. Management has evaluated these and have concluded that there is no material impact on the Company's financial statements.

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		As at March 31, 2022	As at March 31, 2021
4	**Cash and cash equivalents**		
	Measured at amortised cost:		
	Balance with banks		
	- In current accounts	23,093.94	32,152.83
	- In deposit account (Refer note 4A below)	47,327.36	6,634.69
		70,421.30	**38,787.52**

4A Represents short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

5	**Bank balances other than cash and cash equivalents**		
	Measured at amortised cost:		
	- In deposit accounts with bank with maturity more than 3 months (Refer Note 5.1 below)	6,291.17	4,418.62
	- In earmarked accounts		
	- In unpaid dividend account	2.69	2.69
	- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.2 below)	2,440.58	2,419.36
		8,734.44	**6,840.67**

Note:

5.1 Deposits with bank includes deposits amounting to INR 1,124.91 lakhs (March 31, 2021 : INR 1,148.85 lakhs) representing amount received from customers as cash collateral for the loans provided by the Company.

5.2 Deposits amounting to INR 2,440.58 lakhs (March 31, 2021 : INR 2,419.36 lakhs) have been provided as credit enhancement for securitisation transactions.

6	**Trade receivables**		
	Unsecured Considered good	1,822.39	1,452.66
	Trade receivables which have significant increase in credit risk	1.76	0.79
	Trade receivables - Credit impaired	-	9.03
		1,824.15	**1,462.48**
	Less: Impairment loss allowance (allowance for bad and doubtful debts):		
	Unsecured, considered good	(9.42)	(21.53)
	Trade Receivables with significant increase in credit risk	(0.23)	(0.02)
	Trade receivables - Credit impaired	-	(5.87)
	Total	**1,814.50**	**1,435.06**
	Trade receivables from related parties	-	-

Note:

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

6.1 The ageing schedule of Trade receivables is as follows:

i) As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Unbilled receivbles	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables - considered good		1,223.70	-	-	-	-	589.27	1,812.97
(ii) Undisputed Trade receivables - which have significant increase in credit risk		1.53	-	-	-	-	-	1.53
(iii) Undisputed Trade Receivables - credit impaired		-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good		-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk		-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired		-	-	-	-	-	-	-
Total	-	**1,225.23**	-	-	-	-	**589.27**	**1,814.50**

ii) As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment					Unbilled receivbles	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables - considered good		1,118.73	-	-	-	-	312.40	1,431.13
(ii) Undisputed Trade receivables - which have significant increase in credit risk		0.77	-	-	-	-	-	0.77
(iii) Undisputed Trade Receivables - credit impaired		3.16	-	-	-	-	-	3.16
(iv) Disputed Trade Receivables - considered good		-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk		-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired		-	-	-	-	-	-	-
Total	-	**1,122.66**	-	-	-	-	**312.40**	**1,435.06**

6.2 Analysis of changes in the gross carrying amount of trade receivables and and the corresponding ECL allowance in relation to trade receivables
Changes in gross carrying amount

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,452.66**	**0.79**	**9.03**	**1,462.48**	**709.10**	**84.24**	**99.89**	**893.23**
New assets originated *	1,822.40	1.75	-	1,824.15	1,452.66	0.79	9.03	1,462.48
Asset derecognised or repaid	(1,452.66)	(0.79)	(9.03)	(1,462.48)	(709.10)	(84.24)	(99.89)	(893.23)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**1,822.40**	**1.75**	-	**1,824.15**	**1,452.66**	**0.79**	**9.03**	**1,462.48**

Reconciliation of ECL Balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**21.53**	**0.02**	**5.87**	**27.42**	**5.55**	**0.68**	**65.43**	**71.66**
New assets originated	9.42	0.23	-	9.65	21.53	0.02	5.87	27.42
Asset derecognised or repaid	(21.53)	(0.02)	(5.87)	(27.42)	(5.55)	(0.68)	(65.43)	(71.66)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**9.42**	**0.23**	-	**9.65**	**21.53**	**0.02**	**5.87**	**27.42**

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

7 Loans

	As at March 31, 2022			As at March 31, 2021		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
A. Based on nature						
Term loans	3,95,883.46	97,879.98	4,93,763.44	2,64,397.77	1,02,275.31	3,66,673.08
Less : Impairment loss allowance	(5,371.60)	-	(5,371.60)	(6,538.47)	-	(6,538.47)
Total	**3,90,511.86**	**97,879.98**	**4,88,391.84**	**2,57,859.30**	**1,02,275.31**	**3,60,134.61**
Structured cash credit	34,273.68	-	34,273.68	17,090.53	-	17,090.53
Less : Impairment loss allowance	(400.11)	-	(400.11)	(712.23)	-	(712.23)
Total	**33,873.57**	-	**33,873.57**	**16,378.30**	-	**16,378.30**
Total	**4,24,385.43**	**97,879.98**	**5,22,265.41**	**2,74,237.60**	**1,02,275.31**	**3,76,512.91**
B. Based on Security						
(i) Secured by tangible assets*	2,94,038.33	77,737.97	3,71,776.30	2,46,099.15	67,346.94	3,13,446.09
(ii) Unsecured	1,36,118.81	20,142.01	1,56,260.82	35,389.15	34,928.37	70,317.52
Total Gross Loans	**4,30,157.14**	**97,879.98**	**5,28,037.12**	**2,81,488.30**	**1,02,275.31**	**3,83,763.61**
Less:Impairment loss allowance	(5,771.71)	-	(5,771.71)	(7,250.70)	-	(7,250.70)
Total Net Loans	**4,24,385.43**	**97,879.98**	**5,22,265.41**	**2,74,237.60**	**1,02,275.31**	**3,76,512.91**
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	4,30,157.14	97,879.98	5,28,037.12	2,81,488.30	1,02,275.31	3,83,763.61
Total gross loans	**4,30,157.14**	**97,879.98**	**5,28,037.12**	**2,81,488.30**	**1,02,275.31**	**3,83,763.61**
Less:Impairment loss allowance	(5,771.71)	-	(5,771.71)	(7,250.70)	-	(7,250.70)
Total (I)-Net loans	**4,24,385.43**	**97,879.98**	**5,22,265.41**	**2,74,237.60**	**1,02,275.31**	**3,76,512.91**
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	**4,24,385.43**	**97,879.98**	**5,22,265.41**	**2,74,237.60**	**1,02,275.31**	**3,76,512.91**

* Term loans are secured by way of hypothecation of underlying loan receivables of the originator.

Notes :

The Company has not granted any loans or advances to promoters, directors, key mangerial personels, and other related parties other than those disclosued below. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below

	As at March 31, 2022	As at March 31, 2021
Total loans to related parties (refer note 41)		
- Term Loan	1,225.95	2,038.40
- Structured Credit	163.93	100.00
Total	**1,389.88**	**2,138.40**
Less: Loss allowance on loans to related parties		
- Term Loan	(13.68)	(43.21)
- Structured Credit	(1.83)	(1.70)
Total	**(15.51)**	**(44.91)**
Net loans to related parties	**1,374.37**	**2,093.49**

Also refer Note 36 on Credit Risk.

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

8 Investments

	As at March 31, 2022					As at March 31, 2021				
	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total
Investment in debentures (quoted)										
Non-convertible redeemable debentures	-	86,548.21		-	86,548.21	-	68,825.12	-	-	68,825.12
Market Linked debentures	-	-	25,159.28	-	25,159.28	-	-	-	-	-
Investment in Commercial papers (unquoted)										
Commercial papers	993.69	-	-	-	993.69	-	-	-	-	-
Investment in pass-through certificates (unquoted)										
Investment in pass-through certificates	-	14,504.11	-	-	14,504.11	-	15,897.01	-	-	15,897.01
Investment in other approved securities (unquoted)										
Alternative investment funds	-	-	23,131.69	-	23,131.69	-	-	18,629.53	-	18,629.53
Investment in government securities	-	-	-	-	-	-	-	14,911.03	-	14,911.03
Investments in subsidiaries, at cost (Unquoted)										
Equity shares										
Northern arc investment adviser services private limited	-	-	-	127.80	127.80	-	-	-	127.80	127.80
Northern arc investment managers private limited	-	-	-	361.00	361.00	-	-	-	361.00	361.00
Northern arc foundation	-	-	-	1.00	1.00	-	-	-	1.00	1.00
Pragathi Finserv	-	-	-	2,253.40	2,253.40	-	-	-	-	-
Alternative investment funds										
IFMR Fimpact Long term credit fund	-	-	10,852.28	-	10,852.28	-	-	11,432.90	-	11,432.90
Other investments (Unquoted)										
Share warrants	-	-	1.62	-	1.62	-	-	1.62	-	1.62
Sub total	**993.69**	**1,01,052.32**	**59,144.87**	**2,743.20**	**1,63,934.08**	-	**84,722.13**	**44,975.08**	**489.80**	**1,30,187.01**
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	(4,875.00)	-	-	(4,875.00)
Total Investments	**993.69**	**1,01,052.32**	**59,144.87**	**2,743.20**	**1,63,934.08**	-	**79,847.13**	**44,975.08**	**489.80**	**1,25,312.01**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	993.69	1,01,052.32	59,144.87	2,743.20	1,63,934.08		79,847.13	44,975.08	489.80	1,25,312.01
Total Investments	**993.69**	**1,01,052.32**	**59,144.87**	**2,743.20**	**1,63,934.08**	-	**79,847.13**	**44,975.08**	**489.80**	**1,25,312.01**

Also refer Note 36 on Credit Risk.

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9 Other financial assets

	As at March 31, 2022	As at March 31, 2021
Measured at amortised cost		
Security deposits	311.92	251.53
Advances to employees	67.72	97.27
Other Advances	6,464.13	43.96
Advances to subsidiaries (Refer Note below)	223.61	431.48
Excess Interest spread on derecognition of Loans upon direct assignment	-	31.42
Less: Impairment loss allowance	-	(4.39)
	7,067.38	**851.27**

Note:
Advance to subsidiary represents amounts receivable related to cost of employee stock options granted to employees of subsidiaries and amounts receivable on account of expenses incurred by the company on behalf of the subsidiaries in the normal course of business.

10.1 Property plant and equipment

	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Cost/Deemed Cost							
As at April 1, 2020	**0.29**	**2.52**	**183.41**	**140.59**	**0.19**	**127.25**	**454.25**
Additions	-	-	51.98	-	-	-	51.98
Disposals/Discarded	-	-	-	-	-	-	-
As at March 31, 2021	**0.29**	**2.52**	**235.39**	**140.59**	**0.19**	**127.25**	**506.23**
Additions	-	18.24	174.60	9.29	-	18.42	220.55
Disposals/Discarded	-	0.38	8.94	-	-	-	9.32
As at March 31, 2022	**0.29**	**20.38**	**401.05**	**149.88**	**0.19**	**145.67**	**717.46**
Accumulated depreciation							
As at April 1, 2020	**0.25**	**2.34**	**171.38**	**82.97**	**0.18**	**18.94**	**276.06**
Depreciation for the year	-	0.11	33.64	55.47	-	36.10	125.32
On disposals/Discarded	-	-	-	-	-	-	-
As at March 31, 2021	**0.25**	**2.45**	**205.02**	**138.44**	**0.18**	**55.04**	**401.38**
Depreciation for the year	0.04	3.68	110.36	3.88	0.01	47.07	165.04
On disposals/Discarded	-	0.37	6.45	-	-	-	6.82
As at March 31, 2022	**0.29**	**5.76**	**308.93**	**142.32**	**0.19**	**102.11**	**559.60**
Net carrying value							
As at March 31, 2021	**0.04**	**0.07**	**30.38**	**2.15**	**0.01**	**72.21**	**104.85**
As at March 31, 2022	**-**	**14.62**	**92.13**	**7.56**	**-**	**43.56**	**157.86**

10.2 Right of use asset

The details of right of use asset held by the Company is as follows:

	Office Premises-Buildings	Total
Gross Carrying Value		
As at April 01, 2020	1,612.25	1,612.25
Additions	-	-
Disposals	44.07	44.07
As at March 31, 2021	**1,568.18**	**1,568.18**
Additions	350.62	350.62
Disposals	135.61	135.61
As at March 31, 2022	**1,783.19**	**1,783.19**
Accumulated depreciation		
As at April 01, 2020	288.11	288.11
Additions	320.07	320.07
Disposals	25.44	25.44
As at March 31, 2021	**582.74**	**582.74**
Additions	450.97	450.97
Disposals	31.43	31.43
As at March 31, 2022	**1,002.28**	**1,002.28**
Net carrying value		
As at March 31, 2021	985.44	985.44
As at March 31, 2022	**780.91**	**780.91**

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10.3 Intangible assets under development

	Software	Total
As at April 1, 2020	**94.94**	**94.94**
Add: Additions	328.76	328.76
Less: Capitalised during the year	(369.68)	(369.68)
As at March 31, 2021	**54.02**	**54.02**
Add: Additions	308.92	308.92
Less: Capitalised during the year	(263.14)	(263.14)
Less: Written off during the year	(71.36)	(71.36)
As at March 31, 2022	**28.44**	**28.44**

10.3.i Ageing of Intangible assets under development

As at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	28.44	-	-	-	28.44

As at March 31, 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	54.02	-	-	-	54.02

10.3.ii As at March 31, 2022 and March 31, 2021, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

10.4 Other Intangible assets

	Softwares	Total
Gross carrying value		
As at April 1, 2020	**1,388.21**	**1,388.21**
Additions	369.68	369.68
Disposals	-	-
As at March 31, 2021	**1,757.89**	**1,757.89**
Additions	263.14	263.14
Disposals	-	-
As at March 31, 2022	**2,021.03**	**2,021.03**
Accumulated amortisation		
As at April 1, 2020	**556.67**	**556.67**
Amortisation for the year	228.45	228.45
On disposals	-	-
As at March 31, 2021	**785.12**	**785.12**
Amortisation for the year	295.81	295.81
On disposals	-	-
As at March 31, 2022	**1,080.93**	**1,080.93**
Net carrying value		
As at March 31, 2021	**972.77**	**972.77**
As at March 31, 2022	**940.10**	**940.10**

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

13.1 The ageing schedule of Trade payables is as follows:

i) As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	61.10	-	-	-	5,344.02	5,405.12
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-

ii) As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	325.58	-	-	-	1,322.77	1,648.35
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-

Refer Note 39 for details of dues to micro and small enterprises.

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

	As at March 31, 2022	As at March 31, 2021
11 Other non- financial assets		
Measured at amortised cost:		
Prepaid expenses	1,654.09	172.83
Balances with government authorities	32.61	-
Advances to vendors	120.89	-
	1,807.59	**172.83**

12 Derivative financial instruments

	As at 31 March 2022		As at 31 March 2021	
	Notional Amount	Fair value of liabilities	Notional Amount	Fair value of liabilities
Currency derivatives (Refer Note 44) - measured at FVOCI				
Part-I				
Asset				
Other Derivatives - Cross currency interest rate swaps	36,849.89	110.00	-	-
Other Derivatives - Forward Contract	20,200.00	41.85	-	-
	57,049.89	**151.85**	-	-
Liability				
Other Derivatives - Cross currency interest rate swaps	43,851.00	626.49	43,969.98	898.51
Other Derivatives - Forward Contract	4,800.00	17.33	-	-
	48,651.00	**643.82**	**43,969.98**	**898.51**
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Asset				
Cash flow Hedge - Cross currency interest rate swaps	36,849.89	110.00	-	-
Cash flow Hedge - Forward Contract	20,200.00	41.85	-	-
	57,049.89	**151.85**	-	-
Liability				
Cash flow Hedge - Cross currency interest rate swaps	43,851.00	626.49	43,969.98	898.51
Cash flow Hedge - Forward Contract	4,800.00	17.33	-	-
	48,651.00	**643.82**	**43,969.98**	**898.51**

The notional amounts in the above table refers to the foreign currency borrowing on which the Company has hedged the risk of foreign currency fluctuations.
The Company has entered into a Derivative Financial Instrument, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.
The Asset Liability Management Committee periodically monitors and reviews the risks involved.

	As at March 31, 2022	As at March 31, 2021
13 Trade payables		
-Total outstanding dues to micro enterprises and small enterprises (refer Note 39 for details of dues to micro and small enterprises)	-	-
-Total outstanding dues to creditors other than micro enterprises and small enterprises	5,405.12	1,648.35
	5,405.12	**1,648.35**
Trade payables to:		
Related Parties	-	-
Others	5,405.12	1,648.35
	5,405.12	**1,648.35**

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

	As at March 31, 2022	As at March 31, 2021
14 Debt securities (Refer Note 14A)		
Measured at amortised cost:		
Secured		
- Redeemable non-convertible debentures	1,11,471.27	1,46,442.78
Unsecured		
- Redeemable non-convertible debentures	23.51	2,772.44
- Commercial paper	22,864.90	14,741.56
Total debt securities	**1,34,359.68**	**1,63,956.78**
Debt securities in India	1,34,359.68	1,63,956.78
Debt securities outside India	-	-
Total debt securities	**1,34,359.68**	**1,63,956.78**

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables.

15 Borrowings (other than debt securities)		
Measured at amortised cost:		
Secured		
Term loans (Refer Note 15A)		
- from banks	3,07,824.00	1,20,205.40
- from other financial institutions	1,04,774.03	66,295.79
Loans repayable on demand (Refer note 15B)		
- Working capital loan from banks	45,918.36	28,272.00
- Cash credit from banks	1,426.23	10,485.11
Total borrowings (Other than debt securities)	**4,59,942.62**	**2,25,258.30**
Borrowings in India	3,76,390.67	1,81,288.32
Borrowings outside India	83,551.95	43,969.98
Total borrowings (Other than debt securities)	**4,59,942.62**	**2,25,258.30**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2022, the rate of interest across the cash credit and working capital demand loans was in the range of 6.10 % p.a to 11.45% p.a (March 31, 2021 - 6.30% p.a to 11.30% p.a). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Company has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender. The quarterly returns/statements of current assets filed by the company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

	As at March 31, 2022	As at March 31, 2021
16 Subordinated liabilities		
Measured at amortised cost:		
Others (Refer Note 16A)		
- from banks	1,497.29	1,495.35
- from other financial institutions	2,496.18	2,493.44
Total Subordinated liabilities	**3,993.47**	**3,988.79**
Subordinated liabilities in India	3,993.47	3,988.79
Subordinated liabilities outside India	-	-
Total Subordinated liabilities	**3,993.47**	**2,493.44**

The Company has not defaulted in the repayment of dues to its lenders.

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

Note 14 A : Details regarding terms of issuance of debt securities

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured, redeemable non-convertible debentures:				
- 7500 units (March 31, 2021: 750 units) of 10.2% Redeemable, Market linked non-convertible debentures of INR 10,000 each, maturing on April 29, 2022*	750.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.75 years Redemption date: April 29,2022	10.20%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1500 units (March 31, 2021: 1500 units) of 9.15% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on May 13, 2022	3,750.00	Coupon payment frequency: semi annual Principal repayment frequency: 4 equal quarterly instalments Tenure of security: 1.5 years Redemption date: May 13, 2022	9.15%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 12500 units (March 31, 2021: 12500 units) of 10.00% Redeemable,market linked non-convertible debentures of INR 10,000 each, maturing on June 11, 2022*	1,250.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.25 years Redemption date:June 11,2022	10.00%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1,000 units (March 31, 2021: 1000 units) of 9.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 11, 2022	10,000.00	Coupon payment frequency:Semi annual Principal repayment frequency:Entire principal repaid on maturity Tenure of security: 3.50 years Redemption date:June 11,2022	9.45%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 150 units (March 31, 2021: Nil units) of 9.30% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on September 16, 2022*	1,500.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 18 Months Redemption date: September 16, 2022	9.30%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1000 units (March 31, 2021: 1000 units) of 10.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 30, 2022	10,000.00	Coupon payment frequency: semi annual Principal repayment frequency: maturity Tenure of security: 2 years Redemption date:September 30,2022	10.45%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 23200 units (March 31, 2021: 23200 units) of 9.05% Redeemable,market linked non-convertible debentures of INR 10,000 each, maturing on January 21, 2023*	2,320.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date:January 21,2023	9.05%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 228 units (March 31, 2021: 228 units) of 8.80% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 23, 2023*	1,140.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 Years Redemption date:February 23,2023	8.80%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 294 units (March 31, 2021: 294 units) of 8.90% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 24, 2023*	1,470.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date:February 24,2023	8.90%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 696 units (March 31, 2021: 696 units) of 8.95% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 25, 2023*	3,480.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date:February 25,2023	8.95%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 10000 units (March 31, 2021: 10000 units) of 8.75% Redeemable,market linked non-convertible debentures of INR 1,00,000 each, maturing on February 27, 2023*	10,000.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 Years Redemption date:February 27,2023	8.75%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 500 units (March 31, 2021: 500 units) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023	5,000.00	Coupon payment frequency: annually Principal repayment frequency: on maturity Tenure of security: 3 years Redemption date:June 26,2023	11.25%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 500 units (March 31, 2021: 500 units) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023	2,500.00	Coupon payment frequency: quarterly Principal repayment frequency: 12 equal quarterly instalment Tenure of security: 3 years Redemption date:July 13,2023	10.40%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1,000 units (March 31, 2021: 1000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023	5,714.29	Coupon payment frequency:Semi annual Principal repayment frequency: Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months Tenure of security: 5 years Redemption date:December 20,2023	9.60%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 750 units (March 31, 2021: 750 units) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024	5,625.00	Coupon payment frequency:Annual Principal repayment frequency:Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months Tenure of security: 4 years Redemption date:March 28, 2024	11.34%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 2949 units (March 31, 2021: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 18, 2025	29,490.00	Coupon payment frequency: semi annual Principal repayment frequency: 7 equal halfyearly instalments Tenure of security: 5 years Redemption date:December 18,2025	9.97%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1800 units (March 31, 2021: 1800 units) of 9.85% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026	14,400.00	Coupon payment frequency: semi annually Principal repayment frequency: on maturity Tenure of security: 5 Years Redemption date:March 23,2026	9.85%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables

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

Unsecured, redeemable non-convertible debentures:

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
- 28,000,000 units (March 31, 2021: 28,000,000 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023	23.51	Coupon payment frequency: Monthly Principal repayment frequency: Entire principal repaid on maturity Tenure of security: 4 years Redemption date: September 25, 2023	11.60%	NA

Unsecured, Commercial Paper:

600 Units (March 31, 2021 : NIL units) of 6.97% commercial paper of INR 500,000 each, maturing on April 08, 2022	3,000	Tenure of instrument: 77 days Maturity date: April 08, 2022	6.97%	NA
700 Units (March 31, 2021 : NIL units) of 6.93% commercial paper of INR 500,000 each, maturing on May 31, 2022	3,500	Tenure of instrument: 71 days Maturity date: May 31, 2022	6.93%	NA
160 Units (March 31, 2021 : NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 07, 2022	800	Tenure of instrument: 91 days Maturity date: June 07, 2022	6.98%	NA
200 Units (March 31, 2021 : NIL units) of 6.80% commercial paper of INR 500,000 each, maturing on June 09, 2022	1,000	Tenure of instrument: 90 days Maturity date: June 09, 2022	6.80%	NA
500 Units (March 31, 2021 : NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 10, 2022	2,500	Tenure of instrument: 91 days Maturity date: June 10, 2022	6.98%	NA
1,000 Units (March 31, 2021 : NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 21, 2022	5,000	Tenure of instrument: 91 days Maturity date: June 21, 2022	6.98%	NA
500 Units (March 31, 2021 : NIL units) of 7.60% commercial paper of INR 500,000 each, maturing on August 22, 2022	2,500	Tenure of instrument: 181 days Maturity date: August 22, 2022	7.60%	NA
1,000 Units (March 31, 2021 : NIL units) of 7.95% commercial paper of INR 500,000 each, maturing on September 30, 2022	5,000	Tenure of instrument: 365 days Maturity date: September 30, 2022	7.95%	NA

Note: The balances are net of accrued interest and gross of unamortised processing fees

* Coupon rate are linked to perfromance of specified indices inclusing maket indiactors over the period of the debentures

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

Note 15 A : Details regarding terms of borrowings (from banks)

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 17	1,666.67	Repayments terms 30 monthly installments Tenor of Security 3 Years Redemption date May 16,2022	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 18	2,875.00	Repayments terms 10 Monthly installments Tenor of Security 1 Years Redemption date August 10, 2022	Repo Rate+ Spread 1.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 19	3,501.00	Repayments terms 10 Monthly installments Tenor of Security 1 Years Redemption date August 10, 2022	Repo Rate+ Spread 1.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 20	3,333.33	Repayments terms 6 quarterly installments Tenor of Security 1.5 Years Redemption date September 29, 2022	1 Y MCLR+ Spread 1.4%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 21	750.00	Repayments terms 36 monthly installments Tenor of Security 3 Years Redemption date December 31, 2022	3M MCLR+ Spread 0.05%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 22	750.00	Repayments terms 36 monthly installments Tenor of Security 3 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 1.6%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 23	2,727.82	Repayments terms 11 quarterly installments Tenor of Security 2.84 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 24	500.00	Repayments terms 12 quarterly installments Tenor of Security 3 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 2%	First and Exclusive charge on the standard receivables with a security cover of 133%
Term Loan 25	2,727.82	Repayments terms 11 quarterly installments Tenor of Security 2.84 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 26	9,166.67	Repayments terms 36 Monthly installments Tenor of Security 3 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 0.25%	First and Exclusive charge over the loan receivables with a security cover of 120%

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

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 27	181.82	Repayments terms 33 monthly installments Tenor of Security 3.3 Years Redemption date Jan 5, 2023	11.75%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 28	2,200.00	Repayments terms 2 Half yearly installments Tenor of Security 1 Year Redemption date Jan 5, 2023	Repo Rate+ Spread 3.65%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 29	992.68	Repayments terms 10 quarterly installments Tenor of Security 3 Years Redemption date February 2, 2023	1 Y MCLR+ Spread 2.4%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 30	687.50	Repayments terms 24 monthly installments Tenor of Security 2 Years Redemption date February 28, 2023	9.10%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 31	3,333.33	Repayments terms 18 Monthly installments Tenor of Security 2 Years Redemption date February 28, 2023	1 Y MCLR+ Spread 1.05%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 32	8,750.00	Repayments terms 24 Monthly installments Tenor of Security 2 Years Redemption date Mar 29, 2023	8.00%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 33	2,500.00	Repayments terms 12 quarterly installments Tenor of Security 2.3 Years Redemption date March 31, 2023	1 Y MCLR+ Spread 3.2%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 34	2,081.67	Repayments terms 12 quarterly installments Tenor of Security 3 Years Redemption date April 5, 2023	1 Y MCLR+ Spread 0.95%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 35	1,000.00	Repayments terms 24 Monthly installments Tenor of Security 24 Month Redemption date July 31, 2023	External BMLR+ Spread 5%	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan 36	2,100.00	Repayments terms 10 quarterly installments Tenor of Security 33 months Redemption date October 9, 2023	1 Y MCLR+ Spread 0.05%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 37	8,750.00	Repayments terms 8 Quaterly installments Tenor of Security 27 Month Redemption date December 28 2023	3M MCLR+ Spread 3.9%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 38	12,728.00	Repayments terms 11 Quarterly installments Tenor of Security 2.8 Years Redemption date December 31, 2023	6M MCLR+ Spread 2.25%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 39	727.29	Repayments terms 11 quarterly installments Tenor of Security 36 Month Redemption date Mar 28, 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 40	5,000.00	Repayments terms 24 monthly installments Tenor of Security 2 Year Redemption date March 29, 2024	6M MCLR+ Spread 0.3%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 41	1,666.67	Repayments terms 48 monthly installments Tenor of Security 4 Years Redemption date March 31, 2024	1 Y MCLR+ Spread 2.55%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 42	1,656.97	Repayments terms 48 monthly installments Tenor of Security 4 Years Redemption date March 31, 2024	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 43	2,666.67	Repayments terms 36 monthly installments Tenor of Security 3 years Redemption date March 31, 2024	8.60%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 44	20,000.00	Repayments terms 24 Monthly installments Tenor of Security 2 Years Redemption date March 31 2024	1 Y MCLR+ Spread 0.8%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 45	2,624.00	Repayments terms 12 Quarterly installments Tenor of Security 3.25 Years Redemption date April 30, 2024	6M MCLR+ Spread 0.5%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 46	1,650.00	Repayments terms 12 quarterly installments Tenor of Security 36 Month Redemption date Jun 30, 2024	364 days T Bill+ Spread 5.2%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 47	2,950.00	Repayments terms: 36 monthly installments Tenor of Security 3 Years Redemption date Mar 25, 2025	364 days T Bill+ Spread 3.99%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 48	4,833.33	Repayments terms: 30 Equal monthly installments Tenor of Security 36 Month Redemption date August 13 2024	1 Y MCLR+ Spread 0.5%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 49	8,333.33	Repayments terms 12 Quaterly installments Tenor of Security 36 Month Redemption date August 31 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 50	4,166.67	Repayments terms 12 Quaterly installments Tenor of Security 36 Month Redemption date August 31 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 51	4,166.67	Repayments terms 12 Quaterly installments Tenor of Security 36 Month Redemption date September 28 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 52	9,090.91	Repayments terms 33 monthly installments Tenor of Security 36 Month Redemption date September 29, 2024	1 Y MCLR+ Spread 0.15%	First and Exclusive charge over the loan receivables with a security cover of 120%

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Northern Arc Capital Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 53	2,083.33	Repayments terms 36 monthly installments Tenor of Security 36 Month Redemption date September 30, 2024	1 Y MCLR+ Spread 1%	First and Exclusive charge over the loan receivables with a security cover of 111%
Term Loan 54	5,833.33	Repayments terms 36 monthly installments Tenor of Security 36 Month Redemption date September 30 2024	1 Y T Bill+ Spread 3.34%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 55	15,000.00	Repayments terms 10 Quaterly installments Tenor of Security 2 Year 9 month Redemption date Sep 30, 2024	1 Y SOFR+ Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 56	2,500.00	Repayments terms 24 Monthly installments Tenor of Security 33 month Redemption date Oct 21 2024	1 Y MCLR+ Spread 0.6%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 57	4,848.48	Repayments terms 33 monthly installments Tenor of Security 36 Month Redemption date November 30 2024	8.00%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 58	3,500.00	Repayments terms 10 Quaterly installments Tenor of Security 3 Years Redemption date December 23, 2024	1 Y MCLR+ Spread 0%	First and Exclusive charge over the loan receivables
Term Loan 59	2,750.00	Repayments terms 12 Quaterly installments Tenor of Security 3 Year Redemption date Dec 31, 2024	1 Y MCLR+ Spread 0.3%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 60	10,000.00	Repayments terms 14 monthly installments Tenor of Security 48 Month Redemption date October 01 2025	EBLR+ Spread 1.26%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 61	18,900.00	Repayments terms 31 Monthly installments Tenor of Security 3 Years Redemption date March 10, 2025	Inr 13,900 Repo Rate+ Spread 3.5%, 5,000 Repo Rate+ Spread 3.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 62	7,500.00	Repayments terms 30 Equal monthly installments Tenor of Security 3 Years Redemption date March 11 2025	1 Y MCLR+ Spread 0%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 63	20,000.00	Repayments terms 36 Monthly installments Tenor of Security 3 Years Redemption date March 24 2025	1 Y MCLR+ Spread 0.25%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 64	10,000.00	Repayments terms 11 Qauterly installments Tenor of Security 3 Years Redemption date Mar 28 2025	1 Y MCLR+ Spread 1%	First and Exclusive charge on the standard receivables with a security cover of 118%
Term Loan 65	5,000.00	Repayments terms 12 Quaterly installments Tenor of Security 3 Years Redemption date March 29 2025	Repo Rate+ Spread 4.35%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 66	5,000.00	Repayments terms 12 Quaterly installments Tenor of Security 3 Years Redemption date March 29 2025	Repo Rate+ Spread 4.35%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 67	4,500.00	Repayments terms 36 Monthly installments Tenor of Security 3 Years Redemption date Mar 29 2025	1 Y MCLR+ Spread 1.55%	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan 68	4,000.00	Repayments terms 12 Quaterly installments Tenor of Security 3 Year Redemption date March 31, 2025	1 Y MCLR+ Spread 0.8%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 69	5,000.00	Repayments terms 15 Quaterly installments Tenor of Security 42 Month Redemption date Jun 30, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 70	4,000.00	Repayments terms 15 Quaterly installments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y MCLR+ Spread 0.75%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 71	2,000.00	Repayments terms 15 Quaterly installments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y MCLR+ Spread 0.75%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 72	4,800.00	Repayments terms 15 Quaterly installments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y SOFR+ Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 73	5,200.00	Repayments terms 15 Quaterly installments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y SOFR+ Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 74	5,000.00	Repayments terms 15 Quaterly installments Tenor of Security 3 Years Redemption date December 15, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 75	5,000.00	Repayments terms 15 Quaterly installments Tenor of Security 3 Years Redemption date December 15, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 76	2,500.00	Repayments terms 42 Monthly installments Tenor of Security 4 Years Redemption date Mar 23 2026	1 Y MCLR+ Spread 1%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 77	5,000.00	Repayments terms 15 Quaterly installments Tenor of Security 4 Year Redemption date March 31, 2026	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%

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

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from other financial institutions				
Term Loan 8	202.63	Repayment Terms 36 Monthly installments Tenor 3 Years Redemption Date May 17,2022	12.00%	Exclusive hypothecation charge over receivables loan assets book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 9	416.67	Repayment Terms Repayment in 12 equal quarterly installments Tenor 3 Years Redemption Date July 1,2022	LTRR - Spread - 6.1%	Exclusive hypothecation charge over receivables loan assets book debts with a cover of 1.2 times of the outstanding principal at any point of time during currency of the facility
Term Loan 10	1,333.89	Repayment Terms Repayment in 24 equal monthly installments Tenor 2 Years Redemption Date September 22, 2022	9.35%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 11	495.42	Repayment Terms Repayment in 11 equal quarterly installments Tenor 2.8 Years Redemption Date November 30,2022	11.75%	Exclusive hypothecation charge over receivables loan assets book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility
Term Loan 12	998.84	Repayment Terms Repayment in 36 monthly installments Tenor 3 Years Redemption Date February 22,2023	12.25%	Exclusive hypothecation charge over receivables loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 14	833.33	Repayment Terms Repayment in 12 equal quarterly installments Tenor 3 Years Redemption Date June 1, 2023	11.40%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility
Term Loan 15	1,999.99	Repayment Terms Repayment in 36 equal monthly installments Tenor 3 Years Redemption Date September 21, 2023	HDFC 1Y MCLR - Spread 1.95%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal and interest at any point of time during currency of the facility
Term Loan 16	4,500.00	Repayment Terms Repayment in 24 equal monthly installments Tenor 2 Years Redemption Date October 1 2023	8.40%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility
Term Loan 17	2,787.47	Repayment Terms Repayment in 36 equal monthly installments Tenor 3 Years Redemption Date March 30, 2024	9.25%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility
Term Loan 18	1,875.00	Repayment Terms Repayment in 12 Quarterly Instalment Tenor 3 Years Redemption Date Jun 01, 2024	9.10%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility
Term Loan 19	3,888.89	Repayment Terms Repayment in 36 equal monthly installments Tenor 3 Years Redemption Date Jul 30 2024	HDFC 1Y MCLR - Spread 1.6%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility
Term Loan 20	1,666.67	Repayment Terms Repayment in 12 equal Quaterly installments Tenor 3 Years Redemption Date October 01 2024	LTRR - Spread - 9.05%	Exclusive hypothecation charge over loan receivables/loan assets book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility
Term Loan 21	18,108.75	Repayment Terms Repayment in 6 equal halfyearly installments Tenor 4.8 Years Redemption Date November 15, 2025	9.50%	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan 22	18,447.50	Repayment Terms Repayment in 6 equal halfyearly installments Tenor 5 Years Redemption Date November 17, 2025	9.35%	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan 23	7,303.00	Repayment Terms Repayment in 6 equal half yearly installments Tenor 5 Years Redemption Date March 4, 2026	9.78%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility
Term Loan 24	36,850.00	Repayment Terms Repayment in 7 equal Halfyearly installments Tenor 1 Years Redemption Date September 15 2026	7.59%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility
WCL 1	5,000.00	Repayments terms Repayment on Maturity Tenor of Security 180 days Redemption date May 21, 2021 & June 9,2021	1 Y MCLR + Spread 1.85%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 2	3,000.00	Repayments terms Repayment on Maturity Tenor of Security 1 year Redemption date March 26, 2022	1 Y MCLR + Spread 2.55%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 3	2,500.00	Repayments terms Repayment on Maturity Tenor of Security 1 year Redemption date December 28, 2021	9.00%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 4	4,000.00	Repayments terms Repayment on Maturity Tenor of Security 90 days Redemption date June 21, 2021	8.80%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 5	5,000.00	Repayments terms Repayment on Maturity Tenor of Security 6 months Redemption date Septemebr 25, 2021	9.25%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 6	5,000.00	Repayments terms Repayment on Maturity Tenor of Security 1 year Redemption date December 4, 2021	6 M MCLR + Spread 1.00%	Exclusive charge over book debt/receivables providing security cover of 1.33x

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

WCL 7	2,500.00	Repayments terms: Repayment on Maturity Tenor of Security: 3 months Redemption date: June 25, 2021	8.30%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 8	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 1 Year Redemption date: May 20, 2022	8.20%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 9	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: May 31, 2022	Repo rate + Spread 3.40%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 10	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: August 20, 2022	7.00%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 11	1,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 3 Month Redemption date: May 13, 2022	7.35%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 12	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: September 27, 2022	3 M MCLR + Spread 0.20%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 13	4,500.00	Repayments terms: Repayment on Maturity Tenor of Security: 12 Month Redemption date: June 30, 2022	Deposit rate + spread 0.6%	Fixed deposit to be lien marked in favor of the lender throughout the tenure of the facility

Note 16 A : Details regarding terms of Suboridnated liabilities

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Sub debt from Bank	1,497.29	Repayments terms Entire amount repaid on the redemption date Tenor of Security: 66 Months Redemption date: June 28,2023	10.25%	NA
Sub debt from others	2,496.18	Repayment Terms Entire amount is repaid on maturity Tenor: 66 Months Redemption Date June 27 ,2023	10.25%	NA

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	As at March 31, 2022	As at March 31, 2021
17 Other financial liabilities		
Collateral deposits from customers	1,941.87	1,251.89
Lease liabilities (Refer Note 34)	1,051.52	1,127.38
Employee benefits payable	2,350.66	868.05
Remittances payable - derecognised financial instruments*	-	321.73
Income received in Advance	134.00	-
Other liabilities	118.20	77.23
Unpaid dividend on non convertible preference shares	2.69	2.69
	5,598.94	**3,648.97**

*Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date

18 Provisions		
Provision for employee benefits		
Gratuity (refer note 40)	697.64	450.68
Compensated absences	332.86	254.13
Provision for others:		
Impairment loss allowance for guarantees (Refer Note 18(A))	702.19	759.70
Impairment loss allowance for loans commitments (Refer Note 18(B))	427.25	433.64
	2,159.94	**1,898.15**
19 Other non- financial liabilities		
Statutory dues payable	425.75	409.47
	425.75	**409.47**

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18A Impairment loss allowance for guarantees

i Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	22,613.99	1,131.47	-	23,745.46	26,235.56	739.12	-	26,974.68
Individually impaired	-	-	-	-	-	-	167.06	167.06
Total	**22,613.99**	**1,131.47**	-	**23,745.46**	**26,235.56**	**739.12**	**167.06**	**27,141.74**

ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows

Gross exposure reconciliation

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**26,235.56**	**739.12**	**167.06**	**27,141.74**	**22,272.99**	**3,002.49**	-	**25,275.48**
New exposures	5,942.08	-	-	5,942.08	14,591.83	-	-	14,591.83
Asset derecognised or repaid	(8,816.01)	(355.29)	(167.06)	(9,338.36)	(11,564.89)	(1,160.68)	-	(12,725.57)
Transfer from stage 1	(747.64)	747.64	-	-	(832.50)	665.44	167.06	-
Transfer from stage 2	-	-	-	-	1,768.13	(1,768.13)	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**22,613.99**	**1,131.47**	-	**23,745.46**	**26,235.56**	**739.12**	**167.06**	**27,141.74**

iii Reconciliation of ECL balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**636.32**	**14.79**	**108.59**	**759.70**	**426.23**	**150.30**	-	**576.53**
New exposures	73.20	-	-	73.20	420.94	-	-	420.94
Asset derecognised or repaid	(15.01)	(7.11)	(108.59)	(130.71)	(124.80)	(112.97)	-	(237.77)
Transfer from stage 1	(50.79)	50.79	-	-	(121.90)	13.31	108.59	-
Transfer from stage 2	-	-	-	-	35.85	(35.85)	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**643.72**	**58.47**	-	**702.19**	**636.32**	**14.79**	**108.59**	**759.70**

18B Impairment loss allowance for loan commitments

i Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	29,004.00	-	-	29,004.00	19,889.00	-	-	19,889.00
Total	**29,004.00**	-	-	**29,004.00**	**19,889.00**	-	-	**19,889.00**

ii An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows

Gross exposure reconciliation

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**19,889.00**	-	-	**19,889.00**	**7,676.76**	-	-	**7,676.76**
New exposures	29,004.00	-	-	29,004.00	19,889.00	-	-	19,889.00
Assets converted to funded exposure	(19,889.00)	-	-	(19,889.00)	(7,676.76)	-	-	(7,676.76)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**29,004.00**	-	-	**29,004.00**	**19,889.00**	-	-	**19,889.00**

iii Reconciliation of ECL balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**433.64**	-	-	**433.64**	**119.65**	-	-	**119.65**
New exposures	427.25	-	-	427.25	433.64	-	-	433.64
Assets converted to funded exposure	(433.64)	-	-	(433.64)	(119.65)	-	-	(119.65)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**427.25**	-	-	**427.25**	**433.64**	-	-	**433.64**

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

	As at March 31, 2022	As at March 31, 2021
20 Share capital		
Authorised		
137,000,000 (March 31, 2021: 125,000,000) equity shares of INR 10 each	13,700.00	12,500.00
60,100,000 (March 31, 2021: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	12,020.00	12,020.00
19,800,000 (March 31, 2021: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	1,980.00	1,980.00
	27,700.00	**26,500.00**
Issued, subscribed and paid up		
Equity shares		
88,907,543 (March 31, 2021: 87,921,550) equity shares of INR 10 each	8,890.75	8,792.15
	8,890.75	**8,792.15**
Instruments entirely equity share in nature:		
0.0001% Compulsorily convertible preference shares		
41,323,204 (March 31,2021 : 41,323,204) preference share of INR 20 each	8,264.64	8,264.64
	8,264.64	**8,264.64**

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	8,79,21,550	8,792.15	8,74,77,903	8,747.79
Add: Equity Shares issued during the year - ESOP	9,85,993	98.60	4,43,647	44.36
At the end of the year	**8,89,07,543**	**8,890.75**	**8,79,21,550**	**8,792.15**
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	4,13,23,204	8,264.64	4,13,23,204	8,264.64
Add: Preference Shares issued during the year	-	-	-	-
At the end of the year	**4,13,23,204**	**8,264.64**	**4,13,23,204**	**8,264.64**

b) During the year, the Company has issued 985,993 (March 31, 2021 : 443,647) equity shares which were allotted to employees who exercised their options under ESOP scheme.

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

i) Equity shares

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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c) Rights, preferences and restrictions attached to each class of shares (continued)

ii) 0.0001% Compulsorily convertible preference shares:

0.0001% Compulsory Convertible Preference Shares ('CCPS') having a par value of INR 20 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of red herring prospectus (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time; and
b. The date which is 19 (nineteen) years from the date of allotment of CCPS.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

d) There are no bonus shares, non-cash issues in the last 5 years

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Leapfrog Financial Inclusion India (II) Limited	2,99,52,665	34.07%	2,99,52,665	34.07%
Augusta Investments Pte II Ltd	2,03,28,820	23.12%	2,03,28,820	23.12%
Dvara Trust	1,28,78,682	14.65%	1,28,78,682	14.65%
Accion Africa Asia Investment Company	76,99,529	8.76%	76,99,529	8.76%
Sumitomo Mitsui Banking Corporation	70,04,364	7.97%	70,04,364	7.97%
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	1,16,30,889	28.15%	1,16,30,889	28.15%
IIFL Special Opportunities Fund - Series 4	66,09,362	15.99%	66,09,362	15.99%
IIFL Special Opportunities Fund - Series 5	54,23,128	13.12%	54,23,128	13.12%
IIFL Special Opportunities Fund - Series 2	43,71,781	10.58%	43,71,781	10.58%
IIFL Special Opportunities Fund	41,61,142	10.07%	41,61,142	10.07%
IIFL Special Opportunities Fund - Series 7	36,93,947	8.94%	36,93,947	8.94%
Augusta Investments II Pte. Ltd.	32,56,115	7.88%	32,56,115	7.88%

		As at March 31, 2022	As at March 31, 2021
21	**Other equity**		
a)	**Securities premium account**		
	At the commencement of the year	83,897.44	83,340.83
	Add: Premium on equity shares issued during the year upon exercise of ESOP	1,613.08	556.61
	At the end of the year	**85,510.52**	**83,897.44**
b)	**Statutory reserve**		
	At the commencement of the year	9,890.76	8,769.77
	Add : Transfer from retained earnings	3,274.58	1,120.99
	At the end of the year	**13,165.34**	**9,890.76**
c)	**Shared Based Payment Reserve**		
	At the commencement of the year	2,297.81	2,521.70
	Add: Employee compensation expense during the year	320.67	163.02
	Less: Transfer to securities premium on allotment of equity shares	(575.51)	(386.91)
	At the end of the year	**2,042.97**	**2,297.81**
d)	**Retained earnings**		
	At the commencement of the year	36,194.47	31,701.21
	Add: Profit for the year	16,372.93	5,604.99
	Add: Re-measurement of defined benefit plan	(128.28)	9.26
	Less: Transfer to statutory reserve	(3,274.58)	(1,120.99)
	At the end of the year	**49,164.53**	**36,194.47**

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		As at March 31, 2022	As at March 31, 2021
e)	**Capital reserve**		
	At the commencement of the year	3.57	3.57
	At the end of the year	**3.57**	**3.57**
f)	**Capital redemption reserve**		
	At the commencement of the year	2,660.00	2,660.00
	Add: Additions for the year	-	-
	At the end of the year	**2,660.00**	**2,660.00**
g)	**Other comprehensive income - Financial Instruments through OCI**		
	At the commencement of the year	4,267.40	3,272.37
	Add : Fair valuation of financial instruments (refer note (vii) (a) below)	(1,030.33)	995.03
	At the end of the year	**3,237.07**	**4,267.40**
h)	**Other comprehensive income - Cash Flow Hedge Reserve**		
	At the commencement of the year	(382.22)	-
	Less : Cash flow hedge reserve (refer note (vii) (b) below)	(1,565.73)	(382.22)
	At the end of the year	**(1,947.95)**	**(382.22)**
	Total (a+b+c+d+e+f+g+h)	**1,53,836.06**	**1,38,829.23**

Nature and purpose of reserve

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Employee stock option outstanding account

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Refer Note 41 for the details about each of the schemes.

(iii) Statutory reserve

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

(iv) Retained earnings

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

(v) Capital reserve

Pursuant to Scheme of arrangement entered in the year ended 31 March 2017, the Company has created a capital reserve in accordance with the applicable accounting standards.

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the Cumulative non convertible compulsorily redeemable preference shares.

(vii) Other comprehensive income

a) The Company has elected to recognise changes in the fair value of loans and investments in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI.

b) The Company has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

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

22 Interest income

	Year ended March 31, 2022				Year ended March 31, 2021			
	On financial assets measured at			Total	On financial assets measured at			Total
	FVOCI	Amortised cost	FVTPL		FVOCI	Amortised cost	FVTPL	
Interest on loans	9,445.55	54,474.21	-	63,919.76	10,547.63	35,205.85	-	45,753.48
Interest from investments								
- Pass through certificates	1,504.75	-	-	1,504.75	2,769.82	-	-	2,769.82
- Commercial paper	-	90.39	-	90.39	-	-	-	-
- Non-convertible debentures	8,980.05	-	-	8,980.05	5,440.02	-	-	5,440.02
Interest on deposits with banks	-	1,055.37	-	1,055.37	-	799.37	-	799.37
	19,930.35	**55,619.97**	**-**	**75,550.32**	**18,757.47**	**36,005.22**	**-**	**54,762.69**

	Year ended March 31, 2022	Year ended March 31, 2021
23 Fee and commission income		
Revenue from contract with customers		
Income from guarantee facility	544.57	770.99
Income from other financial services		
- Professional fee	5,628.28	4,019.62
- Arranger fee for guarantee facility	238.27	438.30
	6,411.12	**5,228.91**
Timing of revenue recognition		
- That are recognised over a certain period of time	-	-
- That are recognised at a point of time	6,411.12	5,228.91
Geographical Market		
- In India	6,411.12	5,228.91
- Outside India	-	-
Contract balances		
- Trade receivables (net of ECL)	1,814.50	1,435.06
24 Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss		
On alternative investment funds	2,975.88	3,866.91
On market linked debentures	1,080.86	-
On mutual fund investments	396.98	347.02
Profit on sale of investments in non-convertible debentures and pass-through certificates	296.24	107.09
	4,749.96	**4,321.02**
Fair value changes:		
-Realised	4,319.76	3,774.94
-Unrealised	430.20	546.08
	4,749.96	**4,321.02**
25 Other income		
Other non-operating income	594.09	241.16
Interest income from income tax refund	106.44	50.47
	700.53	**291.63**
26 Finance costs		
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits	31.36	52.77
Interest on borrowings		
- Term loans from banks and others	23,551.48	17,901.48
- Cash credits and overdraft	47.15	337.78
- Securitised portfolio	-	41.41
Interest on debt securities	14,417.88	12,142.12
Interest on lease liability	106.66	124.13
Amortisation of discount on commercial papers	1,333.65	187.69
Other borrowing costs	1,538.75	1,509.38
	41,026.93	**32,296.76**

27 Impairment on financial instruments

Particulars	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2022	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2021
Write off on financial instruments						
Loans	-	3,378.03	3,378.03	-	5,909.97	5,909.97
Investments	7,500.00	-	7,500.00	600.49	-	600.49
Less: Recovery	-	(189.37)	(189.37)	-	(228.40)	(228.40)
Impairment loss allowance on financial instruments						
Loans	(522.22)	(1,669.74)	(2,191.96)	-	3,134.24	3,134.24
Investments	(4,904.39)	-	(4,904.39)	3,907.55	-	3,907.55
Others	-	92.43	92.43	278.83	-	278.83
	2,073.39	**1,611.35**	**3,684.74**	**4,786.87**	**8,815.81**	**13,602.68**

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		Year ended March 31, 2022	Year ended March 31, 2021
28	**Employee benefits**		
	Salaries, wages and bonus	7,749.44	4,908.79
	Contribution to provident fund	348.08	263.50
	Employee Stock Option Expense (refer note 41)	294.94	245.71
	Gratuity Expenses (refer note 40)	114.33	112.49
	Staff welfare expenses	264.86	149.46
		8,771.65	**5,679.95**
29	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment (refer note 10.1)	165.04	125.32
	Depreciation on right of use asset (refer note 10.2)	450.97	320.07
	Amortisation of intangible assets (refer note 10.4)	295.81	228.45
		911.82	**673.84**
30	**Other expenses**		
	Rent	415.56	321.28
	Rates and taxes	4.70	7.12
	Travelling and conveyance	327.49	40.74
	Legal and professional charges	2,048.56	1,096.25
	Auditors' remuneration (refer note 30.1 below)	129.08	86.01
	Directors' sitting fees	58.32	98.08
	Repairs and maintenance	531.08	254.33
	Communication expenses	113.72	72.63
	Printing and stationery	18.86	7.22
	Subscription charges	64.56	93.54
	Advertisement and business promotion	128.96	47.79
	Corporate social responsibility expenditure (refer note 30.2 below)	230.37	247.38
	Bank charges	45.32	86.05
	Miscellaneous expenses	18.15	14.96
		5,034.73	**2,473.18**
30.1	**Payments to auditor (excluding goods and services tax) (Refer note below)**		
	Statutory audit (including limited review)	120.30	55.00
	Tax audit	1.50	2.50
	Other services	4.00	26.00
	Reimbursement of expenses	3.28	2.51
		129.08	**86.01**

Note:

1. Payment to auditors towards statutory audit including limited review above includes INR 33.80 lakhs paid to predecessor auditors during financial year 2021-22
2. Excludes remuneration to predecessor auditor during FY 2021-22 for services in connection with proposed initial public offer of equity shares of the Company, which is included prepaid expense in other non financial assets.

30.2 Corporate social responsibility ("CSR") expenditure

(a) Gross amount required to be spent by the Company during the year			230.37	247.38
(b) Amount approved by the Board to be spent during the year			223.40	247.38
(c) Amount spent during the year ended March 31, 2022				
	(In Cash)	(Other than Cash)	Total	
(i) Construction/ acquisition of any asset	-	-		-
(ii) On purposes other than (i) above	239.16	-		239.16
(d) Amount spent during the year ended March 31, 2021	(In Cash)	(Other than Cash)	Total	
(i) Construction/ acquisition of any asset	-	-		-
(ii) On purposes other than (i) above (Contributions to Northern Arc Foundation (wholly owned subsidiary of the Company incorporated under section 8 of Companies Act, 2013))	291.95	-		291.95

	As at March 31, 2022	As at March 31, 2021
(e) Details related to spent / unspent obligations		
Contribution to Public Trust	-	-
Contribution to Charitable Trust	239.16	291.95
Unspent amount in relation to		
- Ongoing project	-	-
- Other than ongoing project	-	-

The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/ metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.

(f) In case of S. 135(5) (Other than ongoing project)		
Opening balance	44.57	-
Amount required to be spent during the year	(230.37)	(247.38)
Amount spent during the year	239.16	291.95
Closing Balance	**53.36**	**44.57**

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31 Income tax

A. The components of income tax expense for the years ended 31 March 2022 and 2021 are:

Profit or loss section

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
i) current income tax charge	4,718.00	3,939.00
ii) Adjustments in respect of current income tax of previous year	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	1,617.91	(1,910.77)
Income tax expense reported in the statement of profit and loss	**6,335.91**	**2,028.23**

OCI section

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax on		
Remeasurements of the defined benefit asset (liability)	43.15	(3.12)
Fair valuation of Financial Instruments through OCI (Net)	346.56	(334.69)
Net movement on Effective portion of Cash Flow Hedges	526.66	128.56
Deferred tax charged to OCI	**916.37**	**(209.25)**

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 2022 and 2021 is as follows -

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax	22,708.84	7,633.22
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	**5,715.82**	**1,921.28**
Change in tax rate	-	-
Permanent differences	620.09	106.95
Tax expenses recognised in the statement of profit and loss (pertaining to current year)	**6,335.91**	**2,028.23**
Effective tax rate	27.90%	26.57%

C. Deferred tax

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

Particulars	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	As at March 31, 2022
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to				
Property plant and equipment	(17.62)	43.25	-	25.63
Impact of fair value on financial assets measured at FVTPL	(666.62)	(108.27)	-	(774.89)
Impact of fair value on financial assets measured at FVOCI	343.05	-	(496.81)	(153.76)
Impairment on financial assets	1,925.97	(1,556.53)	1,369.96	1,739.40
Provision for employee benefits	177.38	81.98	-	259.36
Unamortised component of processing fee	307.63	(43.04)	-	264.59
EIS Receivable	(7.91)	7.91	-	-
Total	**2,061.88**	**(1,574.70)**	**873.15**	**1,360.33**

Particulars	As at March 31, 2020	Statement of profit and loss	Other comprehensive income	As at March 31, 2021
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to				
Property plant and equipment	(8.50)	(9.12)	-	(17.62)
Impact of fair value on financial assets measured at FVTPL	(529.18)	(137.44)	-	(666.62)
Impact of fair value on financial assets measured at FVOCI	(747.75)	-	1,090.80	343.05
Impairment on financial assets	1,587.74	1,499.21	(1,160.98)	1,925.97
Provision for employee benefits	158.78	21.70	(3.10)	177.38
Unamortised component of processing fee	(48.87)	356.50	-	307.63
Others	(51.88)	43.97	-	(7.91)
Total	**360.34**	**1,774.82**	**(73.28)**	**2,061.88**

32 Earnings per share ('EPS')

	Year ended March 31, 2022	Year ended March 31, 2021
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	16,372.93	5,604.99
Net profit attributable to equity shareholders for calculation of diluted EPS	16,372.93	5,850.70
Shares		
Equity shares at the beginning of the year	8,79,21,550	8,74,77,903
Shares issued during the year	9,85,993	4,43,647
Total number of equity shares outstanding at the end of the year	**8,89,07,543**	**8,79,21,550**
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	8,83,86,489	8,76,19,183
Options granted	20,26,659	17,79,135
Compulsory convertible preference shares	4,13,23,204	4,13,23,204
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**13,17,36,352**	**13,07,21,522**
Face value per share	10.00	10.00
Earning per share		
Basic	18.52	6.40
Diluted	12.43	4.48

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

33 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/ or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	70,421.30	-	70,421.30	38,787.52	-	38,787.52
Bank balances other than cash and cash equivalents	7,309.29	1,425.15	8,734.44	6,840.67	-	6,840.67
Derivative financial instruments	41.85	110.00	151.85	-	-	-
Trade receivables	1,814.50	-	1,814.50	1,435.06	-	1,435.06
Loans	3,35,483.67	1,86,781.74	5,22,265.41	2,33,045.87	1,43,467.04	3,76,512.91
Investments	62,814.85	1,01,119.23	1,63,934.08	35,009.22	90,302.79	1,25,312.01
Other financial assets	6,755.46	311.92	7,067.38	851.27	-	851.27
Current tax assets (net)	-	4,056.59	4,056.59	-	3,502.11	3,502.11
Deferred tax assets (net)	-	1,360.33	1,360.33	-	2,061.88	2,061.88
Property, plant and equipment	-	157.86	157.86	-	104.85	104.85
Intangible assets under development	-	28.44	28.44	-	54.02	54.02
Intangible assets	-	940.10	940.10	-	972.77	972.77
Right of use asset	-	780.91	780.91		985.44	985.44
Other non- financial assets	1,706.76	100.83	1,807.59	172.83	-	172.83
Total Assets	**4,86,347.68**	**2,97,173.10**	**7,83,520.78**	**3,16,142.44**	**2,41,450.90**	**5,57,593.34**
Liabilities						
Derivative financial instruments	17.33	626.49	643.82	898.51	-	898.51
Trade payables			-			-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	5,405.12	-	5,405.12	1,648.35	-	1,648.35
Debt securities	73,261.88	61,097.80	1,34,359.68	63,490.83	1,00,465.95	1,63,956.78
Borrowings (Other than debt securities)	2,14,005.71	2,45,936.91	4,59,942.62	1,20,310.94	1,04,947.36	2,25,258.30
Subordinated debt	410.00	3,583.47	3,993.47	-	3,988.79	3,988.79
Other financial liabilities	4,916.47	682.47	5,598.94	2,783.84	865.13	3,648.97
Provisions	1,322.69	837.25	2,159.94	102.11	1,796.04	1,898.15
Other non-financial liabilities	425.75	-	425.75	409.47	-	409.47
Total Liabilities	**2,99,764.95**	**3,12,764.39**	**6,12,529.34**	**1,89,644.05**	**2,12,063.27**	**4,01,707.32**
Total equity			**1,70,991.44**			**1,55,886.02**

33A Change in Liabilities arising from financing activities

Particulars	As at April 1, 2021	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2022
Debt Securities	1,63,956.78	(30,930.75)	-	1,333.65	-	1,34,359.68
Borrowings (other than debt securities)	2,25,258.30	2,32,219.21	2,929.09	(463.98)	-	4,59,942.62
Sub-ordinated Liabilities	3,988.79			4.68		3,993.47
Lease Liabilities	1,127.38	(138.45)	-	(288.03)	350.62	1,051.52

Particulars	As at April 1, 2020	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2021
Debt Securities	86,020.70	77,748.39	-	187.69	-	1,63,956.78
Borrowings (other than debt securities)	2,06,087.40	20,752.04	6.75	(1,587.89)	-	2,25,258.30
Sub-ordinated Liabilities	3,984.57	-	-	4.22	-	3,988.79
Lease Liabilities	1,408.13	(347.61)	-	66.86	-	1,127.38

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination

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

33 B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

Particulars	As at March 31, 2022					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Finacial Assets						
Cash and cash equivalents	23,093.94	47,327.36	-	-	-	70,421.30
Bank balances other than cash and cash equivalents	2.69	2,440.58	4,866.03	1,425.14	-	8,734.44
Derivative financial instruments	-	-	41.85	110.00	-	151.85
Trade receivables	-	1,814.50	-	-	-	1,814.50
Loans	-	1,42,464.35	2,65,043.64	1,82,763.03	153.19	5,90,424.21
Investments	-	21,414.64	44,283.39	78,232.77	5,529.21	1,49,460.01
Other financial assets	285.09	6,464.13	6.24	250.41	82.18	7,088.05
Total undiscounted financial assets*	**23,381.72**	**2,21,925.56**	**3,14,241.15**	**2,62,781.35**	**5,764.58**	**8,28,094.36**
Financial Liabilities						
Derivative financial instruments	-	-	17.33	626.49	-	643.82
Trade payables			-			-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	-	5,405.12	-	-	-	5,405.12
Debt securities	-	36,679.04	42,088.93	72,240.96	-	1,51,008.93
Borrowings (Other than debt securities)	1,427.86	77,000.05	1,63,033.38	2,71,686.93	-	5,13,148.22
Subordinated Debt		102.22	307.78	4,099.97	-	4,509.97
Other financial liabilities	1,944.56	2,457.48	348.29	751.46	1,212.70	6,714.49
Total undiscounted financial liabilities*	**3,372.42**	**1,21,643.91**	**2,05,795.71**	**3,49,405.81**	**1,212.70**	**6,81,430.55**
Net undiscounted financial assets/(liabilities) *	**20,009.30**	**1,00,281.65**	**1,08,445.44**	**(86,624.46)**	**4,551.88**	**1,46,663.81**
*** Excludes gross settled derivatives not held for trading**						

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34 Leases

The Company has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement.

The disclosures as required under Ind AS 116 are as follows:

(i) Movement in carrying value of right of use assets

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Balance	**985.44**	**1,324.14**
Additions during the year	350.62	-
Depreciation	450.97	320.07
Derecognition on termination of lease	104.18	18.63
Closing balance	**780.91**	**985.44**

(ii) Movement in lease liabilities

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Balance	**1,127.38**	**1,408.14**
Additions during the year	350.62	-
Interest on lease liabilities	106.66	124.13
Rent payment	(387.98)	(382.82)
Derecognition on termination of lease	(145.16)	(22.07)
Closing balance	**1,051.52**	**1,127.38**

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Depreciation charge for right-of-use assets	450.97	320.07
b) Interest expense (included in finance cost)	106.66	124.13
c) Expense relating to short-term leases	415.56	321.28
d) Gain recognised on derecognition of leases	40.97	3.45
e) Rent concession related to COVID-19	3.10	35.20

(iv) Cash Flows

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
The total cash outflow of leases	138.45	347.61

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Not later than one year	458.18	365.23
Later than one year and not later than five years	730.67	933.44
Later than five years	38.54	52.33

Lease liabilities are recognised at weighted average incremental borrowing rate of 9.70%.

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35 Financial instrument

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, 2022 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	97,879.98	-	-	97,879.98	97,879.98
Investments						
- Pass-through certificates	-	14,504.11	-	-	14,504.11	14,504.11
- Non convertible debentures	-	86,548.21	-	-	86,548.21	86,548.21
- Market Linked Debentures	25,159.28	-			25,159.28	25,159.28
- Alternative Investment Funds	33,983.97	-	-	-	33,983.97	33,983.97
- Share warrants	1.62	-	-	-	1.62	1.62
Derivative financial instruments	-	151.85	-	-	151.85	151.85
Financial liabilities:						
Derivative financial instruments	-	643.82	-	-	643.82	643.82

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2021 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	1,02,275.31	-	-	1,02,275.31	1,02,275.31
Investments						
- Pass-through certificates	-	15,897.01	-	-	15,897.01	15,897.01
- Non convertible debentures	-	68,825.12	-	-	68,825.12	68,825.12
- Investment in Government securities	14,911.03	-	14,911.03	-	-	14,911.03
- Alternative Investment Funds	30,062.43	-	-	-	30,062.43	30,062.43
- Share warrants	1.62	-	-	-	1.62	1.62
Derivative financial instruments	-	-	-	-	-	-
Financial liabilities:						
Derivative financial instruments	-	898.51	-	-	898.51	898.51

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Financial assets measured at FVOCI		
Balance at the beginning of the year	4,267.40	3,272.37
Total gains measured through OCI for additions made during the year	(1,030.33)	995.03
Balance at the end of the year	**3,237.07**	**4,267.40**
Financial assets measured at FVTPL		
Balance at the beginning of the year	30,064.05	28,454.89
Total gains measured through PL for additions made during the year	3,921.54	1,609.16
Balance at the end of the year	**33,985.59**	**30,064.05**

Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	978.80	(978.80)	1,022.75	(1,022.75)
Investments				
- Pass through securities	145.04	(145.04)	158.97	(158.97)
- Non convertible debentures	865.48	(865.48)	688.25	(688.25)
- Market Linked debentures	251.59	(251.59)	-	-
- Investment in Government securities	-	-	149.11	(149.11)
- Alternative Investment Funds	339.84	(339.84)	300.62	(300.62)
- Share warrants	0.02	(0.02)	0.02	(0.02)
Derivative financial instruments	1.52	(1.52)	-	-
Financial liabilities:				
Derivative financial instruments	(6.44)	6.44	(8.99)	8.99

The carrying value and fair value of other financial instruments by categories as of March 31, 2022 were as follows:

Particulars	Carrying Value Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	70,421.30				-
Bank balances other than cash and cash equivalents	8,734.44				-
Trade receivables	1,814.50				-
Loans	4,30,157.14				-
Investments	2,743.20				-
Other financial assets	7,067.38				-
Financial liabilities not measured at fair value:					
Trade payables					
-total outstanding dues of micro and small enterprises	-				-
-total outstanding dues of creditors other than micro and small enterprises	5,405.12				-
Debt securities	1,34,359.68				-
Borrowings (Other than debt securities)	4,59,942.62				-
Subordinated debt	3,993.47				-
Other financial liabilities	5,598.94				-

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The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

Particulars	Carrying Value Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	38,787.52				-
Bank balances other than cash and cash equivalents	6,840.67				-
Trade receivables	1,435.06				-
Loans	2,81,488.30				-
Investments	489.80				
Other financial assets	851.27				-
Financial liabilities not measured at fair value:					
Trade payables					
-total outstanding dues of micro and small enterprises	-				-
-total outstanding dues of creditors other than micro and small enterprises	1,648.35				-
Debt securities	1,63,956.78				-
Borrowings (Other than debt securities)	2,25,258.30				-
Subordinated debt	3,988.79				
Other financial liabilities	3,648.97				-

Note:

For all of the financial assets and liabilities which are not carried at fair value, the carrying amounts approximates the fair values except for loans where considering the limited / lack of availability of observable inputs for fair valuation and considering the nature of such items / transactions, management has disclosed the carrying amounts as the fair values.

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.

Borrowings

The debt securities, borrowings and subordinated liabilities are primarily variable rate instruments. Accordingly, the fair value has been assumed to be equal to the carrying amount.

Loans

The Loans are primarily variable rate instruments. 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 gearing ratio is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Debt securities	1,34,359.68	1,63,956.78
Borrowings (other than debt securities)	4,59,942.62	2,25,258.30
Subordinated liabilities	3,993.47	3,988.79
Less: cash and cash equivalents	(70,421.30)	(38,787.52)
Adjusted net debt	**5,27,874.47**	**3,54,416.35**
Total equity	1,70,991.44	1,55,886.02
Gearing ratio	3.09	2.27

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management. Also refer note 47.

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

36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans and advances, investments and cash and cash equivalents 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 board of directors has established the Risk Management Committee and Asset Liability Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

A. Loans

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 loans by type of counterparty is as follows. All these exposures are with in India.

Particulars	Carrying Amount	
	As at March 31, 2022	As at March 31, 2021
Term loans and Structured cash credit	5,28,037.12	3,83,763.61
Less : Impairment loss allowance	(5,771.71)	(7,250.70)
	5,22,265.41	**3,76,512.91**

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 loan 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

Also refer note 80

Grouping
As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:
- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures

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:
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 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 Autoregressive integrated moving average (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.

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

36 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, downside and base. 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. Considering the low expertise in default and recovery, the Company has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

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 behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Company has considered expected cash flows , undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

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:

Particulars	Provisions	As at March 31, 2022	As at March 31, 2021
Stage 1	12 month provision	3,323.31	4,085.53
Stage 2	Life time provision	441.23	962.74
Stage 3	Life time provision	2,007.17	2,202.43
Amount of expected credit loss provided for		**5,771.71**	**7,250.70**

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. Movement in provision of expected credit loss has been provided in below note.

Particulars	As at March 31, 2022	As at March 31, 2021
ECL allowance - opening balance	**7,250.70**	**4,870.74**
Addition during the year	3,568.78	8,289.93
Reversal during the year	(1,669.74)	-
Write offs during the year	(3,378.03)	(5,909.97)
Closing provision of ECL	**5,771.71**	**7,250.70**

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	5,16,600.02	8,184.54	-	5,24,784.56	3,53,150.13	26,717.73	-	3,79,867.86
Sub-standard	-	-	3,252.56	3,252.56	-	-	3,895.75	3,895.75
Total	**5,16,600.02**	**8,184.54**	**3,252.56**	**5,28,037.12**	**3,53,150.13**	**26,717.73**	**3,895.75**	**3,83,763.61**

Changes in gross carrying amount

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**3,53,150.13**	**26,717.73**	**3,895.75**	**3,83,763.61**	**2,67,844.99**	**30,387.86**	**1,234.95**	**2,99,467.80**
New assets originated *	3,03,077.84	1,209.36	252.92	3,04,540.12	2,15,814.91	757.66	69.11	2,16,641.68
Asset derecognised or repaid	(1,34,963.70)	(21,547.72)	(377.16)	(1,56,888.58)	(1,26,435.90)	(0.00)	(0.00)	(1,26,435.90)
Transfer from stage 1	(4,664.25)	3,827.29	836.96	-	(6,943.53)	4,289.43	2,654.10	-
Transfer from stage 2	-	(812.40)	812.40	-	7,837.24	(8,571.60)	734.36	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	(1,209.72)	(2,168.31)	(3,378.03)	(4,967.58)	(145.62)	(796.77)	(5,909.97)
As at the end of the year**	**5,16,600.02**	**8,184.54**	**3,252.56**	**5,28,037.12**	**3,53,150.13**	**26,717.73**	**3,895.75**	**3,83,763.61**

* New assets originated are those assets which have originated during the year.
** 5,185 loan accounts in Stage 3 as on March 31, 2022

Reconciliation of ECL Balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**4,085.53**	**962.74**	**2,202.43**	**7,250.70**	**3,514.06**	**940.94**	**678.71**	**5,133.71**
New assets originated	2,428.27	24.89	-	2,453.16	2,400.58	166.00	453.80	3,020.38
Asset derecognised or repaid	(2,960.09)	557.06	1,848.91	(554.12)	(2,060.76)	146.27	1,011.10	(903.39)
Transfer from stage 1	(235.37)	126.60	108.77	-	(102.26)	97.99	4.27	-
Transfer from stage 2	4.97	(20.34)	15.37	-	333.91	(388.46)	54.55	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	(1,209.72)	(2,168.31)	(3,378.03)	-	-	-	-
As at the end of the year	**3,323.31**	**441.23**	**2,007.17**	**5,771.71**	**4,085.53**	**962.74**	**2,202.43**	**7,250.70**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

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36 Financial risk management objectives and policies (continued)

B. *Investments*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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 investments are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. Further, the risk management committee periodically assesses the credit rating information.

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	1,63,203.35	481.66	-	1,63,685.01	1,21,750.34	649.04	-	1,22,399.38
Sub-standard	-	-	249.07	249.07	-	-	7,787.63	7,787.63
Total	**1,63,203.35**	**481.66**	**249.07**	**1,63,934.08**	**1,21,750.34**	**649.04**	**7,787.63**	**1,30,187.01**

Changes in gross carrying amount

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,21,750.34**	**649.04**	**7,787.63**	**1,30,187.01**	**92,564.71**	**12,263.08**	**665.61**	**1,05,493.40**
New assets originated *	1,15,018.59	141.67	-	1,15,160.26	38,249.28	-	-	38,249.28
Asset derecognised or repaid	(73,565.58)	(309.05)	(38.56)	(73,913.19)	(4,568.59)	(8,360.10)	(26.49)	(12,955.18)
Transfer from stage 1	-	-	-	-	(7,604.27)	104.27	7,500.00	-
Transfer from stage 2	-	-	-	-	3,109.21	(3,358.21)	249.00	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	(7,500.00)	(7,500.00)	-	-	(600.49)	(600.49)
As at the end of the year	**1,63,203.35**	**481.66**	**249.07**	**1,63,934.08**	**1,21,750.34**	**649.04**	**7,787.63**	**1,30,187.01**

C. *Cash and cash equivalent and Bank deposits*

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term 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, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix. Also refer note 33 and 49.

(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's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

Sensitivity analysis - Increase/ decrease of 100 basis points

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Bank Deposits	560.59	(560.59)	134.73	(134.73)
Loans	3,809.83	(3,809.83)	2,852.06	(2,852.06)
Borrowings	(2,651.33)	2,651.33	(1,294.64)	1,294.64

(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilites in active markets or inputs that are directly or indirectly observable in market place.

(v) Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty as of March 31, 2022 was INR 21,140.23 Lakhs (As at March 31, 2021: INR 17,265.06 Lakhs).

(iv) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For corporate and small business lending, charges over trade receivables and

b. For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower.

Management monitors the market value of collateral and will request for additional collateral in accordance with the underlying agreement. In its normal course of business, the Company does not physically repossess assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

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

36 Financial risk management objectives and policies (continued)

(vii) Price risk

The company does not have exposure to security price risk.

		As at March 31, 2022	As at March 31, 2021
37	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	800.00	520.50
	Undrawn committed sanctions to borrowers	40,569.55	24,948.47
38	**Contingent liabilities**		
	Claims against the Company not acknowledged as debt		
	- Income tax related matters	428.53	428.53
	Guarantees outstanding	23,716.43	27,141.74

i. Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 18.
ii. Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed in note 38 Contingent Liabilities above.
iii. Matters wherein management is confident of suceeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims in different stages of process.

The Company does not have any litigation that has been concluded as remote.

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

Under Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

	Particulars	As at March 31, 2022	As at March 31, 2021
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 Development Act, 2006.	-	-

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40 Retirement Benefit Plan

Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 348.08 lakhs (March 31, 2021: INR 263.50 lakhs).

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

A. Change in present value of obligations	**As at March 31, 2022**	**As at March 31, 2021**
Present value of obligations at the beginning of the year	450.68	401.24
Current service cost	91.34	88.81
Interest cost	26.67	23.68
Benefits paid	(42.48)	(50.67)
Actuarial (gain) / loss recognised in the other comprehensive income		-
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	44.14	(2.44)
-Experience adjustment	127.29	(9.94)
Present value of obligations at the end of the year	**697.64**	**450.68**
B. Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/ (loss)	-	-
Employer contributions	42.48	50.67
Benefits paid	(42.48)	(50.67)
Fair value of plan assets at the end of the year	-	-
C. Actual Return on plan assets		
Expected return on plan assets	-	-
Actuarial gains/ (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	697.64	450.68
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**697.64**	**450.68**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	122.72	62.50
Non-current	574.92	388.18
	697.64	**450.68**

	As at March 31, 2022	**As at March 31, 2021**
E. Expense recognised in statement of profit and loss and other comprehensive income		
Current service cost	91.34	88.81
Interest on obligation	26.67	23.68
Past service cost	-	-
Expected return on plan assets	-	-
Net actuarial loss recognised in the year	171.43	(12.38)
Total included in statement of profit and loss and other comprehensive income	**289.44**	**100.11**

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Chartered Accountants

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

40 Employee benefits (continued)

	As at March 31, 2022	As at March 31, 2021
F. Assumptions at balance sheet date		
Discount rate	6.20%	6.21%
Salary escalation	10.00%	8.00%
Attrition rate	20.00%	16.00%

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 March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	666.47	731.81	426.58	477.46
Future salary growth (1% movement)	733.28	664.45	478.72	424.95
Attrition rate (1% movement)	689.89	705.92	446.07	455.55

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2022	As at March 31, 2021
Average duration of defined benefit obligation (in years)	5.40	6.40
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	104.11	54.06
Year 2	111.36	52.34
Year 3	96.31	60.38
Year 4	87.62	54.33
Year 5	117.64	50.70
Next 5 years	256.53	209.58
Exected benefit payments for the next annual reporting year	104.11	54.06

41 Share Based Payaments

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

41.1 Northern Arc Capital Employee Stock Option Plan 2016 – ("Scheme 1") formerly IFMR Capital Employee Stock Option Plan 2016 – ("Scheme 1")

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries.

The options were issued on March 01, 2017 and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion.

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 including employees of subsidiaries.

The options were issued in ten tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2016 – "Scheme– III" ("Scheme 3")

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries.

The options were issued in three tranches. The exercise price ranging between INR 181 to INR 275. The options are vested over a period of 3 years in 30:30:40 proportion.

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

41.2 Options outstanding under Scheme 1, Scheme 2 and Scheme 3

Particulars	As at March 31, 2022			As at March 31, 2021		
Plan	Scheme 1	Scheme 2	Scheme 3	Scheme 1	Scheme 2	Scheme 3
Grant date	Various	Various	Various	Various	Various	Various
Number of options	23,000	32,26,950	12,19,363	3,97,371	34,89,500	11,47,783
Exercise price in INR	10	110 to 275	181 to 275	10	110 to 188	181 to 188
Vesting period	1 to 4 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	113.65	31.85 to 121.09	65.57 to 92.33	113.65	31.85 to 117.74	65.57 to 73.55
Weighted average exercise price in INR	10.00	161.37	207.15	10.00	122.05	184.00
Weighted average remaining contractual life (in years)	-	1.63	1.02	-	1.71	0.71
Vesting condition	Time based vesting					

41.3 Reconciliation of outstanding options

The details of options granted under the above schemes are as follows:

Particulars	March 31, 2022		March 31, 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	131.43	50,34,654	131.75	58,88,583
Add: Granted during the year	250.69	13,47,500	188.00	1,25,000
Less: Forfeited during the year	197.35	9,26,848	139.78	5,35,282
Less: Exercised during the year	114.56	9,85,993	46.76	4,43,647
Outstanding as at end of year	**173.08**	**44,69,313**	**131.43**	**50,34,654**
Vested and exercisable as at end of year	**143.53**	**22,19,587**	**134.45**	**20,23,486**
Amount expensed of in Statement of Profit and Loss		**295**		**246**

41.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

	As at March 31, 2022	As at March 31, 2021
Dividend yield	0.00%	0.00%
Historical Volatility Estimate	22.05%	22.05%
Risk free interest rate	7.24%	7.24%
Expected life of the option (in years)	4.00	4.00

42 Related party disclosures

Related party relationships and transactions:

Nature of Relationship	Name of Related Party
(i) Subsidiaries	Northern Arc Investment Adviser Services Private Limited Northern Arc Investment Managers Private Limited Northern Arc Foundation IFMR Fimpact Long term credit fund Pragathi Finserv Private Limited Northern Arc Capital Employee Welfare Trust
(ii) Key Managerial Personnel (KMP)	Ms. Kshama Fernandes, Chief Executive Officer and Managing Director (upto March 31, 2022) Ms. Bama Balakrishnan, Chief Financial Officer (upto June 30, 2020) Executive Director (w.e.f February 14, 2022) Ms. Nandita Ganapathy, Chief Financial Officer (w.e.f July 1, 2020 to January 25, 2021) Mr. Atul Tibrewal, Chief Financial Officer (w.e.f May 18, 2021) Mr. Leo Puri, Independent Director (upto October 30, 2020) Mrs. Srividhya, Company Secretary Mr. P S Jayakumar, Independent Director (w.e.f October 15, 2020) Mr. Ashish Mehrotra (w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022)
(iii) Director and relative of KMP	Mr. Ashutosh Pednekar Mr. Michael Jude Fernandes Mr. Samir Shah Mr. P S Jayakumar Mr. Arunkumar Thiagarajan Ms. Kshama Fernandes Mr. Amit Mehta Ms. Anuradha Rao Mr. Vijay Nallan Chakravarthi

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

A. Transactions during the Year :

	Year ended March 31, 2022	Year ended March 31, 2021
Northern Arc Investment Adviser Services Private Limited		
ESOP transferred	0.60	(65.38)
Transfer of Security deposit	-	1.00
Northern Arc Foundation		
Contribution to CSR	165.33	291.95
IFMR Fimpact Long Term Credit Fund		
Reimbursment of expenses	0.06	0.15
Transfer of surplus	1,175.73	1,199.33
Ms. Kshama Fernandes		
Remuneration and other benefits *	240.09	155.67
Share based payment	18.75	43.65
Equity share capital	24.72	12.51
Share premium	336.25	142.17
Ms. Bama Balakrishnan		
Remuneration and other benefits *	24.66	39.32
Share based payment	14.00	31.88
Equity share capital	7.30	8.70
Share premium	91.42	105.80
Ms. Nandita Ganapathy		
Remuneration and other benefits including post employment benefits	-	82.70
Equity share capital	-	5.80
Share premium	-	72.58
Mr. Leo Puri		
Professional Fee	-	32.50
Sitting Fees	-	9.00
Mr. P S Jayakumar		
Professional Fee	32.70	13.75
Sitting Fees	15.50	8.00
Mrs. Srividhya		
Remuneration and other benefits *	41.39	29.74
Share based payments	2.56	2.80
Mr. Atul Tibrewal		
Remuneration and other benefits *	146.70	-
Share based payments	55.23	-
Mr. Ashutosh Pednekar		
Sitting Fees	13.00	6.50
Ms. Anuradha Rao		
Sitting Fees	17.50	9.50
Mr. Ashish Mehrotra		
Remuneration and other benefits *	28.97	-
Share based payments	98.11	-
Northern Arc Investment Managers Private Limited		
Fee Income	129.27	138.69
Reimbursement of income	152.75	141.49
Interest income	213.77	294.93
Loans given	7,573.48	604.26
Loans repaid	8,322.00	636.00
Transfer of fixed asset	10.53	0.07
Transfer of Security deposit	-	2.00

* Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

Pragati Finserv Private Limited		
Interest income	16.38	-
Loans given	305.00	-
Loans repaid	305.00	-
Investment in Equity Shares	2,253.40	-
Reimbursement of income	13.69	-

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42 Related party disclosures (continued)

B. Balances as at year end:

	As at March 31, 2022	As at March 31, 2021
Northern Arc Investment Adviser Services Private Limited		
Equity share capital	127.80	127.80
ESOP Receivable	25.00	24.36
Advances	31.00	31.38
Northern Arc Investment Managers Private Limited		
Equity share capital	361.00	361.00
ESOP Receivable	159.13	134.00
Loans	1,389.88	2,138.40
Advances	13.66	238.38
Northern Arc Foundation		
Equity share capital	1.00	1.00
Pragathi Finserv Private Limited		
Equity share capital	2,253.40	-
IFMR Fimpact Long Term Credit Fund		
Investments in Alternate Investment Funds	10,852	11,464
Any other receivable and payable balance	0.09	0.15
Ms. Kshama Fernandes		
Provision for share based payment	214.82	196.07
Ms. Bama Balakrishnan		
Provision for share based payment	187.72	173.72
Mr. Ashish Mehrotra		
Provision for share based payment	98.11	-
Mrs. Srividhya		
Provision for share based payment	18.26	15.70
Mr. Atul Tibrewal		
Provision for share based payment	55.23	-

43 The details of the investments held by the Company in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	March 31, 2022		March 31, 2021	
	Purchases	Redemption *	Purchases	Redemption *
IFMR Fimpact Investment Fund	-	-	-	1,431.53
IFMR Finance for Freedom Fund III		288.51		
IFMR Fimpact Medium Term Opportunities Fund	-	3,610.76	-	-
Northern Arc Money Market Alpha Trust Fund	7,085.05	5,000.00	3,672.62	1,400.00
Northern Arc India Impact Fund	3,800.00	-	-	-
Northern Arc Income Builder (Series II) Fund	5,422.13	2,758.13	85.00	-

* represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	Year ended March 31, 2022	Year ended March 31, 2021
IFMR Fimpact Long Term Multi Asset Fund	574.67	703.25
IFMR Fimpact Long Term Credit Fund	1,330.51	1,310.96
IFMR Fimpact Medium Term Opportunities Fund	532.88	731.59
IFMR Fimpact Income Builder Fund Fund	605.42	48.91
Northern Arc Money Market Alpha Trust Fund	515.37	265.53
Northern Arc India Impact Fund	56.62	-
Northern Arc Income Builder (Series II) Fund	22.64	32.91
IFMR Fimpact Investment Fund	-	227.67

Outstanding balances (Investment) at carrying value

Fund	As at March 31, 2022		As at March 31, 2021	
	Units	Carrying value (INR in lakhs)	Units	Carrying value (INR in lakhs)
IFMR Fimpact Long Term Multi Asset Fund	5,491.53	4,590.51	5,491.53	4,753.84
IFMR Fimpact Long Term Credit Fund	9,955.56	10,852.14	10,244.08	11,463.87
IFMR Fimpact Medium Term Opportunities Fund	1,968.35	2,228.09	5,579.11	6,160.49
IFMR Fimpact Income Builder Fund Fund	1,829.63	2,280.29	1,829.63	2,684.75
Northern Arc Money Market Alpha Trust Fund	65,14,411.56	6,693.51	44,29,362.45	4,470.07
Northern Arc India Impact Fund	3,553.32	3,892.84	-	-
Northern Arc Income Builder (Series II) Fund	2,681.36	3,446.59	479.27	529.41

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

44 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2022								
Type of hedge risks	Notional Amount		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Cross currency interest rate swaps	-	80,709.00	110.00	626.49	November 15, 2025 to September 15,2026	382.02	(382.02)	Borrowings (other than debt securities)
Forward contract	-	25,000.00	41.85	17.33	July 18, 2022 to August 23, 2022	24.52	(24.52)	

As at March 31, 2021								
Type of hedge risks	Notional Amount		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Cross currency interest rate swaps	-	43,969.98	-	898.51	November 15, 2025 to March 4, 2026	898.51	(898.51)	Borrowings (other than debt securities)

b) Disclosure of effects of hedge accounting on financial performance:

For the year ended March 31, 2022				
Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency interest rate swaps	382.02	-	-	NA
Forward contract	24.52	-		

For the year ended March 31, 2021				
Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency interest rate swaps	898.51	-	-	NA

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

45 Segment reporting

Operating segments

The Company's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees. 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.

46 Balance sheet disclosure as required under Master Direction - Non-banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

The disclosures in note from 46A to 78 are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

46A Gold loan portfolio

The Company has not provided loan against security of gold during the year ended March 31, 2022 and March 31, 2021.

47 Capital adequacy ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Tier I Capital	1,62,630.79	1,46,757.34
Tier II Capital	5,182.95	6,749.89
Total Capital	**1,67,813.74**	**1,53,507.23**
Total Risk Assets	7,36,418.31	5,31,274.72
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	22.08%	27.62%
Tier II Capital as a percentage of Total Risk Assets (%)	0.71%	1.27%
Total Capital (%)	**22.79%**	**28.89%**
Amount of subordinated debt raised as Tier-II capital	800.00	800.00
Amount raised by issue of Perpetual Debt Instruments	-	-

48 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Value of investment		
Gross value of investments		
- In India	1,63,934.08	1,30,187.01
- Outside India	-	-
Provision for Depreciation		
- In India	-	4,875.00
- Outside India	-	-
Net value investments		
- In India	1,63,934.08	1,25,312.01
- Outside India	-	-
Movement of provisions held towards investments		
Opening balance	**4,875.00**	**665.27**
Add: Provisions made during the year	-	4,875.00
Less: Write off/ write back/ reversal of provision during the year	(4,875.00)	(665.27)
Closing balance	-	**4,875.00**

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

49 Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

S No	Particulars	As at March 31, 2022	As at March 31, 2021
i)	The notional principal of swap agreements / forward cover	1,05,709.00	43,969.98
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
iii)	Collateral required by the Company upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	NA	NA
v)	The fair value of the swap book (Asset / (Liability))	(491.97)	(898.51)

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative in the current year and in the previous year.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews. the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures

S No	Particulars	As at March 31, 2022		As at March 31, 2021	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount) - For hedging	1,05,709.00	-	43,969.98	-
ii)	Marked to Market Positions (a) Asset [+] Estimated gain	151.85	-	-	-
	(b) Liability [-] Estimated loss	(643.82)		(898.51)	
iii)	Credit exposure	1,05,709.00	-	43,969.98	-
iv)	Unhedged exposures	-	-	-	-

* Cross currency interest rate swap and Forward Contracts

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50 Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities:

Particulars	1 - 7 Days	8 - 14 days	15 - 31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks and others	10,484.68 (1,592.79)	1,324.67 (708.33)	10,102.32 (14,346.40)	29,784.97 (9,313.78)	19,311.56 (20,824.10)	76,658.29 (30,587.52)	66,074.14 (49,513.28)	2,09,294.46 (73,709.21)	40,198.92 (29,527.50)	- -	**4,63,234.01 (2,30,122.91)**
Market Borrowings	3,690.21 (2,481.04)	3,416.67 (416.67)	750.00 -	7,250.00 (10,500.00)	21,978.57 (2,428.57)	19,416.67 (7,666.67)	16,759.76 (41,486.90)	50,115.42 (72,397.86)	12,025.71 (27,651.42)	- -	**1,35,403.01 (1,65,029.13)**
Assets											
Advances	21,427.76 (11,534.31)	164.94 (367.40)	32,527.00 (17,412.16)	39,535.46 (23,284.93)	36,395.25 (25,681.73)	97,399.68 (69,293.89)	1,38,469.00 (1,02,782.36)	1,59,214.26 (1,27,666.15)	4,009.66 (4,820.12)	145.72 -	**5,29,288.73 (3,82,843.05)**
Investments	431.10 (2,778.22)	- -	4,172.08 (1,497.40)	13,900.59 (1,801.35)	9,258.55 (16,638.32)	15,095.92 (5,567.66)	25,957.57 (8,999.80)	49,083.77 (49,595.06)	15,734.69 (14,277.43)	26,256.10 (19,542.87)	**1,59,890.37 (1,20,698.11)**

Note:
- Numbers in brackets represent previous year balances.
- The balances are gross of impairment loss allowance, unamortised borrowing costs and fair valuation gain/loss

51 Disclosures in respect of fraud as per the Master Direction DNBS. PPD.01/66.15.001/2016-17,dated September 29, 2016

Particualrs	Less than INR 1 Lakhs		More than INR 1 Lakhs and less than INR 25 Lakhs		Above 25 Lakhs		Total	
	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs	Number of instances	Rs. In Lakhs
Person involved								
Staff	-	-	1.00	1.05	-	-	1.00	1.05
Outsiders	-	-	-	-	-	-	-	-
Total	-	-	1.00	1.05	-	-	1.00	1.05
Type of fraud:								
Cash Mishandeling	-	-	-	-	-	-	-	-
Others	-	-	1.00	1.05	-	-	1.00	1.05
Total	-	-	1.00	1.05	-	-	1.00	1.05

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52 Public disclosure on Liquidity Risk

Particulars	No. of Significant counterparties	Amount (in Lakhs)	% of Total Liability
(i) Funding concentration based on significant counterparty (borrowings)	23	4,88,686.58	79.78%

Particulars	Amount (in Lakhs)	% of Total Deposits
(ii) Top 20 large deposits (amount in Rs. and % of the deposits)	NA	NA

Particulars	Amount (in Lakhs)	% of Total Borrowings
(iii) Top 10 borrowings (amount in Rs. and % of the total borrowings)	2,08,035.24	33.96%

Name of Instrument/project	Amount (in Lakhs)	% of Total Liabilities
(iv) Funding Concentration based on significant instrument/product		
Term Loan from Banks	3,58,391.96	58.51%
Term Loan from Others	23,744.94	3.88%
ECBs	84,031.83	13.72%
Commercial Paper	22,864.90	3.73%
Debentures	1,12,103.63	18.30%

Name of Instrument/project	Percentage
(v) Stock Ratios	
Commercial papers as a % of total public funds	3.77%
Commercial papers as a % of total liabilities	3.73%
Commercial papers as a % of total asset	2.92%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA
Non-convertible debentures (original maturity of less than one year) as a % of total asset	NA
Other short term liabilities as a % of total public funds	1.77%
Other short term liabilities as a % of total liabilities	1.75%
Other short term liabilities as a % of total asset	1.37%

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

53 Exposure to Real estate sector

Particulars	As at March 31, 2022	As at March 31, 2021
A. Direct Exposure		
i. Residential Mortgages (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented)	96.00	-
ii. Commercial Real Estate – (Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	-	-
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total	**96.00**	**-**

54 Exposure to capital market

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's/ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	2,641.88	1,299.22
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources ;	-	-
(vii) Bridge loans to companies against expected equity flows / issues ;	-	-
(viii) All exposures to Venture capital funds (both registered and unregistered)	-	-
Total	**2,641.88**	**1,299.22**

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

55 Details of non- performing financial assets purchases / sold

Details of loans transferred/ acquired during the year ended March 31, 2022 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below

a)Details of loans not in default transferred / acquired through assignment

Particulars	Transferred	Acquired	
		Retail	Non Retail
Aggregate amount of loans transferred/ acquired through assignment	-	7,945.45	-
Weighted average maturity (in years)	-	5.19	-
Weighted average holding period (in years)	-	1.17	-
Retention of beneficial economic interest by originator	-	882.83	-
Tangible security coverage	-	NA	-
Rating-wise distribution of related loans	-	NA	-

56 Details of financing of Parent Company products

Not applicable as the company does not have a Parent Company

57 Details of Single Borrower Limits (SBL)/ Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2022 and March 31, 2021

58 Advances against Intangible Securities

The Company has not given any loans against intangible securities such as rights, licenses, authoriteis etc as collateral securities hence this disclousre is not applicable

59 Registration/ licence/ authorisation obtained from other financial sector regulators :

Registration / Licence	Authority issuing the registration / license	Registration / Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00430 dated March 8, 2018 (Original certificate dated August 8, 2013)

60 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the financial year 2021-22 (FY 2020-21 - Nil)

61 Ratings

The Credit Analysis & Research Limited (CARE), India Ratings & Research (IND) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below

Particulars	Rating agency	As at March 31, 2022	As at March 31, 2021
Bank facilities	ICRA	A+	A+
Non-convertible debentures - long term	ICRA	A+	A+
Non-convertible debentures - long term	IND	A+	A+
Subordinated debt	ICRA	A+	A+
Bank facilities	IND	A+	NA
Market linked debentures	ICRA	PP-MLD A+	PP-MLD A+
Market linked debentures	IND	PP-MLD A+	PP-MLD A+
Commercial paper	CARE	A1+	A1+
Commercial paper	ICRA	A1+	A1+

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

62 Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)

	As at March 31, 2022	As at March 31, 2021
Loss allowance on financial assets (Impairment on financial instruments)	3,684.74	13,602.68
Provision made towards current income taxes	4,718.00	3,939.00

63 Draw down from reserves

The Company has not made any drawdown from existing reserves.

64 Concentration of advances	As at March 31, 2022	As at March 31, 2021
Total advances to twenty largest borrowers	1,57,848.74	1,25,026.62
Percentage of advances to twenty largest borrowers to total advances	29.71%	32.59%

65 Concentration of exposures	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers	2,66,384.13	1,91,570.28
Percentage of exposures to twenty largest borrowers to total exposure	34.12%	32.74%

66 Concentration of NPA Contracts*	As at March 31, 2022	As at March 31, 2021
Total exposure to top four NPA accounts	942.20	8,376.05

** represents stage 3 contracts (net of write offs).*

67 Sector-wise NPAs (Percentage of NPA's to total advances in that sector)	As at March 31, 2022	As at March 31, 2021
Agriculture & allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	0.22%	2.29%
Services	0.00%	0.00%
Unsecured personal loans	0.43%	6.27%
Auto loans	74.83%	44.48%
Other loans	2.91%	2.06%

The above Sector-wise NPA and advances are based on the data available with the Company which has been relied upon by the auditors. NPA contracts represents the Stage 3 contracts (net of write offs).

68 Movement of Non-Performing Assets (NPA's)	As at March 31, 2022	As at March 31, 2021
(a) Net NPAs to net advances (%) (Net of provision for NPAs)	0.18%	0.89%
(b) Movement of gross NPAs		
Opening balance	11,727.78	2,000.45
Additions during the year	-	9,727.33
Reductions during the year	(8,226.15)	-
Closing balance	**3,501.63**	**11,727.78**
(c) Movement of net NPAs		
Opening balance	4,482.58	590.69
Additions during the year	-	3,891.89
Reductions during the year	(3,237.19)	-
Closing balance	**1,245.39**	**4,482.58**
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
Opening balance	7,245.20	1,409.76
Additions during the year	-	5,835.44
Reductions during the year	(4,988.96)	-
Closing balance	**2,256.24**	**7,245.20**

Note : NPA represents financial instrument classified as stage 3 (net of write offs) and the NPA Provision represents the Loss allowance on Stage 3 assets.

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

68A Movement of provisions held towards off-balance sheet exposure

	As at March 31, 2022	As at March 31, 2021
Opening balance	1,019.24	696.19
Add: Provisions made during the year	110.20	323.05
Less: Write off/ write back/ reversal of provision during the year	-	-
Closing balance	**1,129.44**	**1,019.24**

Note: The above disclosure also includes the loss allowance towards undrawn loans.

69 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas asset owned by the Company hence this disclosure is not applicable

70 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms hence this disclosure is not applicable

71 Customer complaints	As at March 31, 2022	As at March 31, 2021
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	280	282
No. of complaints redressed during the year	280	282
No. of complaints pending at the end of the year	-	-

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

72 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at March 31, 2022	As at March 31, 2021
Loans and advances in the nature of loans to subsidiaries	1,389.88	2,138.40
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

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73 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of an exclusive hypothecation of loans, investment in pass through certificates and investment in debentures.

74 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

As at March 31, 2022

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) =(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	6,72,170.91	4,534.31	6,67,636.60	2,688.68	1,845.63
	Stage 2	8,667.95	481.08	8,186.87	34.67	446.41
Subtotal for Standard		6,80,838.86	5,015.39	6,75,823.47	2,723.35	2,292.04
Non Performing Assets (NPA)						
Substandard	Stage 3	3,252.56	2,007.17	1,245.39	325.26	1,681.91
Doubtful - upto 1 year	Stage 3	249.07	249.07	0.00	49.81	199.26
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		3,501.63	2,256.24	1,245.39	375.07	1,881.17
Total	**Stage 1**	6,72,170.91	4,534.31	6,67,636.60	2,688.68	1,845.63
	Stage 2	8,667.95	481.08	8,186.87	34.67	446.41
	Stage 3	3,501.63	2,256.24	1,245.39	375.07	1,881.17
		6,84,340.49	7,271.63	6,77,068.86	3,098.42	4,173.21

As at March 31, 2021

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) =(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,64,500.43	5,069.67	3,59,430.76	1,458.00	3,611.67
	Stage 2	13,429.88	995.52	12,434.36	53.72	941.80
Subtotal for Standard		3,77,930.31	6,065.19	3,71,865.12	1,511.72	4,553.47
Non Performing Assets (NPA)						
Substandard	Stage 3	3,969.67	2,202.43	1,767.24	992.42	1,210.01
Doubtful - upto 1 year	Stage 3	-	-	-	-	-
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		3,969.67	2,202.43	1,767.24	992.42	1,210.01
Total	**Stage 1**	3,64,500.43	5,069.67	3,59,430.76	1,458.00	3,611.67
	Stage 2	13,429.88	995.52	12,434.36	53.72	941.80
	Stage 3	3,969.67	2,202.43	1,767.24	992.42	1,210.01
		3,81,899.98	8,267.62	3,73,632.36	2,504.14	5,763.48

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at March 31, 2022 and accordingly, no amount is required to be transferred to impairment reserve. Also refer note 79

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75 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016):

S.No.	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	Liabilities side:				
1	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures				
	'- Secured (net of unamortised borrowing cost)	1,11,471.27	-	1,46,442.78	-
	'- Unsecured (net of unamortised borrowing cost)	23.51	-	2,772.44	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans (net of unamortised borrowing cost)	4,16,591.50	-	1,90,489.98	-
	(d) Inter-Corporate Loans and Borrowings	-	-	-	-
	(e) Commercial Paper	22,864.90	-	14,741.56	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans (net of unamortised borrowing cost)	47,344.59	-	38,757.11	-
	(Represents Working Capital Demand Loans and Cash Credit from Banks)				
2	**Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)**				
	(a) In the form of Unsecured debentures		-	-	-
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

	Particulars	As at March 31, 2022	As at March 31, 2021
	Assets side:		
3	**Break-up of Loans and Advances * including Bills Receivables [other than those included in (4) below]:**		
	(a) Secured	3,71,776.30	3,13,446.09
	(b) Unsecured	1,56,260.82	70,317.52
	(Excludes loss allowance and includes unamortised fee)		
4	**Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities**		
	(i) Lease Assets including Lease Rentals Accrued and Due:		
	a) Financial Lease	-	-
	b) Operating Lease	-	-
	(ii) Stock on Hire including Hire Charges under Sundry Debtors:		
	a) Assets on Hire	-	-
	b) Repossessed Assets	-	-
	(iii) Other Loans counting towards AFC Activities		
	a) Loans where Assets have been Repossessed	-	-
	b) Loans other than (a) above	-	-

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

75 **Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (continued)**

Particulars	As at March 31, 2022	As at March 31, 2021
5 Break-up of Investments (net of provision for diminution in value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and bonds	41,015.28	12,719.77
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	14,911.03
v. Others		
a) commercial paper	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	5,009.64	8,886.17
b) units of alternative investment fund	15,796.24	-
c) commercial paper	993.69	-
Long Term Investments:		
I. Quoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	70,692.21	56,105.35
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	
II. Unquoted:		
i. Shares		
a) Equity	2,743.20	489.80
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	9,494.47	7,010.84
b) units of alternative investment fund	18,187.73	18,629.53
c) share warrants	1.62	1.62

6 **Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:**

Category	As at March 31, 2022 (Net of provision for NPA)		As at March 31, 2021 (Net of provision for NPA)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	1,389.88	-	2,138.40
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	3,70,486.31	1,54,153.77	3,12,650.36	66,772.43
	3,70,486.31	**1,55,543.65**	**3,12,650.36**	**68,910.83**

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

75 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (continued)

7 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)

Category	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2022	Book Value as on March 31, 2022 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2021	Book Value as on March 31, 2021 (Net of provisions)
1. Related Parties				
(a) Subsidiaries	13,595.48	13,595.48	11,922.70	11,922.70
(b) Companies in the same Group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,50,338.60	1,50,338.60	1,18,264.31	1,13,389.31
	1,63,934.08	**1,63,934.08**	**1,30,187.01**	**1,25,312.01**

8 Other Information (Also refer note 79)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets	-	3,501.63	-	11,727.78
(ii) Net Non-Performing Assets	-	1,245.39	-	4,482.58
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

Note : NPA contracts represents the Stage 3 contracts (net of write offs). Also this excludes the impact of the fair value changes on the financial assets.

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76 Pursuant to the RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 as a part of the resolution framework for COVID 19 related stress, eligible loans have been granted resolution in form of restructuring and the disclosure is as follows:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
	(A)	(B)	(C)	(D)	(E)
Personal Loans	81.72	4.32	-	57.24	20.16
Corporate persons	586.95	132.12	10.22	95.43	349.18
Of which, MSMEs	586.95	132.12	10.22	95.43	349.18
Others	-	-	-	-	-
Total	**668.67**	**136.44**	**10.22**	**152.67**	**369.34**

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

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77 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, NBFCs are required to maintain Liquidity Coverage Ratio (LCR) from 1 December 2020. Under the said guidelines, all non-deposit taking NBFCs with asset size of Rs. 5,000 crore and above but less than Rs. 10,000 crore are required to maintains a minimum LCR of 30%.

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. Compliance with LCR is monitored by Asset Liability Management Committee (ALCO) of the Company.

Qualitative information:

Main drivers to the LCR numbers:

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Composition of HQLA:

The HQLA maintained by the Company comprises Government securities (including Treasury bills) and cash balance maintained in current account. The details are given below.
- For the period Jan to March 2022, the average HQLA of (Rs. 35,796.81 lakhs) comprised of Rs. 4,322.36 lakh in cash and Rs. 31,474.45 lakhs in fixed deposit.

Concentration of funding sources:

The company maintains diversified sources of funding comprising short/long term loans from banks, NCDs, and sub-ordinated, ECBs and CPs. The funding pattern is reviewed regularly by the management

Derivative exposures and potential collateral calls:

As on March 31, 2022, the company has fully hedged interest and principal outflows on the foreign currency ECBs. Hence, derivative exposures are considered NIL.

Currency mismatch in LCR:

There is NIL mismatch to be reported in LCR as on 31st March 2022 since foreign currency ECBs are fully hedged for the corresponding interest and principal components. For the month of March 22, the Company has assessed the impact to be immaterial.

Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile

Nil

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77 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

Detailed LCR template is presented below according to the format given in RBI circular mentioned above under Appendix I

	Particulars	Quarter ended June 30, 2021		Quarter ended September 30, 2021		Quarter ended December 31, 2021		Quarter ended March 31, 2022	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	High Quality Liquid Assets								
1	**Total High Quality Liquid Assets (HQLA)	20,098.40	20,098.40	20,176.89	20,176.89	21,092.69	21,092.69	35,976.81	35,976.81
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	4,220.14	4,853.16	6,256.74	7,195.25	4,011.96	4,613.75	5,567.41	6,402.52
4	Secured wholesale funding	18,149.19	20,871.57	18,040.98	20,747.13	24,852.54	28,580.42	30,717.45	35,325.07
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	33,222.90	38,206.34	7,498.55	8,623.33	2,629.18	3,023.56	1,629.58	1,874.02
8	**Total Cash Outflows**	**55,592.23**	**63,931.07**	**31,796.27**	**36,565.71**	**31,493.68**	**36,217.73**	**37,914.44**	**43,601.61**
	Cash Inflows								
9	Secured lending	32,356.98	24,267.74	39,741.68	29,806.26	47,600.13	35,700.10	59,210.33	44,407.75
10	Inflows from fully performing exposures	4,577.14	3,432.86	7,990.59	5,992.94	6,292.87	4,719.65	5,207.15	3,905.36
11	Other cash inflows	34,487.58	25,865.69	23,365.39	17,524.04	35,713.95	26,785.46	29,001.70	21,751.28
12	**Total Cash Inflows**	**71,421.70**	**53,566.29**	**71,097.66**	**53,323.24**	**89,606.95**	**67,205.21**	**93,419.18**	**70,064.39**
		Total Adjusted Value	**Total Adjusted Value**	**Total Adjusted Value**	**Total Adjusted Value**	**Total Adjusted Value**	**Total Adjusted Value**	**Total Adjusted Value**	**Total Adjusted Value**
13	Total HQLA	NA	20,098.40	NA	20,341.00	NA	20,699.00	NA	35,976.81
14	Total Net Cash Outflows	NA	10,364.78	NA	9,009.00	NA	9,055.00	NA	10,900.00
15	Liquidity Coverage Ratio (%)	NA	193.91%	NA	225.79%	NA	228.59%	NA	330.06%

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of monthly observations for the quarters ended June 30, 2021, September 30, 2021 and December 31, 2021 and based on simple average of daily observations for the quarter ended March 31, 2022. The weightage factor applied to compute weighted average value is constant for all the quarters.

2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.

3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

4. The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.

5. RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 330% as of March 31, 2022 as against the LCR of 60% mandated by RBI.

78 Other RBI disclsoures

a. The Company does not have off-balance sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2022.

b. The Company has incurred commission of INR 32.70 lakhs and sitting fees of INR 46.00 Lakhs during the year ended March 31,2022.

c. Details of all material transactions with related parties are disclosed in Note 42.

d. There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

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79 Impact of COVID-19

The COVID–19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrices of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrices are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at March 31, 2022 and is of the view that it does not have any material impact on the financial results of the Company on the basis of the facts and events upto the date of approval of these financial statements/results.

However, in view of the dynamic nature of the pandemic, the Company will continue to monitor future events / developments that may result in an

80 Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and

Particulars	Ref	As at 31 March 2022	As at 31 March 2021
Debt-equity ratio	1.1	3.49	2.52
Total debts to total assets	1.2	0.76	0.70
Net worth	1.3	1,70,991.44	1,55,886.02
Capital redemption reserve (Amount in lakhs)		2,660.00	2,660.00
Gross Non-Performing Assets (GNPA) Ratio	1.4	0.51%	2.34%
Net Non-Performing Assets (NNPA) Ratio	1.5	0.18%	0.89%
Capital adequacy ratio (CRAR)	1.6	22.79%	28.89%
Asset cover over listed non-convertible debentures	1.7	1.09	1.11
Net profit margin (%)	1.8	15.61%	9.64%

1.1 Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity

1.2 Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets

1.3 Net Worth is equal to Equity share capital + Other equity

1.4 GNPA Ratio is Gross Stage 3 (loans+investments) / Gross loans and investments

1.5 NNPA Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans /(Gross term loans- Impairment allowance for Stage 3 term loans)

1.6 Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets

1.7 Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security

1.8 Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), capital redemption reserve/debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

81 Subsequent Event

During the year ended March 31, 2022 on February 22, 2022, the Company entered into a business transfer agreement with S.M.I.L.E Microfinance Limited towards purchase of specified business undertaking covering specified assets, liabilities, systems and processes, subject to completion of certain conditions precedent. Upon completion of the conditions precedent and payment of consideration amounting to Rs 11,162.91 Lakhs, the Company purchased the undertaking on April 12, 2022. This financial statements / results does not reflect the results of this transaction effective subsequent to March 31, 2022. Management is in the process of determining the fair value of assets, liabilities and the goodwill arising out of the take over as per the requirements of INDAS 103.

82 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv)The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) As part of the normal business, the Company invests in Alternate Investment Fund managed by its subsidiary and also lends loan to its subsidiary for onward investment into these AIFs. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Company's normal investment activities/ business, which is conducted after exercising proper due diligence including adherence to terms of private placement memorandum of respective AIFs and other guidelines. Other than the nature of transactions described above.

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

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(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

As per our report of even date attached
for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Place : Chennai
Date : May 10, 2022

for and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P S Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of **Northern Arc Capital Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Northern Arc Capital Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "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 consolidated state of affairs of the Group, as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, 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 audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment loss allowance for financial instruments (loan and investments) of Holding Company based on expected credit loss model – refer notes 3.6, 3.7, 8, 9, 19, 29 and 48 to the consolidated financial statements</u></td></tr>
<tr><td>Financial instruments, which include Loans and Investments, represents a significant portion of the consolidated total assets of the Holding Company. The Holding Company has advances aggregating Rs. 5,20,876 lakhs and Investments aggregating Rs. 1,76,575 lakhs as at March 31, 2022.

Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Holding Company to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Holding Company's loans.

In the process, a significant degree of judgement and estimates have been applied by the management for:

• Staging of financial instruments (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment;

• Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis;

• Estimation of PD, LGD and EAD for non-retail loan portfolio and investments based on historical default experience and individual assessment, wherever necessary, of the borrower specific cash-flows, security and other relevant factors;

• Estimation of losses for financial instruments with no/ minimal historical defaults;

• Determining macro-economic and other factors impacting credit quality of financial instruments</td><td>Our audit procedures included the following:

► We read and assessed the Holding Company's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements, including changes in framework pursuant to Reserve Bank of India guidelines issued on March 13, 2020.

► For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Holding Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis.

► Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation

► We performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Holding Company's policy.

► Assessed the criteria for staging of financial instruments based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.

► We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional credit loss provisions having regard to macro economic environment, management overlay provision arising from the effects of the restructuring as per packages announced by</td></tr>
</table>

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Key audit matters	How our audit addressed the key audit matter
Additionally, having regard to the moratoriums extended as part of restructuring packages announced by the Reserve Bank of India and other regulatory changes in asset classification, the Company has considered additional provision as part of its ECL. Due to the significance of the amounts involved, judgments involved in classification of financial instruments, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.	the Reserve Bank of India, and evaluated the same. ► We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. ► Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. ► Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.
Fair valuation of financial assets held at fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL") (collectively "fair value") of the Holding Company– refer notes 3.8, 8, 9, 26 and 48 to the consolidated financial statements	
The Holding Company has classified Investments amounting to Rs. 1,20,767 lakhs as held at fair value through OCI (FVTOCI) and Rs. 54,814 lakhs as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Company is also required to disclose fair value of its financial assets and liabilities held at amortized cost in accordance with Ind AS 107. The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data. Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter..	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: ► We understood and tested the design and operating effectiveness of the Holding Company's control over the assessment of valuation of investments. ► We involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value for sample of investments. ► Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation ► We tested the source data and the arithmetical accuracy of the calculation of valuation of investments. ► Assessed the adequacy of disclosure in the financial statements.
Information Technology systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction,	Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:

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Key audit matters	How our audit addressed the key audit matter
hence we identified IT systems and controls as a key audit matter for the Holding Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	▶ The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). ▶ Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. ▶ Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. ▶ Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. ▶ Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board Report included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors and those charged with governance are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the

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companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose financial statements include total assets of Rs 4,317 lakhs as at March 31, 2022, and total revenues of Rs 193 lakhs and net cash inflows of Rs 2 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

(b) The consolidated financial statements of the Company for the year ended March 31, 2021, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 6, 2021.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the Companies included in the Consolidated Financial Statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

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2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) Two subsidiary Companies of the Group i.e. Northern Arc Investment Adviser Services Private Limited and Northern Arc Foundation are exempted from the requirement of its auditors' 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. Further, IFMR FImpact Long Term Credit Fund, and Northern Arc Employee Welfare Trust, not being a company, and requirement of its auditors' reporting on adequate internal financial controls with reference to the financial statements is not applicable. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its other subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The provisions of Section 197 of the Act are not applicable to subsidiaries;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the

report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 40 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term

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contracts including derivative contracts – Refer Note 6 and Note 13 to the consolidated financial statements in respect of such items as it relates to the Group;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2022

iv. a) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of its knowledge and belief, other than as disclosed in the note 50 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of its knowledge and belief, other than as disclosed in the note 50 to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiary companies, incorporated in India

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AISNHB9203
Place of Signature: Chennai
Date: May 10, 2022

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NORTHERN ARC CAPITAL LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to standalone financial statements of Northern Arc Capital Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership Number: 210934
UDIN: 22210934AISNHB9203
Place of Signature: Chennai
Date: May 10, 2022

Northern Arc Capital Limited
Consolidated Balance Sheet as at March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	71,517.38	39,807.57
Bank balances other than cash and cash equivalents	5	8,734.44	6,840.67
Derivative financial instruments	6	151.85	-
Trade receivables	7	1,918.38	1,835.42
Loans	8	5,20,875.53	3,74,076.68
Investments	9	1,76,575.11	1,38,256.74
Other financial assets	10	6,965.42	473.97
		7,86,738.11	5,61,291.05
Non-financial assets			
Current tax assets (net)		4,208.70	3,579.18
Deferred tax assets (net)	33	1,369.07	2,071.82
Property, plant and equipment	11.1	195.33	104.89
Right of use asset	11.2	1,121.79	985.44
Intangible assets under development	11.3	28.44	54.02
Other intangible assets	11.4	942.97	972.77
Goodwill		174.63	174.63
Other non- financial assets	12	2,632.42	482.67
		10,673.35	8,425.42
Total assets		7,97,411.46	5,69,716.47
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	13	643.82	898.51
Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,581.73	1,561.87
Debt securities	15	1,34,359.68	1,63,956.78
Borrowings (Other than debt securities)	16	4,59,942.61	2,25,258.31
Subordinated liabilities	17	3,993.47	3,988.79
Other financial liabilities	18	6,694.35	4,230.33
		6,11,215.66	3,99,894.59
Non-financial liabilities			
Provisions	19	2,245.69	1,763.58
Deferred tax liabilities (net)	33	72.26	97.72
Other non-financial liabilities	20	666.72	668.86
		2,984.67	2,530.16
EQUITY			
Equity share capital	21	8,890.75	8,792.15
Instruments entirely equity in nature	21	8,264.64	8,264.64
Other equity	22	1,56,752.34	1,41,174.72
Equity attributable to the owners of the Company		1,73,907.73	1,58,231.51
Non-controlling interest	23	9,303.40	9,060.21
Total equity		1,83,211.13	1,67,291.72
Total liabilities and equity		7,97,411.46	5,69,716.47

Significant accounting policies — 2 and 3

The notes referred to above form an integral part of consolidated financial statements
As per our report of even date attached

for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no.: 101049W/E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership No. 210934

Place : Chennai
Date : May 10, 2022

For and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P.S.Jayakumar
Chairman
DIN : 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer

Atul Tibrewal

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
Interest income	24	78,084.53	57,986.33
Fee and Commission income	25	8,604.54	6,433.43
Net gain on fair value changes	26	4,264.87	3,697.14
Total revenue from operations		**90,953.94**	**68,116.90**
Other income	27	700.53	411.55
Total income		**91,654.47**	**68,528.45**
Expenses			
Finance costs	28	41,067.24	32,296.76
Fees and commission expense		5,273.22	2,852.19
Impairment on financial instruments	29	3,650.85	13,540.96
Employee benefits expenses	30	9,794.17	6,224.46
Depreciation and amortisation	31	957.44	674.10
Other expenses	32	6,072.66	2,940.64
Total expenses		**66,815.58**	**58,529.11**
Profit before tax		**24,838.89**	**9,999.34**
Tax expense	33		
Current tax		5,050.20	4,217.50
Deferred tax (net)		1,594.92	(1,877.40)
Total Tax expense		**6,645.12**	**2,340.10**
Profit for the year	(A)	**18,193.77**	**7,659.24**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit asset/ (liability)		(195.31)	48.49
Income tax relating to items that will not be reclassified to profit or loss		49.17	(12.32)
		(146.14)	**36.17**
Items that will be reclassified to profit or loss			
Fair valuation of Financial Instruments through other comprehensive income (Net)		(1,981.66)	1,000.88
Income tax relating to items that will be reclassified to profit or loss		346.56	(334.68)
		(1,635.10)	**666.20**
Net movement on effective portion of Cash Flow Hedges		(2,092.39)	(510.78)
Income tax relating to items that will be reclassified to profit or loss		526.65	128.56
		(1,565.74)	**(382.22)**
Other comprehensive income for the year	(B)	**(3,346.98)**	**320.15**
Total comprehensive income for the year	(A+B)	**14,846.79**	**7,979.39**
Profit for the period attributable to			
Owners of the Company		17,249.97	6,751.44
Non-controlling Interest	23	943.80	907.80
Other comprehensive income for the year, net of tax			
Owners of the Company		(3,079.97)	460.26
Non-controlling Interest	23	(267.01)	(140.11)
Total comprehensive income for the year, net of tax			
Owners of the Company		14,170.00	7,211.70
Non-controlling Interest	23	676.79	767.69
Earnings per equity share (Face Value - INR 10/ Share)	34		
Basic (in rupees)		19.52	7.71
Diluted (in rupees)		13.09	5.35
Significant accounting policies	2 and 3		

The notes referred to above form an integral part of consolidated financial statements
As per our report of even date attached

for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no. 101049W/E300004

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

per Bharath N S
Partner
Membership No. 210934

Place : Chennai
Date : May 10, 2022

For and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P.S.Jayakumar
Chairman
DIN : 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
A Cash flow from operating activities			
Profit before tax		24,838.89	9,999.34
Adjustments for:			
Depreciation and amortisation		957.44	674.10
Write off of intangible assets under development		71.36	-
Mark-to-market gain on derivative contracts		(406.54)	898.51
Unrealised gain on alternative investment funds designated at fair value through profit or loss		(708.38)	(805.08)
Interest income on loans, fixed deposits and investments		(77,994.14)	(57,986.33)
Gain on mutual funds investments designated at fair value through profit or loss		(420.47)	(368.48)
Profit on sale of investments		(169.11)	(107.09)
Impairment on financial instruments (net)		3,650.85	13,540.96
Employee share based payment expenses		320.67	245.71
Gain on account of lease foreclosed		(40.97)	(35.20)
Gain on account of lease rental concession received		(3.10)	(3.45)
Amortisation of discount on commercial papers		1,333.65	187.69
Amortisation of ancillary costs relating to borrowings		3,077.50	3,018.76
Finance costs		36,656.09	29,090.31
Operating profit before working capital changes		**(8,836.26)**	**(1,650.25)**
Changes in working capital and other changes:			
(Increase) / Decrease in other financial assets		(6,491.45)	192.06
(Increase) in trade receivables		(65.19)	(961.03)
(Increase) in loans		(1,50,812.33)	(92,915.43)
(Increase) in other non-financial assets		(2,149.74)	(13.05)
(Increase) / Decrease in other bank balances		(1,538.49)	1,205.01
Increase in trade payables, other liabilities and provisions		6,286.89	401.08
Cash used in operations		**(1,63,606.57)**	**(93,741.61)**
Interest income received on loans, fixed deposits and investments		76,463.23	56,261.08
Finance cost paid		(39,831.26)	(30,000.36)
Income tax paid (net)		(5,679.73)	(3,677.65)
Net cash flow used in operating activities	**(A)**	**(1,32,654.33)**	**(71,158.54)**
B Cash flows from investing activities			
Purchase of fixed assets		(1,230.04)	(380.81)
Proceeds from Disposal of ROU assets		104.18	18.63
Purchase of mutual fund investments		(1,94,300.00)	(60,261.77)
Proceeds from sale of investments in Mutual fund		1,93,167.42	60,300.47
Purchase of other investments		(3,40,343.94)	(92,408.72)
Proceeds from sale of other investments		3,04,105.14	72,660.79
Change in the ownership interest in funds		49.39	-
Net cash provided by investing activities	**(B)**	**(38,447.85)**	**(20,071.41)**
C Cash flow from financing activities			
Proceeds from issue of debt securities		76,429.72	1,47,608.19
Repayment of debt securities		(1,07,360.47)	(69,859.80)
Proceeds from borrowings (other than debt securities)		3,25,100.00	1,18,656.54
Repayment of borrowings (other than debt securities)		(92,258.76)	(97,698.38)
Payment of lease liabilities		198.94	(366.23)
Proceeds from issue of equity share capital including securities premium		1,136.17	214.07
Capital Contributions by NCI		547.60	-
Distributions made to Investors including Dividend Distribution Tax		(981.21)	(835.88)
Net cash generated from financing activities	**(C)**	**2,02,811.99**	**97,718.51**
Net increase in cash and cash equivalents	**(A+B+C)**	**31,709.81**	**6,488.56**
Cash and cash equivalents at the beginning of the year		39,807.57	33,319.01
Cash and cash equivalents at the end of the year		71,517.38	39,807.57

S.R. Batliboi & Associates LLP * Chartered Accountants * Chennai

Northern Arc Capital Limited
Consolidated Statement of Cash Flows for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
Notes to cash flow statement			
1 **Components of cash and cash equivalents:**	4		
Balances with banks			
- in current accounts		23,659.48	33,172.88
- in deposit accounts free of lien		47,857.90	6,634.69
		71,517.38	39,807.57

2 The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013

3 **Non cash financing and investing activity**

Particulars	As at March 31, 2022	As at March 31, 2021
a **Investing Activity**		
Acquisition of right of use asset	722.49	-
Total	722.49	-

b For disclosures relating to changes in liabilities arising from financing activities, refer Note 36A

Significant accounting policies 2 and 3
The notes referred to above form an integral part of consolidated financial statements.
As per our report of even date attached

for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Place : Chennai
Date : May 10, 2022

For and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P.S.Jayakumar
Chairman
DIN : 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022

Northern Arc Capital Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2022
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

A. Equity Share Capital

Equity Share capital of INR 10 each Issued, Subscribed and Fully paid	
Balance as at March 31, 2020	8,747.79
Changes in equity share capital during the year (Refer Note 21)	44.36
Balance as at March 31, 2021	8,792.15
Changes in equity share capital during the year (Refer Note 21)	98.60
Balance as at March 31, 2022	8,890.75

B. Instruments entirely equity in nature

Balance as at March 31, 2020	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2021	8,264.64
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2022	8,264.64

C. Other Equity

	Other equity											
	Reserves and surplus						Other Comprehensive Income (OCI)			Total attributable to Owners of the Company	Total Non-Controling Interest (NCI)	Total
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Securities Premium	Share based payment reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve	Remeasurements of Defined Benefit Obligations			
Balance as at April 1, 2021	9,890.77	3,467.00	3.57	83,897.43	2,297.82	37,462.26	4,538.09	(382.22)	-	1,41,174.72	9,060.21	1,50,234.93
Change in equity for the year ended March 31, 2022												
Change in the ownership interest in subsidiaries/ funds resulting in change of control	-	-	-	-	-	49.39	-	-	-	49.39	-	49.39
Premium received on shares issued during the year	-	-	-	1,613.08	(575.51)	-	-	-	-	1,037.57	-	1,037.57
Contribution by NCI	-	-	-	-	-	-	-	-	-	-	547.60	547.60
Distribution to the NCI including Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	(981.21)	(981.21)
Profit for the year	-	-	-	-	-	17,249.97	-		-	17,249.97	943.80	18,193.77
Transfer to statutory reserve	3,274.59	-	-	-	-	(3,274.59)	-	-	-	-	-	-
Employee compensation expense during the year	-	-	-	-	320.67	-	-		-	320.67	-	320.67
Remeasurement of net defined benefit liability	-	-	-	-	-	(146.14)	-		-	(146.14)	-	(146.14)
Fair valuation of financial instruments (net)	-	-	-	-	-	-	(1,368.09)	(1,565.74)	-	(2,933.84)	(267.01)	(3,200.84)
Balance as at March 31, 2022	13,165.35	3,467.00	3.57	85,510.51	2,042.98	51,340.90	3,170.00	(1,947.96)	-	1,56,752.34	9,303.40	1,66,055.74
Balance as at April 1, 2020	8,769.77	3,467.00	3.57	83,340.82	2,521.71	31,795.65	3,731.77	-	-	1,33,630.29	9,128.40	1,42,758.69
Change in equity for the year ended March 31, 2021												
Premium received on shares issued during the year	-	-	-	556.61	(386.91)	-	-	-	-	169.70	-	169.70
Distribution to the NCI including Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	(835.88)	(835.88)
Profit for the year	-	-	-	-	-	6,751.44	-	-	-	6,751.44	907.80	7,659.24
Transfer to statutory reserve	1,121.00	-	-	-	-	(1,121.00)	-	-	-	-	-	-
Employee compensation expense during the year	-	-	-	-	163.02	-	-	-	-	163.02	-	163.02
Remeasurement of net defined benefit liability	-	-	-	-	-	36.17	-	-	-	36.17	-	36.17
Fair valuation of financial instruments (net)	-	-	-	-	-	-	806.32	(382.22)	-	424.10	(140.11)	283.99
Balance as at March 31, 2021	9,890.77	3,467.00	3.57	83,897.43	2,297.82	37,462.26	4,538.09	(382.22)	-	1,41,174.72	9,060.21	1,50,234.93

Significant accounting policies (Refer note 2 and 3)
The notes form an integral part of consolidated financial statements
As per our report of even date attached
for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no. 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

Place: Chennai
Date: May 10, 2022

For and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P.S.Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No. A22261

Place: Mumbai
Date: May 10, 2022

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

1 Reporting entity

Northern Arc Capital Limited ("the Holding Company"), was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Holding Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113. The Holding Company was formerly known as IFMR Capital Finance Limited. The Holding Company has obtained a revised certificate of registration from the RBI dated March 8, 2018 for name change.

The Holding Company is principally engaged in lending to provide liquidity and develop access to debt-capital markets for institutions.

The Holding Company has the following subsidiaries:

a) Northern Arc Investment Adviser Services Private Limited which is in the business of facilitating investments and act as advisors to provide financial investment advice to both Indian and foreign investors

b) Northern Arc Investment Managers Private Limited which is carrying on the business of investment company and to provide portfolio management services to offshore funds and all kinds of Investment Funds.

c) Pragati Finserv Private Limited is incorporated to carry on the business of Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) and to provide micro finance services to the weaker sections as permitted from time to time by RBI. Pragati Finserv Private Limited is in the process of obtaining certificate of registration from RBI to commence its operations.

In addition to the above, Northern Arc Capital Limited ('NACL') evaluated the existence of control in accordance with Ind AS 110 (Consolidated Financial Statements) and consolidated the following entities in accordance with Ind AS 110:

a) Northern Arc Foundation incorporated under the provisions of Section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Group.

b) Northern Arc Capital Employee Welfare Trust was incorporated under the Indian Trust Act 1882 for the purpose of maintaining the ESOP shares allotted to the employees until initial public offering.

c) NACL has floated Alternate Investment Funds ('AIF'), IFMR FImpact Long Term Credit Fund, wherein Northern Arc Investment Managers Private Limited ('IM') and NACL have also invested in the AIF. In accordance with the assessment, the Holding Company has consolidated IFMR FImpact Long Term Credit Fund.

Northern Arc Capital Limited, Northern Arc Investment Adviser Services Private Limited, Norther Arc Investment Managers Private Limited, Pragati Finserv Private Limited, Northern Arc Capital Employee Welfare Trust, Northern Arc Foundation (NAF) and the above mentioned IFMR FImpact Long Term Credit Fund are together referred to as "Group".

The Group structure is as follows:

Entity	Country of Incorporation	Nature of Interest	% of Shareholding	
			As at March 31, 2022	As at March 31, 2021
Northern Arc Capital Limited (NACL) ("Holding Company")	India	Parent Company	Not applicable	Not applicable
Northern Arc Investment Managers Private Limited (NAIM)	India	Wholly owned subsidiary	100%	100%
Northern Arc Investment Adviser Services Private Limited (NAIA)	India	Wholly owned subsidiary	100%	100%
Pragati Finserv Private Limited	India	Subsidiary	90.10%	Not Applicable
Northern Arc Foundation (NAF)	India	Wholly owned subsidiary	100%	100%
Northern Arc Capital Employee Welfare Trust	India	Subsidiary	Not Applicable	Not Applicable
IFMR FImpact Long Term Credit Fund	India	Subsidiary	Not Applicable	Not Applicable

These consolidated financial statements were authorised for issue by the Holding Company's Board of Directors on May 10, 2022.

2 Basis of preparation

2.1 Basis of preparation of consolidated financial statements

These consolidated financial statements of the Group, comprising of the Consolidated Balance Sheet of the Group as at March 31, 2022, consolidated statement of profit and loss (including other comprehensive income) for the year ended March 31, 2022, the consolidated statement of cash flows and consolidated statement of changes in equity for the year ended March 31, 2022 and significant accounting policies and other explanatory information (collectively referred as "Consolidated Financial Statements"), have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

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

2.2 Presentation of financial statements

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 -Statement of Cash Flows. The Group presents its Consolidated Balance Sheet in order of liquidity.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

S.R. Batliboi & Associates LLP Chartered Accountants Chennai

Financial assets and financial liabilities are generally reported gross in the Consolidated Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:
•The normal course of business
•The event of default
•The event of insolvency or bankruptcy of the company and / or its counterparties.
Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the consolidated 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 consolidated financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID-19"):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans and fair value of investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports, related information and economic forecasts. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

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

i) Business model test

Classification and measurement of financial assets depends on the results of business model test and the solely payments of principal and interest ('SPPI') test. The Group 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 Group 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 Group'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 the 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) Effective Interest Rate ('EIR') method

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial assets

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.

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The Group'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 Group'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.

v) Provisions and other contingent liabilities

The Holding Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory inspections in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case including commercial/ contractual arrangements and considers such outflows to be probable, the group 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 Group 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 Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

vi) Other assumptions and estimation uncertainties

Information about critical judgements 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;
d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.

2.6 Basis of Consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Holding Company. Holding Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.
Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Significant accounting policies

3.1 Revenue from contract with customers

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

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A. Recognition of interest income on loans

Under Ind AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Group calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.
Revenue recognition for different heads of income is as under:

i. Interest income on deposits
Interest income on deposits is recognised on a time proportionate basis using the effective interest rate

ii. Fees and commission income
Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.

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

iv. Other Income
All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2 Financial instruments - initial recognition

A. Date of recognition
Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group 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 Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

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

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

The Group'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 Group'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 Group's assessment.

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The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Sole Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets 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 Group 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. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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

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

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. Subsequent changes in fair value are recognised in the statement of profit and loss.
The Group records investments in alternative investment funds, mutual funds and treasury bills at FVTPL.

iv) Investment in equity instruments

The Group measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

B. Financial liabilities

i) Initial recognition and measurement

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the Effective Interest Rate Method.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments

3.4 Reclassification of financial assets and liabilities

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

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3.5 Derecognition of financial assets and liabilities

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

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, 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 financial assets are classified as Stage 1 for ECL measurement purposes.
If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial instruments 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 Group 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.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.
When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

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

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Based on the above, the Group categorises its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:
When financial assets are first recognised, the Group recognises an allowance based on 12-months ECL. Stage 1 financial assets includes those financial assets where there is no significant increase in credit risk observed and also includes facilities where credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:
When a financial asset has shown a significant increase in credit risk since initial recognition, the Group records an allowance for the life time ECL. Stage 2 financial assets also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:
Financial assets are considered credit impaired if they are past due for more than 90 days. The Group records an allowance for life time ECL.

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B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:
Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:
Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD:
Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:
The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR.

Stage 2:

When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk
The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12mECLs.
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward looking information.

Stage 3:
For financial assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;
b. a breach of contract such as a default or past due event;
c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial
d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
e. the disappearance of an active market for a security because of financial difficulties; or
f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Further, in line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Holding Company is guided by the definition of default / credit impaired used for regulatory purposes for the purpose of

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Loan commitments

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

C. Financial assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.
The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7 Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

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 Group has taken into account the characteristics of the asset or liability as 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 Group has access to at the measurement date. The Group 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.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group, 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.

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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. Subsequent expenditure

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

iii. Depreciation

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

The Group 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	Estimated Useful life
Plant and machinery	15 years
Furniture and fittings	10 years
Office equipment's	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.
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).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115

3.11 Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other

iii. Internally generated: Research and development

Expenditure on research activities is recognised in profit or loss as incurred.
Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2017, measured

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the written

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The Group'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 Group'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 Group, 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 Group 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 Group 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 Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

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.

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3.13 Provisions

A provision is recognised if, as a result of a past event, the Group 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.

3.14 Leases

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

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

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

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

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.
For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3.15 Taxes

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 Group 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.

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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 Group 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.

iii. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax value added taxes paid, except:
a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
b. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.16 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 Rate Method.

3.17 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.

3.18 Segment reporting- Identification of segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group'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 Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Earnings per share

The Group 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.

3.20 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 Group are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

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3.21 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Groups's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.22 Standard Issued But Not Yet Effective

Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 on March 23, 2022, which contains various amendments to Ind AS. Management has evaluated these and have concluded that there is no material impact on the Company's financial statements.

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		As at March 31, 2022	As at March 31, 2021
4	**Cash and cash equivalents**		
	Measured at amortised cost:		
	Balance with banks		
	- In current accounts	23,659.48	33,172.88
	- In deposit account (Refer note 4A below)	47,857.90	6,634.69
		71,517.38	39,807.57

4A Represents short-term deposits made for varying periods between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates.

		As at March 31, 2022	As at March 31, 2021
5	**Bank balances other than cash and cash equivalents**		
	Measured at amortised cost		
	- In deposit accounts with bank with maturity more than 3 months (Refer Note 5.1 below)	6,291.17	4,418.62
	In earmarked accounts:		
	- In unpaid dividend account	2.69	2.69
	- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.2 below)	2,440.58	2,419.36
		8,734.44	6,840.67

Note:

5.1 Deposit with bank includes deposits amounting to INR 1,124.91 lakhs (March 31, 2021 : INR 1,148.85 lakhs) representing amount received from customers as cash collateral for the loans provided by the Group.

5.2 Deposits amounting to INR 2,440.58 lakhs (March 31, 2021 : INR 2,419.36 lakhs) have been provided as credit enhancement for securitisation transactions.

		As at 31 March 2022		As at 31 March 2021	
6	**Derivative financial instruments**	Notional Amount	Fair value of Assets	Notional Amount	Fair value of Assets
	Currency derivatives (Refer Note 47) - measured at FVOCI				
	Part - I				
	Other derivatives - Cross currency interest rate swaps	36,849.89	110.00	-	-
	Other derivatives - Forward contract	20,200.00	41.85	-	-
		57,049.89	151.85	-	-
	Part - II				
	Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
	Asset				
	Cash flow Hedge - Cross currency interest rate swaps	36,849.89	110.00	-	-
	Cash flow Hedge - Forward Contract	20,200.00	41.85	-	-
		57,049.89	151.85	-	-

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations.
The Group has entered into a Derivative Financial transaction, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.
The Asset Liability Management Committee periodically monitors and reviews the risks involved.

		As at March 31, 2022	As at March 31, 2021
7	**Trade receivables**		
	Unsecured - considered good	1,926.27	1,853.02
	Trade receivables which have significant increase in credit risk	1.76	0.79
	Trade receivables - Credit impaired	-	9.03
		1,928.03	1,862.84
	Less: Impairment loss allowance (allowance for bad and doubtful debts):		
	Unsecured - considered good	(9.42)	(21.53)
	Trade receivables which have significant increase in credit risk	(0.23)	(0.02)
	Trade receivables - Credit impaired	-	(5.87)
	Total	1,918.38	1,835.42

Note:
No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

7.1 The ageing schedule of Trade receivables is as follows:

i) As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Unbilled receivables	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables – considered good		1,327.58	-	-	-	-	589.27	1,916.85
(ii) Undisputed Trade receivables – which have significant increase in credit risk		1.53	-	-	-	-		1.53
(iii) Undisputed Trade Receivables – credit impaired		-	-	-	-	-		-
(iv) Disputed Trade Receivables – considered good		-	-	-	-	-		-
(v) Disputed Trade receivables – which have significant increase in credit risk		-	-	-	-	-		-
(vi) Disputed Trade Receivables – credit impaired		-	-	-	-	-		-
Total	-	**1,329.11**	-	-	-	-	589.27	**1,918.38**

ii) As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment					Unbilled receivables	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables – considered good		1,519.09	-	-	-	-	312.40	1,831.49
(ii) Undisputed Trade receivables – which have significant increase in credit risk		0.77	-	-	-	-		0.77
(iii) Undisputed Trade Receivables – credit impaired		3.16	-	-	-	-		3.16
(iv) Disputed Trade Receivables – considered good		-	-	-	-	-		-
(v) Disputed Trade receivables – which have significant increase in credit risk		-	-	-	-	-		-
(vi) Disputed Trade Receivables – credit impaired		-	-	-	-	-		-
Total	-	**1,523.02**	-	-	-	-	312.40	**1,835.42**

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7.2 Analysis of changes in the gross ca—ying amount of trade receivables and the corresponding ECL allowance in relation to trade receivables
Changes in gross carrying amount

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,853.02**	**0.79**	**9.03**	**1,862.84**	**709.10**	**84.24**	**99.89**	**893.23**
New assets originated *	1,926.27	1.76	-	1,928.03	1,853.02	0.79	9.03	1,862.84
Asset derecognised or repaid	(1,853.02)	(0.79)	(9.03)	(1,862.84)	(709.10)	(84.24)	(99.89)	(893.23)
Transfer from stage 1	-	-		-	-	-	-	-
Transfer from stage 2	-	-		-	-	-	-	-
Transfer from stage 3	-	-		-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**1,926.27**	**1.76**	-	**1,928.03**	**1,853.02**	**0.79**	**9.03**	**1,862.84**

Reconciliation of ECL Balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**21.53**	**0.02**	5.87	**27.42**	**5.55**	**0.68**	65.43	**71.66**
New assets originated	9.42	0.23	-	9.65	21.53	0.02	5.87	27.42
Asset derecognised or repaid	(21.53)	(0.02)	(5.87)	(27.42)	(5.55)	(0.68)	(65.43)	(71.66)
Transfer from stage 1	-	-		-	-	-	-	-
Transfer from stage 2	-	-		-	-	-	-	-
Transfer from stage 3	-	-		-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**9.42**	**0.23**	-	**9.65**	**21.53**	**0.02**	5.87	**27.42**

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

8 Loans

	As at March 31, 2022			As at March 31, 2021		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
A. Based on nature						
Term loans	3,94,657.51	97,879.98	4,92,537.49	2,62,235.64	1,02,275.31	3,64,510.95
Less : Impairment loss allowance	(5,371.60)	-	(5,371.60)	(6,712.57)	-	(6,712.57)
Total	**3,89,285.91**	**97,879.98**	**4,87,165.89**	**2,55,523.07**	**1,02,275.31**	**3,57,798.38**
Structured cash credit	34,109.75	-	34,109.75	16,990.53	-	16,990.53
Less : Impairment loss allowance	(400.11)	-	(400.11)	(712.23)	-	(712.23)
Total	**33,709.64**	-	**33,709.64**	**16,278.30**	-	**16,278.30**
Total	**4,22,995.55**	**97,879.98**	**5,20,875.53**	**2,71,801.37**	**1,02,275.31**	**3,74,076.68**
B. Based on Security						
(i) Secured by tangible assets *	2,94,038.33	77,737.97	3,71,776.30	2,45,975.42	67,346.94	3,13,322.36
(ii) Unsecured	1,34,728.93	20,142.01	1,54,870.94	33,250.75	34,928.37	68,179.12
Total Gross Loans	**4,28,767.26**	**97,879.98**	**5,26,647.24**	**2,79,226.17**	**1,02,275.31**	**3,81,501.48**
Less: Impairment loss allowance	(5,771.71)	-	(5,771.71)	(7,424.80)	-	(7,424.80)
Total Net Loans	**4,22,995.55**	**97,879.98**	**5,20,875.53**	**2,71,801.37**	**1,02,275.31**	**3,74,076.68**
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	4,28,767.26	97,879.98	5,26,647.24	2,79,226.17	1,02,275.31	3,81,501.48
Total Gross loans	**4,28,767.26**	**97,879.98**	**5,26,647.24**	**2,79,226.17**	**1,02,275.31**	**3,81,501.48**
Less: Impairment loss allowance	(5,771.71)	-	(5,771.71)	(7,424.80)	-	(7,424.80)
Total (I)-Net loans	**4,22,995.55**	**97,879.98**	**5,20,875.53**	**2,71,801.37**	**1,02,275.31**	**3,74,076.68**
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	**4,22,995.55**	**97,879.98**	**5,20,875.53**	**2,71,801.37**	**1,02,275.31**	**3,74,076.68**

* Term loans are secured by way of hypothecation of underlying loan receivables of the originator.
The Group has not granted any loans or advances to promoters, directors, key managerial personals, and other related parties.
Also refer Note 38 on Credit Risk.

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

9 Investments

	As at March 31, 2022					As at March 31, 2021				
	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Others	Total	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Others	Total
Investment in debentures (quoted)										
Non-convertible redeemable debentures	-	1,06,263.36		-	1,06,263.36	-	89,086.36	-	-	89,086.36
Market Linked debentures	-	-	25,159.28	-	25,159.28	-	-	-	-	-
Investment in Commercial papers (quoted)										
Commercial papers	993.69	-	-	-	993.69	-	-	-	-	-
Investment in pass-through certificates (unquoted)										
Investment in pass-through certificates	-	14,504.11	-	-	14,504.11	-	15,897.01	-	-	15,897.01
Investment in Other approved securities										
Investment in Government securities	-	-	-	-	-	-	-	14,911.03	-	14,911.03
Investment in other than approved securities										
Alternative Investment Funds(unquoted)	-	-	27,359.73	-	27,359.73	-	-	22,494.45	-	22,494.45
Investment in Mutual Funds(quoted)	-	-	2,293.32	-	2,293.32	-	-	740.27	-	740.27
Investments in subsidiaries, at cost (Unquoted)										
Equity shares in subsidiaries										
Northern Arc Foundation (Refer Note 1)	-	-	-	-	-	-	-	-	1.00	1.00
Other investments (Unquoted)										
Share warrants	-	-	1.62	-	1.62	-	-	1.62	-	1.62
Sub total	**993.69**	**1,20,767.47**	**54,813.95**	-	**1,76,575.11**	-	**1,04,983.37**	**38,147.37**	**1.00**	**1,43,131.74**
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	(4,875.00)	-	-	(4,875.00)
Total Investments	**993.69**	**1,20,767.47**	**54,813.95**	-	**1,76,575.11**	-	**1,00,108.37**	**38,147.37**	**1.00**	**1,38,256.74**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	993.69	1,20,767.47	54,813.95	-	1,76,575.11	-	1,00,108.37	38,147.37	1.00	1,38,256.74
Total Investments	**993.69**	**1,20,767.47**	**54,813.95**	-	**1,76,575.11**	-	**1,00,108.37**	**38,147.37**	**1.00**	**1,38,256.74**

Northern Arc Foundation
Also refer Note 38 on Credit Risk.

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

		As at March 31, 2022	As at March 31, 2021
10	**Other financial assets**		
	Measured at amortised cost:		
	Security deposits	353.99	255.53
	Advances to employees	67.72	98.84
	Other Advances	6,543.71	92.57
	Excess interest spread on derecognition of loans upon direct assignment	-	31.42
	Less: Impairment loss allowance	-	(4.39)
		6,965.42	473.97

11.1 **Property, plant and equipment**

	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipment	Servers	Leasehold improvements	Total
Cost/ Deemed Cost							
As at April 1, 2020	0.29	2.52	194.25	141.40	0.19	127.25	465.90
Additions	-	-	52.05	-	-	-	52.05
Disposals/Discarded	-	-	-	-	-	-	-
As at March 31, 2021	0.29	2.52	246.30	141.40	0.19	127.25	517.95
Additions	-	31.57	207.03	15.45	-	18.42	272.47
Disposals/Discarded	-	0.38	8.94	-	-	-	9.32
As at March 31, 2022	0.29	33.71	444.39	156.85	0.19	145.67	781.10
Accumulated depreciation							
As at April 1, 2020	0.25	2.35	182.01	83.76	0.18	18.94	287.49
Depreciation for the year	-	0.11	33.89	55.47	-	36.10	125.57
On disposals/discarded	-	-	-	-	-	-	-
As at March 31, 2021	0.25	2.46	215.90	139.23	0.18	55.04	413.06
Depreciation for the year	0.04	4.73	122.33	5.36	0.01	47.07	179.54
On disposals/discarded	-	0.38	6.45	-	-	-	6.83
As at March 31, 2022	0.29	6.81	331.78	144.59	0.19	102.11	585.77
Net carrying value							
As at March 31, 2021	0.04	0.06	30.40	2.17	0.01	72.21	104.89
As at March 31, 2022	0.00	26.90	112.61	12.26	-	43.56	195.33

11.2 **Right of use asset**

The details of right of use asset held by the Group is as follows:

	Office Premises-Buildings	Total
Gross carrying value		
As at April 1, 2020	1,612.25	1,612.25
Additions	-	-
Disposals	44.07	44.07
As at March 31, 2021	1,568.18	1,568.18
Additions	722.49	722.49
Disposals	135.61	135.61
As at March 31, 2022	2,155.06	2,155.06
Accumulated amortisation		
As at April 1, 2020	288.11	288.11
Depreciation for the year	320.07	320.07
On disposals	25.44	25.44
As at March 31, 2021	582.74	582.74
Depreciation for the year	481.96	481.96
On disposals	31.43	31.43
As at March 31, 2022	1,033.27	1,033.27
Net carrying value:		
As at March 31, 2021	985.44	985.44
As at March 31, 2022	1,121.79	1,121.79

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

11.3 Intangible assets under development

	Software	Total
As at April 1, 2020	**94.94**	**94.94**
Add: Additions	328.76	328.76
Less: Capitalised during the year	(369.68)	(369.68)
As at March 31, 2021	**54.02**	**54.02**
Add: Additions	308.92	308.92
Less: Capitalised during the year	(263.14)	(263.14)
Less: Written off during the year	(71.36)	(71.36)
As at March 31, 2022	**28.44**	**28.44**

11.3.i Ageing of Intangible assets under development

As at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	28.44	-	-	-	28.44

As at March 31, 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	more than 3 years	
Projects in Progress	54.02	-	-	-	54.02

11.3.ii As at March 31, 2022 and March 31, 2021, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

11.4 Other Intangible assets

	Software	Total
Gross carrying value		
As at April 1, 2020	**1,388.21**	**1,388.21**
Additions	369.68	369.68
Disposals	-	-
As at March 31, 2021	1,757.89	1,757.89
Additions	266.14	266.14
Disposals	-	-
As at March 31, 2022	**2,024.03**	**2,024.03**
Accumulated amortisation		
As at April 1, 2020	**556.67**	**556.67**
Amortisation for the year	228.45	228.45
On disposals	-	-
As at March 31, 2021	**785.12**	**785.12**
Amortisation for the year	295.94	295.94
On disposals	-	-
As at March 31, 2022	**1,081.06**	**1,081.06**
Net carrying value		
As at March 31, 2021	**972.77**	**972.77**
As at March 31, 2022	**942.97**	**942.97**

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Notes to the Consolidated Financial Statements for the year ended March 31, 2022
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	As at March 31, 2022	As at March 31, 2021
12 Other non- financial assets		
Measured at amortised cost:		
Prepaid expense	2,348.09	417.89
Balances with government authorities	154.10	44.33
Advances to vendors	130.23	20.45
	2,632.42	**482.67**

	As at 31 March 2022		As at 31 March 2022	
13 Derivative financial instruments	Notional Amount	Fair value of liabilities	Notional Amount	Fair value of liabilities
Currency derivatives (Refer Note 47) - measured at FVOCI				
Part I				
Other derivatives - Cross currency interest rate swaps	43,851.00	626.49	43,969.98	898.51
Other derivatives - Forward contract	4,800.00	17.33	-	-
	48,651.00	**643.82**	**43,969.98**	**898.51**
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Cash flow Hedge - Cross currency interest rate swaps	43,851.00	626.49	43,969.98	898.51
Cash flow Hedge - Forward Contract	4,800.00	17.33	-	-
	48,651.00	**643.82**	**43,969.98**	**898.51**

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations.
The Group has entered into a Derivative Financial Instrument, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.
The Asset Liability Management Committee periodically monitors and reviews the risks involved.

	As at March 31, 2022	As at March 31, 2021
14 Trade payables		
Trade payables (Refer Note 14A)		
-Total outstanding dues to micro enterprises and small enterprises (refer note 41 for details of dues to micro and small enterprises)	-	-
-Total outstanding dues to creditors other than micro enterprises and small enterprises	5,581.73	1,561.87
	5,581.73	**1,561.87**

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

14A The ageing schedule of Trade payables is as follows:

i) As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	237.71	-	-	-	5,344.02	5,581.73
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-

ii) As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment				Unbilled dues	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME	-	-	-	-	-		-
(ii) Others	-	239.10	-	-	-	1,322.77	1,561.87
(iii) Disputed dues – MSME	-	-	-	-	-		-
(iv) Disputed dues – Others	-	-	-	-	-		-

Refer Note 41 for details of dues to micro and small enterprises

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

	As at March 31, 2022	As at March 31, 2021
15 Debt securities (Refer Note 15A)		
Measured at amortised cost:		
Secured:		
- Redeemable non-convertible debentures	1,11,471.27	1,46,442.78
Unsecured:		
- Redeemable non-convertible debentures	23.51	2,772.44
- Commercial paper	22,864.90	14,741.56
Total Debt securities	**1,34,359.68**	**1,63,956.78**
Debt securities in India	1,34,359.68	1,63,956.78
Debt securities outside India	-	-
Total Debt securities	**1,34,359.68**	**1,63,956.78**

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables.

	As at March 31, 2022	As at March 31, 2021
16 Borrowings (Other than debt securities)		
Measured at amortised cost:		
Secured		
Term Loans (Refer Note 16A)		
- from banks	3,07,824.00	1,20,205.40
- from other financial institutions	1,04,774.03	66,295.79
Loans repayable on demand from banks (Refer Note 16A and B)		
- working capital loan from banks	45,918.36	28,272.00
- cash credit from banks	1,426.22	10,485.12
Total borrowings (Other than debt securities)	**4,59,942.61**	**2,25,258.31**
Borrowings in India	3,76,390.66	1,81,288.33
Borrowings outside India	83,551.95	43,969.98
Total borrowings (Other than debt securities)	**4,59,942.61**	**2,25,258.31**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at 31 March 2022, the rate of interest across the cash credit and working capital demand loans was in the range of 6.10 % p.a to 11.45% p.a (March 31, 2021 - 6.30% p.a to 11.30% p.a). The Group has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Group has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Group with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

	As at March 31, 2022	As at March 31, 2021
17 Subordinated liabilities		
Measured at amortised cost:		
Others (Refer Note 17A)		
- from banks	1,497.29	1,495.35
- from other financial institutions	2,496.18	2,493.44
Total Subordinated liabilities	**3,993.47**	**3,988.79**
Subordinated liabilities in India	3,993.47	3,988.79
Subordinated liabilities outside India	-	-
Total Subordinated liabilities	**3,993.47**	**3,988.79**

The Group has not defaulted in the repayment of dues to its lenders.

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

Note 15 A : Details regarding terms of issuance of debt securities

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured, redeemable non-convertible debentures:				
- 7500 units (March 31, 2021: 750 units) of 10.2% Redeemable Market linked non-convertible debentures of INR 10,000 each, maturing on April 29, 2022*	750.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.75 years Redemption date April 29,2022	10.20%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1500 units (March 31, 2021: 1500 units) of 9.15% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on May 13, 2022	3,750.00	Coupon payment frequency: semi annual Principal repayment frequency: 4 equal quarterly instalments Tenure of security: 1.5 years Redemption date: May 13, 2022	9.15%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 12500 units (March 31, 2021: 12500 units) of 10.00% Redeemable market linked non-convertible debentures of INR 10,000 each, maturing on June 11, 2022*	1,250.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 1.25 years Redemption date June 11,2022	10.00%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1,000 units (March 31, 2021: 1000 units) of 9.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 11, 2022	10,000.00	Coupon payment frequency Semi annual Principal repayment frequency Entire principal repaid on maturity Tenure of security: 3.50 years Redemption date June 11,2022	9.45%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 150 units (March 31, 2021: Nil units) of 9.30% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on September 16, 2022*	1,500.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 18 Months Redemption date: September 16, 2022	9.30%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1000 units (March 31, 2021: 1000 units) of 10.45% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 30, 2022	10,000.00	Coupon payment frequency: semi annual Principal repayment frequency: maturity Tenure of security: 2 years Redemption date September 30,2022	10.45%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 23200 units (March 31, 2021: 23200 units) of 9.05% Redeemable,market linked non-convertible debentures of INR 10,000 each, maturing on January 21, 2023*	2,320.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date:January 21,2023	9.05%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 228 units (March 31, 2021: 228 units) of 8.80% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 23, 2023*	1,140.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 Years Redemption date February 23,2023	8.80%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 294 units (March 31, 2021: 294 units) of 8.90% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 24, 2023*	1,470.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date February 24,2023	8.90%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 696 units (March 31, 2021: 696 units) of 8.95% Redeemable,market linked non-convertible debentures of INR 5,00,000 each, maturing on February 25, 2023*	3,480.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 years Redemption date February 25,2023	8.95%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 10000 units (March 31, 2021: 10000 units) of 8.75% Redeemable,market linked non-convertible debentures of INR 1,00,000 each, maturing on February 27, 2023*	10,000.00	Coupon payment frequency: on maturity Principal repayment frequency: on maturity Tenure of security: 2 Years Redemption date February 27,2023	8.75%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 500 units (March 31, 2021: 500 units) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023	5,000.00	Coupon payment frequency: annually Principal repayment frequency: on maturity Tenure of security: 3 years Redemption date June 26,2023	11.25%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 500 units (March 31, 2021: 500 units) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023	2,500.00	Coupon payment frequency: quarterly Principal repayment frequency: 12 equal quarterly instalment Tenure of security: 3 years Redemption date July 13,2023	10.40%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1,000 units (March 31, 2021: 1000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023	5,714.29	Coupon payment frequency Semi annual Principal repayment frequency: Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months Tenure of security: 5 years Redemption date December 20,2023	9.60%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 750 units (March 31, 2021: 750 units) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024	5,625.00	Coupon payment frequency Annual Principal repayment frequency Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months Tenure of security: 4 years Redemption date:March 28, 2024	11.34%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 2949 units (March 31, 2021: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 18, 2025	29,490.00	Coupon payment frequency: semi annual Principal repayment frequency: 7 equal half yearly instalments Tenure of security: 5 years Redemption date December 18,2025	9.97%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables
- 1800 units (March 31, 2021: 1800 units) of 9.85% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026	14,400.00	Coupon payment frequency: semi annually Principal repayment frequency: on maturity Tenure of security: 5 Years Redemption date March 23,2026	9.85%	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables

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Unsecured, redeemable non-convertible debentures:

- 28,000,000 units (March 31, 2021: 28,000,000 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023	23.51	Coupon payment frequency: Monthly Principal repayment frequency: Entire principal repaid on maturity Tenure of security: 4 years Redemption date: September 25, 2023	11.60%	NA

Unsecured, Commercial Paper:

600 Units (March 31, 2021: NIL units) of 6.97% commercial paper of INR 500,000 each, maturing on April 08, 2022	3,000	Tenure of instrument: 77 days Maturity date April 08, 2022	6.97%	NA
700 Units (March 31, 2021: NIL units) of 6.93% commercial paper of INR 500,000 each, maturing on May 31, 2022	3,500	Tenure of instrument: 71 days Maturity date: May 31, 2022	6.93%	NA
160 Units (March 31, 2021: NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 07, 2022	800	Tenure of instrument: 91 days Maturity date: June 07, 2022	6.98%	NA
200 Units (March 31, 2021: NIL units) of 6.80% commercial paper of INR 500,000 each, maturing on June 09, 2022	1,000	Tenure of instrument: 90 days Maturity date: June 09, 2022	6.80%	NA
500 Units (March 31, 2021: NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 10, 2022	2,500	Tenure of instrument: 91 days Maturity date: June 10, 2022	6.98%	NA
1,000 Units (March 31, 2021: NIL units) of 6.98% commercial paper of INR 500,000 each, maturing on June 21, 2022	5,000	Tenure of instrument: 91 days Maturity date: June 21, 2022	6.98%	NA
500 Units (March 31, 2021: NIL units) of 7.60% commercial paper of INR 500,000 each, maturing on August 22, 2022	2,500	Tenure of instrument: 181 days Maturity date: August 22, 2022	7.60%	NA
1,000 Units (March 31, 2021: NIL units) of 7.95% commercial paper of INR 500,000 each, maturing on September 30, 2022	5,000	Tenure of instrument: 365 days Maturity date: September 30, 2022	7.95%	NA

The balances above are net of accrued interest and gross of unamortised processing fees

* Coupon rate are linked to performance of specified indices including market indicators over the period of the debentures

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Note 16 A : Details regarding terms of borrowings (from banks)

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 1	1,666.67	Repayments terms 30 monthly instalments Tenor of Security 3 Years Redemption date May 16,2022	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 2	2,875.00	Repayments terms 10 Monthly instalments Tenor of Security 1 Years Redemption date August 10, 2022	Repo Rate+ Spread 1.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 3	3,501.00	Repayments terms 10 Monthly instalments Tenor of Security 1 Years Redemption date August 10, 2022	Repo Rate+ Spread 1.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 4	3,333.33	Repayments terms: 6 quarterly instalments Tenor of Security 1.5 Years Redemption date: September 29, 2022	1 Y MCLR+ Spread 1.4%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 5	750.00	Repayments terms:36 monthly instalments Tenor of Security 3 Years Redemption date December 31, 2022	3M MCLR+ Spread 0.05%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 6	750.00	Repayments terms:36 monthly instalments Tenor of Security 3 Years Redemption date: December 31, 2022	1 Y MCLR+ Spread 1.6%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 7	2,727.82	Repayments terms 11 quarterly instalments Tenor of Security 2.84 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 8	500.00	Repayments terms 12 quarterly instalments Tenor of Security 3 Years Redemption date December 31, 2022	1 Y MCLR+ Spread 2%	First and Exclusive charge on the standard receivables with a security cover of 133%
Term Loan 9	2,727.82	Repayments terms:11 quarterly instalments Tenor of Security 2.84 Years Redemption date: December 31, 2022	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 125%
Term Loan 10	9,166.67	Repayments terms 36 Monthly instalments Tenor of Security 3 Years Redemption date: December 31, 2022	1 Y MCLR+ Spread 0.25%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 11	181.82	Repayments terms:35 monthly instalments Tenor of Security 3.3 Years Redemption date Jan 5, 2023	11.75%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 12	2,200.00	Repayments terms:2 Half yearly instalments Tenor of Security 1 Year Redemption date Jan 5, 2023	Repo Rate+ Spread 3.65%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 13	992.68	Repayments terms:10 quarterly instalments Tenor of Security 3 Years Redemption date: February 2, 2023	1 Y MCLR+ Spread 2.4%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 14	687.50	Repayments terms. 24 monthly instalments Tenor of Security 2 Years Redemption date: February 28, 2023	9.10%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 15	3,333.33	Repayments terms: 18 Monthly instalments Tenor of Security 2 Years Redemption date February 28, 2023	1 Y MCLR+ Spread 1.05%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 16	8,750.00	Repayments terms:24 Monthly instalments Tenor of Security 2 Years Redemption date: Mar 29, 2023	8.00%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 17	2,500.00	Repayments terms 12 quarterly instalments Tenor of Security 2.3 Years Redemption date: March 31, 2023	1 Y MCLR+ Spread 3.2%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 18	2,081.67	Repayments terms:12 quarterly instalments Tenor of Security 3 Years Redemption date: April 5, 2023	1 Y MCLR+ Spread 0.95%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 19	1,000.00	Repayments terms. 24 Monthly instalments Tenor of Security 24 Month Redemption date: July 31, 2023	External BMLR+ Spread 5%	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan 20	2,100.00	Repayments terms: 10 quarterly instalments Tenor of Security 33 months Redemption date: October 9, 2023	1 Y MCLR+ Spread 0.05%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 21	8,750.00	Repayments terms: 8 Quarterly instalments Tenor of Security 27 Month Redemption date: December 28 2023	3M MCLR+ Spread 3.9%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 22	12,728.00	Repayments terms:11 Quarterly instalments Tenor of Security 2.8 Years Redemption date: December 31, 2023	6M MCLR+ Spread 2.25%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 23	727.29	Repayments terms: 11 quarterly instalments Tenor of Security 36 Month Redemption date: Mar 28, 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 24	5,000.00	Repayments terms 24 monthly instalments Tenor of Security 2 Year Redemption date: March 29, 2024	6M MCLR+ Spread 0.3%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 25	1,666.67	Repayments terms:48 monthly instalments Tenor of Security 4 Years Redemption date: March 31, 2024	1 Y MCLR+ Spread 2.55%	First and Exclusive charge on the standard receivables with a security cover of 110%

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Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 26	1,656.97	Repayments terms 48 monthly instalments Tenor of Security 4 Years Redemption date March 31, 2024	1 Y MCLR+ Spread 2.25%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 27	2,666.67	Repayments terms 36 monthly instalments Tenor of Security 3 years Redemption date March 31, 2024	8.60%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 28	20,000.00	Repayments terms 24 Monthly instalments Tenor of Security 2 Years Redemption date March 31 2024	1 Y MCLR+ Spread 0.8%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 29	2,624.00	Repayments terms 12 Quarterly instalments Tenor of Security 3.25 Years Redemption date April 30, 2024	6M MCLR+ Spread 0.5%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 30	1,650.00	Repayments terms 12 quarterly instalments Tenor of Security 36 Month Redemption date Jun 30, 2024	364 days T Bill+ Spread 5.2%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 31	2,950.00	Repayments terms 36 monthly instalments Tenor of Security 3 Years Redemption date Mar 25, 2025	364 days T Bill+ Spread 3.99%	First and Exclusive charge over the loan receivables with a security cover of 115%
Term Loan 32	4,833.33	Repayments terms 30 Equal monthly instalments Tenor of Security 36 Month Redemption date August 13 2024	1 Y MCLR+ Spread 0.5%	First and Exclusive charge on the standard receivables with a security cover of 120%
Term Loan 33	8,333.33	Repayments terms 12 Quarterly instalments Tenor of Security 36 Month Redemption date August 31 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 34	4,166.67	Repayments terms 12 Quarterly instalments Tenor of Security 36 Month Redemption date August 31 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 35	4,166.67	Repayments terms 12 Quarterly instalments Tenor of Security 36 Month Redemption date September 28 2024	1 Y MCLR+ Spread 0.65%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 36	9,090.91	Repayments terms 33 monthly instalments Tenor of Security 36 Month Redemption date September 29, 2024	1 Y MCLR+ Spread 0.15%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 37	2,083.33	Repayments terms 36 monthly instalments Tenor of Security 36 Month Redemption date September 30, 2024	1 Y MCLR+ Spread 1%	First and Exclusive charge over the loan receivables with a security cover of 111%
Term Loan 38	5,833.33	Repayments terms 36 monthly instalments Tenor of Security 36 Month Redemption date September 30 2024	1 Y T Bill+ Spread 3.34%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 39	15,000.00	Repayments terms 10 Quarterly instalments Tenor of Security 2 Year 9 month Redemption date Sep 30, 2024	1 Y SOFR+ Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 40	2,500.00	Repayments terms 24 Monthly instalments Tenor of Security 33 month Redemption date Oct 21 2024	1 Y MCLR+ Spread 0.6%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 41	4,848.48	Repayments terms 33 monthly instalments Tenor of Security 36 Month Redemption date November 30 2024	8.00%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 42	3,500.00	Repayments terms 10 Quarterly instalments Tenor of Security 3 Years Redemption date December 23, 2024	1 Y MCLR+ Spread 0%	First and Exclusive charge over the loan receivables
Term Loan 43	2,750.00	Repayments terms 12 Quarterly instalments Tenor of Security 3 Year Redemption date Dec 31, 2024	1 Y MCLR+ Spread 0.3%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 44	10,000.00	Repayments terms 14 monthly instalments Tenor of Security 48 Month Redemption date October 01 2025	EBLR+ Spread 1.26%	First and Exclusive charge over the loan receivables with a security cover of 120%
Term Loan 45	18,900.00	Repayments terms 31 Monthly instalments Tenor of Security 3 Years Redemption date March 10, 2025	Inr 13,900 Repo Rate+ Spread 3.5%, 5,000 , Repo Rate+ Spread 3.75%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 46	7,500.00	Repayments terms 30 Equal monthly instalments Tenor of Security 3 Years Redemption date March 11 2025	1 Y MCLR+ Spread 0%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 47	20,000.00	Repayments terms 36 Monthly instalments Tenor of Security 3 Years Redemption date March 24 2025	1 Y MCLR+ Spread 0.25%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 48	10,000.00	Repayments terms 11 Quarterly instalments Tenor of Security 3 Years Redemption date Mar 28 2025	1 Y MCLR+ Spread 1%	First and Exclusive charge on the standard receivables with a security cover of 118%
Term Loan 49	5,000.00	Repayments terms 12 Quarterly instalments Tenor of Security 3 Years Redemption date March 29 2025	Repo Rate+ Spread 4.35%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 50	5,000.00	Repayments terms 12 Quarterly instalments Tenor of Security 3 Years Redemption date March 29 2025	Repo Rate+ Spread 4.35%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 51	4,500.00	Repayments terms 36 Monthly instalments Tenor of Security 3 Years Redemption date Mar 29 2025	1 Y MCLR+ Spread 1.55%	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan 52	4,000.00	Repayments terms 12 Quarterly instalments Tenor of Security 3 Year Redemption date March 31, 2025	1 Y MCLR+ Spread 0.8%	First and Exclusive charge over the loan receivables with a security cover of 110%

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Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from banks				
Term Loan 53	5,000.00	Repayments terms 15 Quarterly instalments Tenor of Security 42 Month Redemption date: Jun 30, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 54	4,000.00	Repayments terms 15 Quarterly instalments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y MCLR+ Spread 0.75%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 55	2,000.00	Repayments terms. 15 Quarterly instalments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y MCLR+ Spread 0.75%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 56	4,800.00	Repayments terms 15 Quarterly instalments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y SOFR + Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 57	5,200.00	Repayments terms: 15 Quarterly instalments Tenor of Security 4 Year Redemption date Nov 29, 2025	1 Y SOFR+ Spread 2%	First and Exclusive charge over the loan receivables with a security cover of 125%
Term Loan 58	5,000.00	Repayments terms 15 Quarterly instalments Tenor of Security 3 Years Redemption date: December 15, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 59	5,000.00	Repayments terms 15 Quarterly instalments Tenor of Security 3 Years Redemption date: December 15, 2025	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%
Term Loan 60	2,500.00	Repayments terms: 42 Monthly instalments Tenor of Security 4 Years Redemption date Mar 23 2026	1 Y MCLR+ Spread 1%	First and Exclusive charge on the standard receivables with a security cover of 110%
Term Loan 61	5,000.00	Repayments terms: 15 Quarterly instalments Tenor of Security 4 Year Redemption date March 31, 2026	1 Y MCLR+ Spread 1.15%	First and Exclusive charge over the loan receivables with a security cover of 110%

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Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Secured borrowing from other financial institutions				
Term Loan 62	202.63	Repayment Terms: 36 Monthly instalments Tenor: 3 Years Redemption Date: May 17,2022	12.00%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 63	416.67	Repayment Terms: Repayment in 12 equal quarterly instalments Tenor: 3 Years Redemption Date July 1,2022	LTRR+ Spread -6.1%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal at any point of time during currency of the facility
Term Loan 64	1,335.89	Repayment Terms: Repayment in 24 equal monthly instalments Tenor: 2 Years Redemption Date September 22, 2022	9.35%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 65	495.42	Repayment Terms: Repayment in 11 equal quarterly instalments Tenor: 2.8 Years Redemption Date November 30,2022	11.75%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility
Term Loan 66	998.84	Repayment Terms: Repayment in 36 monthly instalments Tenor: 3 Years Redemption Date February 22,2023	12.25%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.18 times of the outstanding principal at any point of time during currency of the facility
Term Loan 67	833.33	Repayment Terms: Repayment in 12 equal quarterly instalments Tenor: 3 Years Redemption Date June 1, 2023	11.40%	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility
Term Loan 68	1,999.99	Repayment Terms: Repayment in 36 equal monthly instalments Tenor: 3 Years Redemption Date September 21, 2023	HDFC 1Y MCLR+ Spread 1.95%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal and interest at any point of time during currency of the facility
Term Loan 69	4,500.00	Repayment Terms: Repayment in 24 equal monthly instalments Tenor: 2 Years Redemption Date October 1 2023	8.40%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility
Term Loan 70	2,787.47	Repayment Terms: Repayment in 36 equal monthly instalments Tenor: 3 Years Redemption Date March 30, 2024	9.25%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility
Term Loan 71	1,875.00	Repayment Terms: Repayment in 12 Quarterly Instalment Tenor: 3 Years Redemption Date Jun 01, 2024	9.10%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility
Term Loan 72	3,888.89	Repayment Terms: Repayment in 36 equal monthly instalments Tenor: 3 Years Redemption Date Jul 30 2024	HDFC 1Y MCLR+ Spread 1.6%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility
Term Loan 73	1,666.67	Repayment Terms: Repayment in 12 equal Quarterly instalments Tenor: 3 Years Redemption Date: October 01 2024	LTRR+ Spread -9.05%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility
Term Loan 74	18,108.75	Repayment Terms: Repayment in 6 equal half yearly instalments Tenor: 4.8 Years Redemption Date November 15, 2025	9.50%	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan 75	18,447.50	Repayment Terms: Repayment in 6 equal half yearly instalments Tenor: 5 Years Redemption Date November 17, 2025	9.35%	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan 76	7,303.00	Repayment Terms: Repayment in 6 equal half yearly instalments Tenor: 5 Years Redemption Date March 4, 2026	9.78%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility
Term Loan 77	36,850.00	Repayment Terms: Repayment in 7 equal Half yearly instalments Tenor: 1 Years Redemption Date: September 15 2026	7.59%	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility

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Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Working capital facilities				
WCL 1	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 180 days Redemption date: May 21, 2021 & June 9,2021	1 Y MCLR + Spread 1.85%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 2	3,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 1 year Redemption date: March 26, 2022	1 Y MCLR + Spread 2.55%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 3	2,500.00	Repayments terms: Repayment on Maturity Tenor of Security: 1 year Redemption date: December 28, 2021	9.00%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 4	4,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 90 days Redemption date: June 21, 2021	8.80%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 5	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 months Redemption date: September 25, 2021	9.25%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 6	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 1 year Redemption date: December 4, 2021	6 M MCLR + Spread 1.00%	Exclusive charge over book debt/receivables providing security cover of 1.33x
WCL 7	2,500.00	Repayments terms: Repayment on Maturity Tenor of Security: 3 months Redemption date: June 25, 2021	8.30%	First and Exclusive charge over the loan receivables with a security cover of 110%
WCL 8	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 1 Year Redemption date: May 20, 2022	8.20%	First and Exclusive charge over the loan receivables with a security cover of 110%.
WCL 9	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: May 31, 2022	Repo rate + Spread 3.40%	First and Exclusive charge over the loan receivables with a security cover of 110%.
WCL 10	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: August 20, 2022	7.00%	First and Exclusive charge over the loan receivables with a security cover of 110%.
WCL 11	1,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 3 Month Redemption date: May 13, 2022	7.35%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 12	5,000.00	Repayments terms: Repayment on Maturity Tenor of Security: 6 Month Redemption date: September 27, 2022	3 M MCLR + Spread 0.20%	First and Exclusive charge over the loan receivables with a security cover of 120%
WCL 13	4,500.00	Repayments terms: Repayment on Maturity Tenor of Security: 12 Month Redemption date: June 30, 2022	Deposit rate +spread 0.6%	Fixed deposit to be lien marked in favour of the lender throughout the tenure of the facility

Note 17 A : Details regarding terms of Subordinated liabilities (from banks)

Particulars	Gross Balance as at March 31, 2022	Terms of Redemption	Interest rate	Security
Sub debt from Bank	1,497.29	Repayments terms: Entire amount repaid on the redemption date Tenor of Security: 66 Months Redemption date: June 28,2023	10.25%	NA
Sub debt from others	2,496.18	Repayment Terms: Entire amount is repaid on maturity Tenor: 66 Months Redemption Date:June 27 ,2023	10.25%	NA

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	As at March 31, 2022	As at March 31, 2021
18 Other financial liabilities		
Security deposits from customers	1,941.87	1,251.89
Employee benefits payable	2,555.27	1,425.05
Remittances payable - derecognised financial instruments*	-	321.73
Income received in advance	134.00	-
Other liabilities	631.31	101.59
Unpaid Dividend on Non convertible Preference shares	2.69	2.69
Lease Liability (Refer Note 35)	1,429.21	1,127.38
	6,694.35	**4,230.33**

*Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date

	As at March 31, 2022	As at March 31, 2021
19 Provisions		
Provision for employee benefits:		
- Gratuity (refer note 42)	746.40	468.40
- Compensated absences	369.85	275.94
Provision for others:		
- Impairment loss allowance for guarantees (Refer Note 19(A)	702.19	759.70
- Impairment loss allowance for loan commitments (Refer Note 19(B)	427.25	259.54
	2,245.69	**1,763.58**
20 Other non- financial liabilities		
Statutory dues payable	617.11	591.49
Deferred interest	49.61	77.37
	666.72	**668.86**

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19A Impairment loss allowance for guarantees

i Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	22,614.00	1,131.47	-	23,745.47	26,235.57	739.12	-	26,974.69
Credit impaired	-	-	-	-	-	-	167.06	167.06
Total	**22,614.00**	**1,131.47**	**-**	**23,745.47**	**26,235.57**	**739.12**	**167.06**	**27,141.75**

ii **An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:**

Gross exposure reconciliation

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	26,235.57	739.12	167.06	27,141.75	22,272.99	3,002.49	-	25,275.48
New exposures	5,942.08	-	-	5,942.08	14,591.83	-	-	14,591.83
Asset derecognised or repaid	(8,816.01)	(355.29)	(167.06)	(9,338.36)	(11,564.88)	(1,160.68)	-	(12,725.56)
Transfer from stage 1	(747.64)	747.64	-	-	(832.50)	665.44	167.06	-
Transfer from stage 2	-	-	-	-	1,768.13	(1,768.13)	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**22,614.00**	**1,131.47**	**-**	**23,745.47**	**26,235.57**	**739.12**	**167.06**	**27,141.75**

iii **Reconciliation of ECL balance**

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**636.32**	**14.79**	**108.59**	**759.70**	**426.22**	**150.30**	**-**	**576.52**
New exposures	73.20	-	-	73.20	420.95	-	-	420.95
Asset derecognised or repaid	(15.01)	(7.11)	(108.59)	(130.71)	(124.80)	(112.97)	-	(237.77)
Transfer from stage 1	(50.79)	50.79	-	-	(121.90)	13.31	108.59	-
Transfer from stage 2	-	-	-	-	35.85	(35.85)	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**643.72**	**58.47**	**-**	**702.19**	**636.32**	**14.79**	**108.59**	**759.70**

19B Impairment loss allowance for loan commitments

i **Credit quality of exposure**

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	29,004.00	-	-	29,004.00	19,889.00	-	-	19,889.00
Total	**29,004.00**	**-**	**-**	**29,004.00**	**19,889.00**	**-**	**-**	**19,889.00**

ii **An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows:**

Gross exposure reconciliation

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**19,889.00**	**-**	**-**	**19,889.00**	**7,676.76**	**-**	**-**	**7,676.76**
New exposures	29,004.00	-	-	29,004.00	19,889.00	-	-	19,889.00
Asset derecognised or repaid	(19,889.00)	-	-	(19,889.00)	(7,676.76)	-	-	(7,676.76)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**29,004.00**	**-**	**-**	**29,004.00**	**19,889.00**	**-**	**-**	**19,889.00**

iii Reconciliation of ECL balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**259.54**	**-**	**-**	**259.54**	**119.65**	**-**	**-**	**119.65**
New exposures	427.25	-	-	427.25	259.54	-	-	259.54
Asset derecognised or repaid	(259.54)	-	-	(259.54)	(119.65)	-	-	(119.65)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**427.25**	**-**	**-**	**427.25**	**259.54**	**-**	**-**	**259.54**

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

	As at March 31, 2022	As at March 31, 2021
21 Share capital		
Authorised		
137,000,000 (March 31, 2021: 125,000,000) equity shares of INR 10 each	13,700.00	12,500.00
60,100,000 (March 31, 2021: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	12,020.00	12,020.00
19,800,000 (March 31, 2020: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	1,980.00	1,980.00
	27,700.00	**26,500.00**
Issued, subscribed and paid up		
Equity Shares		
88,907,543 (March 31, 2021: 87,921,550) equity shares of INR 10 each	8,890.75	8,792.15
	8,890.75	**8,792.15**
Instruments entirely equity in nature:		
0.0001% Compulsorily convertible preference shares		
41,323,204 (March 31, 2021: 41,323,204) equity shares of INR 20 each	8,264.64	8,264.64
	8,264.64	**8,264.64**

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	8,79,21,550	8,792.15	8,74,77,903	8,747.79
Add: Shares issued during the year - ESOP	9,85,993	98.60	4,43,647	44.36
At the end of the year	**8,89,07,543**	**8,890.75**	**8,79,21,550**	**8,792.15**
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	4,13,23,204	8,264.64	4,13,23,204	8,264.64
Add: preference shares issued during the year	-	-	-	-
At the end of the year	**4,13,23,204**	**8,264.64**	**4,13,23,204**	**8,264.64**

b) During the year, the Holding company has issued 985,993 (March 31, 2021 : 443,647) equity shares which were allotted to employees who exercised their options under ESOP scheme.

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

i) Equity shares

The Holding company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Holding company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Holding company, the holders of equity shares will be entitled to receive remaining assets of the Holding company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the

ii) 0.0001% Compulsorily convertible preference shares:

0.0001% Compulsory Convertible Preference Shares ('CCPS') having a par value of INR 20 is convertible in the ratio of 1:1 and are treated pair passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of red herring prospectus (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time; and
b. The date which is 19 (nineteen) years from the date of allotment of CCPS.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

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d) There are no bonus shares, non-cash shares issued in the last 5 years.

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Leapfrog Financial Inclusion India (II) Limited	2,99,52,665	34.07%	2,99,52,665	34.07%
Augusta Investments Pte II Ltd	2,03,28,820	23.12%	2,03,28,820	23.12%
Dvara Trust	1,28,78,682	14.65%	1,28,78,682	14.65%
Accion Africa Asia Investment Company	76,99,529	8.76%	76,99,529	8.76%
Sumitomo Mitsui Banking Corporation	70,04,364	7.97%	70,04,364	7.97%
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	1,16,30,889	28.15%	1,16,30,889	28.15%
IIFL Special Opportunities Fund – Series 4	66,09,362	15.99%	66,09,362	15.99%
IIFL Special Opportunities Fund – Series 5	54,23,128	13.12%	54,23,128	13.12%
IIFL Special Opportunities Fund – Series 2	43,71,781	10.58%	43,71,781	10.58%
IIFL Special Opportunities Fund	41,61,142	10.07%	41,61,142	10.07%
IIFL Special Opportunities Fund – Series 7	36,93,947	8.94%	36,93,947	8.94%
Augusta Investments Pte II Ltd	32,56,115	7.88%	32,56,115	7.88%

22 Other equity	As at March 31, 2022	As at March 31, 2021
a) Securities premium		
At the commencement of the year	83,897.43	83,340.82
Add: Premium received on shares issued during the year	1,613.08	556.61
At the end of the year	**85,510.51**	**83,897.43**
b) Statutory reserve		
At the commencement of the year	9,890.77	8,769.77
Add : Transfer from retained earnings	3,274.59	1,121.00
At the end of the year	**13,165.36**	**9,890.77**
c) Share based payment reserve		
At the commencement of the year	2,297.82	2,521.71
Add: Employee compensation expense during the year	320.67	163.02
Less: Transfer to securities premium on allotment of shares	(575.51)	(386.91)
At the end of the year	**2,042.98**	**2,297.82**
d) Retained earnings		
At the commencement of the year	37,462.26	31,795.65
Add: Profit for the year	17,249.97	6,751.44
Add: Other comprehensive income for the year	(146.14)	36.17
Less: Transfer to statutory reserve	(3,274.59)	(1,121.00)
Add: Change in the ownership interest in subsidiaries/ funds resulting in change of control	49.39	-
At the end of the year	**51,340.89**	**37,462.26**
e) Capital Redemption Reserve		
At the commencement of the year	3,467.00	3,467.00
Add: Transfer to CRR	-	-
At the end of the year	**3,467.00**	**3,467.00**
f) Capital Reserve		
At the commencement of the year	3.57	3.57
Add: Addition during the year	-	-
At the end of the year	**3.57**	**3.57**

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		As at March 31, 2022	As at March 31, 2021
g)	**Other comprehensive income - Financial instruments through OCI**		
	At the commencement of the year	4,538.09	3,731.77
	Less : Fair valuation of financial instrument (refer note (vii) below)	(1,368.09)	806.32
	At the end of the year	**3,170.00**	**4,538.09**
h)	**Other comprehensive income - Cash Flow Hedge Reserve**		
	At the commencement of the year	(382.22)	-
	Less: Cash flow hedge reserve (refer note (vii)(b) below)	(1,565.74)	(382.22)
	At the end of the year	**(1,947.96)**	**(382.22)**
	Total (a+b+c+d+e+f+g+h)	**1,56,752.34**	**1,41,174.72**

Nature and purpose of reserve

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Employee stock option outstanding

The Holding Company has established various equity settled share based payment plans for certain categories of employees of the Group. Refer Note 43 for the details about each of the schemes.

(iii) Statutory reserve

Statutory Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking finance company except for the purpose as may be specified by RBI.

(iv) Retained earnings

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

(v) Capital reserve

The Group has created Capital Reserve pursuant to the requirements of Scheme of Arrangement entered into during the past periods.

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the cumulative non convertible compulsorily redeemable preference shares.

(vii) Other comprehensive income

a) The Group has elected to recognise changes in the fair value of loans and investments in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI.

b) The Group has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

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23 Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/ associates/ joint ventures

Particulars	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % consolidated of total comprehensive income	Amount
As at March 31, 2022								
Parent								
Northern Arc Capital Limited	98.32%	1,70,991.44	89.99%	16,372.93	81.39%	(2,724.34)	91.93%	13,648.59
Domestic Subsidiaries - Refer Note 2 - (parent's share)								
Northern Arc Investment Adviser Services Private Limited	0.20%	342.91	(0.03%)	(4.67)	0.01%	(0.47)	(0.03%)	(5.14)
Northern Arc Investment Managers Private Limited	2.16%	3,756.76	4.90%	890.81	0.52%	(17.26)	5.88%	873.55
IFMR Fimpact Long Term Credit Fund	6.09%	10,596.04	7.12%	1,295.37	10.10%	(337.90)	6.45%	957.47
Northern Arc Foundation	0.00%	1.00	0.00%	-	0.00%	-	0.00%	-
Northern Arc Capital Employee Welfare Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Pragati Finserv Private Limited	1.08%	1,873.71	(2.09%)	(379.69)	0.00%	-	(2.56%)	(379.69)
Non-controlling interests in all subsidiaries	5.35%	9,303.40	5.19%	943.80	7.98%	(267.01)	4.56%	676.79
Eliminations	(13.20%)	(22,957.53)	(5.08%)	(924.78)	0.00%	0.00	(6.23%)	(924.78)
As at March 31, 2022	**100.00%**	**1,73,907.73**	**100.00%**	**18,193.77**	**100.00%**	**(3,346.98)**	**100.00%**	**14,846.79**
As at March 31, 2021								
Parent								
Northern Arc Capital Limited	93.18%	1,55,886.02	73.18%	5,604.99	194.29%	622.07	78.04%	6,227.06
Domestic Subsidiaries - (parent's share)								
Northern Arc Investment Adviser Services Private Limited	0.21%	348.06	0.56%	42.72	3.20%	10.23	0.66%	52.95
Northern Arc Investment Managers Private Limited	1.76%	2,948.21	11.41%	873.76	5.21%	16.67	11.16%	890.43
IFMR Fimpact Long Term Credit Fund	6.64%	11,106.24	19.61%	1,502.24	(58.94%)	(188.71)	16.46%	1,313.53
Non-controlling interests in all subsidiaries	5.42%	9,060.22	11.85%	907.80	(43.76%)	(140.11)	9.62%	767.69
Eliminations	(7.21%)	(12,057.03)	(16.61%)	(1,272.28)	0.00%	-	(15.94%)	(1,272.28)
As at March 31, 2021	**100.00%**	**1,67,291.72**	**100.00%**	**7,659.23**	**100.00%**	**320.15**	**100.00%**	**7,979.38**

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24 Interest income

	Year ended March 31, 2022				Year ended March 31, 2021			
	On financial assets measured at			Total	On financial assets measured at			Total
	FVOCI	Amortised cost	FVTPL		FVOCI	Amortised cost	FVTPL	
Interest on loans	9,445.55	54,244.06	-	63,689.61	10,547.63	35,726.86	-	46,274.49
Interest from investments								
- Pass through certificates	1,504.75	-	-	1,504.75	2,769.82	-	-	2,769.82
- Commercial paper	-	90.39	-	90.39	-	-	-	-
- Non-convertible debentures	11,737.97	-	-	11,737.97	8,142.65	-	-	8,142.65
Interest on deposits with banks	-	1,061.81	-	1,061.81	-	799.37	-	799.37
	22,688.27	55,396.26	-	78,084.53	21,460.10	36,526.23	-	57,986.33

	Year ended March 31, 2022	Year ended March 31, 2021
25 Fee and Commission income		
Revenue from contract with customers		
Income from guarantee facility	544.57	770.99
Income from other financial services		
- Professional fee	5,643.28	3,764.98
- Management fee	2,033.79	1,409.76
- Arranger fee for guarantee facility	238.27	438.30
Others	144.63	49.40
	8,604.54	6,433.43
Timing of revenue recognition		
- That are recognised over a certain period of time	-	-
- That are recognised at a point of time	8,604.54	6,433.43
Geographical Market		
- In India	8,589.54	6,433.43
- Outside India	15.00	-
Contract balances		
- Trade receivables (net of ECL)	1,918.38	1,835.42
26 Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss		
On Alternative investment funds	2,467.30	3,221.57
On market linked debentures	1,080.86	-
On Mutual fund investments	420.47	368.48
Profit on sale of investments in non-convertible debentures and pass-through certificates	296.24	107.09
	4,264.87	3,697.14
Fair value changes:		
-Realised	3,556.49	2,892.06
-Unrealised	708.38	805.08
	4,264.87	3,697.14
27 Other income		
Other non operating income	594.09	241.16
Interest income from Income tax refund	106.44	81.74
Provision no longer required written back	-	88.65
	700.53	411.55
28 Finance costs		
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits	31.36	52.77
Interest on borrowings		
- Term loans from banks and Others	23,551.47	17,901.48
- Cash credits and overdraft	47.15	337.78
- Securitised portfolio	-	41.41
Interest on debt securities	14,417.88	12,142.12
Interest on lease liability	146.98	124.13
Amortisation of discount on commercial papers	1,333.65	187.69
Other borrowing costs	1,538.75	1,509.38
	41,067.24	32,296.76

29 Impairment on financial instruments

	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2022	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total for the year ended 31 March 2021
Write off on financial instruments						
Loans	-	3,378.03	3,378.03	-	5,909.97	5,909.97
Investments	7,500.00	-	7,500.00	600.49	-	600.49
Less: Recovery	-	(189.37)	(189.37)	-	(228.40)	(228.40)
Impairment loss allowance on financial instruments						
Loans	(522.22)	(1,669.74)	(2,191.96)	-	3,134.24	3,134.24
Investments	(4,904.39)	(33.89)	(4,938.28)	3,845.83		3,845.83
Others	-	92.43	92.43	278.83	-	278.83
	2,073.39	1,577.46	3,650.85	4,725.15	8,815.81	13,540.96

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		Year ended March 31, 2022	Year ended March 31, 2021
30	**Employee benefits expense**		
	Salaries, wages and bonus	8,692.81	5,408.50
	Contribution to provident fund	390.08	290.54
	Employee share option expenses (Refer Note 43)	320.67	245.71
	Gratuity Expenses (refer note 42)	125.16	129.19
	Staff welfare expenses	265.45	150.52
		9,794.17	**6,224.46**
31	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment (refer note 11.1)	179.54	125.57
	Depreciation on Right of Use asset (refer note 11.2 and 35)	481.96	320.07
	Amortisation of intangible assets (refer note 11.4)	295.94	228.46
		957.44	**674.10**
32	**Other expenses**		
	Rent	448.67	323.08
	Rates and taxes	5.26	7.57
	Travelling and conveyance	351.88	44.53
	Legal and professional charges	3,269.76	1,399.41
	Distribution fee expense	318.08	83.26
	Set Up Cost	-	2.31
	Loss on sale of investment	127.13	-
	Auditors' remuneration (refer note 32.1 below)	132.81	95.16
	Directors' sitting fees	71.84	115.92
	Net Loss on fair value changes	-	8.24
	Repairs and maintenance	552.68	258.06
	Communication expenses	116.79	85.75
	Printing and stationery	19.70	7.22
	Subscription charges	105.46	101.71
	Advertisement and business promotion	133.71	47.79
	Corporate social responsibility expenditure (refer note 32.2 below)	243.05	258.75
	Bank charges	46.66	86.54
	Operating expenses to Funds	51.11	-
	Miscellaneous expenses	78.07	15.34
		6,072.66	**2,940.64**

		Year ended March 31, 2022	Year ended March 31, 2021
32.1	**Payments to auditor (excluding service tax / goods and services tax)**		
	- Auditor of Holding Company		
	Statutory audit (including limited review)	125.10	63.50
	Tax audit	2.00	3.00
	Other services	4.00	26.00
	Reimbursement of expenses	0.01	2.66
		131.11	**95.16**

Note:

1. Payment to auditors towards statutory audit including limited review above includes INR 33.80 lakhs paid to predecessor auditors during financial year 2021-22
2. Excludes remuneration to predecessor auditor during FY 2021-22 for services in connection with proposed initial public offer of equity shares of the Holding Company, which is included as prepaid expenses in other non financial assets.

	Year ended March 31, 2022	Year ended March 31, 2021
- Other Auditor		
Statutory audit	1.20	-
Other services	0.50	-
	1.70	-
Total Auditors' remuneration	**132.81**	**95.16**

32.2 Corporate social responsibility ("CSR") expenditure

	Year ended March 31, 2022	Year ended March 31, 2021
(a) Gross amount required to be spent by the Group during the year	243.05	258.75
(b) Amount approved by the Board to be spent during the year	236.08	258.75

(c) Amount spent during the year (in cash)

	(In Cash)	(Other than Cash)	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	250.16	-	250.16

(d) Amount spent during the year ended March 31, 2021	(In Cash)	(Other than Cash)	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above (Contributions to Northern Arc Foundation (wholly owned subsidiary of the Company incorporated under section 8 of Companies Act, 2013))	301.60	-	301.60

	As at March 31, 2022	As at March 31, 2021
(e) Details related to spent / unspent obligations:		
Contribution to Public Trust	-	-
Contribution to Charitable Trust	250.16	301.60
Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-

The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/ metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.

	As at March 31, 2022	As at March 31, 2021
(f) In case of S. 135(5) (Other than ongoing project)		
Opening balance	42.85	-
Amount required to be spent during the year	(243.05)	(258.75)
Amount spent during the year	250.16	301.60
Closing Balance	**49.96**	**42.85**

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33 Income tax

A. The components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are:

Profit or loss section

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
i) current income tax charge	5,050.20	4,217.50
ii) Adjustments in respect of current income tax of previous year	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	1,594.92	(1,877.40)
Income tax expense reported in the statement of profit and loss	**6,645.12**	**2,340.10**

OCI section

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax on		
Remeasurements of the defined benefit asset/ (liability)	49.17	(12.32)
Fair valuation of Financial Instruments through OCI (Net)	346.56	(334.68)
Net movement on Effective portion of Cash Flow Hedges	526.65	128.56
Deferred tax charged to OCI	922.38	(218.44)

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 March 31, 2022 and 2021 is, as follows:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax	24,838.89	9,999.34
Less/(Add): Exempted profit	(943.80)	(907.80)
Profit before tax attributable to equity holders	23,895.09	9,091.54
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	**6,014.39**	**2,288.34**
Effect of difference in tax expenditure due to differential tax rates applicable for subsidiaries *	0.03	(0.25)
Permanent differences	630.70	52.01
Tax expenses recognised in the statement of profit and loss	**6,645.12**	**2,340.10**
Effective tax rate	27.81%	25.74%

Note: The Holding Company and its subsidiary (Northern Arc Investment Managers Private Limited) has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2022 and 31 March 2021.

* Tax rates applicable for subsidiaries are as follows

	Year ended March 31, 2022	Year ended March 31, 2021
Northern Arc Investment Managers Private Limited	25.17%	25.17%
Northern Arc Investment Adviser Services Private Limited	26.00%	26.00%

C. Deferred tax

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

	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	MAT utilization	As at March 31, 2022
Component of Deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to					
Property plant and equipment	(17.02)	43.25	-	-	26.23
Impact of fair value on financial assets measured at FVTPL	(778.76)	(108.27)	-	-	(887.03)
Impact of fair value on financial assets measured at FVOCI	343.05	-	873.21		1,216.26
Impairment on financial assets	1,926.21	(1,527.58)	-	-	398.63
Provision for employee benefits	187.10	32.81	49.17	-	269.08
Unamortised component of processing fee	307.63	(43.04)	-	-	264.59
EIS Receivable	(7.91)	7.91	-	-	-
Minimum alternative tax	13.80	-	-	(4.75)	9.05
Total	**1,974.10**	**(1,594.92)**	**922.38**	**(4.75)**	**1,296.81**

	As at March 31, 2020	Statement of profit and loss	Other comprehensive income	MAT utilization	As at March 31, 2021
Component of Deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to					
Property plant and equipment	(7.59)	(9.43)	-	-	(17.02)
Impact of fair value on financial assets measured at FVTPL	(604.10)	(38.70)	(135.96)	-	(778.76)
Impact of fair value on financial assets measured at FVOCI	(747.75)	-	1,090.80		343.05
Impairment on financial assets	1,583.42	1,503.57	(1,160.78)	-	1,926.21
Provision for employee benefits	178.14	21.47	(12.51)	-	187.10
Unamortised component of processing fee	(48.87)	356.50	-	-	307.63
Others	(51.88)	43.97	-	-	(7.91)
Minimum alternative tax	17.71	0.02	-	(3.93)	13.80
Total	**319.08**	**1,877.40**	**(218.45)**	**(3.93)**	**1,974.10**

34 Earnings per share ('EPS')

	Year ended March 31, 2022	Year ended March 31, 2021
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	17,249.97	6,751.44
Net profit attributable to equity shareholders for calculation of diluted EPS	17,249.97	6,997.14
Shares		
Equity shares at the beginning of the year	8,79,21,550	8,74,77,903
Shares issued during the year	9,85,993	4,43,647
Total number of equity shares outstanding at the end of the year	8,89,07,543	8,79,21,550
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	8,83,86,489	8,76,19,183
Options granted	20,58,933	17,79,135
Compulsory convertible preference shares	4,13,23,204	4,13,23,204
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	13,17,68,626	13,07,21,522
Face value per share	10.00	10.00
Earnings per share		
Basic	19.52	7.71
Diluted	13.09	5.35

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35 Leases

The Group has operating lease agreement primarily for office premises. The leases typically run for a period of 1 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement.

The disclosures as required under Ind AS 116 are as follows,

(i) Movement in carrying value of right of use assets

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Balance	**985.44**	**1,324.14**
Additions during the year	722.49	-
Depreciation	481.96	320.07
Derecognition on termination of lease	104.18	18.63
Closing balance	**1,121.79**	**985.44**

(ii) Movement in lease liabilities

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening Balance	**1,127.38**	**1,408.14**
Additions during the year	722.48	-
Interest on lease liabilities	146.98	124.13
Rent payment	(422.48)	(382.82)
Derecognition on termination of lease	(145.15)	(22.07)
Closing balance	**1,429.21**	**1,127.38**

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Depreciation charge for right-of-use assets	481.96	320.07
b) Interest expense (included in finance cost)	146.98	124.13
c) Expense relating to short-term leases	448.67	323.08
d) Gain recognised on derecognition of leases	40.97	35.20
e) Rent concession related to COVID-19	3.10	3.45

(iv) Cash Flows

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
The total cash outflow of leases	(198.94)	366.23

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Not later than one year	527.18	365.23
Later than one year and not later than five years	1,035.12	933.44
Later than five years	332.09	52.33

Lease liabilities are recognised at weighted average incremental borrowing rate ranging between 9.70% and 14.25%.

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36 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/ or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	71,517.38	-	71,517.38	39,807.57	-	39,807.57
Bank balances other than cash and cash equivalents	7,309.29	1,425.15	8,734.44	6,840.67	-	6,840.67
Derivative financial instruments	41.85	110.00	151.85	-	-	-
Trade receivables	1,918.38	-	1,918.38	1,835.42	-	1,835.42
Loans	3,35,319.74	1,85,555.79	5,20,875.53	2,46,495.01	1,27,581.67	3,74,076.68
Investments	75,028.30	1,01,546.81	1,76,575.11	37,469.94	1,00,786.80	1,38,256.74
Other financial assets	6,615.43	349.99	6,965.42	473.97	-	473.97
Current tax assets (net)	-	4,208.70	4,208.70	-	3,579.18	3,579.18
Deferred tax assets (net)	-	1,369.07	1,369.07	-	2,071.82	2,071.82
Property, plant and equipment	-	195.33	195.33	-	104.89	104.89
Intangible assets under development	-	28.44	28.44	-	54.02	54.02
Intangible assets	-	942.97	942.97	-	972.77	972.77
Right of use asset	-	1,121.79	1,121.79	-	985.44	985.44
Goodwill	-	174.63	174.63	-	174.63	174.63
Other non- financial assets	2,522.24	110.18	2,632.42	482.67	-	482.67
Total Assets	**5,00,272.61**	**2,97,138.85**	**7,97,411.45**	**3,33,405.25**	**2,36,311.22**	**5,69,716.47**
Liabilities						
Derivative financial instruments	17.33	626.49	643.82	898.51	-	898.51
Trade payables						
Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	5,581.73	-	5,581.73	1,561.87	-	1,561.87
Debt securities	73,261.88	61,097.80	1,34,359.68	62,498.81	1,01,457.97	1,63,956.78
Borrowings (Other than debt securities)	2,14,005.71	2,45,936.90	4,59,942.61	1,26,289.44	98,968.87	2,25,258.31
Subordinated liabilities	-	3,993.47	3,993.47	-	3,988.79	3,988.79
Other financial liabilities	5,845.74	848.61	6,694.35	3,370.38	859.95	4,230.33
Provisions	1,334.89	910.80	2,245.69	112.21	1,651.37	1,763.58
Deferred tax liabilities (net)	-	72.26	72.26	-	97.72	97.72
Other non-financial liabilities	617.12	49.60	666.72	668.86	-	668.86
Total Liabilities	**3,00,664.40**	**3,13,535.93**	**6,14,200.33**	**1,95,400.08**	**2,07,024.67**	**4,02,424.75**
Total equity			**1,83,211.12**			**1,67,291.72**

36A Change in Liabilities arising from financing activities

Particulars	As at April 1, 2021	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2022
Debt Securities	1,63,956.78	(30,930.75)	-	1,333.65	-	1,34,359.68
Borrowings (other than debt securities)	2,25,258.31	2,32,841.24	2,929.09	(1,086.03)	-	4,59,942.61
Sub-ordinated Liabilities	3,988.79	-	-	4.68	-	3,993.47
Lease Liabilities	1,127.38	198.94	-	(619.59)	722.48	1,429.21

Particulars	As at April 1, 2020	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2021
Debt Securities	86,020.70	77,748.39	-	187.69	-	1,63,956.78
Borrowings (other than debt securities)	2,02,143.69	20,752.04	6.75	2,355.83	-	2,25,258.31
Sub-ordinated Liabilities	3,984.57	-	-	4.22	-	3,988.79
Lease Liabilities	1,408.13	(347.61)	-	66.86	-	1,127.38

* the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

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36B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately

Particulars	As at March 31, 2022					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	24,190.02	47,327.36	-	-	-	71,517.38
Bank balances other than cash and cash equivalents	2.69	2,440.58	4,866.03	1,425.14	-	8,734.44
Derivative financial instruments	-	-	41.85	110.00	-	151.85
Trade receivables	-	1,918.38	-	-	-	1,918.38
Loans	-	1,42,464.35	2,64,879.71	1,81,537.08	153.19	5,89,034.33
Investments	-	21,199.04	55,783.60	95,349.10	5,629.95	1,77,961.69
Other financial assets	285.09	6,543.71	6.24	250.41	82.18	7,167.63
Total undiscounted financial assets*	**24,477.80**	**2,21,893.42**	**3,25,577.43**	**2,78,671.73**	**5,865.32**	**8,56,485.70**
Financial Liabilities						
Derivative financial instruments	-	-	17.33	626.49	-	643.82
Trade payables			-			-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro and small enterprises	-	5,581.73	-	-	-	5,581.73
Debt securities	-	36,679.04	42,088.93	72,240.96	-	1,51,008.93
Borrowings (Other than debt securities)	1,427.86	77,000.05	1,63,033.38	2,71,686.93	-	5,13,148.22
Subordinated liabilities	-	102.22	307.78	4,099.97	-	4,509.97
Other financial liabilities	1,944.56	3,175.20	725.98	751.46	1,212.70	7,809.90
Total undiscounted financial liabilities*	**3,372.42**	**1,22,538.24**	**2,06,173.40**	**3,49,405.81**	**1,212.70**	**6,82,702.57**
Net undiscounted financial assets/(liabilities) *	**21,105.38**	**99,355.18**	**1,19,404.03**	**(70,734.08)**	**4,652.62**	**1,73,783.13**

*** Excludes gross settled derivatives not held for trading**

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37 Financial instrument

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, 2022 were as follows

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	97,879.98	-	-	97,879.98	97,879.98
Investments						
- Pass through certificates	-	14,504.11	-	-	14,504.11	14,504.11
- Non convertible debentures	-	1,06,263.36	-	-	1,06,263.36	1,06,263.36
- Market Linked debentures	25,159.28				25,159.28	25,159.28
- Alternate Investment Funds	27,359.73	-	-	-	27,359.73	27,359.73
- Share warrants	1.62	-	-	-	1.62	1.62
- Mutual funds	2,293.32	-	2,293.32	-	-	2,293.32
Derivative financial instruments	-	151.85	-	-	151.85	151.85
Financial liabilities:						
Derivative financial instruments	-	643.82	-	-	643.82	643.82

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2021 were as follows

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	1,02,275.31	-	-	1,02,275.31	1,02,275.31
Investments						
- Pass-through certificates	-	15,897.01	-	-	15,897.01	15,897.01
- Non convertible debentures	-	89,086.36	-	-	89,086.36	89,086.36
- Alternative Investment Funds	22,494.45	-	-	-	22,494.45	22,494.45
- Investment in government securities	14,911.03	-	14,911.03	-	-	14,911.03
- Share warrants	1.62	-	-	-	1.62	1.62
- Mutual funds	740.27	-	740.27	-	-	740.27
Financial liabilities:						
Derivative financial instruments	-	898.51	-	-	898.51	898.51

Reconciliation of level 3 fair value measurement is as follows

	Year ended	
	March 31, 2022	March 31, 2021
Financial assets measured at FVOCI		
Balance at the beginning of the year	4,949.92	4,398.09
Total gains measured through OCI for additions made during the year	(1,981.66)	551.83
Balance at the end of the year	**2,968.26**	**4,949.92**
Financial assets measured at FVTPL		
Balance at the beginning of the year	22,496.07	20,407.89
Total gains measured through OCI for additions made during the year	4,865.28	2,088.18
Balance at the end of the year	**27,361.35**	**22,496.07**

Sensitivity analysis - Increase/ decrease of 100 basis points

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	978.80	(978.80)	1,022.75	(1,022.75)
Investments				
- Pass through securities	145.04	(145.04)	158.97	(158.97)
- Non convertible debentures	1,062.63	(1,062.63)	890.86	(890.86)
- Market Linked debentures	251.59	(251.59)	-	-
- Alternative Investment Funds	273.60	(273.60)	224.94	(224.94)
- Investment in Government securities	-	-	149.11	(149.11)
- Mutual funds	22.93	(22.93)	7.40	(7.40)
- Share warrants	0.02	(0.02)	0.02	(0.02)
Derivative financial instruments	1.52	(1.52)	-	-
Financial liabilities:				
Derivative financial instruments	6.44	(6.44)	8.99	(8.99)

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A Fair value measurement

The carrying value and fair value of other financial instruments by categories as of March 31, 2022 were as follows

Particulars	Carrying Value Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	71,517.38				-
Bank balances other than cash and cash equivalents	8,734.44				-
Trade receivables	1,918.38				-
Loans	4,28,767.26				-
Other financial assets	6,965.42				-
Financial liabilities not measured at fair value:					
Trade payables					
-total outstanding dues of micro and small enterprises	-				-
-total outstanding dues of creditors other than micro and small enterprises	5,581.73				-
Debt securities	1,34,359.68				-
Borrowings (Other than debt securities)	4,59,942.61				-
Subordinated liabilities	3,993.47				-
Other financial liabilities	6,694.35				-

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows

Particulars	Carrying Value Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	39,807.57				-
Bank balances other than cash and cash equivalents	6,840.67				-
Trade receivables	1,835.42				-
Loans	2,79,226.17				-
Investments in subsidiaries	1.00				-
Other financial assets	473.97				-
Financial liabilities not measured at fair value:					
Trade payables					
-total outstanding dues of micro and small enterprises	-				-
-total outstanding dues of creditors other than micro and small enterprises	1,561.87				-
Debt securities	1,63,956.78				-
Borrowings (Other than debt securities)	2,25,258.31				-
Subordinated liabilities	3,988.79				-
Other financial liabilities	4,230.33				-

Note:
For all of the financial assets and liabilities which are not carried at fair value, the carrying amounts approximates the fair values except for loans where considering the limited / lack of availability of observable inputs for fair valuation and considering the nature of such items / transactions, management has disclosed the carrying amounts as the fair values.

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

Short-term 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, balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities without a specific maturity.

Borrowings

The debt securities, borrowings and subordinated liabilities are primarily variable rate instruments. Accordingly, the fair value has been assumed to be equal to the carrying amount.

Loans

The Loans are primarily variable rate instruments. 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

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C Capital management

The Group'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 Group's adjusted gearing ratio is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Debt securities	1,34,359.68	1,63,956.78
Borrowings (other than debt securities)	4,59,942.61	2,25,258.31
Subordinated liabilities	3,993.47	3,988.79
Less: cash and cash equivalents	(71,517.38)	(39,807.57)
Adjusted net debt	**5,26,778.38**	**3,53,396.31**
Total equity	1,83,211.13	1,67,291.72
Gearing ratio	2.88	2.11

The Holding Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Holding Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Holding Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Holding Company's capital management.

Regulatory capital of the Holding Company

Particulars	Carrying amount	
	As at March 31, 2022	As at March 31, 2021
Tier I Capital	1,62,630.79	1,46,757.34
Tier II Capital	5,182.95	6,749.89
Total Capital	**1,67,813.74**	**1,53,507.23**
Risk weighted assets	7,36,418.31	5,31,274.73
Tier I Capital Ratio (%)	22.08%	27.62%
Tier II Capital Ratio (%)	0.71%	1.27%
Total Capital (%)	**22.80%**	**28.89%**
Amount of subordinated debt raised as Tier-II capital	800.00	800.00
Amount raised by issue of Perpetual Debt Instruments	-	-

38 Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

(I) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and investments (Also refer note 48).

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

Loans

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

Particulars	Carrying Amount	
	As at March 31, 2022	As at March 31, 2021
Term loans	5,26,647.24	3,81,501.48
Less: Impairment loss allowance	(5,771.71)	(7,424.80)
	5,20,875.53	**3,74,076.68**

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 loan 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.

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Staging:
As per the provision of Ind AS 109 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 Group 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 lifetime of the instrument

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

Days past dues	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

Also refer note 48

Grouping
As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups
- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures

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 probity 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 Tasche 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 Group has worked out on PD based on the last four years historical data

Marginal probability:
The PDs derived from the Autoregressive integrated moving average (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

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, downside and base. 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

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

38 Financial risk management objectives and policies (Continued)

(I) Credit risk (Continued)

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. Considering the low expertise in default and recovery, the Group has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

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 Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows, undrawn exposures and Second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

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:

Particulars	Provisions	As at March 31, 2022	As at March 31, 2021
Stage 1	12 month provision	3,323.31	4,232.54
Stage 2	Life time provision	441.23	989.83
Stage 3	Life time provision	2,007.17	2,202.43
Amount of expected credit loss provided		**5,771.71**	**7,424.80**

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 Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Particulars	As at March 31, 2022	As at March 31, 2021
ECL allowance - opening balance	**7,424.80**	**4,829.87**
Addition during the year	3,394.68	8,504.90
Reversal during the year	(1,669.74)	-
Write offs during the year	(3,378.03)	(5,909.97)
Closing provision of ECL	5,771.71	7,424.80

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	5,15,210.14	8,184.54	-	5,23,394.68	3,50,876.90	26,717.72	-	3,77,594.62
Sub-standard	-	-	3,252.56	3,252.56	-	-	3,906.86	3,906.86
Total	5,15,210.14	8,184.54	3,252.56	5,26,647.24	3,50,876.90	26,717.72	3,906.86	3,81,501.48

Changes in gross carrying amount

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**3,50,876.90**	**26,717.72**	**3,906.86**	**3,81,501.48**	**2,65,674.86**	**30,387.85**	**1,234.95**	**2,97,297.66**
New assets originated *	3,03,961.19	1,209.37	238.81	3,05,409.37	2,15,814.91	757.66	69.11	2,16,641.68
Asset derecognised or repaid	(1,34,963.70)	(21,547.72)	(377.16)	(1,56,888.58)	(1,26,527.89)	-	-	(1,26,527.89)
Transfer from stage 1	(4,664.25)	3,827.29	839.96	3.00	(6,943.53)	4,289.43	2,654.10	-
Transfer from stage 2	-	(812.40)	812.40	-	7,837.24	(8,571.60)	734.36	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	(1,209.72)	(2,168.31)	(3,378.03)	(4,978.69)	(145.62)	(785.66)	(5,909.97)
As at the end of the year	**5,15,210.14**	**8,184.54**	**3,252.56**	**5,26,647.24**	**3,50,876.90**	**26,717.72**	**3,906.86**	**3,81,501.48**

* New assets originated are those assets which have originated during the year

Reconciliation of ECL Balance

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**4,259.64**	**962.74**	**2,202.42**	**7,424.80**	**3,514.06**	**940.94**	**678.71**	**5,133.71**
New assets originated	2,279.06	-	-	2,279.06	2,574.68	166.00	453.80	3,194.48
Asset derecognised or repaid	(2,960.09)	557.06	1,848.91	(554.12)	(2,060.75)	146.27	1,011.09	(903.39)
Transfer from stage 1	(235.37)	126.60	108.77	-	(102.26)	97.99	4.27	-
Transfer from stage 2	4.97	(20.34)	15.37	-	333.91	(388.46)	54.55	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	(1,209.72)	(2,168.31)	(3,378.03)	-	-	-	-
As at the end of the year	**3,348.21**	**416.34**	**2,007.16**	**5,771.71**	**4,259.64**	**962.74**	**2,202.42**	**7,424.80**

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Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

38 Financial risk management objectives and policies (Continued)

(I) Credit risk (Continued)

B. *Investments*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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 investments are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. Further, the risk management committee periodically assesses the credit rating information.

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	1,75,844.38	481.66	-	1,76,326.04	1,34,695.07	649.04	-	1,35,344.11
Sub-standard	-	-	249.07	249.07	-	-	7,787.63	7,787.63
Total	**1,75,844.38**	**481.66**	**249.07**	**1,76,575.11**	**1,34,695.07**	**649.04**	**7,787.63**	**1,43,131.74**

Changes in gross carrying amount

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,34,695.07**	**649.04**	**7,787.63**	**1,43,131.74**	**1,04,885.48**	**12,263.08**	**665.61**	**1,17,814.17**
New assets originated *	1,15,018.59	141.67	-	1,15,160.26	38,249.28	-	-	38,249.28
Asset derecognised or repaid	(73,869.28)	(309.05)	(38.56)	(74,216.89)	(3,944.63)	(8,360.10)	(26.49)	(12,331.22)
Transfer from stage 1	-	-	-	-	(7,604.27)	104.27	7,500.00	-
Transfer from stage 2	-	-	-	-	3,109.21	(3,358.21)	249.00	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	(7,500.00)	(7,500.00)	-	-	(600.49)	(600.49)
As at the end of the year	**1,75,844.38**	**481.66**	**249.07**	**1,76,575.11**	**1,34,695.07**	**649.04**	**7,787.63**	**1,43,131.74**

C. *Cash and cash equivalent and Bank deposits*

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks.

(ii) Liquidity risk

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

The Group 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 Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

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

The table below summarises the maturity profile of the carrying value of the Group's non derivative financial liabilities as at the balance sheet date.

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
As at March 31, 2022								
Borrowings	21,910.72	29,784.97	19,311.56	76,658.29	66,074.14	2,05,294.46	40,198.92	-
Debt securities	7,856.88	7,250.00	21,978.57	19,416.67	16,759.76	50,115.42	12,025.71	-
Subordinated liabilities	-	-	-	-	-	4,000.00	-	-
As at March 31, 2021								
Borrowings	16,050.76	9,313.78	20,824.10	30,587.52	49,513.28	69,720.42	29,533.79	-
Debt securities	416.67	10,500.00	2,428.57	7,666.67	41,486.90	72,397.86	27,651.42	-
Subordinated liabilities	-	-	-	-	-	3,988.79	-	-

Note:
- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

(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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Bank deposits	565.92	(565.92)	134.75	(134.75)
Loans	3,809.83	(3,809.83)	2,852.06	(2,852.06)
Borrowings	(2,651.33)	2,651.33	(1,294.64)	1,294.64

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(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

(v) Analysis of risk concentration

The Group's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty as of March 31, 2022 was INR 21,140.23 Lakhs (As at March 31, 2021: INR 17,265.06 Lakhs).

(vi) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For corporate and small business lending, charges over trade receivables and

b. For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower.

Management monitors the market value of collateral and will request for additional collateral in accordance with the underlying agreement. In its normal course of business, the Group does not physically repossess assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

(vii) Price risk

The Group does not have exposure to security price risk.

Particulars	As at March 31, 2022	As at March 31, 2021
39 Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and	800.00	520.50
Undrawn committed sanctions to borrowers	40,569.55	24,948.47
40 Contingent liabilities		
Claims against the Group not acknowledged as debt		
- Service tax related matters	-	-
- Income tax related matters	440.58	440.58
Guarantees outstanding	23,716.43	27,141.74

i. Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 18

ii. Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant

The Group does not have any litigation that has been concluded as remote.

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

Under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

	Particulars	As at March 31, 2022	As at March 31, 2021
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 Development Act, 2006	-	-

42 Retirement Benefit Plan

Defined contribution plans

The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 390.08 lakhs (March 31, 2021: INR 290.54 lakhs).

Defined benefit plans

The Group's gratuity benefit scheme is a defined plan. The Group'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 Group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

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42 **Retirement Benefit Plan (continued)**

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

	As at March 31, 2022	As at March 31, 2021
A. Change in present value of obligations		
Present value of obligations at the beginning of the year	468.40	450.49
Current service cost	97.58	102.77
Interest cost	27.58	26.42
Benefits settled	(42.47)	(62.79)
Actuarial (gain) / loss recognised in the other comprehensive income	-	-
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	48.50	(17.49)
-Experience adjustment	146.81	(31.00)
Present value of obligations at the end of the year	**746.40**	**468.40**
B. Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/ (loss)	-	-
Employer contributions	42.47	62.79
Benefits paid	(42.47)	(62.79)
Fair value of plan assets at the end of the year	-	-
C. Actual Return on plan assets		
Expected return on plan assets	-	-
Actuarial gains/ (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	746.40	468.40
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**746.40**	**468.40**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	129.15	64.75
Non-current	617.25	403.65
	746.40	**468.40**

	Year ended March 31, 2022	Year ended March 31, 2021
E. Expense recognised in statement of profit and loss and other comprehensive income		
Current service cost	97.58	102.77
Interest on obligation	27.58	26.42
Past service cost	-	-
Expected return on plan assets	-	-
Net actuarial loss recognised in the year	195.31	(48.49)
Total included in 'employee benefits'	**320.47**	**80.70**

	Year ended March 31, 2022	Year ended March 31, 2021
F. Assumptions at balance sheet date		
Discount rate	6.2% to 7.18%	4.62% to 6.21%
Salary escalation	5% to 10%	8.00%
Attrition rate	1% to 20%	16% to 50%

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.

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42 Retirement Benefit Plan (continued)

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 March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	712.37	783.70	443.68	495.85
Future salary growth (1% movement)	785.33	710.20	497.17	441.98
Attrition rate (1% movement)	737.76	753.87	496.10	443.02

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2022	As at March 31, 2021
Average duration of defined benefit obligation (in years)	5.4 to 9 years	4.3 to 6.4 years
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	109.75	55.36
Year 2	116.51	56.83
Year 3	102.55	63.62
Year 4	93.32	57.81
Year 5	122.94	53.27
Next 5 years	276.86	214.92
Expected benefit payments for the next annual reporting year	109.75	55.36

43 Share Based Payments

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

43.1 Northern Arc Capital Employee Stock Option Plan 2016 – ("Scheme 1") formerly IFMR Capital Employee Stock Option Plan 2016 – ("Scheme 1")

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries.
The options were issued on March 1, 2017, and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion.

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 including employees of subsidiaries.
The options were issued in ten tranches. The exercise price ranging between INR 110 to INR 275. 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 2016 is applicable to all employees including employees of subsidiaries.
The options were issued in three tranches. The exercise price ranging between INR 181 to INR 275. The options are vested over a period of 3 years in 30:30:40 proportion

43.2 Options outstanding under Scheme 1, Scheme 2 and Scheme 3

	As at March 31, 2022			As at March 31, 2021		
Plan	Scheme 1	Scheme 2	Scheme 3	Scheme 1	Scheme 2	Scheme 3
Grant date	Various	Various	Various	Various	Various	Various
Number of options	23,000	32,26,950	12,19,363	3,97,371	34,89,500	11,47,783
Exercise price in INR	10	110 to 275	181 to 275	10	110 to 188	181 to 188
Vesting period	1 to 4 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	113.65	31.85 to 121.09	65.57 to 92.33	113.65	31.85 to 117.74	65.57 to 73.55
Weighted average exercise price in INR	10.00	161.37	207.15	10.00	122.05	184.00
Weighted average remaining contractual life (in years)	-	1.63	1.02	-	1.71	0.71
Vesting condition	Time and performance based vesting					

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

43.3 Reconciliation of outstanding options

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

Particulars	March 31, 2022		March 31, 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	131.43	50,34,654	131.75	58,88,583
Less: Forfeited during the year	197.35	9,26,848	139.78	5,35,282
Less: Exercised during the year	114.56	9,85,993	46.76	4,43,647
Add: Granted during the year	250.69	13,47,500	188.00	1,25,000
Outstanding as at end of year	**173.08**	**44,69,313**	**131.43**	**50,34,654**
Vested and exercisable as at end of year	**143.53**	**22,19,587**	**134.45**	**20,23,486**
Amount expensed of in Statement of Profit and Loss		320.67		245.71

43.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The shares of the Holding company are not listed on any stock exchange. Accordingly, the Holding company has considered the volatility of the Company's stock price based on historical volatility of similar listed enterprise. The various assumptions considered in the pricing model for the stock options granted by the Holding company are as follows:

	As at March 31, 2022	As at March 31, 2021
Dividend yield	0%	0%
Historical volatility estimate	48.40%	22.05%
Risk free interest rate	5.62%	7.24%
Expected life of option (in years)	5.42	4.00

44 Related party disclosures

Related party relationships and transactions are as identified by the management

(i) Key Managerial Personnel (KMP)	Ms. Kshama Fernandes, Chief Executive Officer and Managing Director (upto March 31, 2022)
	Ms. Nandita Ganapathy, Chief Financial Officer (w.e.f July 1, 2020 to January 25, 2021)
	Ms. Bama Balakrishnan, Chief Financial Officer (upto June 30, 2020) Executive Director (w.e.f February 14, 2022)
	Mr. Atul Tibrewal, Chief Financial Officer (from May 18, 2021)
	Mr. Leo Puri, Independent Director (upto October 30, 2020)
	Mr. P S Jayakumar, Independent Director (from October 15, 2020)
	Ms. Srividhya, Company Secretary
	Mr. Ashish Mehrotra (w.e.f 14 February 2022; Managing Director & CEO w.e.f April 1, 2022)
(ii) Director and relative of KMP	Mr. Ashutosh Pednekar
	Mr. Michael Jude Fernandes
	Mr. Samir Shah
	Mr. P S Jayakumar
	Mr. Arunkumar Thiagarajan
	Ms. Kshama Fernandes
	Mr. Amit Mehta
	Ms. Anuradha Rao
	Mr. Vijay Nallan Chakravarthi

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

A. Transactions during the Year :

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Ms. Kshama Fernandes		
Remuneration and other benefits *	240.09	155.67
Share based payment	18.75	43.65
Equity share capital	24.72	12.51
Share premium	336.25	142.17
Ms. Bama Balakrishnan		
Remuneration and other benefits *	24.66	39.32
Share based payment	14.00	31.88
Equity share capital	7.30	8.70
Share premium	91.42	105.80
Ms. Nandita Ganapathy		
Remuneration and other benefits including post employment benefits	-	82.70
Equity share capital	-	5.80
Share premium	-	72.58
Mr. Atul Tibrewal		
Remuneration and other benefits *	146.70	-
Share based payments	55.23	-
Mr Leo Puri		
Professional Fee	-	32.50
Sitting Fees	-	9.00
Mr P S Jayakumar		
Professional Fee	32.70	13.75
Sitting Fees	15.50	8.00
Mr. Ashish Mehrotra		
Remuneration and other benefits *	28.97	-
Employee stock option (in units)	98.11	-
Mrs. Srividhya		
Remuneration and other benefits *	41.39	29.74
Share based payments	2.56	2.80
Mr. Ashutosh Pednekar		
Sitting Fees	13.00	6.50
Ms. Anuradha Rao		
Sitting Fees	17.50	9.50

* Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

B. Balances as at year end:

Particulars	As at March 31, 2022	As at March 31, 2021
Ms. Kshama Fernandes		
Provision for share based payment	214.82	196.07
Ms. Bama Balakrishnan		
Provision for share based payment	187.72	173.72
Mr. Ashish Mehrotra		
Provision for share based payment	98.11	-
Mr. Atul Tibrewal		
Provision for share based payment	55.23	-
Mrs. Srividhya		
Provision for share based payment	18.26	15.70

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

45 The details of the investments held by the group in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Purchases	Redemption #	Purchases	Redemption #
IFMR Fimpact Investment Fund	-	-	-	1,929.50
IFMR Fimpact Long Term Credit Fund*	-	288.51	-	-
IFMR Fimpact Medium Term Opportunities Fund	-	3,610.76	-	-
Northern Arc Money Market Alpha Trust Fund	7,150.13	5,000.00	3,731.87	1,400.00
Northern Arc India Impact Fund	4,200.00	-	100.00	-
Northern Arc Income Builder (Series II) Fund	12,224.15	9,739.05	581.00	-

\# represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	Year ended March 31, 2022	Year ended March 31, 2021
IFMR Fimpact Long Term Multi Asset Fund	663.95	823.02
IFMR Fimpact Long Term Credit Fund*	1,412.06	1,391.21
IFMR Fimpact Medium Term Opportunities Fund	632.67	807.50
IFMR Fimpact Income Builder Fund	776.75	70.07
Northern Arc Money Market Alpha Trust Fund	615.42	356.61
Northern Arc India Impact Fund	82.16	1.36
Northern Arc Income Builder (Series II) Fund	80.78	29.92
IFMR Fimpact Investment Fund	-	313.63

Outstanding balances (Investment) at carrying value

Fund	As at March 31, 2022		As at March 31, 2021	
	Units	Carrying value	Units	Carrying value (INR
IFMR Fimpact Long Term Multi Asset Fund	6,428.16	5,288.86	6,428.16	5,479.28
IFMR Fimpact Long Term Credit Fund*	10,455.56	11,405.64	10,744.08	12,030.36
IFMR Fimpact Medium Term Opportunities Fund	2,468.35	2,794.61	6,079.11	6,722.48
IFMR Fimpact Income Builder Fund	2,323.43	2,926.07	2,323.43	3,432.21
Northern Arc Money Market Alpha Trust Fund	76,81,787.17	7,889.54	55,31,657.80	5,582.50
Northern Arc India Impact Fund	4,032.28	4,414.87	100.00	103.70
Northern Arc Income Builder (Series II) Fund	3,137.79	4,045.78	1,053.12	1,169.78

* IFMR Fimpact Long Term Credit Fund has been considered for consolidation in these financial statements. Also refer note 1

46 **Segment reporting**

The Group's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees, providing portfolio management, investment advisory and investment management services. The information relating to this operating segment is reviewed regularly by the Company's Board of Directors (Chief Operating Decision Maker (CODM)) to make decisions about resources to be allocated and to assess their performance.

The Group has four reportable segments Viz., Financing activity, Investment advisory services, Investment management services, Portfolio Management services. For each of the business, CODM reviews internal management reports on periodic basis.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Financing activity	86,730.71	65,128.56
Investment advisory services	23.43	31.82
Investment management services	3,030.11	2,371.24
Portfolio Management Services	2,760.11	2,711.02
Total	**92,544.36**	**70,242.64**
Less : Inter segment revenue	(1,590.42)	(2,125.74)
Revenue from operations	**90,953.94**	**68,116.90**
Segment Results (Profit before other income)		
Financing activity	21,586.93	7,341.59
Investment advisory services	(3.22)	(13.52)
Investment management services	1,198.60	1,121.97
Portfolio Management Services	1,356.05	1,137.75
Total	**24,138.36**	**9,587.79**
Add : Other income	700.53	411.55
Profit before tax	**24,838.89**	**9,999.34**
Segment Assets		
Financing activity	7,70,803.97	5,42,254.53
Investment advisory services	411.37	418.44
Investment management services	5,405.72	5,789.63
Portfolio management Services	20,443.27	21,079.24
Others	172.50	-
Unallocated	174.63	174.63
Total	**7,97,411.46**	**5,69,716.47**
Segment Liabilities		
Financing activity	6,11,328.56	3,98,966.99
Investment advisory services	68.56	70.39
Investment management services	2,202.19	2,841.42
Portfolio Management Services	429.54	545.95
Others	171.48	-
Total	**6,14,200.33**	**4,02,424.75**
Capital Employed (Segment assets - Segment liabilities)	**1,83,211.13**	**1,67,291.72**

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

47 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2022

Type of hedge risks	Notional Amount		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Cross currency interest rate swaps	-	80,709.00	110.00	626.49	November 15, 2025 to September 15,2026	382.02	(382.02)	Borrowings (Other than debt securities)
Forward contract	-	25,000.00	41.85	17.33	July 18, 2022 to August 23, 2022	24.52	(24.52)	

As at March 31 2021

Type of hedge risks	Notional Amount		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Cross currency interest rate swaps	-	43,969.98	-	898.51	November 15, 2025 to March 4, 2026	898.51	(898.51)	Borrowings (Other than debt securities)

b) Disclosure of effects of hedge accounting on financial performance:

For the year ended March 31, 2022

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency interest rate swaps	382.02	-	-	NA
Forward contract	24.52	-	-	NA

For the year ended March 31, 2021

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency interest rate swaps	898.51	-	-	NA

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48 Impact of Covid 19

The COVID–19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Group have returned to normal levels of activity. The Group has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrices of the Group have improved from the prior year and the Group has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Group the impact of COVID 19 on its financial metrices are no longer significantly uncertain. The Group has evaluated the impact of COVID-19 on the business and operations of the Group as at March 31, 2022 and is of the view that it does not have any material impact on the financial results of the Group on the basis of the facts and events upto the date of approval of these financial statements/results.
However, in view of the dynamic nature of the pandemic, the Group will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Group.

49 Subsequent Event
During the year ended March 31, 2022 on February 22, 2022, the Group entered into a business transfer agreement with S.M.I.L.E. Microfinance Limited towards purchase of specified business undertaking covering specified assets, liabilities, systems and processes, subject to completion of certain conditions precedent. Upon completion of the conditions precedent and payment of consideration amounting to Rs 11,162.91 Lakhs, the Group purchased the undertaking on April 12, 2022. This financial statements / results does not reflect the results of this transaction effective subsequent to March 31, 2022. Management is in the process of determining the fair value of assets, liabilities and the goodwill arising out of the take over as per the requirements of INDAS 103.

50 Other Statutory Information (Applicable Companies*)
(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.
(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
(iv)The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
As part of the normal business, the Group invests in Alternate Investment Fund managed by the subsidiary of the Company and also lends loan to the subsidiary for onward investment into these AIFs. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Group's normal investment activities/ business, which is conducted after exercising proper due diligence including adherence to terms of private placement memorandum of respective AIFs and other guidelines. Other than the nature of transactions described above: ((v) & (vi))

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

* Disclosure applicable only for NACL, NAIM, NAIA, Pragathi Finserv Private Limited in the group

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(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

As per our report of even date attached
for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

Place : Chennai
Date : May 10, 2022

For and on behalf of the board of directors of
Northern Arc Capital Limited
CIN: U65910TN1989PLC017021

P.S. Jayakumar
Chairman
DIN : 01173236

Ashish Mehrotra
Managing Director
and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

R. Srividhya
Company Secretary
Membership No: A22261

Place : Mumbai
Date : May 10, 2022